



27 November 2014

Mr Ben Davis
Secretary
Australian Worker's Union, Victorian Branch
685 Spencer Street
West Melbourne VIC 3003

via e-mail: victoria@awu.net.au

Dear Mr Davis

**Australian Worker's Union, Victorian Branch
Financial Report for the year ended 30 June 2014 - FR2014/214**

I acknowledge receipt of the financial report for the year ended 30 June 2014 for the Australian Worker's Union, Victorian Branch. The financial report was lodged with the Fair Work Commission (FWC) on 17 November 2014.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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 next financial report may be subject to an advanced compliance review.

Reporting Requirements

The FWC website [[Financial Reporting](#)] contains a number of factsheets on the financial reporting process and timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends using the model statements to help comply with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or via email at ken.morgan@fwc.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

THE AUSTRALIAN WORKER'S UNION VICTORIAN BRANCH

SECRETARY'S CERTIFICATE

I, Ben Davis, being the Secretary of The Australian Workers' Union Victorian Branch, do hereby state that the attached documents are copies of operating reports, auditor's report and audited accounts and financial statement for the year ending on the 30th of June 2014, that were:

1. presented to Victorian Branch Executive on 23rd September 2014.
2. made available to the membership in the week commencing 20th October 2014.
3. presented to a general meeting of members on 11 November 2014. The meeting moved a motion of acceptance, which was passed unanimously.

Date 17th November 2014



BEN DAVIS
Secretary

The Australian Workers Union

(Victorian Branch)

**AUDITORS REPORT
FINANCIAL STATEMENT AND NOTES THERETO
FOR THE YEAR ENDED
30 JUNE 2014**

**Operating Report
For the period ended 30 June 2014**

Principal activities and changes

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

Results

The surplus for the financial year amounted to \$646,753 (2013: \$141,573).

Financial Affairs

The structural problems with the building at 685 Spencer Street were rectified during the year. Costs of \$262,597 were incurred for rectification.

Review of Operations

A review of operations of the Branch during the Financial Year showed that despite a drop in member numbers, membership income was maintained given the increase in membership rates. The Branch was able to reduce expenditure which enabled it to achieve an increase in profit compared to the prior year. The Branch has net asset over \$6.66 million, a working capital surplus of over \$3.58 million and generated operating cash flows of \$1.07 million.

Events after the reporting period

As at year end, the Royal Commission into Trade Union is continuing. The outcome of the Commission may impact future operations/activities.

Future Developments

In the opinion of the Branch Executive, there is not likely to be any future development that will materially affect the Union's operation in subsequent years

Rights of members to resign

AWU Rule 14 – Resigning as a member – provides for resignation of members in accordance with s174 of Schedule 1B of the Fair Work (Registered Organisations) Act 2009.

Membership of Superannuation Scheme

Pursuant to s.254 (2) (d) of schedule 113 of the Fair Work (Registered Organisations) Act 2009 the following members held office in Superannuation Funds.

Davis B.	CBUS Alternate Director
Leo F.	Chifley Financial Services
O'Brien L.	Australian Super (Alternate Director)

Number of Members

Number of persons in register of members: 20,051 (2013: 26,697)

Number of Employees

Number of employees (equivalent full time): 44 (2013: 45)

**Operating Report
For the period ended 30 June 2014**

Names of Members on Branch Executive

The following were members of the Branch Executive as at 30 June 2014:-

Archer J	Beechey S	Blandthorn JP
Burd S	Carey S	Davis B
Dixon H	Heath C	King P
Leo F	Lynn R	Lumanovski H
Mastrandonakis J	Nasr R	Noonan B
O'Brien L	Penn G	Pillai P
Rae G	Sharp J	Spear P
Stomps D	Tacey N	Threlfall-Clarke S

During the year the following members ceased to be on the Branch Executive.

Bantis A	Christie R	Cragg D
Krishnan R	Lineham R	Oates B
Palermo I	Rudd R	

During the year, the following members were appointed to the Branch Executive.

Archer J	Burd S	Carey S
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Other Information

There is no other information that the Union considers relevant.

Signed: _____

Ben Davis

Date: _____

25/9/14

BRANCH STATEMENT

On the *23rd September* of 2014, the Branch Executive of the Australian Workers Union (Victoria Branch) passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2014.

The Branch Executive declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the General Manager of FWC and Australian Accounting Standards;
- (b) 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;
- (c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (d) during the financial year to which the general purpose financial report relates and since the end of that year:
 - (i.) meetings of the Branch Executive were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - (ii.) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - (iii.) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009, and the Fair Work (Registered Organisations) Regulations 2009;
 - (iv.) the information sought in any request of a member of the reporting unit or the General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWC;
 - (v.) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (vi.) no requests were received from any member of the reporting unit or a General Manager of FWC for information under section 272 of the Fair Work (Registered Organisations) Act 2009;
 - (vii.) there have been no orders for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period; and
- (e) In relation to recovery wages activity during the year, the Branch did not participate in any wages recovery activity.

For the Branch Executive

ben lavis
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[Signature]
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Dated this *25th* day of *September* 2014

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE BRANCH EXECUTIVE OF THE AUSTRALIAN WORKERS' UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2014 there have been:-

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stannards

Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
FWC Approved Auditor

Dated this *25th* day of *June* 2014

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2014

	Note	2014 \$	2013 \$
REVENUE			
Membership Contributions		6,559,052	6,533,682
Grants		618,415	748,954
OCC Health & Safety Training		133,006	141,813
Paid Education Income		-	4,909
KTT Project - Contribution to Legal Fees		-	500
Insurance Brokerage Fees		856,948	945,007
Sponsorship Income – National Office		45,000	60,000
Sponsorship Income - Other		102,091	100,091
Dividends Received		39	150,033
Consulting Fees Received		31,155	62,618
AWU Functions		26,364	29,955
Interest		195,127	166,186
Sale of Merchandise		3,127	5,555
Rental Income		5,200	5,200
Other Income		15,013	1,607
Financial Support – Branches		-	-
Donations		-	-
Capitations		-	-
Compulsory Levies		-	-
Total Revenue		8,590,537	8,956,110
EXPENSES			
Direct Membership Expenses			
AWU Subsidy Transfers	11(b)	785,664	834,546
Affiliation Fees	17	194,214	191,144
Ambulance Claims		233,145	214,609
Legal – Member Services		32,553	250,006
National Office ACTU IR Levy		24,976	25,940
Growth Campaign		15,022	4,964
Commission Paid – Delegates		686	-
Commission Paid – Employers for Payroll Deductions		5,251	7,108
Donations	12	28,555	47,790
Printing (Members)		25,614	44,092
Depreciation of Computers		24,813	22,882
Membership Mail-outs		31,151	69,388
Research Expenses		33,269	48,039
Merchandise Expense		28,507	23,705
AWU Functions & Promotions		219,944	230,607
Total		1,683,364	2,014,820

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2014 (cont'd)

	Note	2014 \$	2013 \$
OH&S Expenses			
Training		58,310	63,850
Farm Safe Project		-	30,406
Total		58,310	94,256
Shop Stewards & Delegates			
Lost Time & Other Expenses		-	27,250
Meeting Expenses – Delegates		24,694	11,550
Delegates Conference		23,793	18,895
National Conference Costs		-	91,168
Protest Expenses		2,132	2,294
Total		50,619	151,157
Payroll Expenses			
Salaries & Wages	9	3,581,907	3,729,502
Superannuation	9	455,706	463,940
WorkCover Expenses		30,951	34,239
Payroll Tax		180,941	190,545
Fringe Benefits Tax		69,979	80,743
Annual Leave Expense	9	28,157	11,480
Long Service Leave	9	72,335	360,180
Consultancy		32,321	4,409
Casual Employment		2,700	21,636
Contractors		72,905	37,423
RDO Expenses		3,901	1,460
Total		4,531,803	4,935,557
Training & Tuition			
University Fees		26,664	9,497
Seminar & Conference Costs		21,044	5,730
Training Expenses		24,109	17,765
Recruiting		291	475
Total		72,108	33,467
Officials			
Accommodation & Meals		94,196	90,133
Air Fares		28,783	30,189
Travel Expenses		1,181	724
Meeting Expenses		4,625	29,512
National Executive Meeting		9,820	11,769
Parking & Taxis		25,422	26,388
Web Site Expenses		-	366
Internet Expenses		12,496	13,317
Total		176,523	202,398

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2014 (cont'd)

	Note	2014 \$	2013 \$
Motor Vehicle Expenses			
Registration		19,936	20,369
Car Insurance		41,866	39,935
Petrol		188,891	199,391
Services		58,314	63,106
Tyres		18,773	15,802
Motor Vehicle Expense - Other		55,419	50,218
Profit on Realisation of Vehicles		(34,288)	17,849
Depreciation Motor Vehicles		244,257	263,097
Total		593,168	669,767
Telephone Expenses			
Telephone - Office		17,438	28,442
Mobile Phones		79,451	77,546
Home Phones		3,738	6,579
Service & Equipment Maintenance		9,465	6,519
Total		110,092	119,086
Property Expenses			
Rental		10,494	9,108
Property Rates & Insurance		24,366	19,200
Property Maintenance		23,459	30,990
Depreciation Building & Renovations		24,853	18,288
Deprecation of Furniture & Equipment		42,667	40,981
Body Corporate Fees		6,726	7,818
Office Furniture		1,129	933
Sundry Expenses		43,884	47,846
Total		177,578	175,164
General Expenses			
Advertising & Subscriptions		19,960	15,904
Auditing & Accounting Fees		85,599	17,000
Bank Fees & Charges		26,096	27,116
Cleaning		43,894	42,566
Heating and Lighting		43,984	47,015
General Insurance		15,779	11,825
Legal and Professional Fees - Other		13,654	-
Penalties – via FW (RO) Act or Regulations		-	-
Staff Amenities		26,912	26,384
Total		275,878	187,810
Office Expenses			
Stationery		8,872	7,611
Postage & Courier		18,850	23,558
Printing		7,843	18,770
Courier & Freight / Storage		277	55
Copies Charge & Paper		21,874	18,672
Office Rental Equipment		37,968	37,968
Maintenance of Office Equipment		1,427	1,974
Computer Maintenance & Support		108,692	111,548
Software Expenses		8,538	10,899
Total		214,341	231,055
Total Expenses		7,943,784	8,814,537
Net Profit for the Period		646,753	141,573

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Comprehensive Income for the Year Ended 30 June 2014

	2014 \$	2013 \$
Profit / (Loss) for the period	646,753	141,573
Other comprehensive income for the period	-	-
Total comprehensive income for the period	646,753	141,573
Total comprehensive income attributable to: Members of the organisation	646,753	141,573

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Financial Position as at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	3	4,695,597	4,137,439
Accounts receivable		320,230	395,896
Other assets	4	552,274	545,012
Merchandise on hand		24,527	39,766
Total Current Assets		5,592,628	5,118,113
Non-Current Assets			
National Office – long service leave debt	5	-	81,252
National Office – Loan		1,231,180	1,231,180
Shares in other companies		453,744	453,744
Property, Plant and Equipment	6	1,458,305	1,248,004
Total Non-Current Assets		3,143,229	3,014,180
Total Assets		8,735,857	8,132,293
Current Liabilities			
Trade Creditors		389,124	412,419
Accruals		196,995	236,855
Employee Entitlements	7	1,418,810	1,395,375
Total Current Liabilities		2,004,929	2,044,649
Non-Current Liability			
Employee Entitlements	7	62,440	65,909
Total Non-Current Liabilities		62,440	65,909
Total Liabilities		2,067,369	2,110,558
Net Assets		6,668,488	6,021,735
Equity			
Accumulated Funds	8	6,668,488	6,021,735
Total Equity		6,668,488	6,021,735

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Changes in Equity for the Year Ended 30 June 2014

	2014 \$	2013 \$
Retained Earnings – Beginning of Year	6,021,735	5,880,162
Profit / (Loss) for the Period	646,753	141,573
Other Comprehensive Income for the year	-	-
Total Retained Earnings – End of Period	6,668,488	6,021,735

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Cash Flows for the Year Ended 30 June 2014

	Note	2014 Inflows/ (Outflows) \$	2013 Inflows/ (Outflows) \$
Cash Inflows from Operating Activities			
Contribution from Membership Fees		7,214,957	7,147,626
Receipts from Other Activities		1,912,024	2,555,633
Interest Received		195,127	166,186
Receipts from National Office & Other Branches		45,616	68,060
Payments to National Office		(938,152)	(1,029,077)
Payments to Other Branches		(6,340)	(3,737)
Payments to Suppliers and Employees		(7,352,471)	(8,378,155)
Net Cash Provided by Operating Activities	10(b)	1,070,761	526,536
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(592,056)	(298,178)
Proceeds from the Disposal of Motor Vehicles		79,453	128,303
Shares in other companies - acquisition		-	(111,486)
Net Cash Provided by/(Used in) Operating Activities		(512,603)	(281,361)
Net Increase in Cash and Cash Equivalents		558,158	245,175
Cash and Cash Equivalents at Beginning of Year		4,137,439	3,892,264
Cash and Cash Equivalents at End of Year	10(a)	4,695,597	4,137,439

The accompanying notes form part of this Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

1. Statement of Significant Accounting Policies

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

1.1 Basis of Preparation

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

The financial report of the Union covers it as an individual 'not for profit' entity. It complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

In accordance with generally accepted accounting principles for these types of organisations, the financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

1.2 Income Tax

The Union is registered under the Fair Work (Registered Organisations) Act 2009 and, is believed to be exempt from income tax including capital gains tax, by virtue of the provisions of s.50-1 of the Income Tax Assessment Act 1997. It still has an obligation for fringe benefits tax and goods and services tax.

1.3 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation is calculated using the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, computer equipment, furniture and fittings. Depreciation rates applied are:

	2014 & 2013
Buildings	2.5%
Furniture & Fixtures	20%
Computer Equipment	20%
Motor Vehicles	20%
Renovation & Capital Works	10%

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

1.4 Employee Entitlements

Short-term employee benefits

Provision is made for the Union's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and vesting sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Long-term employee benefits

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any measurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Union's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Union does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Superannuation

Contributions are made by the Union to employee superannuation funds and are expensed when incurred. The Union is not obliged to contribute to these funds other than to meet its liabilities under the superannuation guarantee system and is under no obligation to make up any shortfall in the funds' assets to meet payments due to employees.

The number of full-time equivalent employees at 30 June 2014 was 44.

1.5 Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the organisation and the buyer are both committed to a contract.

1.6 Goods and Services Tax (GST)

Revenue, 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 assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

1.7 Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

1.8 Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Union assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit and Loss.

1.9 Fair Value of Assets and Liabilities

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

1.10 Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Union are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Union will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1.11 Operating Segment

The Union is incorporated under the Fair Work (Registered Organisations) Act 2009 and domiciled in Australia.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

1.12 Critical Accounting Estimates and Judgements

The Branch Executive evaluate estimates and judgements 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 Union.

Key Estimates – Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to it that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined and reflected in the Financial Report.

1.13 New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

The Branch Executive anticipate that the adoption of AASB 9 will not have an impact on its activities or financial reporting.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable to annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Union's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Union's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

1.13 New Accounting Standards for Application in Future Periods (cont'd)

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Union's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to impact the Union's financial statements.

- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the Union does not meet the definition of an investment entity, this Standard will not impact the financial statements.

2. Information to be provided to Members or The General Manager of Fair Work Commission

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

- (1) A Member of an organisation, or the General Manager of FWC, may apply to the organisation for specified prescribed information in relation to the organisation to be made available to the person making the application.
- (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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

	2014 \$	2013 \$
3. Cash and Cash Equivalents		
Cash at Bank – General operating accounts	343,998	217,574
Cast at Bank – Long service leave accounts	4,351,192	3,919,397
Petty Cash	407	468
	<u>4,695,597</u>	<u>4,137,439</u>
4. Other Assets		
Subscriptions outstanding	512,398	523,770
Prepayments	39,876	21,242
	<u>552,274</u>	<u>545,012</u>
5. National Office – long service leave debt		
This liability is no longer the responsibility of the National Office.		
In accordance with the decision of the National Executive, each Branch now brings to account the annual indebtedness to Long Service Leave of its officials.		
6. Property, Plant and Equipment		
Land & Buildings		
At Cost	347,622	347,622
Less: Accumulated Depreciation	(21,713)	(15,353)
	<u>325,909</u>	<u>332,269</u>
Furniture & Fixtures		
At Cost	499,208	472,628
Less: Accumulated Depreciation	(409,040)	(366,373)
	<u>90,168</u>	<u>106,255</u>
Computer Equipment		
At Cost	299,269	289,777
Less: Accumulated Depreciation	(240,712)	(222,586)
	<u>58,557</u>	<u>67,191</u>
Motor Vehicles		
At Cost	1,283,666	1,262,176
Less: Accumulated Depreciation	(615,467)	(591,256)
	<u>668,199</u>	<u>670,920</u>
Renovation & Capital works		
At Cost	381,831	119,235
Less: Accumulated Depreciation	(66,359)	(47,866)
	<u>315,472</u>	<u>71,369</u>
Total Property, Plant and Equipment	<u>1,458,305</u>	<u>1,248,004</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

6. Property, Plant and Equipment (cont'd)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current period.

2014	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	332,269	106,255	67,191	670,920	71,369	1,248,004
Additions	-	26,580	19,410	283,470	262,596	592,056
Disposals	-	-	(3,231)	(41,934)	-	(45,165)
Depreciation expense	(6,360)	(42,667)	(24,813)	(244,257)	(18,493)	(336,590)
Carrying amount at end of period	325,909	90,168	58,557	668,199	315,472	1,458,305

2013	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	338,629	110,719	71,146	825,773	83,297	1,429,564
Additions	-	36,517	21,635	240,026	-	298,178
Disposals	-	-	(2,708)	(131,782)	-	(134,490)
Depreciation expense	(6,360)	(40,981)	(22,882)	(263,097)	(11,928)	(345,248)
Carrying amount at end of period	332,269	106,255	67,191	670,920	71,369	1,248,004

The Branch holds two properties in country Victoria.

	Balance at 30 June 2014 \$	Balance at 30 June 2013 \$
Portland (103-111 Percy Street)		
- Cost	99,536	99,536
Sale (3/396 Raymond Street)		
- Cost	248,086	248,086
	347,622	347,622
Less: Depreciation of Buildings	21,713	15,353
	325,909	332,269

Under the rules of the Union, other properties are registered in the name of the National Executive in Sydney.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

	2014 \$	2013 \$
7. Provisions		
Current:-		
Annual leave	332,437	303,554
Long Service Leave	1,086,373	1,091,821
	1,418,810	1,395,375
Non-Current:-		
Long Service Leave	62,440	65,909
	62,440	65,909
Total	1,481,250	1,461,284

Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Officeholders	95,248	64,583	596,538	546,453	691,786	611,036
Other Staff	237,189	238,971	552,275	611,277	789,464	850,248
Total	332,437	303,554	1,148,813	1,157,730	1,481,250	1,461,284

Employee Provisions

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Union does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Union does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision (if any) includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

8. Equity	2014 \$	2013 \$
Accumulated Funds		
Balance at beginning of period	6,021,735	5,880,162
Net Profit for period	646,753	141,573
Other Comprehensive Income for the period	-	-
Balance at end of period	6,668,488	6,021,735
Total Equity	6,668,488	6,021,735

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

9. Employee Benefits

Employee benefits paid/accrued during the period

	Elected Officials		Other Staff		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Wages and Salaries	1,094,348	1,692,897	2,487,559	2,036,605	3,581,907	3,729,502
Annual Leave	2,323	5,909	25,834	5,571	28,157	11,480
Long Service Leave and retirement allowance	(63,068)	223,785	135,403	136,395	72,335	360,180
Superannuation	147,313	154,685	308,393	309,255	455,706	463,940
Total	1,180,916	2,077,276	2,957,189	2,487,826	4,138,105	4,565,102

There were no expenses this year to elected officers for separation and redundancy (2013: \$582,310). In respect of other staff, total separation and redundancy costs amounted to \$97,985 (2013: \$21,926).

10. Cash Flow Information

	2014	2013
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:-		
Cash at Bank	4,695,190	4,136,971
Cash on Hand	407	468
	<u>4,695,597</u>	<u>4,137,439</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit before Tax</u>	<u>646,753</u>	<u>141,573</u>
<u>Non Cash Items</u>		
Depreciation	336,590	345,248
Provision for Employee Benefits	19,966	(44,093)
(Profit)/Loss on disposal	(34,288)	17,849
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Accounts receivable	75,666	65,708
(Increase)/Decrease in Other assets	(7,262)	(40)
(Increase)/Decrease in Merchandise on hand	15,239	(4,921)
(Increase)/Decrease in National Office – Long Service Leave Debt	81,252	64,149
Increase/(Decrease) in Trade Creditors	(23,295)	(28,693)
Increase/(Decrease) in Accruals	(39,860)	(30,244)
Net Cash Provided by/(used in) Operating Activities	<u>1,070,761</u>	<u>526,536</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

11. Related Party Information

(a) Remuneration of Key Officers during the year was as follows:-

Short-term Remuneration		Post-Employment Benefits		Other Benefits	
2014	2013	2014	2013	2014	2013
\$	\$	\$	\$	\$	\$
381,089	408,600	97,114	454,453	22,140	39,683

Key officers comprised – B Davis, F Leo, L O'Brien, J Mastrandonakis (2014 & 2013)
C Melhem, D Gray (2013 only)

No share based payments were received by any officer this year (2013: \$nil).

The officeholders received no 'non cash' benefits (2013: \$nil), except as disclosed above.
No officeholder of the Union during the year and/or prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

No officeholder or officer of the Union (this year or last year) received any remuneration in their own name because they were a member of, or held position with a Board or other organisation because :-

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Union; or
- ii) They were nominated for the position by the Union; or
- iii) They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Union.

(b) Transactions between the state branch and other branches (all on normal commercial terms and conditions):-

(i) Levy & Subsidy

	2014	2013
	\$	\$
National Office - Subsidy	785,664	834,546
- IR Levy	24,976	25,940

(ii) Other Branches (Sundry Charges)

	2014	2013
Queensland Branch	-	27
NSW Branch	3,744	1,440
SA Branch	-	2,352
WA Branch	1,280	-
NCLE Branch	200	118

(iii) Amounts receivable/(payable) at reporting date – other branches

	2014	2013
National Office	(16,745)	(34,512)
New South Wales Branch	-	(594)
South Australia Branch	-	616
	(16,745)	(34,490)

(iv) The loan owing by the National Office (\$1,231,180) is interest free and unsecured.

(c) During the year, transactions between the Branch and officeholders or their associates were all on normal commercial terms and conditions and amounted to \$4,061.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

12. Donations

	2014	2013
	\$	\$
Political Party	19,144	33,255
Other	9,411	14,535
	<u>28,555</u>	<u>47,790</u>

13. Segment Reporting

The Union provides services to members employed in the manufacturing, steel, aluminium, glass, oil & gas, aviation, agriculture, construction, state public services, local government, health, plastics, hospitality, food, paper, resources, aquaculture, events and racing industries.

14. Union's Details

The principal place of business of the Union is:

685 Spencer Street West
MELBOURNE VIC 3003

15. Financial Instruments

a. Financial Risk Management

The entity's financial instruments consist of deposits with banks, bills and securities, short-term investments, accounts receivables and payable.

The entity does not have any derivative instruments at 30 June 2014 (2013: \$nil).

The purpose of the financial instruments is to finance the operations of the entity.

i Treasury Risk Management

The Branch Executive meets on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii Financial Risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk. The entity is not exposed to fluctuations in foreign currency.

Liquidity Risk

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

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 provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

15. Financial Instruments (cont'd)

a. Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

Financial Instruments	Floating Interest Rate		Fixed Interest Rate maturing in: less than 1 year		Fixed Interest Rate maturing in: 1 year or more		Non-Interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effecting Interest Rate	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	4,695,190	4,136,971	-	-	-	-	407	468	4,695,597	4,137,439	3.5	3.2
Receivables	-	-	-	-	-	-	320,230	395,896	320,230	395,896	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	552,274	545,012	552,274	545,012	n/a	n/a
Total	4,695,190	4,136,971	-	-	-	-	872,911	941,376	5,568,101	5,078,347		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Payables	-	-	-	-	-	-	586,119	649,274	586,119	649,274	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	-	-	-	-	586,119	649,274	586,119	649,274		
Net Financial Assets/(Liabilities)	4,695,190	4,136,971	-	-	-	-	586,119	649,274	4,981,982	4,429,073		

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

15. Financial Instruments (cont'd)

c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2014 is estimated at \$nil (2013: \$nil). The net fair value of the Union's other financial assets and financial liabilities are not expected to be significantly different from the class of asset and liabilities as disclosed above and recognised in the statement of financial position as at 30 June 2014.

d. Sensitivity Analysis

Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2014, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

	2014	2013
	\$	\$
Change in profit		
Increase in interest rate by 2%	93,904	82,739
Decrease in interest rate by 2%	(93,904)	(82,739)
Change in equity		
Increase in interest rate by 2%	93,904	82,739
Decrease in interest rate by 2%	(93,904)	(82,739)

e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2014 (2013: \$nil). Hence, no impairment provision has been recorded. All receivables reported at 30 June 2014 were aged 0-30 days.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

16. Fair Value Measurement

The Union measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected are consistent with one or more of the following valuation approaches:-

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

16. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

	30 June 2014			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	453,744	-	453,744
Total financial assets recognised	-	453,744	-	453,744
<i>Non-financial assets</i>				
Freehold land & buildings	-	325,909	-	325,909
Total non-financial assets recognised	-	325,909	-	325,909

	30 June 2013			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	453,744	-	453,744
Total financial assets recognised at fair value	-	453,744	-	453,744
<i>Non-financial assets</i>				
Freehold land & buildings	-	332,269	-	332,269
Total non-financial assets recognised at fair value	-	332,269	-	332,269

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2014	Valuation Technique(s)	Inputs Used
	\$		
Available for sale financial assets	453,744	Income approach using discounted cash flow methodology	Price per share, market yield
<i>Non-financial assets</i> Freehold land & buildings	325,909	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

16. Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- lease liabilities.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques(s) and inputs used:

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i> Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Liabilities</i> Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Lease liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

17. Affiliation Fees

	2014	2013
	\$	\$
South West Trades & Labour Council	1,500	2,250
Australian Labour Party Victorian Branch	139,940	138,274
Victorian Trades Hall Council	50,780	48,880
Bendigo Trades Hall Council	540	540
Geelong & Region Trades & Labour Council	1,153	-
Sunraysia Trades & Labour Council	300	1,200
	194,214	191,144

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

18. Other Disclosures

The Union did not receive financial support from any other reporting unit during the year, nor did it provide such financial support. Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members of the Union and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible.

There was no restructuring or amalgamation of the Branch with any other reporting entity during the year.

At the end of the reporting period, \$24,678 of legal fees were included in creditors and accruals relating to other matters (2013: \$78,833). There were no unpaid commissions for Employer payroll deductions at the end of the reporting date (2013: \$nil).

Costs in relation to the Royal Commission are being borne by the National Office. Ultimately, they are to be recouped from state branches. At this juncture, the amount payable by this Branch cannot be reliably quantified, hence it has not been accrued for at reporting date.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN WORKERS UNION
(VICTORIAN BRANCH)
YEAR ENDED 30 JUNE 2014**

To the Members of Australian Workers Union

Scope

The financial report and Branch Executive responsibility

The financial report comprises the Certificate of Branch Executive, Statement of Profit & Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and accompanying notes to the financial statements for the Australian Workers Union for the period ended 30 June 2014 set out on pages 4 to 28.

The Branch Executive are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia. 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 in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Victorian 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 judgment, 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 Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Union's financial position, and of its performance as represented by the results of its operations and 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 estimates made by members of the Branch Executive.

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

INDEPENDENT AUDIT REPORT
(cont'd)

Independence

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

Audit Opinion

In our opinion, under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a. Australian Accounting Standards, and Australian Accounting interpretations;
- b. in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of General Manager of FWC, including;
 1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 2. Any donations or other contributions deducted from recovered money; and
- c. Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 30 June 2014, we are of the opinion that management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Shirley Murray

Stannards Accountants & Advisors Pty Ltd

MB Shulman

MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations)

25/4/14