



FAIR WORK
COMMISSION

25 November 2015

Mr Ben Davis
Secretary, Victorian Branch
The Australian Workers' Union
685 Spencer Street
WEST MELBOURNE VIC 3003

Dear Mr Davis,

Re: Lodgement of Financial Statements and Accounts - The Australian Workers' Union, Victorian Branch - for year ended 30 June 2015 (FR2015/201)

I acknowledge receipt of the financial statements and accounts lodged with the Fair Work Commission on 23 November 2015.

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 2016 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist you when preparing the next financial report.

Disclosure of grants or donations

Reporting Guideline 16(e) requires that where grants or donations have been paid, the total amount paid is to be disclosed as follows:

- (i) grants that were \$1,000 or less;
- (ii) grants that exceeded \$1,000;
- (iii) donations that were less than \$1,000; and
- (iv) donations that exceeded \$1,000

The Notes did not include a disclosure in relation to grants. It appears that there were no grants paid. In that case a statement to that effect (or a nil balance) should have been included.

Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by (i) 'litigation' and by (ii) 'other legal matters'. Note 17 discloses a liability of \$127,324 in respect of legal costs but does not distinguish between or indicate the categories above.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. 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 (02) 6746 3283 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Senior Adviser
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 2015, that were:

1. presented to Victorian Branch Executive on 29th September 2015.
2. made available to the membership on 8th October 2015.
3. presented by way of postal ballot to Victorian Branch Executive. The ballot was conducted on 10th November 2015, and closed at 5:00 pm on 13th November 2015. Postal ballot was completed with result in favour of adopting the 2014/2015 Victorian Branch Operating Report, Financial Accounts, Statements and Auditor's Report.

Date 18th of November 2015



BEN DAVIS
Secretary

The Australian Workers Union

(Victorian Branch)

**AUDITORS REPORT
FINANCIAL STATEMENT AND NOTES THERETO
FOR THE YEAR ENDED
30 JUNE 2015**

**Operating Report
For the period ended 30 June 2015**

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 deficit for the financial year amounted to \$394,949 (2014: surplus \$646,753).

Review of Operations

A review of operations of the Branch during the Financial Year indicate that a drop in member numbers has resulted in a reduction in membership contributions. Whilst other income grew, the Branch incurred higher expenditure than in the prior year, hence it incurred a loss. The Branch has net assets over \$6.27 million, a working capital surplus of over \$3.36 million and generated operating cash flows of \$0.30 million. It continues to service its members as required by them, and is assessing ways to grow membership numbers.

Events after the reporting period

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

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, except as already disclosed in this report.

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) the Fair Work (Registered Organisations) Act 2009 the following members held office in Superannuation Funds as directors of corporate trustees:-

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

Number of Members

Number of persons in register of members: 17,318 (2014: 20,051)

Number of Employees

Number of employees (equivalent full time): 43 (2014: 44)

**Operating Report
For the period ended 30 June 2015**

Names of Members on Branch Executive

The following were members of the Branch Executive as at 30 June 2015:-

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

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

Noonan B
Blandthorn JP

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

Rothville P

Other Information

There is no other information that the Union considers relevant.

Signed: Ben Davis
Ben Davis

Date: 1/10/15

BRANCH STATEMENT

On the *29th September* of 2015, 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 2015.

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 King
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[Signature]
.....

Dated this

1st day of *October* 2015

**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 2015 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 & Advisors

MB Shulman

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

Dated this *1st* day of *June* 2015

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2015

	Note	2015 \$	2014 \$
REVENUE			
Membership Contributions		6,074,837	6,559,052
Grants		649,336	618,415
OCC Health & Safety Training		76,368	133,006
Insurance Brokerage Fees & Commissions		773,959	856,948
Sponsorship Income – National Office		45,000	45,000
Sponsorship Income - Other		92,636	102,091
Dividends Received		250,034	39
Consulting Fees Received		41,089	31,155
AWU Functions		27,345	26,364
Interest		153,222	195,127
Sale of Merchandise		797	3,127
Rental Income		5,200	5,200
Other Income		28,431	15,013
Advertising		4,000	
Financial Support – Branches		-	-
Donations		-	-
Capitations		-	-
Compulsory Levies		-	-
Total Revenue		8,222,254	8,590,537
EXPENSES			
Direct Membership Expenses			
AWU Subsidy Transfers	10(b)(i)	691,063	785,664
Affiliation Fees	16	181,251	194,214
Ambulance Claims		201,758	233,145
Legal – Member Services		581,284	32,553
National Office ACTU IR Levy	10(b)(i)	24,269	24,976
Growth Campaign		9,862	15,022
Commission Paid – Delegates		410	686
Commission Paid – Employers for Payroll Deductions		4,947	5,251
Donations	11	33,683	28,555
Printing (Members)		23,584	25,614
Capitations		-	-
Depreciation of Computers		22,309	24,813
Membership Mail-outs		52,911	31,151
Research Expenses		20,349	33,269
Merchandise Expense		21,784	28,507
AWU Functions & Promotions		189,489	219,944
Total		2,058,953	1,683,364

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 2015 (cont'd)

	Note	2015 \$	2014 \$
OH&S Expenses			
Training		43,008	58,310
Total		43,008	58,310
Shop Stewards & Delegates			
Lost Time & Other Expenses		1,771	-
Meeting Expenses – Delegates		20,801	24,694
Delegates Conference		37,930	23,793
National Conference Costs		69,941	-
Protest Expenses		110	2,132
Total		130,553	50,619
Payroll Expenses			
Salaries & Wages	8	3,712,255	3,581,907
Superannuation	8	461,964	455,706
WorkCover Expenses		31,207	30,951
Payroll Tax		177,411	180,941
Fringe Benefits Tax		68,605	69,979
Annual Leave Expense	8	16,894	28,157
Long Service Leave	8	166,587	72,335
Consultancy		5,950	32,321
Casual Employment		3,195	2,700
Contractors		42,712	72,905
RDO Expenses		80	3,901
Total		4,686,860	4,531,803
Training & Tuition			
University Fees		1,344	26,664
Seminar & Conference Costs		20,580	21,044
Training Expenses		24,082	24,109
Recruiting		1,620	291
Total		47,626	72,108
Officials			
Accommodation & Meals		55,744	94,196
Air Fares		17,019	28,783
Travel Expenses		751	1,181
Meeting Expenses		15,838	4,625
National Executive Meeting		12,225	9,820
Parking & Taxis		18,945	25,422
Internet Expenses		12,854	12,496
Total		133,376	176,523

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 2015 (cont'd)

	Note	2015 \$	2014 \$
Motor Vehicle Expenses			
Registration		25,087	19,936
Car Insurance		46,358	41,866
Petrol		164,614	188,891
Services		72,768	58,314
Tyres		13,522	18,773
Motor Vehicle Expense - Other		51,421	55,419
Profit on Realisation of Vehicles		(10,381)	(34,288)
Depreciation Motor Vehicles		248,391	244,257
Total		611,780	593,168
Telephone Expenses			
Telephone - Office		15,553	17,438
Mobile Phones		71,317	79,451
Home Phones		5,217	3,738
Service & Equipment Maintenance		9,648	9,465
Total		101,735	110,092
Property Expenses			
Rental		10,495	10,494
Property Rates & Insurance		24,599	24,366
Property Maintenance		22,657	23,459
Depreciation Building & Renovations		44,543	24,853
Depreciation Furniture & Equipment		36,923	42,667
Body Corporate Fees		12,321	6,726
Office Furniture		996	1,129
Sundry Expenses		59,249	43,884
Total		211,783	177,578
General Expenses			
Advertising & Subscriptions		28,819	19,960
Auditing & Accounting Fees		86,798	85,599
Bank Fees & Charges		25,228	26,096
Cleaning		47,321	43,894
Heating and Lighting		42,872	43,984
General Insurance		29,673	15,779
Legal and Professional Fees - Other		68,049	13,654
Staff Amenities		24,682	26,912
Total		353,442	275,878
Office Expenses			
Stationery		6,072	8,872
Postage & Courier		16,988	18,850
Printing		5,301	7,843
Courier & Freight / Storage		1,647	277
Copies Charge & Paper		21,917	21,874
Office Rental Equipment		35,476	37,968
Maintenance of Office Equipment		2,361	1,427
Computer Maintenance & Support		143,162	108,692
Software Expenses		5,163	8,538
Total		238,087	214,341
Total Expenses		8,617,203	7,943,784
Net Profit/(Loss) for the Period		(394,949)	646,753

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 2015

	2015 \$	2014 \$
Profit / (Loss) for the period	(394,949)	646,753
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(394,949)	646,753
Total comprehensive income attributable to: Members of the organisation	(394,949)	646,753

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash and Cash Equivalents	3	4,760,904	4,695,597
Accounts receivable		240,134	320,230
Other assets	4	496,803	552,274
Merchandise on hand - cost		23,038	24,527
Total Current Assets		5,520,879	5,592,628
Non-Current Assets			
National Office – Loan		1,231,180	1,231,180
Shares in other companies		453,744	453,744
Property, Plant and Equipment	5	1,354,687	1,458,305
Total Non-Current Assets		3,039,611	3,143,229
Total Assets		8,560,490	8,735,857
Current Liabilities			
Trade Creditors		392,732	389,124
Accruals		230,537	196,995
Employee Entitlements	6	1,535,610	1,418,810
Total Current Liabilities		2,158,879	2,004,929
Non-Current Liabilities			
Employee Entitlements	6	128,072	62,440
Total Non-Current Liabilities		128,072	62,440
Total Liabilities		2,286,951	2,067,369
Net Assets		6,273,539	6,668,488
Equity			
Accumulated Funds	7	6,273,539	6,668,488
Total Equity		6,273,539	6,668,488

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 2015

	2015 \$	2014 \$
Accumulated Funds – Beginning of Year	6,668,488	6,021,735
Profit / (Loss) for the Period	(394,949)	646,753
Other Comprehensive Income for the year	-	-
Total Accumulated Funds – End of Period	6,273,539	6,668,488

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 2015

	Note	2015 Inflows/ (Outflows) \$	2014 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contribution from Membership Fees		6,041,295	7,214,957
Receipts from Other Activities		2,029,291	1,901,819
Interest Received		153,222	195,127
Receipts from National Office & Other Branches		45,000	54,705
Payments to National Office		(906,848)	(938,152)
Payments to Other Branches/Related Parties		(6,638)	(5,224)
Payments to Suppliers and Employees		(7,051,898)	(7,352,471)
Net Cash Provided by Operating Activities	9(b)	303,474	1,070,761
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(303,417)	(592,056)
Proceeds from the Disposal of Motor Vehicles		65,250	79,453
Net Cash Provided by/(Used in) Operating Activities		(238,167)	(512,603)
Net Increase in Cash and Cash Equivalents		65,307	558,158
Cash and Cash Equivalents at Beginning of Year		4,695,597	4,137,439
Cash and Cash Equivalents at End of Year	9(a)	4,760,904	4,695,597

The accompanying notes form part of this Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015

1. Statement of Significant Accounting Policies

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

a. 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.

b. 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.

c. 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:

	2015 & 2014
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 2015**

d. 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 2015 was 43 (2014: 44).

e. 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.

f. 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.

g. 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 2015

h. 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.

i. 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.

j. 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.

k. 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 2015

I. 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.

m. 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 to annual reporting periods beginning on or after 1 January 2018).

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 that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are 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 the Standard, the application of such accounting would be largely prospective.

Although the Branch Executive anticipate that the adoption of AASB 9 may have an impact on the Union's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2015**

m. New Accounting Standards for Application in Future Periods

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer
- identify the performance obligations in the contract(s)
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the Branch Executive anticipate that the adoption of AASB 15 may have an impact on the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 2015

	2015 \$	2014 \$
3. Cash and Cash Equivalents		
Cash at Bank – General operating accounts	163,086	343,998
Cash at Bank – Long service leave accounts	4,597,422	4,351,192
Petty Cash	396	407
	<u>4,760,904</u>	<u>4,695,597</u>
4. Other Assets		
Subscriptions outstanding	432,667	512,398
Prepayments	64,136	39,876
	<u>496,803</u>	<u>552,274</u>
5. Property, Plant and Equipment		
	2015 \$	2014 \$
Land & Buildings		
At Cost	347,622	347,622
Less: Accumulated Depreciation	(28,073)	(21,713)
	<u>319,549</u>	<u>325,909</u>
Furniture & Fixtures		
At Cost	510,456	499,208
Less: Accumulated Depreciation	(445,963)	(409,040)
	<u>64,493</u>	<u>90,168</u>
Computer Equipment		
At Cost	311,019	299,269
Less: Accumulated Depreciation	(259,758)	(240,712)
	<u>51,261</u>	<u>58,557</u>
Motor Vehicles		
At Cost	1,298,535	1,283,666
Less: Accumulated Depreciation	(656,440)	(615,467)
	<u>642,095</u>	<u>668,199</u>
Renovation & Capital works		
At Cost	381,831	381,831
Less: Accumulated Depreciation	(104,542)	(66,359)
	<u>277,289</u>	<u>315,472</u>
Total Property, Plant and Equipment	<u>1,354,687</u>	<u>1,458,305</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015 (cont'd)

5. 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.

2015	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	325,909	90,168	58,557	668,199	315,472	1,458,305
Additions	-	11,248	17,190	274,979	-	303,417
Disposals	-	-	(2,177)	(52,692)	-	(54,869)
Depreciation expense	(6,360)	(36,923)	(22,309)	(248,391)	(38,183)	(352,166)
Carrying amount at end of period	319,549	64,493	51,261	642,095	277,289	1,354,687

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

The Branch holds two properties in country Victoria.

	Balance at 30 June 2015 \$	Balance at 30 June 2014 \$
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	28,073	21,713
	319,549	325,909

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 2015 (cont'd)

	2015 \$	2014 \$
6. Provisions		
Current:-		
Annual leave	348,282	332,437
Long Service Leave	1,187,328	1,086,373
	1,535,610	1,418,810
Non-Current:-		
Long Service Leave	128,072	62,440
	128,072	62,440
Total	1,663,682	1,481,250

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

	Holders of Office		Employees		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Annual Leave	89,990	95,248	258,292	237,189	348,282	332,437
Long Service Leave	660,604	596,538	654,796	552,275	1,315,400	1,148,813
Separation and Redundancies	-	-	-	-	-	-
Other Employee Provisions	-	-	-	-	-	-
Total	750,594	691,786	913,088	789,464	1,663,682	1,481,250

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.

	2015 \$	2014 \$
7. Equity		
Accumulated Funds		
Balance at beginning of period	6,668,488	6,021,735
Net (loss)/profit for period	(394,949)	646,753
Other Comprehensive Income for the period	-	-
Balance at end of period	6,273,539	6,668,488
Total Equity	6,273,539	6,668,488

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015 (cont'd)

8. Employee Benefits

Employee benefits paid/accrued during the period

	Holders of Office		Employees		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Wages and salaries	782,225	1,094,348	2,664,618	2,389,574	3,446,843	3,483,922
Superannuation	106,676	147,313	355,288	308,393	461,964	455,706
Leave and other entitlements	58,808	(60,745)	124,673	161,237	183,481	100,492
Separation and redundancies	116,089	-	121,920	97,985	238,009	97,985
Other employee expenses	22,723	-	4,680	-	27,403	-
Total	1,086,521	1,180,916	3,271,179	2,957,189	4,357,700	4,138,105

9. Cash Flow Information

	2015	2014
	\$	\$
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	4,760,508	4,695,190
Cash on Hand	396	407
	<u>4,760,904</u>	<u>4,695,597</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net (Loss)/Profit before Tax</u>	<u>(394,949)</u>	<u>646,753</u>
<u>Non Cash Items</u>		
Depreciation	352,166	336,590
(Profit)/Loss on disposal	(10,381)	(34,288)
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Accounts receivable	80,096	75,666
(Increase)/Decrease in Other assets	55,471	(7,262)
(Increase)/Decrease in Merchandise on hand	1,489	15,239
(Increase)/Decrease in National Office – Long Service Leave Debt	-	81,252
Increase/(Decrease) in Trade Creditors	3,608	(23,295)
Increase/(Decrease) in Accruals	33,542	(39,860)
Increase/(Decrease) in Provisions	182,432	19,966
<u>Net Cash Provided by/(used in) Operating Activities</u>	<u>303,474</u>	<u>1,070,761</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015 (cont'd)

10. Related Party Information

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

Short-term Remuneration		Post-Employment Benefits		Other Benefits	
2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$
392,391	381,089	53,108	97,114	22,150	22,140

Key officers comprised – B Davis, F Leo, L O'Brien, J Mastrandonakis.

No share based payments were received by any officer this year (2014: \$nil).

The officeholders received no 'non cash' benefits (2014: \$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 and/or kept 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) National Office

	2015	2014
	\$	\$
Subsidy	691,063	785,664
IR Levy	24,269	24,976
Sponsorship	(45,000)	(45,000)

(ii) Other Branches (Sundry Charges)

	2015	2014
	\$	\$
Queensland Branch	1,078	-
NSW Branch	2,624	3,744
WA Branch	-	1,280
NCLE Branch	-	200

(iii) During the year, transactions between the Branch and officeholders or their associates were all on normal commercial terms and conditions and amounted to \$2,808 (2014: \$4,061). Further, delegates received sitting fees for Branch Committee attendances of \$2,600 (2014: \$2,900).

(iv) During the year dividends of \$250,000 (2014: \$nil) and commission fees of \$93,821 (2014: \$102,483) were received from Chifley Financial Services. In addition, insurance premiums of \$6,687 were paid to Chifley Financial Services.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015 (cont'd)

10. Related Party Information

- (c) Related party balances at year end:-
Amounts receivable/(payable) at reporting date – other branches

	2015	2014
	\$	\$
National Office	1,850	(16,745)
New South Wales Branch	-	-
South Australia Branch	-	-
Western Australia Branch	-	-
NCLE Branch	-	-
Chifley Financial Services	(2,872)	972
	<u>(1,022)</u>	<u>(15,773)</u>

National Office

Carrying amount at beginning of the year	(16,745)	(34,512)
Sponsorship income	45,000	45,000
Subsidy charges	(691,063)	(785,664)
Levy charges	(24,269)	(24,976)
Sundry income	7,192	-
Sundry charges	(180,113)	(109,745)
Receipts	(45,000)	(45,000)
Payments made	906,848	938,152
Carrying amount at end of the year	<u>1,850</u>	<u>(16,745)</u>

Queensland Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(1,078)	-
Payments made	1,078	-
Carrying amount at end of the year	<u>-</u>	<u>-</u>

NSW Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(2,624)	(3,744)
Payments made	2,624	3,744
Carrying amount at end of the year	<u>-</u>	<u>-</u>

WA Branch

Carrying amount at beginning of the year	-	-
Sundry charges	-	(1,280)
Payments made	-	1,280
Carrying amount at end of the year	<u>-</u>	<u>-</u>

NCLE Branch

Carrying amount at beginning of the year	-	-
Sundry charges	-	(200)
Payments made	-	200
Carrying amount at end of the year	<u>-</u>	<u>-</u>

Chifley Financial Services

Carrying amount at beginning of the year	972	-
Sponsorship	-	5,500
Sundry income	1,964	5,177
Insurance and sundry charges	(7,289)	-
Payments made	4,417	-
Receipts	(2,936)	(9,705)
Carrying amount at end of the year	<u>(2,872)</u>	<u>972</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015 (cont'd)

10. Related Party Information (Cont'd)

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

11. Donations

	2015	2014
	\$	\$
Political Party	27,913	19,144
Other	5,770	9,411
	<u>33,683</u>	<u>28,555</u>
Donations < \$1,000	4,333	5,861
Donations > \$1,000	29,350	22,694
	<u>33,683</u>	<u>28,555</u>

12. 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 within Australia.

13. Union's Details

The principal place of business of the Union is:

685 Spencer Street
WEST MELBOURNE VIC 3003

14. 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 2015 (2014: \$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 2015

14. Financial Instruments (cont'd)

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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	4,760,508	4,695,190	-	-	-	-	396	407	4,760,904	4,695,597	2.8	3.5
Receivables	-	-	-	-	-	-	240,134	320,230	240,134	320,230	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	496,803	552,274	496,803	552,274	n/a	n/a
Total	4,760,508	4,695,190	-	-	-	-	737,333	872,911	5,497,841	5,568,101		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Payables	-	-	-	-	-	-	623,269	586,119	623,269	586,119	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	-	-	-	-	623,269	586,119	623,269	586,119		
Net Financial Assets/(Liabilities)	4,760,508	4,695,190	-	-	-	-	114,064	286,792	4,874,572	4,981,982		

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2015**

14. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2015 is estimated at \$nil (2014: \$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 assets and liabilities as disclosed above and recognised in the statement of financial position as at 30 June 2015.

c. 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 2015, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2015	2014
	\$	\$
Change in profit		
Increase in interest rate by 2%	95,210	93,904
Decrease in interest rate by 2%	(95,210)	(93,904)
Change in equity		
Increase in interest rate by 2%	95,210	93,904
Decrease in interest rate by 2%	(95,210)	(93,904)

d. Past due receivables

There were receivables past their due by date at 30 June 2015 totalling \$8,205 which were collected subsequent to 30 June 2015. Hence no impairment provision was recorded.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2015

15. Fair Value Measurement

The Union measures and recognises the following assets 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 2015**

15. 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 2015			
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	-	319,549	-	319,549
Total non-financial assets recognised at fair value	-	319,549	-	319,549

	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

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

Description	Fair Value at 30 June 2015 \$	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	319,549	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 2015**

15. 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 technique(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

16. Affiliation Fees

	2015 \$	2014 \$
South West Trades & Labour Council	1,500	1,500
Australian Labour Party Victorian Branch	120,610	139,940
Victorian Trades Hall Council	52,280	50,780
Bendigo Trades Hall Council	810	540
Geelong & Region Trades & Labour Council	3,565	1,154
Sunraysia Trades & Labour Council	2,100	300
Gippsland Trade & Labour Council	386	-
	181,251	194,214

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2015**

17. 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, \$127,324 of legal fees were included in creditors and accruals. There were no unpaid commissions for Employer payroll deductions at the end of the reporting date (2014: \$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 has been accrued/paid as passed on to it by the National Office.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN WORKERS UNION
(VICTORIAN BRANCH)
YEAR ENDED 30 JUNE 2015**

To the Members of Australian Workers Union (Victorian Branch)

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 2015 set out on pages 3 to 29.

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 2015, 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.



Stannards Accountants & Advisors



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

