

31 January 2012

Mr Andrew Gillespie
Secretary, Port Kembla, South Coast and Southern Highlands Branch
The Australian Workers' Union
PO Box 1506
WOLLONGONG NSW 2500



Dear Mr Gillespie

Lodgment of Financial Statements and Accounts – The Australian Workers' Union, Port Kembla, South Coast and Southern Highlands Branch - for year ended 30 June 2011 (FR2011/2765)

Thank you for lodging the abovementioned financial statements and accounts which were received by Fair Work Australia on 24 January 2012. The documents have been filed but I take this opportunity to draw your attention to the following details.

Donations

The item "Donations and sponsorships" disclosed on page 24 shows a total of \$40,644. If this amount included any individual donation exceeding \$1,000, then a separate statement under s237 of the Act must be lodged, showing the relevant particulars.

Date of signing documents

The Auditor's report and the Committee of Management Statement were both signed and dated 13 December 2011. This date coincides with the second meeting "in accordance with section 266" which you certified in your Prescribed Designated Officer Certificate. It is also after the date you certified that the documents were provided to members, i.e. 8 November 2011.

The face of the dating suggests that what members received on 8 November did not include the documents signed on 13 December.

The correct reading of the Act and the normal procedure is for these documents to be signed at, or immediately after, a first meeting of the Committee prior to publication or provision to the membership. Fair Work Australia would have expected the documents to have been signed and dated prior to 8 November.

Signing of Operating Report

In addition, I note that the Operating Report on pages 27-28 was not signed or dated. This omission also occurred in the three previous years' returns. Based on section 254(3) which provides that "*the operating report may be prepared by the committee of management or a designated officer*", Fair Work Australia's expectation is that the Operating Report should be signed and dated.

I would respectfully ask that you address these matters of form and procedure for future reporting years. Please do not hesitate to contact me if you have any query regarding these matters.

Yours sincerely,

Stephen Kellett

Organisations, Research and Advice Branch

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The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551
Financial Report for the year ended 30 June 2011

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
Revenue	3	1,600,245	1,576,150
Member Representation Costs		(321,852)	(332,054)
Depreciation expenses		(53,739)	(47,505)
Labour & Employment Costs		(536,722)	(522,131)
Marketing expenses		(4,685)	(5,000)
Occupancy expenses		(12,239)	(9,723)
Finance costs		(2,617)	(2,583)
Other expenses		(522,439)	(412,940)
Profit from ordinary activities		<u>145,952</u>	<u>244,214</u>

The accompanying notes form part of these financial statements.

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011	2010
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,872,197	2,358,154
Other receivables	7	44,414	10,774
TOTAL CURRENT ASSETS		<u>1,916,611</u>	<u>2,368,928</u>
NON-CURRENT ASSETS			
Financial assets	8	662	662
Property, plant and equipment	9	855,754	229,712
TOTAL NON-CURRENT ASSETS		<u>856,416</u>	<u>230,374</u>
TOTAL ASSETS		<u><u>2,773,027</u></u>	<u><u>2,599,302</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	57,540	27,990
Provisions	11	111,353	94,990
TOTAL CURRENT LIABILITIES		<u>168,893</u>	<u>122,980</u>
NON CURRENT LIABILITIES			
Provisions	11	438,119	434,617
TOTAL NON CURRENT LIABILITIES		<u>438,119</u>	<u>434,617</u>
TOTAL LIABILITIES		<u>607,012</u>	<u>557,597</u>
NET ASSETS		<u><u>2,166,015</u></u>	<u><u>2,041,705</u></u>
MEMBERS EQUITY			
Reserves	12	486	486
General fund		2,165,529	2,041,219
TOTAL ACCUMULATED FUNDS		<u>2,166,015</u>	<u>2,041,705</u>

The accompanying notes form part of these financial statements.

The Australian Workers Union
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Note	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2009	1,797,005	486	1,797,491
Profit attributable to members	244,214		244,214
Balance at 30 June 2010	2,041,219	486	2,041,705
Profit attributable to members	124,310	-	124,310
Balance at 30 June 2011	2,165,529	486	2,166,015

The accompanying notes form part of these financial statements.

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		1,440,782	1,473,887
Payments to suppliers and employees		(1,215,711)	(1,064,093)
Dividends received		23	27
Other income		24,249	2,369
AWU National Office: Administrative Contributions paid		(190,710)	(197,758)
Interest Received		137,714	102,239
Net cash provided by operating activities	20	196,347	316,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of motor vehicles		0	308,010
Purchase of leasehold improvements, plant & equipment		(16,986)	(391,771)
Purchase of Property		(665,318)	-
Net cash used in investing activities		(682,304)	(83,761)
Net increase in cash held		(485,957)	232,910
Cash at beginning of financial year		2,358,154	2,125,244
Cash at end of financial year	6	1,872,197	2,358,154

The accompanying notes form part of these financial statements.

The Australian Workers Union
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers The Australian Workers Union Port Kembla South Coast and Southern Highlands Branch (the 'Branch') as an individual entity. The Australian Workers Union Port Kembla South Coast and Southern Highlands Branch is a registered trade union branch of the Australian Workers Union (AWU) and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Income Tax

The entity is currently exempt from income tax. No income tax expense has been calculated or charged to the Statement of Comprehensive Income.

b. Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

c. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment, Motor Vehicles. Leasehold Improvement	4% to 30% Diminishing Value

The Australian Workers Union
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is 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.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or 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, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Branch of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(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 using the effective interest rate method.

(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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

e. Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee Benefits

Provision is made for the entity'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. 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. The calculation of Branch Officials' long service leave entitlements is open to interpretation; a general consensus of the calculation method provided by National Office has been used to determine the branch liability.

g. Provisions

Provisions are recognised when the entity 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.

h. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

i. Revenue and Other Income

Membership subscription revenue is recognised when it is received.

Interest revenue is recognised on a proportional basis taking into account the interest rates appropriate to the financial asset. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, 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.

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.

k. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. Critical accounting estimates and judgments

The Committee of Management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised during the year.

m. New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the entity has decided not to early adopt. A discussion of those future requirements and their impact on the entity is as follows:

AASB 9: Financial Instruments – not expected to impact on the entity

AASB 124: Related Party Disclosures – not expected to impact on the entity.

AASB 1053 Application of Tiers of Australian Accounting Standards: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements – not expected to impact on the entity.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

Fair Work (Registered Organisations) Act 2009 Section 272: In accordance with the provisions of section 272 the members' attention is drawn to sections 272 (1), (2) and (3) which provide as follows:

S272(1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

S272(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

S272(3) A reporting unit must comply with an application under subsection (1).

NOTE 3: REVENUE

	2011	2010
	\$	\$
Sales revenue		
— Membership subscriptions	1,440,782	1,480,229
— Dividends received	23	27
— Interest received	137,714	102,240
— Rental Income	15,438	-
— Other revenue	6,288	(6,345)
Total Revenue	1,600,245	1,576,151

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Branch officials are provided with a motor vehicle and up to \$100 per month in home phone and internet reimbursement. The branch secretary has all home phone bills paid. Employer superannuation is paid on behalf of branch officials and staff at 15% per annum. Officials accrue approximately 2.6 weeks per annum and staff (excluding the cleaner) accrue approximately 1.3 weeks per annum in long service leave. Branch officials also accrue interest on the long service leave balance greater than 10 years at 7.5% per annum.

Officials LSL at year end \$366,088, an increase of \$33,099.

Officials Annual leave at year end \$77,938, an increase of \$14,585.

Staff LSL at year end \$72,031, a decrease of \$29,597.

Staff annual leave at year end \$33,415, an increase of \$1,778.

**The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 5: AUDITORS' REMUNERATION

	2011	2010
	\$	\$
Remuneration of the auditor		
— auditing or reviewing the financial report	10,125	9,800
— AWU Head Office audit fees	327	5,632
	10,452	15,432

NOTE 6: CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Cash on hand	900	900
Term deposit	1,041,070	1,410,536
Cheque account	183,291	231,959
Credit union building account	1,045	37,296
Credit union leave entitlement account	621,082	584,011
Credit Union Wage account	24,809	93,452
	1,872,197	2,358,154

The effective interest rate on term bank deposits was 6.275% (2010: 6.25%) and 4.25% (2010: 4.25%) for the remaining accounts. Term deposits have an average maturity of 180 days (6 months).

NOTE 7: OTHER RECEIVABLES

	2011	2010
	\$	\$
Interest Receivable	13,412	10,774
Membership Contributions Receivable	29,118	-
Rental Income Due	1,884	-
Total Receivables	44,414	10,774

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: FINANCIAL ASSETS

	2011	2010
	\$	\$
Available for sale financial assets	662	662
Available-for-sale financial assets comprise:		
Listed investments		
— shares in listed corporations, at fair value	626	627
Unlisted investments		
— shares in unlisted private companies, at cost	36	35
Total available-for-sale financial assets	662	662

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
PROPERTY		
Land & Buildings		
At Cost	665,318	-
Accumulated Depreciation	-	-
Total Land & Buildings	665,318	-
Leasehold Improvements:		
At cost	28,387	21,472
Accumulated depreciation	(1,663)	(551)
Total Leasehold Improvements	26,724	20,921
TOTAL PROPERTY	692,042	20,921
PLANT AND EQUIPMENT		
Computers and office equipment:		
At cost	89,439	113,412
Accumulated depreciation	(63,040)	(87,705)
Total Computers and office equipment	26,399	25,707
Motor Vehicles:		
At cost	191,102	191,102
Accumulated depreciation	(53,789)	(8,018)
Total Motor Vehicles	137,313	183,084
Total Plant and Equipment	163,712	208,791
Total Property, Plant and Equipment	855,754	229,712

The Australian Workers Union
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a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Balance at 1 July 2009	21,472	180,698	202,170
Additions	-	391,771	391,771
Disposals	-	(316,724)	(316,724)
Revaluation increments/(decrements)	-	-	-
Depreciation expense	(551)	(46,954)	(47,505)
Balance at 30 June 2010	<u>20,921</u>	<u>208,791</u>	<u>229,712</u>
Additions	671,682	10,623	682,305
Disposals	-	(2,524)	(2,524)
Depreciation expense	(561)	(53,178)	(53,739)
Carrying amount at 30 June 2011	<u>692,042</u>	<u>163,712</u>	<u>855,754</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
CURRENT		
Net GST Liabilities	8,279	(20,146)
Payroll Liabilities	11,775	6,568
Trade payables	21,642	32,647
Sundry payables and accrued expenses	11,554	10,000
Rental bond due	4,290	
ATO Integrated client account balance	-	(1,079)
	<u>57,540</u>	<u>27,990</u>

NOTE 11: PROVISIONS

CURRENT

Provision for Staff Annual Leave Entitlements	33,415	31,637
Provision for Officials Annual Leave Entitlements	77,938	63,353
	<u>111,353</u>	<u>94,990</u>

NON CURRENT

Provision for Staff Long Service Leave Entitlements	72,031	101,628
Provision for Officials long Service Leave Entitlements	366,088	332,989
	<u>438,119</u>	<u>434,617</u>

	Total	Annual	Long Service
	\$	Leave	Leave
Officials			
Opening Balance at 1 July 2010	396,342	63,353	332,989
Additional Provisions	47,684	14,585	33,099
Amounts Used	-	-	-
Balance at 30 June 2011	<u>444,026</u>	<u>77,938</u>	<u>366,088</u>
Staff			
Opening Balance at 1 July 2010	133,265	31,637	101,628
Additional Provisions	7,447	1,778	5,669
Amounts Used	(35,266)	-	(35,266)
Balance at 30 June 2011	<u>105,446</u>	<u>33,415</u>	<u>72,031</u>

**The Australian Workers Union
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Provision for Long-term Employee Benefits		
Officials and staff (excluding the cleaner) accrue 4 weeks annual leave per annum.		
Officials accrue 2.6 weeks per annum (Staff accrue 1.3 weeks per annum) in long service leave. Branch officials also accrue interest on their long service leave balance greater than 10 years at a current interest rate of 7.5% per annum.		
 NOTE 12: RESERVES		
Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current financial assets	486	486

NOTE 13: CAPITAL AND LEASING COMMITMENTS

The entity had no capital or leasing commitments at year end.

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at year end.

NOTE 15: RELATED PARTY TRANSACTIONS

No officials or Committee of Management members are related to or have an interest in the entities that contract with the Branch, other than as disclosed as remuneration.

The National Office of the Australian Workers Union (AWU) owns the premises from which this entity, the Port Kembla South Coast & Southern Highlands Branch of the AWU runs its operations.

These premises are provided with rent being paid in the form of all property outgoings by this entity.

NOTE 16: EVENTS AFTER THE BALANCE DATE

Since the end of the financial year there are no known events, financial or otherwise that would impact materially on the financial statements of the entity at 30 June 2011.

NOTE 17: SEGMENT REPORTING

The entity operates in one business and geographical segment being provision of worker representation services in the Port Kembla, South Coast and Southern Highlands Regions of NSW, Australia.

Note 18: ECONOMIC DEPENDENCE

No economic dependence situations have been identified.

Note 18: ENTITY DETAILS

The principal place of business and registered office of the entity is 18 Belmore St., Wollongong.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20: CASH FLOW INFORMATION

	2011	2010
	\$	\$
Reconciliation of Cash Flow from Operations with Net Profit		
Net Profit	124,310	244,214
Non-cash flows in profit		
Depreciation	53,739	47,505
Loss on disposal of motor vehicles	2,523	8,714
Changes in assets and liabilities,		
Increase in trade and other receivables	(33,640)	(10,774)
Increase/(decrease) in trade and other payables	29,550	(15,935)
Increase/(decrease) in Annual & Long Service Leave Provisions	19,865	42,947
	<u>196,347</u>	<u>316,671</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management

The Branch's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The Committee of Management's overall risk management strategy seeks to assist the Branch in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Committee of Management on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for entity operations. The entity does not have any derivative instruments at 30 June 2011.

Financial Risk exposures and management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

All term investments are lodged for periods of 12 months or less at fixed rates of return.

ii. Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2011.

The entity does not have any material credit risk exposure to any single receivable under financial instruments entered into by the entity.

Credit risk is reviewed regularly by the Committee of Management. It arises from exposures to customers as well as through deposits with financial institutions.

The Committee of Management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with at least an 'A' rating are utilised;
- All new member subscription dues are collected through employer payroll systems.

v. Price risk

The entity is not exposed to any material commodity price risk.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: FINANCIAL RISK MANAGEMENT

b. Financial Instrument Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Within Year		1 to 5 Years	
	2011	2010	2011	2010	2011	2010
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	4.25	4.25	210,045	363,607	-	-
Short term deposits	6.275	6.25	1,662,152	1,994,547	-	-
Investments	-	-	-	-	662	662
Loans and receivables	-	-	-	-	-	-
Total Financial Assets:			1,872,197	2,358,154	662	662

	Non Interest Bearing		Total	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	-	-	-	-
Short term deposits	-	-	-	-
Investments	-	-	-	-
Loans and receivables	-	-	-	-
Total Financial Assets:	-	-	-	-

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: FINANCIAL INSTRUMENTS

	Non Interest Bearing		Total	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Liabilities:				
Trade and other payables	57,540	27,990	57,540	27,990
Total Financial Liabilities:	<u>57,540</u>	<u>27,990</u>	<u>57,540</u>	<u>27,990</u>

Trade and sundry payables are expected to be paid as followed:

	2011	2010
	\$	\$
Less than 6 months	57,540	27,990
6 months to 1 year	-	-
1-5 years	-	-
Over 5 years	-	-
	<u>57,540</u>	<u>27,990</u>

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 22: FINANCIAL INSTRUMENTS CONTINUED

	2011		2010	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Investments	662	662	662	662
Other receivables	44,414	44,414	10,774	10,774
	<u>45,076</u>	<u>45,076</u>	<u>11,436</u>	<u>11,436</u>

	2011		2010	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Liabilities				
Trade and other payables	57,540	57,540	27,990	27,990
	<u>57,540</u>	<u>57,540</u>	<u>27,990</u>	<u>27,990</u>

Fair values are materially in line with carrying values. A discount rate of 0% (2010: 0% has been applied to all non-current borrowings to determine fair value.

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551

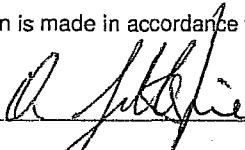
COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management have considered and have passed the following resolution with respect to the financial report of The Australian Workers Union Port Kembla South Coast and Southern Highlands Branch (the entity), which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and this Committee of Management Statement:

1. The financial report comprising of the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and this Committee of Management Statement comply with Australian Accounting Standards (referred to as the financial statements);
2. The financial statements comply with the reporting guidelines set out at s253, *Fair Work (Regulated Organisations) Act 2009*;
3. The financial statements and notes, as set out on pages 1 to 20 present fairly the entity's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements; and
4. The financial statements and notes, as set out on pages 1 to 20 present fairly the entity's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements; and
5. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
6. During the financial year ended 30 June 2011 and since the end of the financial year:
 - 6(i) Meetings of the Committee of Management were held in accordance with the rules of the AWU including the rules of the Port Kembla South Coast and Southern Highlands Branch; and
 - 6(ii) The financial affairs of the entity have been managed in accord with the rules of the AWU including the rules of the Port Kembla South Coast and Southern Highlands Branch; and
 - 6(iii) The financial records of the entity have been kept and maintained in accord with the *Fair Work (Regulated Organisations) Regulations 2009*; and
 - 6(iv) The financial records of the entity have been kept as far as practicable, in a consistent manner to each of the other reporting units of the AWU;
 - 6(v) No requests have been sought by any member of the entity or the Fair Work Act duly made under Section 272 of the *Fair Work Act (Registered Organisations) Act 2009*; and
 - 6(vi) No orders have been made by the Commission under Section 273 of the RAO Schedule during the financial year ended 30 June 2011.
7. In relation to wages activity – no recovery action was necessary to be undertaken in the year.

This declaration is made in accordance with a resolution of the Committee of Management

Branch
Secretary



A. Gillespie

Dated this 13th day of Dec, 2011.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIAN WORKERS UNION PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH

Scope

The financial report is the responsibility of the Committee of Management of the Australian Workers Union Port Kembla South Coast and Southern Highlands Branch (the "Branch"). The financial report comprises the Committee of Managements' Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the year ended 30 June 2011.

The Committee of Management of the Branch are responsible for the preparation and true and fair presentation of the financial report in accordance with the Fair Work (Registered Organisations) Act ("RO Act"), the Fair Work (Registered Organisations) Regulations 2009 and the reporting guidelines of the General Manager of FWA, determined under section 257 of the RO Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent on the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects, the financial report presents fairly in accordance with the RO Act, the Fair Work (Registered Organisations) Regulations 2009 and the reporting guidelines of the General Manager of FWA determined under section 257 of the RO Act, including compliance with accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the branch's financial position and of their performance as represented by the results of their operations and their cash flows.

We formed our audit opinion on the basis of these procedures, which included examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and, assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee of management.

While we considered the effectiveness of managements' internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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Praxity
MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIAN
WORKERS UNION PORT KEMBLA SOUTH COAST AND SOUTHERN
HIGHLANDS BRANCH**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Fair Work (Registered Organisations) Act 2009.

Audit Opinion


In our opinion, the financial report of the Australian Workers Union Port Kembla South Coast and Southern Highlands Branch is in accordance with:

- (a) The Fair Work (Registered Organisations) Act 2009, the Fair Work (Registered Organisations) Regulations 2009 and the reporting guidelines of the General Manager of FWA determined under section 257 of the RO Act including:
 - (i) Giving a true and fair view of the Branch's financial position as at 30 June 2011 and of their performance for the year ended on that date;
 - (ii) Complying with Accounting Standards in Australia and the Fair Work (Registered Organisations) Act 2009; and

- (b) Other mandatory professional reporting requirement statements.

A handwritten signature in cursive script that reads 'William Buck'.

William Buck
Chartered Accountants
ABN: 16 021 300 521

A handwritten signature in cursive script that reads 'L.E. Tutt'.

L.E. Tutt
Partner
Sydney, 13 December 2011

**PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT
ON THE 2011 FINANCIAL ACCOUNTS**

1. Trading and Profit and Loss Account
2. Statement of Membership Representation Costs

**TRADING, PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
SALES		
Union Membership Dues	1,440,782	1,480,229
Less: Member Representation Costs	321,852	332,054
GROSS PROFIT	<u>1,118,930</u>	<u>1,148,175</u>
Less: EXPENSES		
Advertising	5,083	5,000
Auditors' remuneration	10,452	15,432
Bank charges	2,617	2,580
Donations & Sponsorships	40,644	2,521
Depreciation	53,739	47,505
Fines & Penalties	12,100	-
Fringe benefits tax	10,796	6,324
Insurances	9,386	9,376
Motor Vehicle Expenses	29,645	44,876
Office Supplies	12,875	8,462
Postage	28,540	12,076
Parking costs	3,766	2,710
Payroll Tax	42,059	33,873
Property Expenses	12,239	9,723
Provision for Employees Leave	19,865	42,947
Rentals – Hall & Venue Hire	5,526	5,122
Repairs & Maintenance	7,416	3,381
Salaries - Officials	393,875	403,840
Salaries – Staff	142,847	118,291
Staff Amenities & Uniforms	1,705	7,134
Sundry Expenses	133,723	76,590
Superannuation	107,783	102,020
Travel Expenses	24,269	5,523
Technology Maintenance Costs	24,286	13,315
Telephone	18,847	21,262
	<u>1,154,083</u>	<u>999,983</u>
TRADING PROFIT	(35,153)	148,292

**TRADING, PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Other Operating Income		
Interest received	137,714	102,240
Dividends received	23	27
Rental Income	15,438	-
Sundry Income	8,811	2,369
Unrealised gains on shareholdings	-	-
Loss on sale of motor vehicles	(2,523)	(8,714)
	159,463	95,922
NET PROFIT	124,310	244,214

**STATEMENT OF MEMBER REPRESENTATION COSTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
AWU Affiliation Fees	44,145	26,982
AWU National Office Administrative Expenses Contribution	190,710	197,758
Member Representation Costs: Arbitration Legals & Fines	33,321	68,841
Conference & AWU Convention Costs	36,169	25,161
Delegates Commissions	-	-
Union Delegate Expenses	9,476	10,548
ACTU Cost	3,171	280
Retired Delegates Luncheon	2,264	2,484
Industrial Announcements	2,596	-
Total Member Representation Costs	<u>321,852</u>	<u>332,054</u>

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$

REVIEW OF PRINCIPAL ACTIVITIES

The entity carried on the normal business of acting as a union and representing its members.

REVIEW OF PRINCIPAL ACTIVITIES

The net operating profit of the entity for the year ended 30 June 2011	124,310	244,214
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NUMBER OF MEMBERS

At the end of the financial year, financial ordinary members were:	4,301	4,279
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EMPLOYEES

At 30 June 2011, the entity employed

Branch Officials – full time	5	4
Office Staff – full time	3	2
Cleaner – part time	1	1
	9	7

MEMBERSHIP OF COMMITTEE OF MANAGEMENT

There were 19 honorary members of the Committee of Management excluding the Branch Officials. The Committee of Management met 11 times (2010, 11 times) during the financial year ended 30 June 2011 (once per month excluding January 2011).

Attendance of the honorary members at the Committee of Management meetings was as follows:

A Gillespie	11/11	6/11
W Phillips	9/11	9/11
A Gorman (resigned during 2010)	0/11	4/11
B Gorgievski	11/11	9/11
D Hancock	10/11	11/11
B Baraldi	8/11	7/11
W Beaumont	7/11	8/11
D Bogoevski	4/11	5/11
S Burke	6/11	9/11
P Dulevski	7/11	8/11
J Karasu	6/11	9/11
S Markovski	5/11	7/11
W Martin	8/11	9/11
L Millar	9/11	8/11
I Sukoski	10/11	7/11

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
R Tancevski	9/11	10/11
R Turford	11/11	10/11
J Kyriazopoulos	10/11	7/11
B Withers	5/11	8/11

SIGNIFICANT CHANGES

No significant changes in the operations of the entity occurred during the financial year ended 30 June 2011.

RIGHTS OF MEMBERS

A member may resign by giving notice (personally or by mail) to any Branch Official pursuant to Section 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 17 of the AWU.

OFFICIALS ACTING AS TRUSTEE OF A SUPERANNUATION FUND

No Branch Officials have acted in the capacity of trustee of a public superannuation fund.

The Australian Workers Union
Port Kembla South Coast and Southern Highlands Branch
ABN: 18 717 674 551

COMPILATION REPORT TO THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST & SOUTHERN HIGHLANDS BRANCH

On the basis of information provided by the Committee of Management of The Australian Workers Union, Port Kembla South Coast & Southern Highlands Branch, we have compiled the accompanying special purpose financial report for The Australian Workers Union, Port Kembla South Coast & Southern Highlands Branch comprising of a statement of comprehensive income, statement of financial position, summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial report has been prepared is for the use of the Committee of Management and members to provide information relating to the performance of The Australian Workers Union, Port Kembla South Coast & Southern Highlands Branch. Accounting Standards and other mandatory professional reporting requirements have not been adopted in the preparation of the special purpose financial report.

Your Responsibility

The Committee of Management are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of The Australian Workers Union, Port Kembla South Coast & Southern Highlands Branch's constitution and are appropriate to meet the needs of the Committee of Management and members of the entity.

Our Responsibility


On the basis of information provided by the Committee of Management, the accompanying special purpose financial statements have been compiled in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Committee of Management provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial report was prepared exclusively for the benefit of the Committee of Management and members. We do not accept responsibility to any other person for the contents of the special purpose financial report.

Name of Firm: Tarrant, Accountants & Business Advisors

Signed:



Ross Tarrant

Address: Level 3, 67-69 Market St, Wollongong

Dated: 13 December 2011

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

s268 Fair Work (Registered Organizations) Act 2009



I, Andrew Gillespie

a prescribed designated officer of the Port Kembla, South Coast and Southern Highlands Branch of The Australian Workers' Union, certify that the financial statements and accounts for the year ended 30 June 2011 lodged with Fair Work Australia are :

- copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*
- copies of the documents provided to members on 8/11/2011 and
- subsequently presented to a second meeting in accordance with section 266 held on 13 /12 / 2012

A handwritten signature in cursive script that reads 'A Gillespie'.

Branch Secretary

Date 24 / 01 / 2012