



5 December 2014

Mr Wayne Phillips  
Secretary

The Australian Workers' Union - Port Kembla, South Coast and Southern Highlands Branch  
email: [wayne.phillips@portkembla.awu.net.au](mailto:wayne.phillips@portkembla.awu.net.au)

Dear Mr Phillips,

**The Australian Workers' Union - Port Kembla, South Coast and Southern Highlands Branch  
Financial Report for the year ended 30 June 2014 [FR2014/218]**

I acknowledge receipt of the financial report of The Australian Workers' Union - Port Kembla, South Coast and Southern Highlands Branch. The documents were lodged with the Fair Work Commission on 24 November 2014.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

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

**Related Parties**

Key management personnel

Note 17 Key management personnel disclosures sets out the compensation paid to all office holders and other employees of the reporting unit. This information meets the requirements of items 16(f) and (g) of the Reporting Guidelines, which require disclosures relating to employee expenses. However, the note does not satisfy Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17, which requires the General Purpose Financial Report to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and totals for each of the following categories:

- Short term employee benefits.
- Post employment benefits.
- Other long term employee benefits.
- Termination benefits.

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- Any share based payments.

Definitions for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

## Reporting Requirements

A number of factsheets in relation to the financial reporting process and associated timelines are available on the FWC website. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7942 or by email at [rebecca.lee@fwc.gov.au](mailto:rebecca.lee@fwc.gov.au).

Yours sincerely,



Rebecca Lee  
Regulatory Compliance Branch

# **FINANCIAL REPORT**

## **FOR THE YEAR ENDED 30 JUNE 2014**

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## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Member Subscriptions	1	1,268,874	1,290,166
Capitation Fees		0	0
Levies		0	0
Interest	14	53,590	64,632
Rental Revenue		55,236	60,700
Grants		0	0
Donations		200	0
Dividends Received		64	38
Share costs other branches		9,015	10,467
Share costs other reporting entities		200	0
Sundry	3	16,145	0
Net Gain from Sale of Assets		<u>0</u>	<u>-33,143</u>
<b>TOTAL INCOME</b>		<b><u>1,403,324</u></b>	<b><u>1,392,860</u></b>
<b>EXPENSES</b>			
Affiliation Fees	6	26,439	44,516
Audit Fees	18	9,700	9,055
Associate share of net loss		0	0
Bank fees		4,062	2,096
Capitation Fees AWU National Office		148,730	167,292
Computers & IT		21,977	32,892
Conference/Seminars		15,598	26,100
Delegates Expenses		14,555	11,743
Depreciation Expenses	1,11	68,943	43,388
Electricity/Gas		4,671	5,844
Employee Expenses	1,17	584,713	616,651
- Payroll Tax		22,851	30,862
Fines/Penalties other		872	0
Fines/Penalties (RO Act & RO Reg)		0	0
Finance Costs		0	0
Grants and Donations	7	9,053	3,252
Insurance		37,124	15,074
Impairment & write down of assets		0	0
Legal Costs - members		72,312	59,536
Legal Costs – litigation		0	0
Levy ACTU		4,892	0
Marketing Expense		4,713	5,206
Motor Vehicle Expenses		33,206	33,451
Rates		14,885	13,920
Printing, Postage & Stationary		24,477	27,070
Rental – Hall & Venues		4,990	4,990
Repair		618	650
Travel		20,383	12,686
Telephone		22,453	24,084
Other Expenses		<u>10,980</u>	<u>26,398</u>
<b>TOTAL EXPENSES</b>		<b><u>1,183,197</u></b>	<b><u>1,216,756</u></b>
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES</b>		<b><u>\$ 220,127</u></b>	<b><u>\$ 176,104</u></b>

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand		900	900
Bank Accounts		1,097,841	903,119
Term Deposits		850,077	818,050
Trade and Other Receivables	9	<u>16,800</u>	<u>20,073</u>
total current assets		<u>1,965,618</u>	<u>1,742,142</u>
<b>NON-CURRENT ASSETS</b>			
Financial Assets – shares at value	9	662	662
Investment Property at cost	11	665,318	665,318
Investments in associates		0	0
Intangibles		0	0
Land & Buildings		0	0
Property, Plant and Equipment	11	<u>153,249</u>	<u>190,558</u>
total non-current assets		<u>819,229</u>	<u>856,538</u>
total assets		<u>2,784,847</u>	<u>2,598,680</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	6,675	28,550
GST Payable		10,038	7,042
Employers payroll deduction cost		0	0
Legal Costs		0	0
Payroll Tax Payable		2,800	18,041
PAYG Payable		5,936	7,768
Provisions – long service leave	13	201,931	199,939
Provisions – annual leave	13	<u>137,018</u>	<u>137,018</u>
total current liabilities		<u>364,398</u>	<u>398,358</u>
total liabilities		<u>364,398</u>	<u>398,361</u>
<b>NET ASSETS</b>		<u>\$2,420,449</u>	<u>\$2,200,322</u>
<u>Represented by</u>			
<b>MEMBERS EQUITY</b>			
Reserves		486	486
General Fund		<u>2,419,963</u>	<u>2,199,836</u>
<b>TOTAL ACCUMULATED FUNDS</b>		<u>\$2,420,449</u>	<u>\$2,200,322</u>

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

	Note	Reserves	General Fund	Total Equity
Balance 01/07/2012		486	2,023,792	2,024,278
Adjustments for errors		0	0	0
Adjustments for changes in accounting policies		0	0	0
Profit/(loss) 2013		0	176,044	176,044
Other comprehensive income		0	0	0
Balance 30/06/2013		486	2,199,836	2,200,322
Balance 01/07/2013		486	2,199,836	2,200,322
Adjustments for errors		0	0	0
Adjustments for changes in accounting policies		0	0	0
Profit 2014		0	220,127	220,127
Other comprehensive income		0	0	0
Balance 30/06/2014		486	2,419,963	2,420,449

- No other funds have been maintained other than the general fund of retained earnings and reserves fund noted above

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members		1,395,761	1,419,183
Less Payments to suppliers and employees		1,099,004	1,072,670
Add Dividends received		64	38
Add Rental Income		60,760	60,770
Add Other income		10,615	10,467
Add receipts from other reporting units		200	0
Less payments to other reporting units; - AWU National Office Contributions paid		163,603	183,731
Add Interest received		<u>53,590</u>	<u>64,632</u>
Net cash provided by operating activities		<u>258,383</u>	<u>304,689</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of motor vehicle		120,848	29,500
Less Purchase of leasehold improvements, plant and equipment & motor vehicles		<u>152,481</u>	<u>82,045</u>
Net cash used in investing activities		-31,634	52,545
Net increase/(decrease) in cash held		226,749	252,144
Cash at beginning of financial year		<u>1,722,069</u>	<u>1,469,925</u>
Cash at end of financial year		<u>\$1,948,818</u>	<u>\$1,722,069</u>
<b>Reconciliation of cash flow from Operations with net profit</b>			
Operating profit/-loss		220,127	176,044
Add			
Depreciation		68,943	76,531
Decrease/(increase) in receivables		3,273	-11,943
Increase/(decrease) in payables		-35,952	20,616
Increase/(decrease) in provisions		1,992	43,381
Cash flow from operations		258,383	304,689

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The branch has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the branch from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the branch.

The following Accounting Standards and Interpretations are most relevant to the branch:

#### *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The branch has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

#### *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The branch has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

#### *AASB 2013-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The branch has applied AASB 2013-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

#### *AASB 2013-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The branch has applied AASB 2013-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.



## **Note 1. Significant accounting policies (continued)**

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**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period and the Fair Work (Registered Organizations) Act 2009 and associated regulations for the purpose of preparing the general purpose financial statements, the branch is a not-for-profit oriented entity. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the accruals basis in accordance with the historical cost convention and the going concern basis except for certain assets and liabilities measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

#### *Comparative amounts*

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

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the branch and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Sales revenue*

Events, fundraising and membership are measured on the fair value received or receivable and accounted for on an accruals basis.

#### *Donations*

Donations are recognised at the time the pledge is made.

#### *Grants*

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established less impairment allowance and provision for non-collections.

### **Income tax**

As the branch is a tax exempt institution in terms of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax but is still liable for Fringe Benefits Tax and GST.

## Note 1. Significant accounting policies (continued)

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Freehold improvements	15 years
Plant and equipment	3-7 years
Motor vehicles	5-7 years
Office equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Revaluations of Land, Buildings and Investment properties are performed annually and charged to an asset revaluation reserve.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the branch. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## **Note 1. Significant accounting policies (continued)**

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the branch prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. No provision is deemed necessary for redundancy & separation at this time.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the branch for the annual reporting period ended 30 June 2014. The branch's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the branch, are set out below.

## **Note 1. Significant accounting policies (continued)**

### *AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The branch will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the branch.

### *AASB 2013-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the branch.

### *AASB 2014-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the branch.

### *AASB 2014-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the branch.

### *Annual Improvements to IFRSs 2010-2013 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the branch.

## **Note 1. Significant accounting policies (continued)**

### *Annual Improvements to IFRSs 2011-2014 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the branch.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Estimation of useful lives of assets*

The branch determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The branch assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the branch and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## **Note 3. Revenue**

These have been shown on the face of the statement. **Sundry Income**- in 2014 \$11,120 paid parental leave, \$4,950 advertising, no other material sundry income items exist in the 2014 and 2013 year

## **Note 4. Capitation fees**

None have been received or are due to the branch for the current or previous financial year

## **Note 5. Levies**

No levies have been raised by the branch for the current or previous financial year

**Pinnacle Branch General Purpose  
Notes to the financial statements  
30 June 2014**

**Note 4. Expenses (continued)**

**Note 6. Expenses**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Administration expenses</b>		
Consideration to employers for payroll deductions	0	0
Compulsory Levies – ACTU	4892	0
Fees/Allowances for meetings & conferences	14555	11743
Conference & Meeting expenses	15598	26100

**Other**

These have been shown on the face of the statement, no material sundry items exist in the 2014 and 2013 year.

**Affiliations**

Unions NSW	1,694	1,648
South Coast Labor Council	9,716	9,452
ALP Federal Branch	15,029	32,019
Posting adjustment - subscription service	0	1,397
total	26,439	44,516


**Note 8. Current assets**

cash and cash equivalents are shown on the face of the statement

**Note 9. Current assets**

trade and other receivables are shown on the face of the statement, material items are below.

**Receivable from other reporting units**

AWU National Office	0	3,265
Australian Services Union	11,285	0
AMWU	259	0
ETU	259	6,655

**Note 10. Current assets – other, not applicable**

**Note 11. Non-current assets - property, plant and equipment**

Land and buildings Inv Property- at cost	665,318	665,318
Less: Accumulated depreciation	0	0
net wdv	665,318	665,318
Freehold improvements - at cost	28,387	28,387
Less: Accumulated depreciation	(7,343)	(3,085)
Net wdv	21,044	25,302
Plant and equipment - at cost	0	0
Less: Accumulated depreciation	(0)	(0)
Net wdv	0	0
Motor vehicles - at cost	141,496	166,818
Less: Accumulated depreciation	(16,888)	(20,908)
Net wdv	124,608	145,910
Office equipment - at cost	78,337	78,337
Less: Accumulated depreciation	(70,740)	(58,991)
Net wdv	7,597	19,346
Total	818,567	855,876

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$	Freehold improvements \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Total \$
Balance at 1 July 2012	665,318	25,302	0	169,896	19,346	879,862
Additions net	0	0	0	18,692	0	18,692
Depreciation expense	0	0	0	-42,678	-0	-42,678
Balance at 30 June 2013	665,318	25,302	0	145,910	19,346	855,876
Additions net	0	0	0	-25,322	0	-25,322
Depreciation expense	0	-4,258	0	4,020	-11,749	-11,988
Balance at 30 June 2014	665,318	21,044	0	124,608	7,597	818,566

**Note 12. Current liabilities** - trade and other payables as disclosed on the face of the statement, there were no material items in both years.

Payable to other reporting units; AWU National office \$1200, ALP National Secretariat \$1200.

**Note 13. Current liabilities - employee benefits**

<b>Officials</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	99,869	99,869
Long Service Leave	153,726	121,959
Separation/Redundancies	0	0
Other	0	0
Total	253,595	221,828
<b>Staff</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	37,149	37,149
Long Service Leave	48,205	77,980
Separation/Redundancies	0	0
Other	0	0
Total	85,354	115,129

**Note 14. Non-current liabilities – n/a**

**Note 15. Equity - retained surpluses**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Retained surpluses at the beginning of the financial year	2,200,322	2,024,278
Surplus after income tax expense for the year	220,127	176,044
Retained surpluses at the end of the financial year	2,420,421	2,200,322

**Note 16. Financial instruments**

**Financial risk management objectives**

The branch's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

**Market risk**

*Foreign currency risk*

The branch is not exposed to any significant foreign currency risk.

*Price risk*

The branch is not exposed to any significant price risk.

*Interest rate risk*

The branch is not exposed to any significant interest rate risk.

**Credit risk**

The branch is not exposed to any significant credit risk.

**Liquidity risk**

Vigilant liquidity risk management requires the branch to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The branch manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.



**Note 16. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the branch's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>2013</b>	%	\$	\$	\$	\$	\$

**Non-derivatives**

*Non-interest bearing*

Trade payables	-	28,550	-	-	-	28,550
Other payables	-	32,851	-	-	-	32,851
Total non-derivatives		61,401	-	-	-	61,401

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>2014</b>	%	\$	\$	\$	\$	\$

**Non-derivatives**

*Non-interest bearing*

Trade payables	-	6,675	-	-	-	6,675
Other payables	-	18,774	-	-	-	18,774
Total non-derivatives		25,449	-	-	-	25,449

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 17. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to officers and other members of key management personnel of the branch is set out below:

<b>Officials</b>	<b>2014</b>	<b>2013</b>
Wages/Salary	371,550	352,000
Superannuation	53,168	52,000
Leave & entitlements	31,767	36,725
Separation & Redundancies	0	0
Other	0	0
<b>Total</b>	<b>456,485</b>	<b>440,725</b>

  

<b>Staff</b>	<b>2014</b>	<b>2013</b>
Wages/Salary	141,969	137,171
Superannuation	16,034	27,641
Leave & entitlements	-29,775	10,314
Separation & Redundancies	0	0
Other	128,228	175,926
<b>Total</b>		

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 guarantee is paid on behalf of branch officials at 10%, staff at 9.5% and all qualifying officials/staff a further 5% per annum if salary sacrificing. 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.

**Note 18. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided the auditor of the branch:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services – firm name</i>		Akele &
Audit of the financial statements	David Neaves 11,500	Kinnas Co 9,700
No other services were provided	0	0

**Note 19. Contingent liabilities**

The branch had no contingent liabilities as at 30 June 2014 and 30 June 2013.

**Note 20. Commitments**

The branch had no commitments for expenditure as at 30 June 2014 and 30 June 2013.

**Note 21. Related party transactions**

*Key management personnel*

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.

*Transactions with related parties*

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

These premises are provided to the branch at no rent with all property outgoings paid by the branch.

Payments to AWU national office for capitation fees are noted on the face of the income statement

	<b>2014</b>	<b>2013</b>
Payments to ACTU for levy & share costs	5392	5116
Other payments to AWU offices/branches & reporting units	3837	12045

There were no other transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties at year end;*

Receivables – nil,

Payables – AWU National Office \$1200.

There were no other trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 22. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the branch's operations, the results of those operations, or the branch's state of affairs in future financial years.

**Note 23:**

- There is no reliance on any other reporting unit in regard to the going concern basis of the branch, no other reporting unit provides financial support to or from the branch.
- No business combination has been acquired by the branch.
- No other entity administers the branch's financial affairs.
- No financial support has been provided or pledged to any other reporting units.
- No assets or liabilities have been acquired as a result of amalgamations or restructures.
- No alternate reporting structures for the branch have been given or revoked.

**Note23a: Remuneration details;**

Position	Salary	SGC	Extra Super	Private use car	Home phone/internet
Branch Secretary	\$105,500.00	10%	5%	yes	yes provided as per rule
Branch Assistant Secretary	\$ 89,500.00	10%	5%	yes	yes up to \$100 per month
Branch President	\$ 89,500.00	10%	5%	yes	yes up to \$100 per month

### COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management has considered and has passed the following resolution with respect to the general purpose financial report (GPFR) of The Australian Workers Union Port Kembla South Coast and Southern Highlands Branch (the branch) for the year ended 30/06/2014.

The committee of management of the branch declares in relation to the GPFR that in its opinion:

1. The financial statements and notes comply with the Accounting Standards, the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements
2. The financial statements and notes comply with the reporting guidelines of the General Manager.
3. The financial statements and notes, give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate,
4. There are reasonable grounds to believe that the branch will be able to pay its debts as and when they become due and payable. and
5. During the financial year to which the GPFR relates and since the end of the financial year:
  - (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
  - (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
  - (iii) The financial records of the entity have been kept and maintained in accordance with the *Fair Work (Regulated Organisations) Act 2009*; and
  - (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;
  - (v) No requests have been sought by any member of the branch or the General Manager duly made under Section 272 of the *Fair Work (Regulated Organisations) Act 2009*; and
  - (vi) No orders have been made by the Commission under Section 273 of the RAO Schedule during the financial year ended 30 June 2014.
6. In relation to wages activity – no recovery action was undertaken in the year and no revenue was derived from recovery of wages activity during the reporting period.

This statement and declaration is made in accordance with a resolution of the Committee of Management made on 14<sup>th</sup> October 2014



Branch Secretary

.....  
Wayne Phillips  
Date of signing - 14th day of October 2014

## OPERATING REPORT FOR THE YEAR ENDED 30 JUNE, 2014

### PRINCIPAL ACTIVITIES REVIEW

The branch carried on the normal business of acting as a union and representing its members and protecting and improving the rights and interests of members.

### REVIEW OF RESULTS FOR THE YEAR

The net operating profit of the entity for the year ended 30 June 2014 was \$218,878, in 2013 a profit of \$176,104 occurred.

### SIGNIFICANT CHANGE

No significant changes have occurred in the year pertaining to the activities or financial position.

### NUMBER OF MEMBERS

At the end of the financial year, financial ordinary members were 3,278 and the previous year 3,437.

### MEMBERSHIP OF COMMITTEE OF MANAGEMENT

There were 18 honorary members of the Committee of Management including 5 Branch Officials. The Committee of Management met 11 times during the financial year ended 30 June 2014.

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

<u>Name</u>	<u>Meetings</u>		<u>Attended</u>		
<u>Branch Officials</u>					
W Phillips	10/11	B Gorgievski	07/11	D Hancock	05/11
B Baraldi	02/11	S Burke	01/4		
<u>Other members</u>					
W Beaumont	09/11	S Stojanovski	08/11	G Davies	09/11
P Armstrong	04/11	J Karasu	07/11	G Leake	11/11
C Langlands	08/11	L Millar	06/11	I Sukoski	07/11
R Tancevski	08/11	R Turford	11/11	B Withers	03/11
J Fernandes	08/11				

All members held office from 01/07/2013 to 30/06/2014, except S Burke from 28/01/2014

### OFFICIALS/BRANCH EMPLOYEES ACTING AS TRUSTEE OF A SUPERANNUATION ENTITY

No Branch Officials or Branch employees have acted in the capacity as a trustee of a superannuation entity, exempt public sector superannuation fund or as a director of a company that is a trustee of a superannuation entity during the financial year or previous financial year.

### OFFICIALS/BRANCH EMPLOYEES ACTING AS DIRECTORS OF COMPANIES

No Branch Officials or Branch employees have acted in the capacity as a director a company during the financial year or previous financial year.

### MEMBERS RIGHT TO RESIGN

Union members may resign in accordance with rule 17 by giving written notice to a branch official or by mail to the branch.

### NUMBER OF EMPLOYEES

The branch has 5 officials, 2 office staff and a cleaner.

Signed: ..... – Wayne Phillips, Branch Secretary  
Dated 14/10/2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

### Scope

I have audited the financial statements of The Australian Workers Union, Port Kembla South Coast and Southern Highlands Branch (the Branch). The financial statements comprises the Committee of Managements' Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Operating Statement and Notes to the Financial Statements for the year ended 30 June 2014.

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

I conducted an independent audit in order to express an opinion to the members of the Branch. My 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.

I 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.

I formed my 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. 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.

### Independence

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

### Audit Opinion

In my opinion, the financial reports 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 2014 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.

I have concluded that managements use of the going concern basis of accounting in the preparation of the branch's financial statements is appropriate. The scope of the audit encompassed recovery of wages activity of which none was undertaken in the reporting period.



Signed by

David Neaves - Dated on 14/10/2014

An approved auditor, member of CPA Australia, Public Practice Certificate holder, m/ship no 1366989

David Neaves Pty Ltd – Certified Accountants - Level 1, 27-29 Princes Hwy, Fairy Meadow NSW 2519

## **Certificate by Prescribed Officer**

I, Wayne Phillips being the Branch Secretary of The Australian Workers Union Port Kembla, South Coast and Southern Highlands Branch certify:

- That the documents lodged herewith are copies of the full report for The Australian Workers Union, Port Kembla, South Coast and Southern Highlands Branch for the period ending 30/06/2014 referred to in s.268 of the Fair Work (Registered /organisations) Act 2009; and
- That the full report was provided to members of the reporting unit on the 15/10/2014; and
- That the full report was presented to a committee of management meeting on 11/11/2014 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.



Signature of prescribed designated officer .....

Name of Prescribed Officer – Wayne Phillips

Title of prescribed officer – Branch Secretary

Dated 11/11/2014