



FAIR WORK
AUSTRALIA

25 May 2010

Mr Michael Alexander Williamson
General Secretary
Health Services Union
New South Wales Branch
Level 2, 109 Pitt Street
SYDNEY NSW 2000

By email: info@hsu.asn.au

Dear Mr Williamson,

**Fair Work (Registered Organisations) Act 2009 (“RO Act”)
Financial Report for the year ended 30 June 2009 – FR2009/10099**

I acknowledge receipt of the financial report for the Health Services Union – New South Wales Branch for the year ended 30 June 2009 and a statutory declaration relating to those documents dated 12 May 2010.

The documents were lodged on 1 March 2010 and 18 May 2010 respectively.

The documents have been filed.

Although the documents have been filed, I would like to comment on some issues arising from the financial report. I make these comments to assist you when you next prepare the financial report. You do not need to take any further action in respect of the documents already lodged.

Financial Report to be lodged by 15 January

Financial reports must be completed, provided to members, presented to a meeting, and lodged with FWA by 15 January each year (i.e. within 6.5 months of the end of the financial year) – see sections 265, 266, and 268 of the RO Act.

Please ensure that this requirement is complied with in future years.

Designated Officer’s Certificate

The certificate under section 268 of the RO Act must confirm that the full financial report has been provided to members and presented to a meeting.

From the certificate it is not clear if and when the financial report was provided to members. Nor was it clear what sort of meeting the financial report was presented to.

Please ensure in future that the certificate clearly states this information – as per the attached sample certificate.

Income Statement – Expenses

Conference & Meeting Allowances and Conference & Meeting Expenses

In accordance with Item 11(i) and (k) of the Reporting Guidelines *conference & meeting allowances* and *conference & meeting expenses* must be separately disclosed.

11 Exhibition Street Telephone: (03) 8661 7777
Melbourne VIC 3000 International: (613) 8661 7777
GPO Box 1994 Facsimile: (03) 9655 0401
Melbourne VIC 3001 Email: melbourne@fwa.gov.au

Finance Costs

I note that in the income statement the expense item “general expenses/bank charges “ is identified. In accordance with AASB 101(82)(b) “finance costs” (such as bank charges) must be separately disclosed.

For further information regarding expenditure items please see Item 11 of the Reporting Guidelines at: <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines#what>.

Legislation

Note 3 to the Financial Statements replicates subsections 272(1), (2) & and (3) of the RAO Schedule and the word “Registrar” is used. From 1 July 2009 under the RO Act the Registrar has become the General Manager of Fair Work Australia and as such this title should be used in the future instead.

In future years please ensure that the financial report refers to the relevant provisions of the current legislation:

- *Fair Work (Registered Organisations) Act 2009*
- *Fair Work (Registered Organisations) Regulations 2009*

The *Reporting Guidelines* previously issued by the Industrial Registrar continue to apply under the above legislation – see <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines>.

Your attention to the abovementioned matters when preparing future documents will be much appreciated.

Please note, once the financial report has been filed the documents and relevant correspondence will appear on our registered organisation website at <http://www.e-airc.gov.au/051vnsw/financial>.

Should you wish to discuss any matters contained in this letter I may be contacted on (03) 8661 7988 or by e-mail at tom.cagorski@fwa.gov.au.

Yours faithfully,



Tom Cagorski
Law Graduate
Tribunal Services & Organisations

Sample Designated Officer's Certificate or other Authorised Officer¹

s268 Fair Work (Registered Organisations) Act 2009

I [name] being the [title of office] of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report, [and the concise report]², referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the [full report **OR** concise report]³, was provided to members on [insert date]; and
- that the full report was presented to [a general meeting of members **OR** a meeting of the committee of management]³ of the reporting unit on [insert date]; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature

Date:

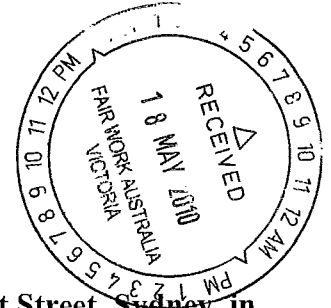
¹The relevant regulations prescribe the designated officer for the purpose of s268 of the Fair Work (Registered Organisations) Act 2009 as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²Only applicable where a concise report is provided to members

³Insert whichever is applicable



STATUTORY DECLARATION

1 Here insert name address and occupation of person making the declaration

I, Michael Alexander Williamson, of Level 2, 109 Pitt Street, Sydney, in the State Of New South Wales

2 Here insert matter declared to. Where the matter is long, add the words "as follows". And then set the Matter out in Numbered Paragraphs

Do solemnly and sincerely declare:—

1. That I am the General secretary of the Health Services Union-NSW Branch;
2. That the registered address of the Branch is Level 2, 109 Pitt Street, Sydney ;
3. That the Register of Members of the Branch has, during the immediately preceding calendar year, been kept and maintained as required by sub-sections 233(1)(a) of the Workplace Relations Act 1996;
4. That the combined membership figure of NSW and ACT (35982) as at 30 June 2009 is the correct figure for the purpose of the operating report and that the membership figure of the ACT only (484) is incorrect for the purpose of the operating report.
5. That I conscientiously believe that the above information is true and correct.

Declared at Sydney
In the State of New South Wales
this 12/5/10.....

3 Signature of person making the declaration

Before me,

4 Signature of person before whom the declaration is made.

A.J. Coquillon
Justice of the Peace (NSW)

5 Here insert printed name, qualifications and address of person before whom the declaration is made

(108215)



**Health Services Union
of Australia** (NSW Branch)
ABN 93 728 534 595

25th February 2010
MW:GIB:MS:A039114

The Registrar
Fair Work Australia
GPO Box 1994
MELBOURNE.VIC 3001

Level 2, 109 Pitt Street
Sydney NSW 2000
Tel: 1300 478 679
Fax: 1300 329 478
Email: info@hsu.asn.au

Hunter Region
1/2 Frost Drive,
Mayfield West NSW 2304
Tel: 1300 478 679
Fax: 1300 329 478

South Coast Region
1 Rawson Street
Wollongong NSW 2500
Tel: 1300 478 679
Fax: 1300 329 478

South Eastern Region
Suite 15, Level 1
71 Leichhardt Street
Kingston ACT 2604
Tel: 1300 478 679
Fax: 1300 329 478

Greater Murray Region
PO Box 5786, 125 Baylis Street
Wagga Wagga NSW 2650
Tel: 1300 478 679
Fax: 1300 329 478

Mid North Coast Region
PO Box 3406
West Tamworth NSW 2340
Tel: 1300 478 679
Fax: 1300 329 478

Far North Coast Region
28 Conway Street
Lismore NSW 2480
Tel: 1300 478 679
Fax: 1300 329 478

Western Sydney Region
Unit 5, 2-6 Hunter Street
Parramatta NSW 2150
Tel: 1300 478 679
Fax: 1300 329 478

Western NSW Region
PO Box 2542
Orange NSW 2800
Tel: 1300 478 679
Fax: 1300 329 478

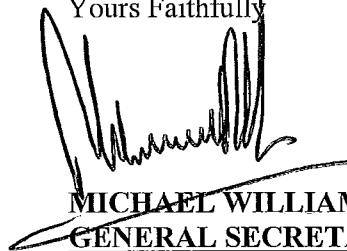
Attention: Mr Robert Preiffer

Dear Sir,

**Financial Statements – Health Service Union of Australia (NSW Branch),
Year ended 30th June 2009.**

The audited Financial Report was available on the Union Website, December 2009, also enclosed new Section 268 Certificate

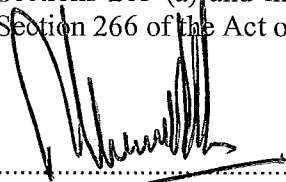
Yours Faithfully


MICHAEL WILLIAMSON
GENERAL SECRETARY

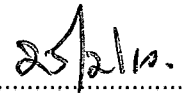
Attachs.

SECTION 268 CERTIFICATE

In pursuance of the provisions of Section 268 of Schedule 1B – Registration and Accountability of Organisations of the Workplace Relations Act, I **Michael Williamson, General Secretary of the Health Services Union of Australia, New South Wales Branch**, certify that the documents attached represent a full report, as per Section 265 (a), of the accounts of the **Health Services Union of Australia, New South Wales Branch**, for June 2009 and the reports presented to the members in accordance with the provisions of Sections 265 (a) and in a meeting held in accordance with the provisions of Section 266 of the Act on: 10th February 2010.



.....
Signature of Secretary



.....
Date

HEALTH SERVICES UNION OF AUSTRALIA

The Minutes of Ordinary Meeting of the NSW Branch Committee of Management held in the Union's Boardroom, Level 2, 109 Pitt Street, Sydney, 10/2/10, 11.50 a.m.

ATTENDANCE:

MEMBERS OF BRANCH : D Vealey, I Knight, S Joseph, L Russell, S O'Connor.
COMMITTEE OF K Goodlock, P O'Neill, J Fitzroy, P Beaton,
MANAGEMENT: W Boon, V Riley, B Gray, S McCullough, M Sterrey, K Caldwell, C Smith, R Cosgrove, L Martin, A Llewellyn, M Hanlon, D Neumann

Officers: M Williamson, P Mylan, D Ravlich

Chairperson: S Pollard (President)

APOLOGIES: T Hinge, L Guymer

Moved V Riley/L Martin that the apologies be accepted.

Motion put and carried.

MINUTES: Moved L Russell/C Smith that the minutes of the HSUA meeting of 27/11/09 be received and adopted.

Motion put and carried.

ITEM 1: **MERGER DISCUSSIONS**

FINANCIAL STATEMENT 1/7/2008 – 30/6/2009

The Branch Secretary reported that he had received from the auditors BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd formerly known as A J Williams & Co, the Financial Statements of the Branch for the year ended 30 June 2009. Following adoption of the Branch Committee of Management's statement and it being signed plus the operating report and the Auditors report, the financial report will be posted on web site. Then the Financial Statements and the various attachments must be brought back to the Committee of Management for final adoption. Mr Williamson tabled the documents.

RESOLUTION

Moved S Joseph/D Vealey that the financial statements for the year ended 30th June 2009 be received, adopted that S Pollard and M Williamson be authorised to sign the Operating Report

and Mr Williamson be authorised to sign Branch Committee of Management's Statement on behalf of the Committee and that:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) The financial report and notes comply with the Australian Accounting Standards;
- (b) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2009;
- (d) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 30 June 2009 and since the end of the financial year:
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) The financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) The financial records of the Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) The financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) No information has been sought in any request of a member of the Branch or a Registrar under section 272 of the RAO Regulations; and
 - (vi) No orders have been made by the Industrial Registry under section 273 of the RAO Regulations.
- (f) During the financial year ended 30 June 2009 the Branch did not participate in any recovery of wages activity.

Motion put and carried.

ITEM 2

TERMS OF ENGAGEMENT

Correspondence has been received from BDO Kendalls which sets out the scope of the audit engagement and any other non audit services and the respective responsibilities of the Secretary, Branch Council and BDO Kendalls.

The correspondence requests that the HSU confirm the acceptance of the Terms of BDO Kendalls engagement by

**HEALTH SERVICES UNION
NEW SOUTH WALES BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Health Services Union, New South Wales Branch for the financial year ended 30 June 2009.

1. The principal activities of the Branch during the financial year were:
 - a) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Workplace Relations Act 1996;
 - b) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - c) No significant change in the nature of these activities occurred during the year.
2. The surplus of the Branch for the financial year amounted to \$54,368. There were no significant changes to the Branch's financial affairs during the year.
3. Members retain the right to resign from the Health Services Union- NSW Branch in accordance with Rule 13 of the Federal Rules and Section 174 of Schedule 1B of the Workplace Relations Act 1996. In accordance with 174(1) of the Workplace Relations Act a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.
4. Mr Michael Williamson is a director of First State Super, a position he holds in his capacity as General Secretary of the state registered Health Services Union.
5. The number of members of the Branch at the end of the financial year was 484.
6. The Branch has no appointed employees. All work performed on behalf of the Branch is undertaken by persons who are employees of the state registered Health Services Union or who are elected officers of the Branch.
7. The names of each person who were members of the Committee of Management, at any time, during the financial year are as follows:

1 July 2008 to 30 June 2009

| | | | |
|-------------------|-------------------|--------------------|----------------|
| Stephen Pollard | Iris Knight | Kim Goodlock | Kevin Caldwell |
| Sean O'Connor | Lynne Russell | Sharon Joseph | Lynette Guymer |
| Anthony Llewellyn | Deborah Neumann | Kerrie Thompson | Robert Wilson |
| Robyne Cosgrove | Mark Hanlon | Michael Williamson | Clarence Smith |
| Warren Boon | Barbara Gray | John Fitzroy | Mark Sterry |
| Dixie Campton | Vickie Anthony | Linden Martin | |
| Pauline O'Neill | Sharon McCullough | David Vealey | |

1 July 2008 to 8 April 2009

| | |
|----------------|-------------------|
| Michael Coffey | Michael O'Donnell |
|----------------|-------------------|

8 April 2009 to 30 June 2009

| | |
|--------------|-----------|
| Peter Beaton | Ted Hinge |
|--------------|-----------|

Signed in accordance with a resolution of the Committee of Management


S POLLARD


MIA WILLIAMSON

26 November 2009

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

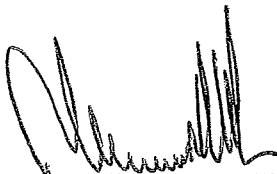
COMMITTEE OF MANAGEMENT'S STATEMENT

On 26 November 2009 the Committee of Management of the Health Services Union New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2009.

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2009;
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 June 2009 and since the end of the financial year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial records of the Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) the financial records of the branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or a Registrar under section 272 of the RAO Regulations; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the RAO Regulations.
- (f) during the financial year ended 30 June 2009 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M A WILLIAMSON

26 November 2009

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | 2009 | 2008 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| INCOME | | |
| Capitation Fees | 713,992 | 696,559 |
| Contributions | 183,418 | 208,177 |
| Dividend | 33 | 75 |
| Interest | 7,132 | 6,879 |
| | <hr/> | <hr/> |
| TOTAL INCOME | 904,575 | 911,690 |
| LESS EXPENDITURE | | |
| Depreciation | - | 339 |
| | <hr/> | <hr/> |
| Employee Benefits Expense | | |
| Fringe Benefits Tax | 5,099 | 1,955 |
| | <hr/> | <hr/> |
| Other Expenses | | |
| Affiliation Fees – Other | 3,792 | 3,847 |
| Audit Fees | 7,900 | 6,500 |
| Computer Expenses | 998 | - |
| Capitation Fees - National Office | 705,508 | 705,508 |
| Car Expenses | - | 315 |
| Commission Paid to Employers | - | 30 |
| Delegates' Expenses | 5,752 | 43,302 |
| General Expenses/Bank Charges | 1,803 | 8,096 |
| Organising and Travel | 20,172 | 28,144 |
| Printing & Stationery | 1,645 | 4,546 |
| Rent - ACT Office | 7,298 | 9,012 |
| Service Fee- HSU New South Wales | 89,858 | 92,986 |
| Telephone Expenses | 382 | 829 |
| | <hr/> | <hr/> |
| | 845,108 | 903,115 |
| | <hr/> | <hr/> |
| TOTAL EXPENDITURE | 850,207 | 905,409 |
| | <hr/> | <hr/> |
| SURPLUS FOR THE YEAR | 54,368 | 6,281 |
| | <hr/> | <hr/> |

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

BALANCE SHEET AS AT 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|---------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 113,444 | 86,667 |
| Debtor – Health Services Union | | 29,854 | 12,882 |
| Interest Accrued | | 238 | - |
| Investments | 4 | 72,873 | 66,892 |
| TOTAL CURRENT ASSETS | | <u>216,409</u> | <u>166,441</u> |
| TOTAL ASSETS | | <u>216,409</u> | <u>166,441</u> |
| LESS CURRENT LIABILITIES | | | |
| Payables | | | |
| GST Payable | | 5,543 | 5,075 |
| Sundry Creditors | | 15,519 | 20,387 |
| TOTAL LIABILITIES | | <u>21,062</u> | <u>25,462</u> |
| NET ASSETS | | <u>195,347</u> | <u>140,979</u> |
| ACCUMULATED FUNDS | | <u>195,347</u> | <u>140,979</u> |

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2009**

| | Accumulated Funds |
|--------------------------------|------------------------------|
| | \$ |
| Balance at 30 June 2007 | 134,698 |
| Net Surplus for the Year | 6,281 |
| | <hr/> |
| Balance at 30 June 2008 | 140,979 |
| Net Surplus for the Year | 54,368 |
| | <hr/> |
| Balance at 30 June 2009 | 195,347 |

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|--------------------------------------------------|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Contributions | | 166,446 | 243,154 |
| Capitation Fees | | 713,992 | 696,559 |
| Other Income | | 7,165 | 6,954 |
| Payments to Suppliers | | (149,337) | (237,304) |
| Payment to National Office for Capitation Fees | | (705,508) | (705,508) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 5b | <u>32,758</u> | <u>3,855</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Investments | | <u>(5,981)</u> | <u>(4,738)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(5,981)</u> | <u>(4,738)</u> |
| NET INCREASE (DECREASE) IN CASH HELD | | 26,777 | (883) |
| CASH AT 1 JULY 2008 | | 86,667 | 87,550 |
| CASH AT 30 JUNE 2009 | 5a | <u>113,444</u> | <u>86,667</u> |

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF 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 Australian Workplace 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:

- 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 New South Wales Branch of the Health Services Union, and in accordance with the Australian Workplace Relations Act, 1996 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Australian Workplace Relations Act, 1996. The New South Wales Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the New South Wales Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Capitation Fees and Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accruals accounting has been adopted in the preparation of the Accounts.

Interest is accounted for on an accrual basis.

(b) Income tax

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

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost 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 Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

| | |
|--------------------------------|------|
| Office Furniture and Equipment | 7.5% |
|--------------------------------|------|

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, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

(e) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(f) 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.

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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.

(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. 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 Branch 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 amounts of assets and liabilities.

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

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

3. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of Schedule 1B which read as follows:

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A Reporting unit must comply with an application made under subsection (1).

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

| | 2009 | 2008 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| | \$ | \$ |
| 4. INVESTMENTS | | |
| Term Deposit (Credit Union) | 72,162 | 66,181 |
| Shares in listed company | 711 | 711 |
| | <u>72,873</u> | <u>66,892</u> |
| Realisable within 12 Months | | |
| | <u>72,873</u> | <u>66,892</u> |
| 5. CASH FLOW INFORMATION | | |
| a) Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash includes cash at Bank. Cash at the end of the year as shown in the Statement is reconciled to the related items in the balance sheet as follows: | | |
| Cash at Bank | <u>113,444</u> | <u>86,667</u> |
| b) Reconciliation of cash flows from operations with operating surplus | | |
| Net Surplus for the Year | 54,368 | 6,281 |
| Non Cash Flows in Operating Surplus | | |
| Depreciation | - | 339 |
| Changes in Assets and liabilities | | |
| (Increase)/Decrease in Debtor – Health Services Union | (16,972) | (11,526) |
| (Increase)/Decrease Interest Accrued | (238) | - |
| Decrease in GST Receivable | - | 2,683 |
| Increase/(Decrease) in GST Payable | 468 | 5,075 |
| Increase/(Decrease) in Sundry Creditors | (4,868) | 1,003 |
| | <u>32,758</u> | <u>3,855</u> |
| Cash Flows from Operations | | |
| | <u>32,758</u> | <u>3,855</u> |

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

6. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union– National Office:

Capitation Fees - National Office paid are disclosed as an expense in the Income Statement and as a payment in the Cash Flow Statement.

7. FINANCIAL RISK MANAGEMENT

Financial Instruments

| | 2009 | 2008 |
|------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and cash equivalents | 113,444 | 86,667 |
| Debtor – Health Services Union | 29,854 | 12,882 |
| Investment - Term Deposit (Credit Union) | 72,162 | 66,181 |
| Investment – Shares in listed company | 711 | 711 |
| Total Financial Assets | <u>216,171</u> | <u>166,441</u> |
| Financial Liabilities | | |
| Sundry Creditors | <u>14,167</u> | <u>18,022</u> |
| Total Financial Liabilities | <u>14,167</u> | <u>18,022</u> |

(a) *General objectives, policies and processes*

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

There have been no substantive changes in the Branch'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 Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk and credit risk and market risk.

The Committee of Management have overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

7. FINANCIAL RISK MANAGEMENT (cont'd)

(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 Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch's major debtor is the Health Services Union being contributions received by that entity on behalf of the Branch. There is no history of default by the debtor to the Branch.

To mitigate the credit risk associated with cash at bank and a term deposit at a credit union, these are only deposited at reputable financial institutions.

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:

| | 2009 | 2008 |
|------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at Bank | 113,444 | 86,667 |
| Investment - Term Deposit (Credit Union) | 72,162 | 66,181 |
| Debtor – Health Services Union | 29,854 | 12,882 |
| | <u>215,460</u> | <u>165,730</u> |

There has been no history of default and all receivables are likely to be repaid within the expected terms.

Cash was only deposited with one bank and one credit union at 30 June 2009 (2008: one bank and one credit union).

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

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

The Branch is not significantly exposed to this risk, as it has \$113,444 (\$86,667-2008) of cash and cash equivalents and a credit union term deposit investment of \$72,162 (\$66,181 – 2008) to meet these obligations as they fall due. Financial liabilities at 30 June 2009 totalled \$14,167 (\$18,022– 2008)

(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).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in a fixed short term deposit to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, the term deposit will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

7. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

| | Floating interest rate | Fixed interest rate | Non- interest Bearing | Total |
|------------------------------------|------------------------------|---------------------------|-----------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| 30 June 2009 | | | | |
| Financial Assets | | | | |
| Cash at Bank | 113,444 | - | - | 113,444 |
| Receivables | - | - | 29,854 | 29,854 |
| Investment | - | 72,162 | 711 | 72,873 |
| | <u>113,444</u> | <u>72,162</u> | <u>30,565</u> | <u>216,171</u> |
| Weighted average Interest rate | 1.50% | 3.65% | | |
| Financial Liabilities | | | | |
| Payables | - | - | 14,167 | 14,167 |
| Net financial assets (liabilities) | <u>113,444</u> | <u>72,162</u> | <u>16,398</u> | <u>202,004</u> |
| 30 June 2008 | | | | |
| Financial Assets | | | | |
| Cash at Bank | 86,667 | - | - | 86,667 |
| Receivables | - | - | 12,882 | 12,882 |
| Investments | - | 66,181 | 711 | 66,892 |
| | <u>86,667</u> | <u>66,181</u> | <u>13,593</u> | <u>166,441</u> |
| Weighted average Interest rate | 2.75% | 8.00% | | |
| Financial Liabilities | | | | |
| Payables | - | - | 18,022 | 18,022 |
| Net financial assets (liabilities) | <u>86,667</u> | <u>66,181</u> | <u>(4,429)</u> | <u>148,419</u> |

HEALTH SERVICES UNION- NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 [Cont'd]

7. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

| 2009 | Carrying Amount | +1% Profit | -1.5% Loss |
|-----------------------------------------|--------------------|---------------|----------------|
| | \$ | \$ | \$ |
| Cash at Bank | 113,444 | 1,134 | (1,702) |
| Investment -Term Deposit (Credit Union) | 72,162 | 722 | (1,082) |
| | | <u>1,856</u> | <u>(2,784)</u> |
| | | | |
| 2008 | Carrying Amount | +1% Profit | -1.5% Loss |
| | \$ | \$ | \$ |
| Cash at Bank | 86,667 | 867 | (1,300) |
| Investment -Term Deposit (Credit Union) | 66,181 | 662 | (993) |
| | | <u>1,529</u> | <u>(2,293)</u> |

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

8. REGISTERED OFFICE

The registered office and principal place of business of the branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000



INDEPENDENT AUDIT REPORT

Auditor's Opinion

In our opinion the general purpose financial report of the Health Services Union, New South Wales Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.

A handwritten signature in black ink, appearing to be the letters 'BDO' written in a cursive, stylized manner.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean' written in a cursive, stylized manner.

David McLean

Director

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

26 November 2009