



23 December 2014

Mr Scott McDine
National Secretary
The Australian Workers' Union
by email: scott.mcdine@nat.awu.net.au

Cc: Mr Neville Sinclair of Grant Thornton Audit Pty Ltd
by fax: (02) 9299 4445

Dear Mr McDine,

**The Australian Workers' Union
Financial Report for the year ended 30 June 2014 - [FR2014/216]**

I acknowledge receipt of the financial report of the The Australian Workers' Union. The documents were lodged with the Fair Work Commission on 18 December 2014.

The financial report has now been filed. I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report:

Auditor's report: declaration regarding going concern

Paragraph 45 of the reporting guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review. If you have any queries regarding this letter, please contact me on (03) 8661 7812 or via email at orgs@fwc.gov.au.

Yours sincerely

Nick Salzberg
Regulatory Compliance Branch
Fair Work Commission

**STRONGER
TOGETHER**

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Members Hotline: 1300 885 653
Scott McDine National Secretary



18 December 2014

Mr Stephen Kellett
Senior Advisor
Regulatory Compliance Branch
Fair Work Commission
Level 8
Terrace Towers
80 William Street
EAST SYDNEY NSW 2011

Via Email orgs@fwc.gov.au

Dear Mr Kellett

**Re: s.268 Fair Work Act (Registered Organisations) Act 2009
Amended Independent Auditors Report**

The 2013-14 Annual Financial Report ("Financial Report") was lodged with the Fair Work Commission today.

After that document was released to members Grant Thornton, the Independent Auditor, advised that they had overlooked including a specific clause in their Independent Auditor's Report ("Audit Report") which stated that management had prepared the Financial Report applying the "going concern basis of accounting" and issued the attached amended Audit Report stating that in the Auditor's Opinion, clause b.

It was agreed, with Grant Thornton, that as the amendment did not change the Financial Report provided to members that it was more appropriate to submit the Financial Report within the approved period and to provide the amended Audit Report together with this explanatory letter, when we submitted our Financial Report.

If you require any additional information in relation to this matter please do not hesitate to contact me

Yours faithfully

Scott McDine
NATIONAL SECRETARY

(encl)



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Sydney NSW 2009

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Independent Auditor's Report To the Members of Australian Workers' Union National Office

We have audited the accompanying financial report of Australian Workers' Union National Office (the "National Office"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the National Executive.

Responsibility of the National Executive and National Secretary for the financial report

The National Executive and National Secretary are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Regulations 2009 and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. This responsibility includes such internal controls as the National Executive determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's

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judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the National Office's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the National Executive and National Secretary, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

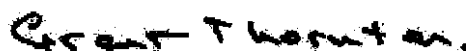
Auditor's Opinion

In our opinion,

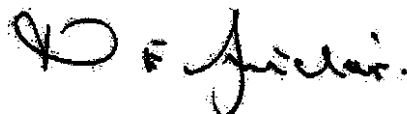
- a the financial report of Australian Workers' Union National Office
 - i presents fairly, in all material respects, the National Office's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended ;
 - ii presents fairly, the National Office's recovery of wages and activity financial report;
 - iii complies with Australian Accounting Standards and the relevant legislation; and
 - iv complies with the requirements of Fair Work (Registered Organisations) Regulation 2009 and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- b In preparing the financial report management has appropriately applied the going concern basis of accounting.

Other Matter

The signor is an Approved Auditor (who holds a current Public Practice Certificate) with the Institute of Chartered Accountants in Australia.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Neville Sinclair
Partner - Audit & Assurance
Sydney, 19 November 2014

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Scott McDine National Secretary



ABN 28 853 022 962

18 December 2014

Mr Stephen Kellett
Senior Advisor
Regulatory Compliance Branch
Fair Work Commission
Level 8
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80 William Street
EAST SYDNEY NSW 2011

Via Email: orgs@fwc.gov.au

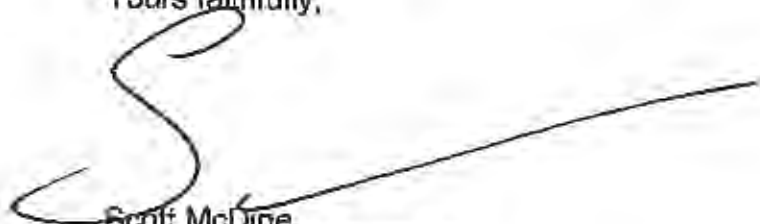
Dear Mr Kellett

**Re: s. 268 Fair Work Act (Registered Organisations) Act 2009
Certificate for period ended 30 June 2014**

In relation to the annual financial returns to be lodged with the Fair Work Commission, please find enclosed the following:

1. The National Secretary's Certificate;
2. The 2013/2014 The Australian Workers' Union National Office, full report for year ended 30 of June 2014.

Yours faithfully,



Scott McDine
NATIONAL SECRETARY

(encl x 2)

THE AUSTRALIAN WORKERS' UNION
CERTIFICATE FOR PERIOD ENDED 30 JUNE 2013

s. 268 Fair Work (Registered Organisations) Act 2009

I, Scott McDine, being the National Secretary of The Australian Workers' Union, hereby certify:

- that the documents lodged herewith are copies of the full report of The Australian Workers' Union (National Office) Statutory Statements and Audit Report for year ended 30 June 2014, referred to in s.268 of the *Fair Work (Registered Organisation) Act 2009*, and
- the full report was provided and made available on the Union's National Office Website from 20 November 2014, and
- the full report was presented and approved by AWU National Executive members via a Postal Ballot of the National Executive members declared on 16 December 2014, in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Date: 18 December 2014



Scott McDine

THE AUSTRALIAN WORKERS' UNION
NATIONAL SECRETARY

THE AUSTRALIAN WORKERS' UNION

(NATIONAL OFFICE)

ABN 28 853 022 982

ANNUAL FINANCIAL REPORT

7

FOR THE YEAR ENDED 30 JUNE 2014

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2014

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OPERATING REPORT FOR THE YEAR ENDED 30 JUNE, 2014

Your National Executive present this report on the Australian Workers' Union National Office for the financial year ended 30 June 2014.

Members of the National Executive:

The names of each person who has been a member of the National Executive during the year and up to the date of this report are:

Bakers, S			Ludwig, B		
Bali, S			McDine, S		
Ballin, K			Noack, P		
Blanthorn, J ^r			O'Brien, L		
Brown, K			Phillips, W		
Collison, R			Price S		
Davis, B			Sharpe, T		
Downie, R			Stockham, R		
Gunsberger, P			Swan, B		
Hacking, A	Appointed	03-Sep-13	Wakefield, I		
Hanson, W			Waltou, D		
Howes, P	Resigned	01-Jul-14	Williams, M		
Lamps, P			Zelinsky, M	Appointed	01-Jul-14
Leo, F			Zoelbrood, M		

Principal Activities and Changes

The principal activities of the organisation continued to be those of a registered trade union working for the benefit of its members through negotiating enterprise bargaining agreements, varying Awards, representing members before industrial tribunals, training of delegates and members in Occupational Health and Safety, workplace organising, recruitment and public promotion of the interests of members. There were no significant changes to the activities of the organisation during the financial year.

Operating Results

	2014	2013
Total Comprehensive Surplus / (Loss) for the financial year amounted to	\$93,021	(\$1,732,942)

Significant Changes in State of Financial Affairs

There were no significant changes in the organisation's financial affairs during the financial year.

Review of Operations

During the financial year the National Office was affected by a general decrease in membership. This was guaranteed by revenues from other sources including a Branch consolidation. The biennial National Conference was not held in this year and operating costs were reduced. A loss of \$218,900 was recorded from the transfer of properties to a branch at zero value.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the organisation, the results of those operations, or the state of affairs of the organisation in future financial years.

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2014 (Cont'd)

Right of Members to Resign:

The Australian Workers' Union Rule 14 - Resigning as a member - provides for resignation of members in accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.

Membership of Superannuation Scheme

Pursuant to section 254 (2)(d) of the Fair Work (Registered Organisations) Act 2009, the following members hold office as a Director of a trustee company of superannuation schemes as stated below:

Bali, S	Chifley Financial Services		
Ballin, K	Austsafe Super Fund		
Boscacci, B	Austsafe Super Fund	Resigned	Dec-13
Crofts, B	Prime Super		
Davis, B	CBUS (Alternate Director)		
Hanson, W	Statewide Superannuation		
Howes, P	Australian Super	Resigned	Jul-14
Leo, F	Chifley Financial Services		
Ludwig, B	Sunsuper Pty Ltd	Resigned	Nov-13
McDine, S	Australian Super Steel Sub Board		
McDine, S	CBUS		
O'Brien, L	Australian Super		
Ryan, G	Austsafe Super Fund		
Swan, B	Austsafe Super Fund	Resigned	Oct-13
Swan, B	Sunsuper Pty Ltd		
Swan, B	Chifley Financial Services		
Mullen, C	Austsafe Super Fund		Oct-13
Sharpe, T	Austsafe Super Fund		Jan-14
Spence, T	Australian Super Qld Advisory Board		Jul-13
Spence, T	Aust (Q) Super		Jul-13
Spence, T	Allied Unions Super Trust Board		Jul-13

Each officer holds the position by reason of the criterion that a representative of an employee organisation be appointed

	2014	2013
Number of Members		
Number of persons in registers of members:	120,289	121,448
Number of Employees		
Number of employees (equivalent full time):	18	18

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2014 (Cont'd)


Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the organisation.

Proceedings on Behalf of the Organisation

No person has applied for leave of Court to bring proceedings on behalf of the organisation or intervene in any proceedings to which the organisation is a party for the purpose of taking responsibility on behalf of the organisation for all or any part of those proceedings. The organisation was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the National Executive.

Signed:  Date 19/11/2014
Scott McDine (National Secretary)

Signed:  Date 19/11/2014
William P Ludwig (President)

**THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)
ABN 28 853 022 982
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

OPERATING REPORT JULY2013 - JUNE 2014

Amendment to Number of Members (Page2)

The Number of Members reported in this Financial Year was as follows;

Number of Members

Number of persons in register of members: 120,289. (2013-121,448.)

As a result of a review conducted at the request of The Fair Work Commission the following amendment is made:

Amended Number of Members

Number of persons in register of members: 109,599. (2013-114,356)

This section of the Operating Report currently contained within the Annual Financial Report for the Year Ended 30 June 2014 should be read to include this amendment.

STATUTORY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2014

NATIONAL EXECUTIVE'S STATEMENT

On ~~7~~ November 2014

the National Executive passed the following resolution in relation to the general purpose financial report (GPFRR) of this reporting unit (i.e. The Australian Workers' Union National Office, or the organisation) for the financial year ended 30 June, 2014:

The National Executive declares in relation to the GPFRR that in its opinion:

- a. the financial statements and notes comply with the Australian Accounting Standards;
- b. the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Commission;
- c. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year ended 30 June 2014;
- d. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e. during the financial year to which the GPFRR relates and since the end of that year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act;
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) there have been no requests for information sought by members of the reporting unit or the General Manager of Fair Work Commission under section 272 of the RO Act; and
 - (vi) there have been no compliance orders for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act.

STATUTORY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2014

NATIONAL EXECUTIVE'S STATEMENT

f. in relation to recovery of wages activity:

(i). the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and

(ii). the National Executive instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

(iii). no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

(iv). that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

(v). no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

For and on behalf of the National Executive in accordance with a resolution of the National Executive:


Signed: _____ Date 19/11/2014
Scott McDine (National Secretary)


Signed: _____ Date 19/11/2014
William P Ludwig (President)

Signed at Sydney this 19th day of November 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2014

	<u>NOTES</u>	<u>2014</u>	<u>2013</u>
		\$	\$
<u>REVENUE</u>			
MEMBERSHIP INCOME			
SUBSIDY INCOME	3A	4,053,694	4,225,164
LEVIES	3B	125,000	125,000
INTEREST -BANK	3C	132,604	149,224
RENTAL INCOME	3D	67,200	67,200
OTHER REVENUE		1,313,279	924,384
TOTAL REVENUE		5,691,777	5,490,972
GRANTS AND/OR DONATIONS	3E	34,091	18,331
NET (LOSSES) / GAINS FROM SALE OF ASSETS	3F	(21,343)	4,903
LONG SERVICE LEAVE PROVISION WRITTEN BACK		230,178	300,000
TOTAL OTHER INCOME		242,926	323,234
TOTAL INCOME		5,934,703	5,814,206
<u>EXPENSES</u>			
EMPLOYEE EXPENSES	12A	2,221,307	1,980,331
CAPITATION FEES	4A	-	-
AFFILIATION FEES	4B	569,480	567,004
ADMINISTRATION FEES	4C	2,054,481	2,842,114
GRANTS OR DONATIONS	4D	98,364	11,000
DEPRECIATION OR AMORTISATION	4E	288,523	304,837
FINANCE COSTS	4F	14,954	10,231
LEGAL COSTS	4G	357,673	105,680
AUDIT FEES	13	18,000	16,800
WRITE BACK OF LOAN FROM NSW BRANCH		-	(90,000)
WRITE-DOWN AND IMPAIRMENT OF ASSETS	4H	-	-
NET LOSSES FROM TRANSFER OF ASSETS	4I	218,900	1,799,151
OTHER EXPENSES	4J	-	-
TOTAL EXPENSES		5,841,682	7,547,148
PROFIT (LOSS) FOR THE YEAR		93,021	(1,732,942)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		93,021	(1,732,942)

The above statement should be read in conjunction with the notes

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2014

	<u>NOTES</u>	<u>2014</u>	<u>2013 *</u> <u>Restated</u>	<u>2012*</u> <u>Restated</u>
<u>ASSETS</u>		\$	\$	\$
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	5A	3,385,627	3,008,525	3,123,829
TRADE AND OTHER RECEIVABLES	5B	243,396	528,607	334,545
OTHER CURRENT ASSETS	5C	258,384	48,135	-
TOTAL CURRENT ASSETS		<u>3,887,407</u>	<u>3,585,267</u>	<u>3,458,374</u>
NON-CURRENT ASSETS				
LAND AND BUILDINGS	6A	7,524,609	7,910,386	9,883,859
PLANT AND EQUIPMENT	6B	345,745	387,442	281,356
OTHER INVESTMENTS	6C	309,416	309,416	310,502
OTHER NON CURRENT ASSETS		-	-	-
TOTAL NON-FINANCIAL ASSETS		<u>8,179,770</u>	<u>8,607,244</u>	<u>10,475,717</u>
TOTAL ASSETS		<u>12,067,177</u>	<u>12,192,511</u>	<u>13,934,091</u>
LIABILITIES				
CURRENT LIABILITIES				
TRADE PAYABLES	7A	625,214	721,682	332,902
OTHER PAYABLES	7B	(3,535)	-	137,028
EMPLOYEE PROVISIONS	7C	869,800	351,235	338,249
TOTAL CURRENT LIABILITIES		<u>1,491,479</u>	<u>1,072,917</u>	<u>808,179</u>
NON CURRENT LIABILITIES				
EMPLOYEE PROVISIONS	7C	3,805	640,722	801,695
OTHER NON CURRENT LIABILITIES	8	3,286,099	3,286,099	3,398,502
TOTAL NON - CURRENT LIABILITIES		<u>3,289,904</u>	<u>3,926,821</u>	<u>4,200,197</u>
TOTAL LIABILITIES		<u>4,781,383</u>	<u>4,999,738</u>	<u>5,008,376</u>
NET ASSETS		<u>7,285,794</u>	<u>7,192,773</u>	<u>8,925,715</u>
EQUITY				
GENERAL FUNDS		-	-	-
RETAINED EARNINGS		7,285,794	7,192,773	8,925,715
TOTAL EQUITY		<u>7,285,794</u>	<u>7,192,773</u>	<u>8,925,715</u>

* For details of restatement, refer to Note 8

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	GENERAL FUNDS \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
BALANCE AS AT 30 JUNE 2012, as previously stated		-	9,074,965	9,074,965
Adjustment for Errors	8	-	(149,250)	(149,250)
Adjustment for changes in accounting policies		-	-	-
Profit for the Year		-	-	-
Other Comprehensive income for the year		-	-	-
Transfer to/from		-	-	-
Transfer from Retained Earnings		-	-	-
BALANCE AS AT 30 JUNE 2012		<u>-</u>	<u>8,925,715</u>	<u>8,925,715</u>
Adjustment for Errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the Year		-	(1,732,942)	(1,732,942)
Other Comprehensive income for the year		-	-	-
Transfer to/from		-	-	-
Transfer from Retained Earnings		-	-	-
BALANCE AS AT 30 JUNE 2013		<u>-</u>	<u>7,192,773</u>	<u>7,192,773</u>
Adjustment for Errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the Year		-	93,021	93,021
Other Comprehensive income for the year		-	-	-
Transfer to/from		-	-	-
Transfer from Retained Earnings		-	-	-
BALANCE AS AT 30 JUNE 2014		<u>-</u>	<u>7,285,794</u>	<u>7,285,794</u>

The above statement should be read in conjunction with the notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2014

	<u>NOTE</u>	<u>2014</u>	<u>2013</u>
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIVED			
SUBSIDIES RECEIVED FROM BRANCHES		4,105,319	4,654,376
INTEREST RECEIVED		121,723	153,130
OTHER INCOME		1,794,261	882,725
		<u>6,021,303</u>	<u>5,690,231</u>
CASH USED			
EMPLOYEES & SUPPLIERS		(5,436,181)	(5,456,041)
PAYMENTS TO BRANCHES		(103,193)	(95,392)
		<u>(5,539,374)</u>	<u>(5,551,433)</u>
NET CASH FROM/(USED BY) OPERATING ACTIVITIES	9	<u>481,929</u>	<u>138,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH RECEIVED			
PROCEEDS FROM SALE OF PLANT AND EQUIPMENT		45,680	48,775
PROCEEDS FROM SALE OF LAND AND BUILDINGS		-	-
OTHER		-	-
		<u>45,680</u>	<u>48,775</u>
CASH USED			
PURCHASE OF PLANT AND EQUIPMENT		(143,662)	(280,474)
PURCHASE OF LAND AND BUILDINGS		-	-
OTHER		(6,845)	-
		<u>(150,507)</u>	<u>(280,474)</u>
NET CASH FROM/(USED BY) INVESTING ACTIVITIES		<u>(104,827)</u>	<u>(231,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH RECEIVED			
CONTRIBUTED EQUITY		-	-
OTHER		-	-
		<u>-</u>	<u>-</u>
CASH USED			
REPAYMENT OF LOANS TO BRANCHES		-	(22,403)
OTHER		-	-
		<u>-</u>	<u>(22,403)</u>
NET CASH FROM/(USED BY) FINANCING ACTIVITIES		<u>-</u>	<u>(22,403)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>377,102</u>	<u>(115,304)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD		3,008,525	3,123,829
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD		<u>3,385,627</u>	<u>3,008,525</u>

The above statement should be read in conjunction with the notes

RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE, 2014

	<u>NOTE</u>	<u>2014</u> \$	<u>2013</u> \$
CASH ASSETS IN RESPECT OF RECOVERED MONEY AT BEGINNING OF YEAR		_____	_____
Receipts			
Amounts recovered from employers in respect of wages etc.		-	-
Interest received on recovered money		_____	_____
Total receipts		_____	_____
Payments			
Deductions of amounts due in respect of membership for:			
12 months or less		-	-
Greater than 12 months		-	-
Deductions of donations or other contributions to accounts or funds of:			
The reporting unit:			
name of account		-	-
name of fund		-	-
Name of other reporting unit of the organisation:			
name of account		-	-
name of fund		-	-
Name of other entity:			
name of account		-	-
name of fund		-	-
Deductions of fees or reimbursement of expenses		-	-
Payments to workers in respect of recovered money		_____	_____
Total payments		_____	_____
CASH ASSETS IN RESPECT OF RECOVERED MONEY AT END OF YEAR		_____	_____
Number of workers to which the monies recovered relates			
Aggregate payables to workers attributable to recovered monies but not yet distributed			
Payable balance		-	-
Number of workers the payable relates to		-	-
Fund or account operated for recovery of wages			
None		<u>Nil</u>	<u>Nil</u>

The above statement should be read in conjunction with the notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for the entity The Australian Workers' Union (National Office), as an individual entity. The National Office is an organisation of employees registered under the Fair Work (Registered Organisations) Act 2009. In accordance with the Act the National Office is a body corporate and has perpetual succession. By virtue of this method of incorporation, the National Office is not subject to the Corporations Act 2001.

The financial report of the National Office for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the National Executive on 9 November 2014

NOTE 1A. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

The reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009 (the RO Act) require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards. As such the National Executive of the Australian Workers' Union (National Office) has prepared a full set of financial statements with all disclosure requirements. In the prior year the National Executive had early adopted Australian Accounting Standards – Reduced Disclosure Requirements but this is no longer permissible. This has had no material impact on amounts recognised in the financial statements because it merely requires a more detailed note disclosure on financial risk management than if these financial statements were prepared using Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

NOTE 1B. GOING CONCERN

The AWU (National Office) is not reliant on continued subsidy income from Branches of the Union. As set out in Note 3A Branches subsidise the National Office through a proportion of member contributions.

NOTE 1C. ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are:

a) Income tax

No provision for income tax is necessary as the Union is exempt from income tax under Section 23(f) of the Income Tax Assessment Act 1997.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment in value.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Union commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are.

Building	2.50%
Office Furniture and Equipment	10% - 20%
Website Development Costs	20%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the profit or loss in the year that the item is derecognised.

c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Union are classified as finance leases. Finance leases are recognised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Union commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

d) Financial Instruments (cont'd)**Classification and Subsequent Measurement**

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Union does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Union has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. The Union has not held any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

d) Financial Instruments (cont'd)**Classification and Subsequent Measurement (cont'd)****(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Accrued Annual Leave

The accrual for employee entitlements to Annual Leave represents the amount which the Union has a present obligation to pay resulting from employees' services provided up to the balance date. The accrual has been calculated at nominal amounts based on current wage and salary rates plus leave loading.

Provision for Long-service Leave

The liability for Long-service Leave (LSL) of Branch officials has only been accumulated in the books of account up to 31st December 2001. In accordance with the decision of the National Executive, Branches are now required to bring to account the annual indebtedness to Long Service Leave of its officials.

The liability is reviewed each year with movements being recognised through the profit or loss

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

f) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

h) Revenue and Other Income

(i) Revenue from sustentation income from branches is recognised upon the monthly returns submitted to the national office.

(ii) Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(iii) Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(iv) All revenue is stated net of the amount of goods and services tax (GST).

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, where applicable, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST, where applicable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Union during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where errors are identified relating to comparative figures the comparative figures are restated and the nature of the error discussed.

l) Accounting Standards Issued But Not Yet Effective

There has been no accounting standards issued which have a financial impact on the financial report in future periods and which are not yet effective.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

m) Estimation Uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Union within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. No impairment losses have been made this financial year.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Union. The carrying amounts are analysed in note 5. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Provisions

The Union currently provides for a portion of the Branches Long Services Leave balance based on their past experience of the other branches performances and their future expectations of their performances.

n) Restatement

Where reclassifications or dissection of amounts, or errors are identified in the financial statements of previously presented periods, the reclassifications or dissection of amounts, or errors will be corrected retrospectively in the financial statements for the period during which the errors were detected by.

- (i) restating the comparative amounts for the prior period(s) presented to which the error relates; or
- (ii) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 30 JUNE, 2014**NOTE 2, MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The National Executive is not aware of any post-balance date events or contingent liability which may materially affect the operating results or financial position of the National Office for the year under review or in future years.

The financial statements were signed by the National Executive committee on November 2014

NOTE 3. INCOME

	2014	2013
	\$	\$
Note 3A: Subsidy Income from Branches		
Newcastle	234,998	264,738
Greater NSW	624,917	650,270
Port Kembla	148,730	165,356
Queensland	1,421,399	1,451,195
South Australia	320,136	333,392
Tasmania	149,136	145,201
Victoria	787,024	844,227
Western Australia	367,354	370,785
Total Subsidy Income	<u><u>4,053,894</u></u>	<u><u>4,225,164</u></u>
Note 3B: Levy		
Australian Council of Trade Unions (ACTU) - for Industrial Relationship Campaign		
- payment	250,000	250,000
- contributions from branches		
Newcastle	(7,832)	(7,839)
Greater NSW	(19,238)	(18,964)
Port Kembla	(4,892)	(5,117)
Queensland	(42,933)	(43,731)
South Australia	(9,863)	(9,178)
Tasmania	(4,296)	(4,044)
Victoria	(24,976)	(25,940)
Western Australia	(10,970)	(10,187)
	<u>(125,000)</u>	<u>(125,000)</u>
Total Levies	<u><u>125,000</u></u>	<u><u>125,000</u></u>
Note 3C: Interest		
Deposits	132,604	149,224
Loans	-	-
Total Interest	<u><u>132,604</u></u>	<u><u>149,224</u></u>
Note 3D: Rental Revenue		
Properties	67,200	67,200
Other	-	-
Total Rental Revenue	<u><u>67,200</u></u>	<u><u>67,200</u></u>
Note 3E: Grants or Donations		
Grants	34,091	18,331
Donations	-	-
Total Grants or donations	<u><u>34,091</u></u>	<u><u>18,331</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2014**

	2014	2013
	\$	\$
NOTE 3: INCOME (cont'd)		
Note 3E: Net Gains / (Losses) from sales of assets		
Land and Buildings		
Plant and Equipment	(21,343)	4,903
Intangibles		
Total Net Gains from sales of assets	<u>(21,343)</u>	<u>4,903</u>
NOTE 4: EXPENSES		
Note 4A: Capitation fees		
Capitation Fees	-	-
Total capitation fees	<u>-</u>	<u>-</u>
Note 4B: Affiliation fees		
Australian Council of Trade Unions	426,790	431,165
International Metal Workers Federation		58,654
International Transport Workers Federation	17,553	15,881
McKell Foundation	25,002	25,002
International Union of Food & Agriculture	4,396	2,691
IndustriALL	95,739	33,611
Total affiliation fees/subscriptions	<u>569,480</u>	<u>567,004</u>
Note 4C: Administration expenses		
Consideration to employers for payroll deductions		
Campaign levies - ACTU - Industrial Relationship Campaign	250,000	250,000
Fees/allowances - meeting and conferences		
Conference and meeting expenses	508,041	1,174,595
Contractors/consultants	193,434	76,198
Property expenses	198,312	173,344
Office expenses	57,091	70,962
Information communications technology	492,481	763,312
Bereavement Payments	93,450	136,350
Other	236,472	179,700
Subtotal administration expense	<u>2,029,281</u>	<u>2,826,461</u>
Operating lease rentals:		
Minimum lease payments	25,200	15,653
Total administration expenses	<u>2,054,481</u>	<u>2,842,114</u>
Note 4D: Grants or donations		
Grants:		
Total paid that were \$1,000 or less		
Total paid that exceeded \$1,000		
Donations:		
Total paid that were \$1,000 or less	500	4,000
Total paid that exceeded \$1,000	97,864	7,000
Total grants or donations	<u>98,364</u>	<u>11,000</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014**

	2014	2013
	\$	\$
Note 4E: Depreciation and amortisation		
Depreciation		
Land & buildings	166,878	174,321
Property, plant and equipment	121,645	130,516
Total depreciation	<u>288,523</u>	<u>304,837</u>
Amortisation		
Intangibles	-	-
Total amortisation	-	-
Total depreciation and amortisation	<u>288,523</u>	<u>304,837</u>
Note 4F: Finance costs		
Finance leases	-	-
Overdrafts/loans	14,954	9,145
Foreign Exchange (Gain)/Loss	-	1,086
Unwinding of discount	-	-
Total finance costs	<u>14,954</u>	<u>10,231</u>
Note 4G: Legal costs		
Litigation	-	-
Other legal matters	357,673	103,680
Total legal costs	<u>357,673</u>	<u>103,680</u>
Note 4H: Write-down and impairment of assets		
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Intangible assets	-	-
Other	-	-
Total write-down and impairment of assets	<u>-</u>	<u>-</u>
Note 4I: Net Loss from Transfer of Assets		
Land and buildings	218,900	1,799,151
Plant and equipment	-	-
Intangibles	-	-
Total net losses from asset sales	<u>218,900</u>	<u>1,799,151</u>
Note 4J: Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Total other expenses	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5. CURRENT ASSETS

	2014	2013
	\$	\$
Note 5A: Cash and cash equivalents		
Cash at bank	484,837	469,675
Cash on hand	1,000	1,000
Short term deposits	2,899,790	2,537,850
Other	-	-
Total cash and cash equivalents	<u>3,385,627</u>	<u>3,008,525</u>
Note 5B: Trade and other receivables		
Receivables from other reporting units		
Greater NSW	24,640	32,919
Newcastle	1,584	21,015
Port Kembla	1,200	6,221
Queensland	88,103	65,582
South Australia	1,598	13,987
Tasmania	14,572	15,136
Victoria	16,745	40,787
Western Australia	42,255	46,676
Total receivables from other reporting units	<u>190,697</u>	<u>242,323</u>
Less provision for doubtful debts		
Provision for Doubtful Debts - AWU Branches	-	-
Total provision for doubtful debts	<u>-</u>	<u>-</u>
Receivable from other reporting units (net)	<u>190,697</u>	<u>242,323</u>
Other receivables:		
Other trade receivables	65,509	296,284
Provision for Doubtful Debts - Other Receivables	(12,810)	(10,000)
Total other receivables	<u>52,699</u>	<u>286,284</u>
Total trade and other receivables (net)	<u>243,396</u>	<u>528,607</u>
Note 5C: Other current assets		
Accrued Interest & Other Income	157,735	24,247
Prepayments	100,649	23,888
Total other current assets	<u>258,384</u>	<u>48,135</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 6. NON CURRENT ASSETS	2014	2013
	\$	\$
Note 6A: Land and buildings		
Land and buildings:		
At Cost	9,668,431	9,936,431
Less: accumulated depreciation	(2,143,822)	(2,026,045)
Total land and buildings	<u>7,524,609</u>	<u>7,910,386</u>
<i>Reconciliation of the opening and closing balances of land and buildings</i>		
As at 1 July		
Gross book value	9,936,431	12,011,029
Accumulated depreciation and impairment	(2,026,045)	(2,127,163)
Net book value 1 July	<u>7,910,386</u>	<u>9,883,866</u>
Additions		
Disposals	(268,000)	(2,074,592)
Write Back	49,101	275,440
Depreciation expense	(166,878)	(174,321)
Other	-	-
Net book value 30 June	<u>7,524,609</u>	<u>7,910,386</u>
Net book value as of 30 June represented by:		
Gross book value	9,668,431	9,936,431
Accumulated depreciation and impairment	(2,143,822)	(2,026,045)
Net book value 30 June	<u>7,524,609</u>	<u>7,910,386</u>
Note 6B: Plant and equipment		
Plant and equipment:		
At cost	1,055,094	1,047,553
Less: accumulated depreciation	(709,349)	(660,111)
Total plant and equipment	<u>345,745</u>	<u>387,442</u>
<i>Reconciliation of the opening and closing balances of plant and equipment</i>		
As at 1 July		
Gross book value	1,047,553	832,744
Accumulated depreciation and impairment	(660,111)	(551,388)
Net book value 1 July	<u>387,442</u>	<u>281,356</u>
Additions		
Disposals	(136,122)	(65,664)
Write Back	72,407	21,793
Depreciation expense	(121,645)	(130,516)
Other	-	-
Net book value 30 June	<u>345,745</u>	<u>387,443</u>
Net book value as of 30 June represented by:		
Gross book value	1,055,094	1,047,553
Accumulated depreciation and impairment	(709,349)	(660,111)
Net book value 30 June	<u>345,745</u>	<u>387,442</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 6: NON CURRENT ASSETS (cont'd)	2014	2013
	\$	\$
Note 6C: Other Investments		
Non Controlling Interests in:		
Chifley Financial Services	304,818	304,818
ACTU Financial Services	2	2
Newcrest Mining	1,437	1,437
Bluescope Steel	804	804
Rio Tinto	5,051	5,051
Provisions for diminution	(2,696)	(2,696)
	<u>309,416</u>	<u>309,416</u>
 NOTE 7: CURRENT LIABILITIES		
 Note 7A: Trade Payables		
Trade Creditors and accruals	364,225	717,053
Payables in relation to legal costs/litigations	220,000	4,109
Payables to employees for contributions	31,225	-
Trade Creditors	<u>615,450</u>	<u>721,162</u>
Payable to other reporting entities		
Greater NSW	550	440
Tasmania	9,148	-
Victoria	22	40
Western Australia	44	40
Total trade payable to Branches	<u>9,764</u>	<u>520</u>
Total Trade Creditors and accruals	<u>625,214</u>	<u>721,682</u>
 Note 7B: Other Payables		
GST payable/receivable - net	(3,535)	-
Total Other Payables	<u>(3,535)</u>	<u>-</u>
 Note 7C: Provisions		
Elected Representatives		
Annual Leave	55,553	52,405
Long Service Leave	686,706	425,935
Separation and Redundancies	-	-
Other	-	-
	<u>742,259</u>	<u>478,340</u>
Employees		
Annual leave	107,238	102,820
Long service leave	24,108	410,797
Separation and redundancies	-	-
Other	-	-
	<u>131,346</u>	<u>513,617</u>
Total Provisions	<u>873,605</u>	<u>991,957</u>
 CURRENT - Provision for employee benefits		
Elected Representatives	742,259	131,425
Employees	127,541	219,810
	<u>869,800</u>	<u>351,235</u>
 NON-CURRENT - Provision for employee benefits		
Elected Representatives	-	346,915
Employees	3,805	293,807
	<u>3,805</u>	<u>640,722</u>
Total Provision for employee benefits	<u>873,605</u>	<u>991,957</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

NOTE 8. LOANS FROM BRANCHES - NON CURRENT BORROWINGS

	2014	2013 + Restated	2012+ Restated
	\$	\$	\$
AWU New South Wales State Union	1,905,669	1,905,669	1,995,669
AWU Victorian Branch	1,231,180	1,231,180	1,231,180
AWU Western Australia Branch	-	-	22,403
	<u>3,136,849</u>	<u>3,136,849</u>	<u>3,249,252</u>

The loans are free of interest, with no fixed repayments terms, and are unsecured.

AWU Tasmania Branch	149,250	149,250	149,250
- has no fixed repayments terms,			
- is unsecured and			
- interest is payable at 0.25% per annum on the first \$3,000 and 6.25% on the residual owing			
	<u>149,250</u>	<u>149,250</u>	<u>149,250</u>
	<u>3,286,099</u>	<u>3,286,099</u>	<u>3,398,502</u>

During the year it was identified that amounts owed by the National Office to the Tasmania Branch were not correctly recorded in the Annual Finance Report. This error has been corrected and the Financial Position and Change In Equity have been restated for the years ended 30 June 2012 and 30 June 2013

NOTE 9. CASH FLOW INFORMATION

	2014 \$	2013 \$
Reconciliation of cash flow from operations with total comprehensive income for the year		
Total Comprehensive (loss) / income for the year	93,021	(1,732,942)
Non-cash flow items in operating surplus		
Depreciation	288,523	304,837
Net loss from transfer of assets to branches	218,900	1,799,151
Net loss/(gain) on disposal of property, plant and equipment	21,343	(4,903)
Net Loss on revaluation of available for sale financial assets	-	1,086
Write back of Loan from NSW branch	-	(90,000)
Provisions in diminution in value of Investments	-	-
Changes in assets and liabilities		
Decrease / (increase) in Subsidies Receivable	51,626	6,087
Decrease / (increase) in Other assets	23,336	(248,284)
Increase / (decrease) in Payables	(96,468)	251,753
Increase / (decrease) in Provisions	(118,352)	(147,987)
Cash from operations	<u>481,326</u>	<u>138,798</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

NOTE 9. CASH FLOW INFORMATION (cont'd)	2014	2013
	\$	\$
Receipts from Branches		
Newcastle	254,429	272,493
Greater NSW	633,195	709,929
Port Kembla	153,751	178,878
Queensland	1,398,878	1,621,554
South Australia	332,525	366,235
Tasmania	149,700	159,346
Victoria	811,066	920,997
Western Australia	371,775	424,944
	<u>4,105,319</u>	<u>4,654,376</u>
Payments to Branches		
Newcastle	-	-
Greater NSW	6,642	7,660
Port Kembla	-	-
Queensland	26,136	13,350
South Australia	15,400	15,832
Tasmania	4,535	-
Victoria	49,910	69,090
Western Australia	570	1,470
	<u>103,193</u>	<u>107,302</u>

NOTE 10. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

Note 10A: Capital and Leasing commitments:

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable — minimum lease payments

not later than 12 months	23,760	23,760
between 12 months and 5 years	69,300	91,080
	<u>93,060</u>	<u>114,840</u>

All operating lease obligations are in relation to equipment. The equipment lease is a non-cancellable lease with rent payable monthly in advance. The lease expires on 29 May 2018.

Note 10B: Contingent Liabilities

Bereavement payments during the financial year totalled 93,450 136,350

The Union has not made an estimate or set a provision aside for future bereavement payments as it cannot reliably or practically estimate the amount of the future financial commitment of this to the union.

Note 10C: Contingent Assets

The AWU National Office may be able to recover a portion of estimated legal fees from Branches.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 JUNE, 2014**

		2014	2013
		\$	\$
NOTE 11. RELATED PARTY TRANSACTIONS			
<i>Transactions between related parties are as follows:-</i>			
Revenue	NOTES		
Subsidy Income from branches	3A	4,053,694	4,225,164
Special Levies contributed by branches		125,000	125,000
Rental Income from a branch		67,200	67,200
Other income contributed by branches		64,858	222,543
Income received from Chifley		150,000	128,500
Utilisation/adjustment of Long Service Leave balances with branches		230,178	-
Loan reduction with a branch		-	90,000
Legal Expenses - shared with Branches		88,421	-
Expenses			
Interest on Loan from a Branch		(9,148)	(9,144)
Property Transfer to a Branch		(218,900)	-
		<u>4,551,303</u>	<u>4,849,265</u>
Receivables and payables:-			
Receivables from Branches	5H	190,697	242,323
Sundry Receivables from Branches		88,421	-
		<u>279,118</u>	<u>242,323</u>
Loans payable to Branches		(3,286,099)	(3,286,099)
Liability for long service leave of Branches staff		(410,545)	(640,723)
		<u>(3,696,644)</u>	<u>(3,926,822)</u>

(i) The aggregate amount of remuneration paid to office holders during the financial year is disclosed at Note 12 .

(ii) The aggregate amount paid during the financial year to a superannuation plan in respect of office holders was

<u>46,230</u>	<u>33,036</u>
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(iii) There have been no other transactions between the office holders and the union that those relating to their membership of the union and reimbursement by the union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

NOTE 12. SALARY AND WAGES

In accordance with Sub-regulations 107 (a) (XIV) and (XV) of the Fair Work (Registered Organisations) Act 2009, we report that the figure Employee Expense in the Income Statement is made up of the following:-

Holders of office:			
Wages and salaries		314,354	399,864
Superannuation		46,230	33,036
Leave and other entitlements		221,326	96,677
Separation and redundancies		-	-
Other employee expenses		130,136	93,172
Subtotal employee expenses holders of office		<u>712,046</u>	<u>622,749</u>
Employees other than office holders:			
Wages and salaries		1,108,214	1,010,933
Superannuation		165,356	142,488
Leave and other entitlements		163,676	172,158
Separation and redundancies		35,475	-
Other employee expenses		35,540	32,003
Subtotal employee expenses employees other than office holders		<u>1,509,261</u>	<u>1,357,582</u>
Total employee expenses		<u>2,221,307</u>	<u>1,980,331</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

2014
\$

2013
\$

NOTE 13. AUDITOR'S REMUNERATION

Remuneration of the auditor of the Union for:

Financial Statement audit services	18,000	16,800
Contract Accounting services	91,712	-
Compliance & Internal Controls Review	63,869	-
	<u>173,581</u>	<u>16,800</u>

NOTE 14. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

The union is exposed to risks that arise from its use of financial instruments. This note describes the union's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the union's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The union's financial instruments consist mainly of deposits with banks, borrowings, investments and payables. The main risks the union is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The National Executive has overall responsibility for the determination of the union's risk management objectives and policies and whilst retaining ultimate responsibility for them, the National Executive makes investment decisions after considering appropriate advice.

b. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Union.

The Union has no significant concentration of credit risk with any single counterparty or group of counterparties. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B.

c. Liquidity risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Union manages this risk through the following mechanisms:-

- preparing forward looking cash flow, budget analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

2014
\$

2013
\$

The union is not significantly exposed to this risk, as at 30 June 2014 it had:

Cash and Term deposits < 3 months to meet these obligations as they fall due.	<u>3,385,627</u>	<u>3,008,525</u>
Total Current Liabilities < 12 Months	<u>1,491,479</u>	<u>1,072,917</u>

d. Market Risk

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2014**

NOTE 14. FINANCIAL RISK MANAGEMENT (cont'd)

a. Interest rate risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

	Floating Interest Rate \$	Non interest Bearing \$	Total \$
30-June-2014			
Financial Assets			
Cash	3,384,627	1,000	3,385,627
Investments	-	309,416	309,416
Trade and Other Receivables	-	501,780	501,780
	<u>3,384,627</u>	<u>812,196</u>	<u>4,196,823</u>
Weighted average interest rate	4.06%		
Financial Liabilities			
Payables	-	1,491,479	1,491,479
	<u>-</u>	<u>1,491,479</u>	<u>1,491,479</u>
Net Financial Assets/(Liabilities)	<u>3,384,627</u>	<u>(679,283)</u>	<u>2,705,344</u>
30-June-2013			
Financial Assets			
Cash	3,007,525	1,000	3,008,525
Investments	-	309,416	309,416
Trade and Other Receivables	-	576,742	576,742
	<u>3,007,525</u>	<u>887,158</u>	<u>3,894,683</u>
Weighted average interest rate	4.40%		
Financial Liabilities			
Payables	-	1,072,917	1,072,917
	<u>-</u>	<u>1,072,917</u>	<u>1,072,917</u>
Net Financial Assets/(Liabilities)	<u>3,007,525</u>	<u>(185,759)</u>	<u>2,821,766</u>
Sensitivity Analysis			
	Carrying Amount \$	+1% (100 Basis Points) Profit \$	-1% (100 Basis Points) Loss \$
2014			
Cash and cash equivalents	<u>3,384,627</u>	<u>33,546</u>	<u>(33,546)</u>
2013			
Cash and cash equivalents	<u>3,007,525</u>	<u>30,075</u>	<u>(30,075)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14. FINANCIAL RISK MANAGEMENT (cont'd)

f. Other Price Risks

The Union has minor investments in Rio Tinto and Blue Scope Steel where the net carrying value is \$4,596 (2013: \$4,596) and therefore has limited exposure to the fluctuations in price that are inherent in such a market. These investments are primarily held to keep track of these companies in the interest of the members and not for

The Union has investments in unlisted entities; Chifley Financial Services and ACTU Financial Services where the net carrying value is \$304,820 (2013: \$304,820) and has limited exposure to the fluctuations in price that are inherent in such a market. These investments are primarily held in the interest of the members.

g. Foreign Exchange Risk

The union is not directly exposed to foreign exchange rate risk.

NOTE 15. OTHER FAIR WORK (REGISTERED ORGANISATION) ACTS 2009 DISCLOSURE

In accordance with the requirements of S253 of the Fair Work (Registered Organisations) Act 2009 and the Reporting Guideline, the Union makes the following disclosures for the year ended 30 June 2014:

- a. the Union has prepared the financial statements on a going concern basis and is not reliant on financial support of another reporting unit,
- b. the Union did not provide financial support to ensure another reporting unit has the ability to continue as a going concern,
- c. the Union did not acquire an asset or a liability during the financial year as a result of amalgamation, a restructuring of the branches, a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the Union or, a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to the Union under subsection 245(1),
- d. no other funds or reserves other than that disclosed in the Statement of Changes in Equity have been set up,
- e. The Union did not engage another entity to administer its financial affairs.

NOTE 16. UNION INFORMATION

The Australian Workers' Union – National Office
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Independent Auditor's Report To the Members of Australian Workers' Union National Office

We have audited the accompanying financial report of Australian Workers' Union National Office (the "National Office"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the National Executive.

Responsibility of the National Executive and National Secretary for the financial report

The National Executive and National Secretary are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Regulations 2009 and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. This responsibility includes such internal controls as the National Executive determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's

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judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the National Office's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the National Executive and National Secretary, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

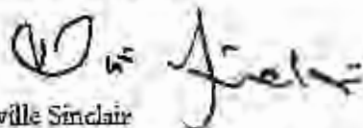
Auditor's Opinion

In our opinion,

- a the financial report of Australian Workers' Union National Office
 - i presents fairly, in all material respects, the National Office's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended;
 - ii presents fairly, the National Office's recovery of wages and activity financial report;
 - iii complies with Australian Accounting Standards and the relevant legislation; and
 - iv complies with the requirements of Fair Work (Registered Organisations) Regulation 2009 and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Neville Sinclair
Partner - Audit & Assurance

Sydney, 19 November 2014