

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**STATE EXECUTIVE'S CERTIFICATE**

We, **STEPHEN BIRNEY** and **ELIZABETH CUMMING**, being two members of the State Executive of the New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, do state on behalf of the State Executive, and in accordance with a resolution passed by the State Executive that:

- (i) In the opinion of the State Executive, the attached financial report shows a true and fair view of the financial affairs of the Union as at 31 December 2007.
- (ii) In the opinion of the State Executive, meetings of the Executive were held during the year ended 31 December 2007, in accordance with the rules of the Union.
- (iii) To the knowledge of any member of the State Executive, there have been no instances where records of the Union or other documents [not being documents containing information made available to a member of the Union under Sub-Section 512 [2] of the Industrial Relations Act, 1991 as applied by Sub-Section 282(3) of the Industrial Relations Act, 1996], or copies of those records or documents, or copies of the rules of the Union, have not been furnished, or made available to members in accordance with the requirements of the Industrial Relations Act, 1991, the Regulations thereto, or the rules of the Union.
- (iv) The Union has complied with Sub-Sections 517(1) and (5) of the Industrial Relations Act, 1991, in relation to the financial report in respect of the year ended 31 December 2006 and the Auditors' Report, thereon.

.....  
**STEPHEN BIRNEY**

.....  
**ELIZABETH CUMMING**

16 June 2008

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**ACCOUNTING OFFICER'S CERTIFICATE**

I, **BENJAMIN KRUSE**, being the Officer responsible for keeping the accounting records of the New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, certify that as at 31 December 2007, the number of members of the Union was 33,834.

In my opinion:

- (i) The attached financial report shows a true and fair view of the financial affairs of the Union as at 31 December 2007.
- (ii) A record has been kept of all moneys paid by or collected from members, by duly authorised representatives of the Union and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Union.
- (iii) Approval for expenditure incurred by the Union, was obtained in accordance with the rules of the Union.
- (iv) With regard to funds of the Union raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
- (v) No loans or other financial benefits, other than remuneration in respect of their full time employment with the Union, were made to persons holding office in the Union.
- (vi) The register of members of the Union was maintained in accordance with the Industrial Relations Act, 1996.

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**BENJAMIN KRUSE**

16 June 2008

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**INCOME STATEMENT FOR THE  
YEAR ENDED 31 DECEMBER 2007**

	NOTE	2007 \$	2006 \$
<b>INCOME</b>			
Contributions		10,434,820	10,555,786
Interest		607,958	495,115
Distributions from Available-for-Sale Financial Assets		227,697	280,668
Government Grants		80,609	157,592
Rent		38,364	19,194
Superannuation Directors' Fees		155,226	201,857
Sundry Income		6,699	9,359
<b>TOTAL INCOME</b>		<u>11,551,373</u>	<u>11,719,571</u>
<b>LESS EXPENDITURE</b>			
<b>DEPRECIATION</b>			
		<u>623,736</u>	<u>591,555</u>
<b>EMPLOYEE BENEFITS EXPENSE</b>			
Accrued Annual Leave		(39,307)	(17,069)
Sick Leave		34,083	248,369
Fringe Benefits Tax		78,813	70,373
Long Service Leave		(120,240)	36,168
Salaries - Officers and Staff	15	4,782,621	4,236,601
Superannuation		370,308	395,184
		<u>5,106,278</u>	<u>4,969,626</u>
<b>OTHER EXPENSES</b>			
Advertising Expense		24,624	11,191
Affiliation Fees		206,027	186,298
Annual Conference Expenses		170,826	54,606
Attendance Allowance – Other Organisations		3,172	4,539
Payment to AMACSU NSW Branch re National AMACSU Capitation Fees		524,545	-
Auditors Remuneration	14	69,400	55,000
Computer Expenses		64,073	46,016
Delegates, Executive and Organising Expenses		573,560	506,973
Donations		116,810	4,118
Employee Assistance Expenses		13,304	10,314
General Administration Expenses		342,290	208,550
Honoraria		96,857	84,105
Insurance		238,956	251,735
Carried Forward		<u>2,444,444</u>	<u>1,423,445</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**INCOME STATEMENT FOR THE  
YEAR ENDED 31 DECEMBER 2007 (Cont'd)**

	NOTE	2007 \$	2006 \$
Brought Forward		2,444,444	1,423,445
Lease of Office Equipment and Property		310,184	258,785
Legal and Professional Expenses		193,746	110,767
Marketing and Promotions		226,202	184,518
Mortality Benefits		74,000	87,818
Motor Vehicle Expenses		276,069	281,082
OH & S Costs		26,589	33,807
Payroll Tax		274,217	245,927
Postage		119,072	97,957
Printing and Stationery		89,524	103,542
Property Expenses		261,804	246,724
Provision for Doubtful Debts		10,000	-
Superannuation Directors' Expenses		7,025	9,268
Telephones (including Mobiles)		266,875	237,831
Training Expenses		88,679	88,138
Union Magazines		163,794	169,403
Women's Committee and Conference		26,062	4,114
		<u>4,858,286</u>	<u>3,583,126</u>
<b>TOTAL EXPENDITURE</b>		<u>10,588,300</u>	<u>9,144,307</u>
<b>OPERATING SURPLUS FOR THE YEAR</b>		963,073	2,575,264
Surplus on Disposal of Assets		<u>27,852</u>	<u>50,403</u>
<b>NET SURPLUS FOR THE YEAR - GENERAL FUND</b>		990,925	2,625,667
Operating Deficit - Aquatic Complex	4	(213,103)	(237,093)
Surplus on Disposal of Assets - Aquatic Complex		<u>4,545</u>	<u>3,636</u>
<b>NET SURPLUS FOR THE YEAR</b>		<u>782,367</u>	<u>2,392,210</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**BALANCE SHEET AS AT 31 DECEMBER 2007**

	NOTE	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	392,161	374,807
Receivables	7	281,248	429,411
Investments - General Fund	9	7,968,780	7,486,246
Investments – Long Service Leave Fund	11	1,370,507	1,283,296
Investments - Mortality Fund	12	<u>352,982</u>	<u>400,824</u>
<b>Total Current Assets</b>		<u>10,365,678</u>	<u>9,974,584</u>
<b>Non-Current Assets</b>			
Receivables	7	-	10,280
Aquatic Complex [Net Assets]	4	2,190,652	2,352,183
Investments - General Fund	9	2,613,538	2,196,792
Investments - Building Fund	10	1,377,577	1,301,613
Property, Plant and Equipment	5	<u>7,039,494</u>	<u>7,047,325</u>
<b>Total Non-Current Assets</b>		<u>13,221,261</u>	<u>12,908,193</u>
<b>TOTAL ASSETS</b>		<u>23,586,939</u>	<u>22,882,777</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provision for Long Service Leave		1,015,771	1,145,022
Provision for Accrued Annual Leave		450,633	489,940
Provision for Sick Leave		394,084	506,611
Payables	8	<u>584,743</u>	<u>415,758</u>
<b>Total Current Liabilities</b>		<u>2,445,231</u>	<u>2,557,331</u>
<b>Non-Current Liabilities</b>			
Provision for Long Service Leave		<u>204,653</u>	<u>159,343</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>204,653</u>	<u>159,343</u>
<b>TOTAL LIABILITIES</b>		<u>2,649,884</u>	<u>2,716,674</u>
<b>NET ASSETS</b>		<u>20,937,055</u>	<u>20,166,103</u>
<b>ACCUMULATED FUNDS AND RESERVES</b>			
Accumulated Funds		20,865,616	20,083,249
Available-for-Sale Investment Reserve	16	<u>71,439</u>	<u>82,854</u>
<b>ACCUMULATED FUNDS AND RESERVES</b>		<u>20,937,055</u>	<u>20,166,103</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>Accumulated Funds</b>	<b>Available- for-Sale Investment Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2006</b>	17,600,226	106,045	17,706,271
Net reduction in value of Available-for-Sale financial assets	-	(23,191)	(23,191)
Transfer from Shipping Mortality Fund	90,813	-	90,813
Net Surplus for the Year	2,392,210	-	2,392,210
<b>Balance at 31 December 2006</b>	20,083,249	82,854	20,166,103
Net reduction in value of Available-for-Sale financial assets	-	(11,415)	(11,415)
Net Surplus for the Year	782,367	-	782,367
<b>Balance at 31 December 2007</b>	20,865,616	71,439	20,937,055

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 31 DECEMBER 2007**

	NOTE	2007 \$	2006 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Contributions and Levies from Members		10,434,820	10,555,786
Payments to Suppliers and Employees		(9,938,632)	(8,677,514)
Interest Received		664,588	348,560
Rent Received		38,364	19,194
Other Receipts		<u>242,534</u>	<u>368,808</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	20(b)	<u>1,441,674</u>	<u>2,614,834</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Transfer from Mortality Fund		-	90,813
Net Repayment of Loan		9,091	15,992
Net Payment for Aquatic Complex (Net Assets)		(47,027)	(187,017)
Net Payment for Property, Plant and Equipment		(588,053)	(549,749)
Net Payment for Investments		<u>(798,331)</u>	<u>(1,917,235)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(1,424,320)</u>	<u>(2,547,196)</u>
<b>NET INCREASE IN CASH</b>		17,354	67,638
<b>NET INCREASE (DECREASE) IN CASH – AQUATIC COMPLEX</b>	4(d)	(81,373)	15,858
Cash at 1 January 2007		<u>532,746</u>	<u>449,250</u>
<b>CASH AT 31 DECEMBER 2007</b>	20(a)	<u>468,727</u>	<u>532,746</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the New South Wales Industrial Relations Act, 1996.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- The prescribed format of the income statement and balance sheet contained in AASB 101 "Presentation of Financial Statement" has not been adopted.
- The prescribed format of the cash flow statement contained in AASB 107 "Cash Flow Statements" has not been adopted.
- The accounting for revenues from grants and other non-reciprocal contributions under AASB 1004 "Contributions" does not apply to not-for-profit organisations.
- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

**Basis of Preparation**

The financial report is for the entity New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, as an individual entity. The New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union is an organisation registered under the New South Wales Industrial Relations Act, 1996. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs modified by the revaluation of selected financial assets and liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Revenue**

Contributions and Government Grants are accounted for on a cash receipts basis. Otherwise, the concept of accruals accounting has been adopted in the preparation of the financial statements.

Distributions from managed funds are recognised as income when declared and are then reinvested.

Interest is accounted for on an accrual basis.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

**(b) Income Tax**

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act 1997.

**(c) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any impairment in value.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the union commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Buildings	2.5%
Office Furniture and Equipment	5% - 20%
Motor Vehicles	22.5%

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

**(d) Impairment**

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use of assets not held primarily to generate cash, this represents depreciated current replacement cost, as the Union is a not-for profit organisation.

**(e) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the balance sheet are shown inclusive of GST.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

**(f) Employee Benefits**

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Union to employee superannuation funds and are charged as expenses when incurred.

**(g) Investments**

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

*Available-for-sale financial assets*

Investments, which are classified as available for sale, are measured at fair value. Unrealised gains or losses on these investments are recognised directly to equity in the Available-for-Sale Investment Reserve until the investment is sold or until, based on objective evidence, an available for sale financial asset is determined to be impaired at which time the cumulative gain or loss previously reported for that asset is included in the income statement.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted on an active market. They are recognised at amortised cost.

Collectability of receivables is assessed on an ongoing basis. Receivables which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence (such as significant financial difficulty or delay in payment) that the union will not be able to collect all amounts according to original terms.

**(h) Accounting Standards Issued But Not Yet Effective**

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

**2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Industrial Relations Act, 1991, [NSW] the attention of members is drawn to the provisions of sub-sections [1] and [2] of section 512 which read as follows:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

**3. ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

**(b) Critical judgments in applying the Union's accounting principles**

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>4. AQUATIC COMPLEX</b>		
<b>(a) INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007</b>		
<b>INCOME</b>		
Accommodation and Rent	698,826	682,181
Interest	2,055	2,345
Catering (Motel)	11,142	17,458
Telephone (Motel)	434	860
Laundry Commission and Linen	<u>5,034</u>	<u>3,402</u>
<b>TOTAL INCOME</b>	<u>717,491</u>	<u>706,246</u>
<b>LESS EXPENDITURE</b>		
Depreciation	<u>90,352</u>	<u>85,214</u>
<b>Employee Benefits Expense</b>		
Accrued Annual Leave	6,857	(2,982)
Fringe Benefits Tax	10,800	10,800
Long Service Leave	5,138	5,077
Salaries – Staff	237,107	228,531
Superannuation	<u>17,596</u>	<u>17,820</u>
	<u>277,498</u>	<u>259,246</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

	Note	2007 \$	2006 \$
<b>4. AQUATIC COMPLEX (cont'd)</b>			
<b>(a) INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)</b>			
<b>Other Expenses</b>			
Austar		5,973	5,350
Auditors Remuneration		14,000	11,000
Auditors Remuneration (prior year)		-	3,500
Bank Charges		4,986	5,174
Catering (Motel)		11,375	15,523
Domestic Supplies		16,440	13,812
Discount - Members		84,968	80,767
- Non Members		19,770	19,328
Electricity and Gas		36,271	39,973
Flag Inn Payments (Motel)		8,982	23,736
Insurance		-	13,397
Land Tax		104,180	105,575
Payroll Tax		14,153	13,681
Printing, Stationery and Advertising		14,095	13,554
Rates and Taxes (Council and Water)		54,260	53,091
Repairs, Replacements and Maintenance		148,171	155,391
Sundries and Other Expenditure		15,780	15,287
Telephone (Other)		3,983	5,130
Telephone (Motel)		5,357	5,610
		<u>562,744</u>	<u>598,879</u>
<b>TOTAL EXPENDITURE</b>		<u>930,594</u>	<u>943,339</u>
<b>OPERATING DEFICIT FOR THE YEAR</b>		<u>(213,103)</u>	<u>(237,093)</u>
<b>(b) BALANCE SHEET AS AT 31 DECEMBER 2007</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	(e)	76,566	157,939
Receivables	(f)	4,781	7,680
<b>Total Current Assets</b>		<u>81,347</u>	<u>165,619</u>
<b>Non-Current Assets</b>			
Land and Buildings (At Cost)		3,217,004	3,217,004
Less Accumulated Depreciation on Buildings		(1,177,555)	(1,121,555)
Equipment (At Cost)		481,174	464,058
Less Accumulated Depreciation		(243,185)	(238,833)
<b>Total Non-Current Assets</b>	(c)	<u>2,277,438</u>	<u>2,320,674</u>
<b>TOTAL ASSETS</b>		<u>2,358,785</u>	<u>2,486,293</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

	Note	2007 \$	2006 \$
<b>4. AQUATIC COMPLEX (Cont'd)</b>			
<b>(b) BALANCE SHEET AS AT 31 DECEMBER 2007 (Cont'd)</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provision for Accrued Annual Leave		13,121	6,264
Provision for Long Service Leave		20,542	4,900
Payables	(g)	<u>127,546</u>	<u>105,518</u>
<b>Total Current Liabilities</b>		<u>161,209</u>	<u>116,682</u>
<b>Non-Current Liabilities</b>			
Provision for Long Service Leave		<u>6,924</u>	<u>17,428</u>
<b>TOTAL LIABILITIES</b>		<u>168,133</u>	<u>134,110</u>
<b>NET ASSETS</b>		<u>2,190,652</u>	<u>2,352,183</u>

**(c) MOVEMENTS IN CARRYING AMOUNTS - NON CURRENT ASSETS**

	Land and Buildings \$	Equipment \$	Total \$
Balance at 1 January 2007	2,095,449	225,225	2,320,674
Additions	-	47,116	47,116
Disposals	-	-	-
Depreciation	<u>(56,000)</u>	<u>(34,352)</u>	<u>(90,352)</u>
Balance at 31 December 2007	<u>2,039,449</u>	<u>237,989</u>	<u>2,277,438</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

	Note	2007 \$	2006 \$
<b>4. AQUATIC COMPLEX (Cont'd)</b>			
<b>(d) CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		689,938	685,943
Payments to Suppliers and Employees		(803,320)	(835,603)
Interest Received		2,056	2,345
Rent Received		<u>25,497</u>	<u>25,973</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(d)(ii)	<u>(85,829)</u>	<u>(121,342)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale of Property, Plant and Equipment		4,545	3,636
Payment for Property, Plant and Equipment		<u>(47,116)</u>	<u>(53,453)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(42,571)</u>	<u>(49,817)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts from General Fund		<u>47,027</u>	<u>187,017</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<u>47,027</u>	<u>187,017</u>
<b>NET (DECREASE) INCREASE IN CASH</b>		(81,373)	15,858
Cash at 1 January 2007		<u>157,939</u>	<u>142,081</u>
<b>CASH AT 31 DECEMBER 2007</b>	(d)(i)	<u>76,566</u>	<u>157,939</u>

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	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>4. AQUATIC COMPLEX (Cont'd)</b>		
<b>(d) NOTES TO THE CASH FLOW STATEMENT</b>		
<b>(i)</b> For the purposes of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions.		
Cash on Hand	900	900
Cash at Bank	<u>75,666</u>	<u>157,039</u>
	<u>76,566</u>	<u>157,939</u>
<b>(ii) RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH NET DEFICIT</b>		
<b>Net Deficit</b>	(208,558)	(233,457)
<b>Non-Cash Flows in Operating Deficit</b>		
Depreciation	90,352	85,214
Surplus on Sale of Assets	(4,545)	(3,636)
<b>Changes in Assets and Liabilities</b>		
Decrease in Debtors	2,899	8,016
Increase in Employee Entitlements Provision	11,995	2,095
Increase in Creditors & Accruals	20,353	18,350
Increase in GST Payable	<u>1,675</u>	<u>2,076</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(85,829)</u>	<u>(121,342)</u>
<b>(e) CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	900	900
Cash at Bank	<u>75,666</u>	<u>157,039</u>
	<u>76,566</u>	<u>157,939</u>
<b>(f) RECEIVABLES</b>		
Sundry Debtors	<u>4,781</u>	<u>7,680</u>
	<u>4,781</u>	<u>7,680</u>
<b>(g) PAYABLES</b>		
Trade Creditors and Accruals	114,311	93,958
GST Payable	<u>13,235</u>	<u>11,560</u>
	<u>127,546</u>	<u>105,518</u>

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	<b>2007</b>	<b>2006</b>
	\$	\$
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
At cost		
Level 7 321 Pitt St. Sydney	2,438,147	2,438,147
86 Lawson Street Newcastle	590,995	590,995
2 & 3/100 Market St. Wollongong	359,524	359,524
1/157 Gordon Street Port Macquarie	94,697	94,697
Shop 3, 4-12 Queen Elizabeth Drive Armidale	71,476	71,476
Shops 11 & 12 142 William St Bathurst	95,934	95,934
Unit 2 54-56 Fitzmaurice Street Wagga Wagga	-	53,091
55-61 Prince Street Grafton	61,804	61,804
Level 8, 321 Pitt Street St Sydney	1,916,120	1,916,120
2,46 Church St Dubbo	180,558	180,558
7/56 Fitzmaurice St, Wagga Wagga	60,638	60,638
	<u>5,869,893</u>	<u>5,922,984</u>
Less: Accumulated Depreciation	<u>(775,665)</u>	<u>(638,247)</u>
<b>Total Land and Buildings</b>	<u>5,094,228</u>	<u>5,284,737</u>
<b>Office Furniture and Equipment</b>		
At Cost	1,619,194	1,436,054
Less: Accumulated Depreciation	<u>(778,660)</u>	<u>(635,136)</u>
<b>Total Office Furniture and Equipment</b>	<u>840,534</u>	<u>800,918</u>
<b>Motor Vehicles</b>		
At Cost	1,511,203	1,403,710
Less: Accumulated Depreciation	<u>(406,471)</u>	<u>(442,040)</u>
<b>Total Motor Vehicles</b>	<u>1,104,732</u>	<u>961,670</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u>7,039,494</u>	<u>7,047,325</u>

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**5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

**MOVEMENTS IN CARRYING AMOUNTS**

	<b>Land and Buildings</b>	<b>Office Furniture and Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2007</b>	5,284,737	800,918	961,670	7,047,325
Additions	-	195,958	686,440	882,398
Disposals	(47,189)	(1,581)	(217,723)	(266,493)
Depreciation	(143,320)	(154,761)	(325,655)	(623,736)
<b>Balance at 31 December 2007</b>	<u>5,094,228</u>	<u>840,534</u>	<u>1,104,732</u>	<u>7,039,494</u>

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>

**6. CASH AND CASH EQUIVALENTS**

Cash on Hand	1,200	1,200
Cash at Bank	352,597	277,074
Cash Held by Branches	38,364	96,533
	<u>392,161</u>	<u>374,807</u>

**7. RECEIVABLES**

**Current**

Interest Accrued	116,035	172,665
Loans to other employee organisations	12,419	21,510
United Services Union Branch	-	80,060
Prepayments	50,947	51,620
Sundry Debtors	101,847	103,556
	<u>281,248</u>	<u>429,411</u>

**Non Current**

Loans to other employee organisations		
At Cost	10,000	10,280
Less Provision for Doubtful Debts	(10,000)	-
	<u>-</u>	<u>10,280</u>

**8. PAYABLES**

Sundry creditors and Accruals	427,685	242,131
GST Payable	157,058	173,627
	<u>584,743</u>	<u>415,758</u>

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	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>9. INVESTMENTS - GENERAL FUND</b>		
<b>CURRENT</b>		
<b>Cash and cash equivalents</b>		
Cash Deposits	4,684,801	4,486,246
Term Deposit	3,283,979	3,000,000
	<u>7,968,780</u>	<u>7,486,246</u>
<b>NON CURRENT</b>		
<b>Available-For-Sale Financial Assets</b>		
Shares listed company	3,440	3,440
Managed Funds (at fair value)	2,610,098	2,193,352
	<u>2,613,538</u>	<u>2,196,792</u>
	<u>10,582,318</u>	<u>9,683,038</u>
<b>10. INVESTMENTS - BUILDING FUND</b>		
<b>NON CURRENT</b>		
<b>Available-For-Sale Financial Assets</b>		
Managed Funds (at fair value)	<u>1,377,577</u>	<u>1,301,613</u>
<b>11. INVESTMENTS – LONG SERVICE LEAVE FUND</b>		
<b>CURRENT</b>		
<b>Cash and cash equivalents</b>		
Cash Deposit	<u>1,370,507</u>	<u>1,283,296</u>
<b>12. INVESTMENTS - MORTALITY FUND</b>		
<b>CURRENT</b>		
<b>Cash and cash equivalents</b>		
Cash Deposits	<u>352,982</u>	<u>400,824</u>
<b>13. AVAILABLE - FOR - SALE FINANCIAL ASSETS</b>		
General Fund Shares listed company	3,440	3,440
General Fund Managed Funds (at fair value)	2,610,098	2,193,352
Building Fund Managed Funds (at fair value)	<u>1,377,577</u>	<u>1,301,613</u>
	<u>3,991,115</u>	<u>3,498,405</u>

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	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>14. AUDITORS' REMUNERATION</b>		
Auditing the financial statements	47,250	45,000
Other Services	22,150	10,000
	<u>69,400</u>	<u>55,000</u>
<b>15. SALARIES - OFFICERS AND STAFF</b>		
Elected Officers	182,882	317,894
Officials	3,222,836	2,885,144
Administration Staff	1,376,903	1,033,563
	<u>4,782,621</u>	<u>4,236,601</u>
<b>16. RESERVES</b>		
<b>Available-for-Sale Investment Reserve</b>		
Balance at 1 January 2007	82,854	106,045
Change in fair value during the year	(11,415)	(23,191)
	<u>71,439</u>	<u>82,854</u>
Balance at 31 December 2007	<u>71,439</u>	<u>82,854</u>
This reserve records unrealised gains and losses on Available-for-Sale Investments which are measured at fair value.		
<b>17. OPERATING LEASE COMMITMENTS</b>		
In respect of office equipment, payable:		
- not later than 1 year	175,281	78,539
- later than 1 year but not later than 5 years	204,943	129,830
	<u>380,224</u>	<u>208,369</u>

**18. SUPERANNUATION**

Employees of the Union are entitled to benefits from superannuation plans on retirement, disability or death. The Union participated in four employer sponsored superannuation plans. One of which, the Local Government Superannuation Scheme is a defined benefit plan. The Scheme has advised that the assets and liabilities of the Union's employees are pooled with those of other employers. The Scheme further advised that it is impractical to separate employers without additional cost to the employer. As a consequence the Union has elected to take the exemption allowed under AASB 119 and treat the Scheme for financial reporting purposes as a defined contribution scheme.

The other superannuation plans are defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Union's liability is limited to paying the contributions to the plans.

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**19. RELATED PARTY TRANSACTIONS**

Transactions with related parties are on normal terms and conditions no more favourable than those available to other parties, unless otherwise stated.

- (a) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Financial Report
- (b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$19,117 (2006 \$19,060).
- (c) There have been no other transactions between the officers and the Union other than those relating to their membership of the Union and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>20. CASH FLOW INFORMATION</b>		
(a) For the purposes of the cash flow statement, cash includes:		
Cash on hand and in at call deposits with banks and financial institutions.		
Cash is shown in the statement of financial performance as:		
Cash on Hand	1,200	1,200
Cash at Bank	352,597	277,074
Cash Held by Branches	38,364	96,533
Cash on Hand – Aquatic Complex	900	900
Cash at Bank – Aquatic Complex	75,666	157,039
	<b>468,727</b>	<b>532,746</b>
(b) Reconciliation of cash flow from operations with operating result		
<b>Net Surplus - General Fund</b>	<b>990,925</b>	<b>2,625,667</b>
<b>Non-Cash Flows in Operating Result</b>		
Unwinding of discount on interest free loan	280	-
Reinvestment of income from managed funds	(227,697)	(280,668)
Depreciation	623,736	591,555
Surplus on Sale of Assets	(27,852)	(50,403)
<b>Changes in Assets and Liabilities</b>		
Decrease (Increase) in Sundry Debtors and Prepayments	92,442	(188,545)
Decrease (Increase) in Accrued Interest	56,630	(146,555)
(Decrease) Increase in Employee Entitlement Provisions	(235,775)	72,202
Increase (Decrease) in Sundry Creditors	168,985	(8,419)
<b>CASH FLOW FROM OPERATIONS</b>	<b>1,441,674</b>	<b>2,614,834</b>

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**21. FINANCIAL RISK MANAGEMENT**

*(a) General objectives, policies and processes*

The Union is exposed to risks that arise from its use of financial instruments. This note describes the Union's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Union's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, investments, trade receivables and payables. The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and market risk (interest rate risk, other price risk and foreign currency risk).

The State Executive has overall responsibility for the determination of the Union's risk management objectives and policies and whilst retaining ultimate responsibility for them, the State Executive makes investment decisions after considering advice received from advisors.

*(b) Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Union.

There is no concentration of credit risk with respect to current and non-current receivables.

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 of those assets, net of any provision for doubtful debts, as disclosed below:

	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
Sundry Debtors - current	7 & 4(f)	106,628	111,236
Loans and receivable	7	12,419	31,790
Total loans and receivables		<u>119,047</u>	<u>143,026</u>

With the exception of the Tasmania Division loan of \$10,000, that has been fully provided for in the current period, there has been no history of default and all receivables are likely to be repaid within the expected terms.

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**21. FINANCIAL RISK MANAGEMENT (Continued)**

(c) *Liquidity Risk*

Liquidity risk is the risk that the Union may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Union is not significantly exposed to this risk, as it has \$10,160,996 of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31st December, 2007 totalled \$2,572,777 (\$2,662,849 – 2006)

The Union manages liquidity risk by monitoring cash flows.

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(e) *Interest Rate Risk*

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:-

<b>31 December 2007</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non interest bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	6,874,917	3,283,979	2,100	10,160,996
Loans and Receivables	-	-	119,047	119,047
Managed Funds	-	-	3,987,675	3,987,675
<b>Total financial assets</b>	<b>6,874,917</b>	<b>3,283,979</b>	<b>4,108,822</b>	<b>14,267,718</b>
Weighted average Interest rate	6.02%	6.75%		
<b>Financial Liabilities</b>				
Payables	-	-	2,572,777	2,572,777
Total financial liabilities at amortised cost	-	-	2,572,777	2,572,777
<b>Net financial assets</b>	<b>6,874,917</b>	<b>3,283,979</b>	<b>1,536,045</b>	<b>11,694,941</b>
<b>31 December 2006</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	6,701,012	3,000,000	2,100	9,703,112
Loans and Receivables	-	-	143,026	143,026
Managed Funds	-	-	3,494,965	3,494,965
<b>Total financial assets</b>	<b>6,701,012</b>	<b>3,000,000</b>	<b>3,640,091</b>	<b>13,341,103</b>
Weighted average Interest rate	5.70%	6.25%		
<b>Financial Liabilities</b>				
Payables	-	-	2,662,849	2,662,849
Total financial liabilities at amortised cost	-	-	2,662,849	2,662,849
<b>Net financial assets</b>	<b>6,701,012</b>	<b>3,000,000</b>	<b>977,242</b>	<b>10,678,254</b>

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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

(e) *Interest Rate Risk*

**Sensitivity Analysis**

<b>2007</b>	<b>Carrying Amount</b>	<b>+1%</b> (100 basis points) <b>Profit</b>	<b>-0.5%</b> (50 basis points) <b>Loss</b>
	\$	\$	\$
Cash and Cash Equivalents	6,874,917	68,749	(34,375)
<b>2006</b>			
Cash and Cash Equivalents	6,701,012	67,010	(33,505)

(f) *Other Price Risks*

The union invests surplus cash in managed funds, and in doing so it exposes itself to the fluctuations in price that are inherent in such a market. The union manages other price risks by monitoring the allocations made by the funds.

The union's exposure to equity price risk is as follows:

<b>2007</b>	<b>Chifley Financial Services \$</b>	<b>UBS Global Asset Management \$</b>	<b>Challenger Financial Services \$</b>	<b>Kaplan Funds Management Pty Limited \$</b>	<b>Total \$</b>
Managed Funds - at fair value	2,755,137	523,250	421,592	287,696	<u>3,987,675</u>

**Fund Allocation (%):**

Cash & Bonds	71%
Alternative Strategies	6%
Property Securities	2%
Australian Shares	15%
International Shares	4%
Hybrids	2%
<b>Total</b>	<u>100%</u>

**Fund Allocation (\$):**

Cash & Bonds	2,827,398
Alternative Strategies	230,701
Property Securities	70,234
Australian Shares	601,458
International Shares	177,905
Hybrids	79,979
<b>Total</b>	<u>3,987,675</u>

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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

(f) *Other Price Risks*

2006	Chifley Financial Services \$	UBS Global Asset Management \$	Challenger Financial Services \$	Kaplan Funds Management Pty Limited \$	Total \$
Managed Funds - at fair value	2,603,209	514,328	377,428	-	<u>3,494,965</u>

<b>Fund Allocation (%):</b>		<b>Fund Allocation (\$):</b>	
Cash & Bonds	75%	Cash & Bonds	2,593,750
Alternative Strategies	5%	Alternative Strategies	186,737
Property Securities	1%	Property Securities	36,003
Australian Shares	14%	Australian Shares	503,604
International Shares	5%	International Shares	<u>174,871</u>
<b>Total</b>	<u>100%</u>	<b>Total</b>	<u>3,494,965</u>

**Sensitivity Analysis - Managed Funds (external)**

2007	Carrying Amount \$	+ 1 % Other Equity \$	- 0.5 % Other Equity \$
Cash & Bonds	2,827,398	28,274	(14,137)
Sub Total	<u>2,827,398</u>	<u>28,274</u>	<u>(14,137)</u>

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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

(f) *Other Price Risks*

**Sensitivity Analysis - Managed Funds (external) (Cont'd)**

<b>2007</b>	<b>Carrying Amount</b>	<b>+ 10 % Other Equity</b>	<b>- 15 % Other Equity</b>
	\$	\$	\$
Alternative Strategies	230,701	23,070	(34,605)
Property Securities	70,234	7,023	(10,535)
Australian Shares	601,458	60,146	(90,219)
International Shares	177,905	17,791	(26,686)
Hybrids	79,979	7,998	(11,997)
Sub Total	<u>1,160,277</u>	<u>116,028</u>	<u>(174,042)</u>
Total	<u>3,987,675</u>	<u>144,302</u>	<u>(188,179)</u>
<b>2006</b>	<b>Carrying Amount</b>	<b>+ 1 % Other Equity</b>	<b>- 0.5 % Other Equity</b>
	\$	\$	\$
Cash & Bonds	2,593,750	25,938	(12,969)
Sub Total	<u>2,593,750</u>	<u>25,938</u>	<u>(12,969)</u>
	<b>Carrying Amount</b>	<b>+ 10 % Other Equity</b>	<b>- 15 % Other Equity</b>
	\$	\$	\$
Alternative Strategies	186,737	18,674	(28,010)
Property Securities	36,003	3,600	(5,400)
Australian Shares	503,604	50,360	(75,541)
International Shares	174,871	17,487	(26,231)
Sub Total	<u>901,215</u>	<u>90,121</u>	<u>(135,182)</u>
Total	<u>3,494,965</u>	<u>116,059</u>	<u>(148,151)</u>

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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

*(g) Foreign Exchange Risk*

**Sensitivity Analysis**

The union's exposure to foreign exchange risk is minimal through its 4% managed fund investment allocation in international shares. Foreign exchange risk is factored into other price risks of managed funds. The union manages foreign currency risk by monitoring the asset allocations made by the funds.

<b>2007</b>	<b>Carrying Amount</b>	<b>+ 5 % AUD/USD Other Equity</b>	<b>- 5 % AUD/USD Other Equity</b>
	\$	\$	\$
International Shares	177,905	8,895	(8,895)
<b>2006</b>			
International Shares	174,871	8,744	(8,744)

**Notes to fund allocation (%) - 2007**

	Chifley	UBS	Challenger	Kaplan	Total
Cash & Bonds	95%	25%	2%	25%	71%
Alternative Strategies	5%	11%		12%	6%
Property Securities		6%		14%	2%
Australian Shares		24%	98%	22%	15%
International Shares		34%			4%
Hybrids				27%	2%
Total	100%	100%	100%	100%	100%

**Notes to fund allocation (%) - 2006**

	Chifley	UBS	Challenger	Kaplan	Total
Cash & Bonds	95%	22%	2%		75%
Alternative Strategies	5%	11%			5%
Property Securities		7%			1%
Australian Shares		26%	98%		14%
International Shares		34%			5%
Hybrids					
Total	100%	100%	100%	-	100%

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007 [Cont'd]**

**22. CONTINGENT LIABILITIES**

	<u>2007</u> \$	<u>2006</u> \$
Estimate of the maximum amount of contingent liabilities that may become payable:		
A claim has been brought against the union by a former employee for unfair dismissal. The amount disclosed is based on the maximum amount that the union may be liable for.	400,000	-
The above action is being vigorously defended by the Union.		

**23. UNION DETAILS**

The Registered Office of the Union is:

Level 7  
321 Pitt Street  
SYDNEY NSW 2000

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**INDEPENDENT AUDITOR'S REPORT**

To the members of the New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union

We have audited the accompanying financial report of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in accumulated funds and reserves and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the state executive's certificate and accounting officer's certificate.

*State Executive and General Secretary's Responsibility for the Financial Report*

The State Executive and General Secretary of the union are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Industrial Relations Act 1996. This responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the state executive and general secretary, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Industrial Relations Act 1996.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,  
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**INDEPENDENT AUDITOR'S REPORT (Cont'd)**

*Auditor's Opinion*

We have received all the information and explanations required for the purposes of our audit.

In our opinion:

- (i) There were kept by the Union in respect of the year under review, satisfactory records detailing the sources and nature of income of the Union [including income from members] and the nature and purposes of expenditure, and
- (ii) The attached financial report including the Certificates of the State Executive and the Accounting Officer is prepared in accordance with Section 510 of the Industrial Relations Act, 1991 [NSW], as applied by Section 282 (3) of the Industrial Relations Act, 1996. The report has been prepared from the accounting records of the Union and is properly drawn up so as to give a true and fair view of:
  - (a) the financial position of the Union as at 31 December 2007; and
  - (b) the financial performance of the Union for the year ended on that date;

and is in accordance with applicable Accounting Standards to the extent detailed in note 1 to the financial statements and other mandatory professional reporting requirements in Australia.

**A J Williams & Co**  
Chartered Accountants

**David McLean**  
Member of Institute of Chartered Accountants  
And Holder of Current Public Practice Certificate  
Registered Company Auditor  
SYDNEY NSW 2000

16 June 2008