

4 June 2013

Mr Wayne Phillips
Secretary, Port Kembla, South Coast and Southern Highlands Branch
The Australian Workers' Union
18 Belmore Street
WOLLONGONG NSW 2500



Dear Mr Phillips,

**Re: Lodgement of Financial Statements and Accounts – The Australian Workers' Union,
Port Kembla, South Coast and Southern Highlands Branch – for year ending 30 June 2012
(FR2012/443)**

I refer to the abovementioned financial statements and accounts which were received by the Fair Work Commission ('FWC') on 25 February 2013. A Secretary's Certificate was lodged 29 May 2013.

The documents have been filed. However in view of our discussion on 29 May 2013 I wish to clarify the following areas in which future reports will more accurately reflect or comply with the legislative requirements.

(1) **Prescribed time frame for lodgment**

Section 268 of the *Fair Work (Registered Organisations) Act 2009* requires financial reports to be lodged with FWC within 14 days after its final presentation to the second meeting of the Committee.

(2) **Prescribed sequence for documentation**

The Committee of Management Statement is the statement reflecting the resolution incorporating the various prescribed declarations to be passed at the first meeting of the committee. It must indicate the date of that first meeting. To avoid doubt that it was available to the auditor before the audit report was signed, it should be signed before, or at any rate not later than, the auditor's report.

The Certificate of Prescribed Designated Officer (or Secretary) should accompany all the other documents lodged with FWC. It must certify the date the documents comprising the full report were provided to the members, and the date of presentation of the full report to the second meeting of the committee.

The Operating Report forms part of the full report that must be provided to the members. It should be signed and dated before this occurs.

(3) **Correct interpretations for disclosure**

(i) **Operating Report - Employees as full-time equivalent**

The Operating Report disclosed the total number of employees as 9. This total included a part-time employee. Regulation 159(b) requires that where both full-time and part-time employees are included Operating Reports must disclose the number of employees expressed as a full-time equivalent. For the avoidance of doubt, and for consistency in reporting with other registered organizations, even where the number of employees only includes one category of employee, the number of employees should be explicitly expressed as a full-time equivalent.

(ii) **Operating Report - results of principal activities**

Sub-section 254(2)(a) requires the Operating report to include, in a review of the principal activities, the results of those activities. The results that this sub-section contemplates are those "non-financial" results which may be said to follow directly from the various activities which the report describes as the principal activities. The Branch describes its principal activities as "the normal business of acting as a union and representing its members". The result the Branch has provided is described as a "net operating profit". This is a result of the financial transactions rather than a result of the representational activities as a trade union.

The extent and content of results are not otherwise prescribed but the Branch should consider how it might briefly describe any results (e.g. successes) it considers would be relevant or useful for members to be informed about during the year.

(iii) **Operating Report - periods offices held**

Regulation 159(c) requires that the operating report should disclose the period for which each member of the committee of management held office during the year. The Branch has indicated the attendance record for each member of the committee. This information would not be un-useful for members but it is not exactly equivalent and future operating reports should make this clear. If all members of the committee held office for the entire year, a simple statement to this effect would be sufficient.

(4) **Donations**

A balance of \$18,516 is disclosed for Donations. Section 237 requires that a separate Statement setting out prescribed particulars of any loans, grants or donations that individually exceed \$1,000 made during the year must be lodged. There is no record of lodgment of any such statement. If any individual donation included in this figure exceeded \$1,000, a statement under section 237 setting out the prescribed particulars must be lodged as soon as possible.

(5) **Disclosures - general purpose financial report**

Various disclosures required to be disclosed in the notes to the general purpose financial report or in the "Profit and Loss" Statement forming part of the general purpose financial report, were in fact disclosed only in special purpose financial statements in the "Compilation Report". This is consistent with financial reports lodged by the Branch in previous years but my advice is that this does not comply with the legislative requirements. The Industrial Registrar's (now the General Manager's) Reporting Guidelines set out various balances and items of expense which must form part of the audited general purpose financial report. I attach a copy of relevant pages of the current Reporting Guidelines and draw your attention to paragraphs 10 and 11.

I have written to the auditor and enclose a copy of my letter to him. There is no further action required in respect of this return. If you wish to discuss the financial reporting requirements, please do not hesitate to contact me at any time on (02) 6723 7237.

Yours sincerely,



Stephen Kellett
Senior Adviser, Regulatory Compliance Branch



FAIR WORK
COMMISSION

4 June 2013

Mr Elias Kinnas
Akele Kinnas & Co, Chartered Accountants
Suite 6, 104 Railway Street
CORRIMAL NSW 2518

Dear Mr Kinnas,

**Re: Lodgement of Financial Statements and Accounts – The Australian Workers’ Union,
Port Kembla, South Coast and Southern Highlands Branch – for year ending 30 June 2012
(FR2012/443)**

I refer to the abovementioned financial statements and accounts which were received by the Fair Work Commission (‘FWC’) on 25 February 2013.

The documents have been filed and I have written to the Branch to explain various matters in which future reports will more accurately reflect or comply with the legislative requirements. For your information I set out relevant parts here.

(1) **Committee of Management Statement**

The Committee of Management Statement is the statement reflecting the committee of management’s resolution incorporating the various prescribed declarations to be passed at the first meeting. To avoid doubt that it is available to the auditor before the audit report is signed, the relevant officer of the Branch should sign it before, or at any rate not later than, the audit report.

(2) **Disclosures - Operating Report - Employees as full-time equivalent**

The Operating Report disclosed the total number of employees as 9. This total included a part-time employee. Regulation 159(b) requires that where both full-time and part-time employees are included Operating Reports must disclose the number of employees expressed as a full-time equivalent. For the avoidance of doubt, and for consistency in reporting with other registered organizations, even where the number of employees only includes one category of employee, the number of employees should be explicitly expressed as a full-time equivalent.

(3) **Operating Report - results of principal activities**

Sub-section 254(2)(a) requires the Operating report to include, in a review of the principal activities, the results of those activities. The results that this sub-section contemplates are those “non-financial” results which may be said to follow directly from the various activities which the report describes as the principal activities. The Branch describes its principal activities as “the normal business of acting as a union and representing its members’. The result the Branch has provided is described as a “net operating profit”. This is a result of the financial transactions rather than a result of the representational activities as a trade union.

The extent and content of results are not otherwise prescribed but I have written to the Branch suggesting it consider how it might briefly describe any results (e.g. successes) it considers would be relevant or useful for members to be informed about during the year.

(4) **Operating Report - periods offices held**

Regulation 159(c) requires that the operating report should disclose the period for which each member of the committee of management held office during the year. The Branch has indicated the attendance record for each member of the committee. This information would not be un-useful for members but it is not exactly equivalent and future operating reports should make this clear. If all members of the committee held office for the entire year, I have suggested to the Branch that a simple statement to this effect would be sufficient.

(5) **Disclosures - general purpose financial report**

Various disclosures required to be disclosed in the notes to the general purpose financial report or in the "Profit and Loss" Statement forming part of the general purpose financial report, were in fact disclosed only in special purpose financial statements comprising the "Compilation Report". This is consistent with financial reports lodged by the Branch in previous years but my advice is that this does not comply with the legislative requirements. The Industrial Registrar's (now the General Manager's) Reporting Guidelines set out various balances and items of expense which must form part of the audited general purpose financial report. I attach a copy of relevant pages of the current Reporting Guidelines and draw your attention to paragraphs 10 and 11.¹

(6) **Additional item - Auditor's report - wording of opinion**

The Audit opinion states the financial report gives "a true and fair view". Australian Auditing Standard (ASA) 700 provides that the wording of the phrase used should reflect what is required by the relevant law or regulation or by generally accepted practice in the jurisdiction². Sub-section 257(5) of RO Act provides that: "An auditor, must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance withetc."

For consistency in reporting in the Fair Work (Registered Organisations) jurisdiction, audit opinions should in future state whether the financial report "presents fairly" (in accordance with...etc.)

There is no further action required in respect of this report. If you wish to discuss the financial reporting requirements, please do not hesitate to contact me at any time on (02) 6723 7237.

Yours sincerely,



Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

¹ Please note that new Reporting Guidelines are currently being finalised and will be available upon official publication. The new guidelines aim to remove ambiguities or clarify requirements as well as reflect any relevant updates to the applicable Standards. The general requirements for disclosure in general purpose financial reports will not change however.

² *Auditing and Assurance Handbook 2012* (ICAA) p.700

From: KELLETT, Stephen
To: ["Silvana Gorgievska"](#)
Subject: RE: Financial report for year ended 30 June 2012 - for reference - Mr Wayne Phillips
Date: Tuesday, 4 June 2013 3:11:00 PM
Attachments: [FR2012 443 AWU PKEM \(final\) 4 June 2013.pdf](#)
[FR2012 443 AWU PKEM \(auditor\) 4 June 2013.pdf](#)

Dear Silvana,

Please see attached my letter to the Secretary and a copy of my letter to the Auditor, advising filing. A hard copy will be posted today. Any questions, please don't hesitate to ring me.

Yours sincerely

STEPHEN KELLETT

Regulatory Compliance Branch

FAIR WORK COMMISSION

80 William Street

East Sydney NSW 2011

stephen.kellett@fwc.gov.au

ph: (02) 6723 7237

From: [Wayne Phillips](#)
To: [KELLETT, Stephen](#)
Subject: Certificate by prescribed designated officer
Date: Wednesday, 29 May 2013 4:13:37 PM
Attachments: [image001.png](#)
[20130529180934623.pdf](#)

Hi Stephen,

Attached please find the certificate as discussed.

Regards

Wayne Phillips
Branch Secretary
Australian Workers Union
Port Kembla South Coast Southern Highlands Branch
Tel: (02) 4229 3611
Mob: 0438 561 202
Fax: (02) 4229 8096



CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
S268 Fair Work (Registered Organizations) Act 2009

I, Wayne Phillips

a prescribed designated officer of the Port Kembla, South Coast and Southern Highland Branch of the Australian Workers' Union, certify that the financial statements and accounts for the year ended 30 June 2012 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 15th November, 2012
- Subsequently presented to a second meeting in accordance with section 266 held on 11th December 2012



Wayne Phillips
Branch Secretary

Date: 29th May, 2013

From: KELLETT, Stephen
To: ["silvana.gorgievska@portkembla.awu.net.au"](mailto:silvana.gorgievska@portkembla.awu.net.au)
Subject: Financial report for year ended 30 June 2012 - for reference - Mr Wayne Phillips
Date: Wednesday, 15 May 2013 7:23:00 AM
Attachments: [AWU PKEM fin return lodged 250213.pdf](#)
[AWU PKEM 2011 SEC CERT.pdf](#)

Dear Ms Gorgievska,

I am currently examining the Branch's financial report for the year ended 30 June 2012, which you forwarded on 25 February 2012, and which I attach for convenient reference.

The documents provided do not include a "Certificate by a prescribed designated officer" (i.e. a "Secretary's Certificate") (see copy of last year's attached). It is not possible therefore to determine whether or when the report was provided to the members of the Branch (in accordance with section 265) or whether or when the report was presented to a second meeting in accordance with section 266. Also, because the Operating Report was not signed or dated, it is not possible to determine whether it was included in any documents provided to the members.

I note that the date the Auditor's report was signed was 12 November 2012. I note that the Committee of Management Statement was signed on 25 February 2013, but the handwritten date crosses out the typed date "October 2012". I suspect therefore that in fact, the resolution which the Committee of Management Statement refers to might have been passed at a "first" meeting back in October 2012, but this is simply my conjecture because the Committee of Management Statement does not actually state explicitly when the resolution was passed. It is not clear therefore whether there was ever a meeting of the Committee held in relation to the financial statements prior to or at the time of the Auditor signing his report in November.

I would appreciate it if you could pass this on to the Secretary's attention and the Branch's advice on the following questions provided. My number is (02) 6723 7237.

- (i) was the resolution passed at an October 2012 meeting of the Committee?
- (ii) when was the report made available and supplied to the members?
- (iii) how were documents provided to the members, and what documents were included?
- (iv) why was the Committee of Management Statement only signed on 25 February (the date of lodging with FWC)?

I will then be able to clarify what details the "Certificate by a Prescribed Designated Officer" needs to reflect.

Yours sincerely

STEPHEN KELLETT

Senior Adviser,

Regulatory Compliance Branch

Fair Work Commission

Tel: (02) 6723 7237

Mob: 0429 462 979

Fax: +61 2 9380 6990

stephen.kellett@fwc.gov.au

80 William Street, East Sydney NSW 2011

www.fwc.gov.au

From: [Orgs](#)
To: [KELLETT, Stephen](#)
Subject: FW: ON CMS+ FR2012/443 FW: AWU 2012 Audit Report
Date: Saturday, 4 May 2013 9:12:49 AM
Attachments: [Audit letter to Robert Pfeiffer.docx](#)
[2012 Adit .pdf](#)

From: Silvana Gorgievska [<mailto:silvana.gorgievska@portkembla.awu.net.au>]
Sent: Monday, 25 February 2013 10:39 AM
To: PFEIFFER, Robert
Cc: Wayne Phillips
Subject: AWU 2012 Audit Report

Dear Mr Pfeiffer,

As per Friday's conversation, I have attached a letter from the Secretary - Wayne Phillips, and the signed AWU 2012 Audit Report.

Regards,

Silvana Gorgievska

Office Manager



Port Kembla, South Coast and Southern Highlands Branch

Ph: 02 4229 3611

Fax: 02 42 29 8096

STRONGER TOGETHER

Port Kembla, South Coast &
Southern Highlands Branch
18 Belmore Street
Wollongong NSW 2500
T: (02) 4229 3611 F: (02) 4229 8096
W: pk.awu.net.au
E: members@portkembla.awu.net.au
WAYNE PHILLIPS Branch Secretary



Monday 25th February 2013

Mr Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch
Fair Work Commission

Dear Mr Pfeiffer,

Re: AWU Port Kembla, South Coast and Southern Highlands Branch 2012 Audit Report.

Please find attached the 2012 audit Report for the Port Kembla Branch.

I apologise for the delay in sending this report. Our Branch has had significant changes during the last twelve months. The previous Branch Secretary, Andy Gillespie, retired in February 2012.

Our administration assistant also retired during last year.

Further, we have also changed to a new Auditing and Accounting firm, which has created a number of issues as well.

I understand that ignorance is not an excuse however, I was totally unaware of the requirement to send to FWA the Audit Report.

I have been on a steep learning curve in regards to many duties required of the Branch Secretary's position.

I can only assure you that this lawful requirement concerning the Audit will be strictly adhered to in the future.

Yours sincerely



W. Phillips
Branch Secretary

**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 2012**

CONTENTS

Page No.

1	Statement of Comprehensive Income
2	Statement of Financial Position
3	Statement of Changes in Equity
4	Statement of Cash Flows
5-18	Notes to the Accounts
19-20	Committee of Management Statement
21-22	Independent Auditor's Report to the Members
23-24	Trading and Profit and Loss Account
25	Statement of Member Representation Costs
26-27	Operating Report
28	Compilation Report

THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2012

	Note	2012 \$	2011 \$
Revenue		1,621,273	1,600,245
Member Representation Costs		(358,044)	(321,852)
Depreciation Expenses		(56,075)	(53,739)
Labour and Employment Costs		(1,121,235)	(536,722)
Marketing Expenses		(4,500)	(5,083)
Occupancy Expenses		(13,229)	(12,239)
Finance Costs		(3,237)	(2,617)
Other Expenses		<u>(206,750)</u>	<u>(543,683)</u>
Profit from Ordinary Activities		<u>(141,797)</u>	<u>124,310</u>

The accompanying notes form part of these financial statements.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2012**

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,469,925	1,872,197
Other Receivables	7	<u>8,130</u>	<u>44,414</u>
TOTAL CURRENT ASSETS		<u>1,478,055</u>	<u>1,916,611</u>
NON-CURRENT ASSETS			
Financial Assets	8	662	662
Property, Plant and Equipment	9	<u>879,862</u>	<u>855,754</u>
TOTAL NON-CURRENT ASSETS		<u>880,524</u>	<u>856,416</u>
TOTAL ASSETS		<u>2,358,579</u>	<u>2,773,027</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	40,785	57,540
Provisions	11	<u>120,682</u>	<u>111,353</u>
TOTAL CURRENT LIABILITIES		<u>161,467</u>	<u>168,893</u>
NON-CURRENT LIABILITIES			
Provisions	11	<u>172,894</u>	<u>438,119</u>
TOTAL NON-CURRENT LIABILITIES		<u>172,894</u>	<u>438,119</u>
TOTAL LIABILITIES		<u>334,361</u>	<u>607,012</u>
NET ASSETS		<u>\$2,024,218</u>	<u>\$2,166,015</u>
MEMBERS EQUITY			
Reserves	12	486	486
General Fund		<u>2,023,732</u>	<u>2,165,529</u>
TOTAL ACCUMULATED FUNDS		<u>\$2,024,218</u>	<u>\$2,166,015</u>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2012

	Note	2012 \$	2011 \$
Balance 1 July 2011		2,165,529	2,041,219
Profit/(Loss) attributable to members		(141,797)	<u>124,310</u>
Balance 30 June 2012		<u>\$2,023,732</u>	<u>\$2,165,529</u>

The accompanying notes form part of these financial statements.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2012**

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		1,441,489	1,440,782
Payments to suppliers and employees		(1,755,673)	(1,215,711)
Dividends received		20	23
Other income		69,891	24,249
AWU National Office:			
Administrative Contributions paid		(195,130)	(190,710)
Interest received		<u>97,621</u>	<u>137,714</u>
Net cash provided by operating activities	20	<u>(341,782)</u>	<u>196,347</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of motor vehicle		2,497	-
Purchase of leasehold improvements, plant and equipment		(62,984)	(16,986)
Purchase of property		<u>-</u>	<u>(665,318)</u>
Net cash used in investing activities		<u>(60,487)</u>	<u>(682,304)</u>
Net increase in cash held		(402,269)	(485,957)
Cash at beginning of financial year		<u>1,872,194</u>	<u>2,358,154</u>
Cash at end of financial year	6	<u>\$1,469,925</u>	<u>\$1,872,197</u>

The accompanying notes form part of these financial statements.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012

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 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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

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

	2012 \$	2011 \$
Sales Revenue		
- Membership subscriptions	1,441,489	1,440,782
- Dividends received	20	23
- Interest received	97,621	137,714
- Rental income	56,277	15,438
- Other revenue	<u>25,866</u>	<u>6,288</u>
Total Revenue	<u>\$1,621,273</u>	<u>\$1,600,245</u>

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 \$97,928, a decrease of \$268,160

Officials Annual Leave at year end \$87,175, an increase of \$9,237

Staff LSL at year end \$74,966, an increase of \$2,935

Staff Annual Leave at year end \$33,507, a decrease of \$92

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 5: AUDITORS' REMUNERATION

	2012	2011
	\$	\$
Remuneration of the auditor		
- Auditing or reviewing the financial report	11,790	10,125
- AWU Head Office audit fees	<u>-</u>	<u>327</u>
	<u>\$11,790</u>	<u>\$10,452</u>

NOTE 6: CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Cash on hand	2,983	900
Term deposit	722,125	1,041,070
Business Transaction Account	12,137	-
Cheque account	258,806	183,291
Credit Union building account	23,931	1,045
Credit Union leave entitlement account	449,943	621,082
Credit Union wage account	<u>-</u>	<u>24,809</u>
	<u>\$1,469,925</u>	<u>\$1,872,197</u>

The effective interest rate on term bank deposits
Was (2012 5.50%) and (2011 4.25%)
for the remaining accounts. Term deposits have an
average maturity of 180 days (6 months).

NOTE 7: OTHER RECEIVABLES

	2012	2011
	\$	\$
Interest Receivable	-	13,412
Membership Contributions Receivable	8,130	29,118
Rental Income Due	<u>-</u>	<u>1,884</u>
Total Receivables	<u>\$ 8,130</u>	<u>\$44,414</u>

NOTE 8: FINANCIAL ASSETS

	2012	2011
	\$	\$
Available-for-sale financial assets	<u>662</u>	<u>662</u>
Available-for-sale financial assets comprise:		
Listed investments		
- Shares in listed corporations, at fair value	<u>626</u>	<u>626</u>
Unlisted investments		
- Shares in unlisted private companies, at cost	<u>36</u>	<u>36</u>
Total available-for-sale financial assets	<u>\$ 662</u>	<u>\$ 662</u>

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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2012 \$	2011 \$
PROPERTY		
Land and Buildings		
At cost	665,318	665,318
Accumulated depreciation	<u>-</u>	<u>-</u>
Total Land and Buildings	<u>665,318</u>	<u>665,318</u>
Leasehold Improvements:		
At cost	28,387	28,387
Accumulated depreciation	<u>(2,375)</u>	<u>(1,663)</u>
Total Leasehold Improvements	<u>26,012</u>	<u>26,724</u>
TOTAL PROPERTY	<u>691,330</u>	<u>692,042</u>
PLANT AND EQUIPMENT		
Computers and office equipment:		
At cost	78,337	89,439
Accumulated depreciation	<u>(53,517)</u>	<u>(63,040)</u>
Total Computers and office equipment	<u>24,820</u>	<u>26,399</u>
Motor Vehicles:		
At cost	204,115	191,102
Accumulated depreciation	<u>(40,403)</u>	<u>(53,789)</u>
Total Motor Vehicles	<u>163,712</u>	<u>137,313</u>
Total Plant and Equipment	<u>188,532</u>	<u>163,712</u>
Total Property, Plant and Equipment	<u>\$879,862</u>	<u>\$855,754</u>

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 30 June 2011	692,042	163,712	855,754
Additions	-	209,265	209,265
Disposals	-	(129,082)	(129,082)
Depreciation expense	(712)	(55,363)	(56,075)
Carrying amount at 30 June 2012	691,330	188,532	879,862

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 10: TRADE AND OTHER PAYABLES

	2012	2011
	\$	\$
CURRENT		
Net GST Liabilities	6,571	8,279
Payroll Liabilities	14,939	11,775
Trade Payables	9,993	21,642
Sundry Payables and Accrued Expenses	9,282	11,554
Rental Bond Due	<u>-</u>	<u>4,290</u>
	<u>\$ 40,785</u>	<u>\$ 57,540</u>

NOTE 11: PROVISIONS

	2012	2011
	\$	\$
CURRENT		
Provision for Staff Annual Leave Entitlements	33,507	33,415
Provision for Officials Annual Leave Entitlements	<u>87,175</u>	<u>77,938</u>
	<u>120,682</u>	<u>111,353</u>

NON-CURRENT		
Provision for Staff Long Service Leave Entitlements	74,966	72,031
Provision for Officials Long Service Leave Entitlements	<u>97,928</u>	<u>366,088</u>
	<u>172,894</u>	<u>438,119</u>

	Total	Annual Leave	Long Service Leave
	\$	\$	\$
Officials			
Opening Balance at 1 July 2011	444,026	77,938	366,088
Additional Provisions	60,177	34,001	26,176
Amounts Used	<u>(319,100)</u>	<u>(24,764)</u>	<u>(294,336)</u>
Balance at 30 June 2012	<u>185,103</u>	<u>87,175</u>	<u>92,928</u>
Staff			
Opening Balance at 1 July 2011	105,446	33,415	72,031
Additional Provisions	7,556	4,621	2,935
Amounts Used	<u>(4,529)</u>	<u>(4,529)</u>	<u>-</u>
Balance at 30 June 2012	<u>108,473</u>	<u>33,507</u>	<u>74,966</u>

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 11: PROVISIONS (Continued)

	2012	2011
	\$	\$
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

	2012	2011
	\$	\$
Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current financial assets	\$ <u>486</u>	\$ <u>486</u>

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 and 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 2012.

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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 18: ECONOMIC DEPENDENCE

No economic dependence situations have been identified.

NOTE 19: ENTITY DETAILS

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

NOTE 20: CASH FLOW INFORMATION

	2012	2011
	\$	\$
Reconciliation of Cash Flow from Operations with Net Profit		
Net Profit	(141,797)	124,310
Non-cash flows in profit		
Depreciation	56,075	53,739
(Profit)/Loss on disposal of motor vehicles	(2,497)	2,523
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	36,284	(33,640)
Increase/(decrease) in trade and other payables	(33,951)	29,550
Increase/(decrease) in Annual and Long Service Leave Provisions	(255,896)	19,865
	<u>\$(341,782)</u>	<u>\$196,347</u>

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 as at 30 June 2012.

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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

- 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 2012.

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.

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.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

	Weighted Average Effective Interest Rate		Within Year		1 to 5 Years	
	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents		4.25	747,800	210,045	-	-
Short term deposits		5.5	722,125	1,662,152	-	-
Investments	-	-	-	-	662	662
Loans and receivables	-	-	-	-	-	-
Total Financial Assets:			<u>1,469,925</u>	<u>1,872,197</u>	<u>662</u>	<u>662</u>

	Non Interest Bearing		Total	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	-	-	-	-
Short term deposits	-	-	-	-
Investments	-	-	-	-
Loans and receivables	-	-	-	-
Total Financial Assets:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Non Interest Bearing		Total	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Liabilities:				
Trade and other payables	<u>40,785</u>	<u>57,540</u>	<u>40,785</u>	<u>57,540</u>
Total Financial Liabilities:	<u>40,785</u>	<u>57,540</u>	<u>40,785</u>	<u>57,540</u>

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

	2012	2011
	\$	\$
Less than 6 months	<u>40,785</u>	57,540
6 months to 1 year	-	-
1 -5 years	-	-
Over 5 years	-	-
	<u>40,785</u>	<u>57,540</u>

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2012
(Continued)**

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

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 value 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.

	2012		2011	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Investments	662	662	662	662
Other receivables	<u>8,130</u>	<u>8,130</u>	<u>44,414</u>	<u>44,414</u>
	<u>8,792</u>	<u>8,792</u>	<u>45,076</u>	<u>45,076</u>
	2012		2011	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Liabilities				
Trade and other payables	<u>40,785</u>	<u>40,785</u>	<u>57,540</u>	<u>57,540</u>
	<u>40,785</u>	<u>40,785</u>	<u>57,540</u>	<u>57,540</u>

Fair values are materially in line with carrying values. A discount rate of 0% (2011: 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 has considered and has 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 2012 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 2012 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 2012 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 2012 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 2012 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 accordance 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 accordance with the *Fair Work (Regulated Organisations) Act 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 (Regulated 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 2012.

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 *W Phillips*
W Phillips

Dated this *25* day of *FEBRUARY 2013* *WP.*
~~October 2012~~



Partners:

J. F. AKELE B. COMM. CA
E. A. KINNAS B. COMM. CA

THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
OUR REF:
ABN: 18 717 674 551

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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 2012.

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.

ABN 19 985 169 409

WOLLONGONG Suite 6, Corrimal Mews, 104 Railway Street Corrimal N.S.W. 2518
Phone: (02) 4283 6088 Fax: (02) 4264 0252Email: accountant@akelekinnas.com.au Web: www.akelekinnas.com.au
All Correspondence to: P.O. BOX 225, CORRIMAL N.S.W. 2518

Liability limited by a scheme approved under Professional Standards Legislation

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

We were not the auditors in the previous financial year. As a result we cannot express an opinion on the comparative figures or the opening balance of accumulated funds.

Independence

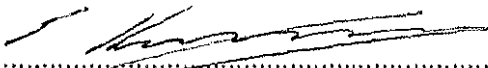
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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 2012 and of their performance for the year ended on that date;
 - (ii) Complying with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009; and
- (b) .Other mandatory professional reporting requirement statements.

AKELE KINNAS & CO
Chartered Accountants

by 
.....
ELIAS KINNAS
Suite 6, 104 Railway Street
CORRIMAL NSW 2518
12 November 2012

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT
ON THE 2012 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, 2012**

	2012	2011
	\$	\$
SALES		
Union Membership Dues	1,441,489	1,440,782
Less: Member Representation Costs	<u>358,044</u>	<u>321,852</u>
GROSS PROFIT	<u>1,083,445</u>	<u>1,118,930</u>
LESS EXPENSES		
Advertising	4,500	5,083
Auditor's Remuneration	11,790	10,452
Bank Charges	3,237	2,617
Donations and Sponsorships	18,156	40,644
Depreciation	56,075	53,739
Fines and Penalties	-	12,100
Fringe Benefits Tax	(3,350)	10,796
Insurances	8,815	9,386
Motor Vehicle Expenses	42,145	29,645
Office Supplies	22,293	12,875
Postage	17,883	28,540
Parking Costs	1,682	3,766
Payroll Tax	85,031	42,059
Property Expenses	13,229	12,239
Provision for Employees Leave	(255,896)	19,865
Rental – Hall and Venue Hire	7,816	5,526
Repairs and Maintenance	5,340	7,416
Salaries – Officials	942,817	393,875
Salaries – Staff	178,418	142,847
Staff Amenities and Uniforms	4,060	1,705
Sundry Expenses	28,205	133,723
Superannuation	120,520	107,783
Travel Expenses	45,272	24,269
Technology Maintenance Costs	21,602	24,286
Telephone	<u>25,386</u>	<u>18,847</u>
TOTAL EXPENSES	<u>1,405,026</u>	<u>1,154,083</u>
TRADING PROFIT	(321,581)	(35,153)

THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551

TRADING, PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2012 (Continued)

	2012	2011
	\$	\$
Other Operating Income		
Interest Received	97,621	137,714
Dividends Received	20	23
Rental Income	56,277	15,438
Sundry Income	23,369	8,811
Profit /(loss) on sale of motor vehicles	<u>2,497</u>	<u>(2,523)</u>
	<u>179,784</u>	<u>159,463</u>
NET PROFIT	\$ (<u>141,797</u>)	\$ <u>124,310</u>

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**STATEMENT OF MEMBER REPRESENTATION COSTS
FOR THE YEAR ENDED 30 JUNE, 2012**

	2012 \$	2011 \$
AWU Affiliation Fees	26,699	44,145
AWU National Office Administrative Expenses		
Contribution	195,130	190,710
Member Representation Costs: Arbitration		
Legals and Fines	96,111	33,321
Conference and AWU Convention Costs	29,354	36,169
Union Delegate Expenses	12,949	9,476
ACTU Cost	-	3,171
Retired Delegates Luncheon	2,301	2,264
Industrial Announcements	<u>(4,500)</u>	<u>2,596</u>
Total Member Representation Costs	<u>\$358,044</u>	<u>\$321,948</u>

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE, 2012**

	2012 \$	2011 \$
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 2012	\$(<u>141,797</u>)	<u>\$124,310</u>
NUMBER OF MEMBERS		
At the end of the financial year, financial ordinary members were:		4,310
EMPLOYEES		
At 30 June 2012, the entity employed		
Branch Officials – full time	5	5
Office Staff – full time	3	3
Cleaner – part time	<u>1</u>	<u>1</u>
	<u>9</u>	<u>9</u>

As at 1 July 2012 the following rates of pay apply to the full-time elected officials of the Union,

National Secretary	\$146,000.00
Assistant National Secretary	\$101,900.00
Branch Secretary	\$101,900.00
Assistant Branch Secretary	\$86,500.00
Branch President	\$86,500.00
Branch Organiser	\$77,100.00

The above rates of pay became effective 1 December 2011.

**THE AUSTRALIAN WORKERS UNION
PORT KEMBLA SOUTH COAST AND SOUTHERN HIGHLANDS BRANCH
ABN: 18 717 674 551**

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE, 2012 (Continued)**

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 (2011 11 times) during the financial year ended 30 June 2012 (once per month excluding January 2012).

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

A Gillespie	11/11
W Phillips	9/11
B Gorgievski	11/11
D Hancock	10/11
B Baraldi	8/11
W Beaumont	7/11
D Bogoevski	4/11
S Burke	6/11
P Dulevski	7/11
J Karasu	6/11
S Markovski	5/11
W Martin	8/11
L Millar	9/11
I Sukoski	10/11
R Tancevski	9/11
R Turford	11/11
J Kyriazopoulos	10/11
B Withers	5/11

SIGNIFICANT CHANGES

No significant changes in the operations of the entity occurred during the financial year ended 30 June 2012.

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.

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

On the basis of information provided by the Committee of Management of The Australian Workers Union, Port Kembla South Coast and Southern Highlands Branch, we have compiled the accompanying special purpose financial report for The Australian Workers Union, Port Kembla South Coast and 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 and 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 and Southern Highlands Branch's constitution and are appropriate to meet the needs of the Committee of Management and members of the entity.

Our Responsibility

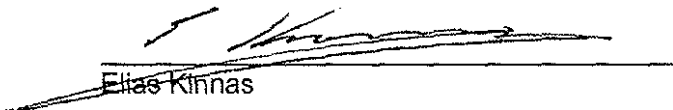
On the basis of information provided by the Committee of Management, the accompanying special purpose financial statements have been compiled in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

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: Akele Kinnas & Co

Signed:


Elias Kinnas

Address: Suite 6, 104 Railway Street, Corrimal, NSW, 2518

Dated: 12 day of November 2012



FAIR WORK
COMMISSION

24 January 2013

Mr Andrew Gillespie
Branch Secretary
The Australian Workers' Union - Port Kembla, South Coast and Southern Highlands Branch

Sent by email: andy.gillespie@portkembla.awu.net.au

Dear Mr Gillespie,

Failure to lodge audited financial report - [FR2012/443]

Our records indicate that the Port Kembla, South Coast and Southern Highlands Branch of The Australian Workers' Union (the reporting unit) has failed to lodge its audited financial report for the financial year ended 30 June 2012 despite Fair Work Australia (as it was) reminding the reporting unit of its obligation to do so by letter dated 16 July 2012.

As you have previously been advised, section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires reporting units to lodge an audited financial report with the Fair Work Commission within a maximum of 6 months and 14 days of the end of their financial year (that is, no later than 14 January 2013).

Paragraph 7.4 of the FWC Regulatory Compliance Policy (a copy of which is attached) states as follows:

- 7.4 Where the possible contravention involves failure by an organisation, branch or reporting unit to lodge a matter with FWC in accordance with the timeframes specified in the RO Act, RO Regulations or the rules of the organisation, branch or reporting unit:*
- a. The Regulatory Compliance Branch will contact the organisation, branch or reporting unit, by telephone and/or in writing, within two weeks to advise that lodgement is overdue;*
 - b. If lodgement has not occurred within one month of the timeframe specified in the RO Act, RO Regulations or rules, the Regulatory Compliance Branch will advise the organisation, branch or reporting unit that it is seeking voluntary compliance within a specified timeframe and that, in the absence of such voluntary compliance without cause, FWC will commence an inquiry or investigation or initiate court proceedings; and*
 - c. If lodgement has not occurred within the timeframe specified in the correspondence referred to in paragraph b and the organisation, branch or reporting unit has not been able to show cause regarding why it should not do so, FWC will commence an inquiry or investigation or initiate court proceedings in accordance with this policy as soon as reasonably practicable.*

Section 331 of the RO Act empowers the General Manager of the Fair Work Commission to investigate compliance by a reporting unit (such as the Port Kembla, South Coast and Southern Highlands Branch of The Australian Workers' Union), its officers, employees and auditor(s) with:

- Part 3 of Chapter 8 of the RO Act;
- the reporting guidelines made under that Part;
- the regulations made for the purposes of that Part;
- The Australian Workers' Union rules regarding finances and financial administration; and
- civil penalty provisions of the RO Act (see s.305).

In accordance with the processes specified in paragraph 7.4(b) of the *FWC Regulatory Compliance Policy* which are set out above, the reporting unit is required to lodge its outstanding audited financial report with the Fair Work Commission by no later than 14 February 2013.

Should the reporting unit fail to do so without reasonable cause, the Fair Work Commission may commence an investigation under s.331 of the RO Act without further notice.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,



Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch



16 July 2012

Mr Andrew Gillespie
Secretary, Port Kembla, South Coast and Southern Highlands Branch
AWU
PO Box 1506
WOLLONGONG NSW 2500

Dear Mr Gillespie

Lodgement of Financial Documents for year ended 30 June 2012 - Fair Work (Registered Organisations) Act 2009 ("the FW(RO) Act") - The Australian Worker's Union, Port Kembla, South Coast and Southern Highlands Branch (FR2012/443)

The financial year of the Port Kembla, South Coast and Southern Highlands Branch of The Australian Workers' Union (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within the prescribed time period of 6 months and 14 days of the end of the financial year.

The FW(RO) Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

In addition, financial reporting fact sheets and sample documents can be found on the Fair Work Australia website. The information can be viewed at [FWA Registered Organisations Fact Sheets](#). This site also contains the General Manager's Reporting Guidelines which set out mandatory financial disclosures.

I draw your particular attention to section 237 of the FW(RO) Act which provides that where the reporting unit makes individual loans, grants or donations exceeding \$1,000, a separate statement containing prescribed particulars must be lodged within 90 days of the end of the financial year, i.e. by 30 September.

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 6723 7097 or by email at stephen.kellett@fwa.gov.au

Yours sincerely,

Stephen Kellett
Organisations, Research & Advice
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	30/ 06 /2012
------------------------------------	--------------

1. Prepare financial statements and Operating Report.

1(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
1(b) A #designated officer must sign the Committee of Management Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /

As soon as practicable after end of financial year

This step must be completed and the Statement signed at a first meeting

2. Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
--	-----

*Within a reasonable time of having received the GPFR
(NB: Auditor's report **must** be dated on or after date of Committee of Management Statement*

3. Provide full report free of charge to members – s265 The full report must include: • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report.	/ /
--	-----

*(a) if the report is to be presented to a General Meeting the report must be provided to members 21 days before the General Meeting,

or
(b) if the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*

4. Present full report to second meeting: (a) General Meeting of Members - s266 (1),(2); OR (b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ / / /
--	----------------

Presentation occurs at a 'second' Meeting

A second meeting which is a General Meeting must take place within 6 months of end of financial year

A second meeting which is a meeting of the Committee must take place within 6 months of end of financial year

5. Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
---	-----

Within 14 days of presentation at second meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.