



Australian Government
Australian Industrial Registry

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80 Collins Street, Melbourne, VIC 3000
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Telephone: (03) 8661 7799
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Mr Lloyd Williams
State Secretary
Health Services Union of Australia
Victoria No. 2 Branch
102 Victoria St
CARLTON VIC 3053

Dear Mr Williams,

By email: hacsu@hacsu.asn.au

Re: Financial Documents for year ended 30 June 2005 - FR2005/414

Schedule 1B - Workplace Relations Act 1996 (RAO Schedule)

I acknowledge receipt of the financial reports for the Victoria No. 2 Branch of the Health Services Union of Australia for the year ended 30 June 2005. The documents were lodged in the Registry on 23 December 2005.

This is the second lodgment by the branch of its financial reports under the *Registration and Accountability of Organisations (RAO) Schedule* which commenced on 12 May 2003.

The documents have been filed.

The following comments may assist you when you next prepare financial reports. No further action is required regarding these issues with respect to the lodged documents.

References to Legislation

In future financial years a number of references to legislation in the documents should be amended as follows:

	existing reference	amend to
<i>Operating Report</i>	s254 WR Act	s254 RAO Schedule
<i>Note 2 to the Accounts</i>	s274 WR Act	s272 RAO Schedule

If you have any queries please contact me on (03) 8661 7799.

Yours faithfully,

Andrew Schultz
Statutory Services Branch

8 February 2006



FR 2005/414

Rec'd
23/12/05

20 December 2005

Ref:05560/lw/as

Industrial Registrar
Australian Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir,

**Re: Designated Officers Certificate – s268 Schedule 1B Workplace Relations Act
Health Services Union of Australia Victoria No. 2 Branch.
Financial Statements for Year Ending 30 June 2005**

I, Lloyd Williams, being the Branch Secretary of the Health Services Union of Australia, Victoria No. 2 Branch, certify:

1. That the documents lodged herewith are copies of the Full Financial Report and the Concise Financial Report for the year ending 30 June 2005 referred to in s268 of the ROA Schedule; and
2. That these documents were presented to and accepted by our Branch Committee of Management meeting on the 30 August 2005 (*the first meeting*). The Branch Committee of Management at this meeting also determined to distribute a concise report to members; and
3. That the Concise Report was provided to members on the 4 November 2005; and
4. That the full report was presented and accepted to a General Meeting of the Branch members (*the second meeting*) of the reporting unit on 7 December 2005 in accordance with section 266 of the RAO Schedule.

If you have any queries please do not hesitate to contact me.

Yours sincerely,

**Lloyd Williams
STATE SECRETARY**

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005**

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT

In accordance with Section 254 of the Workplace Relations Act 1996, the Committee of Management present their Operating Report on the Health Services Union of Australia, Victorian No. 2 Branch ("Union", "Reporting Unit") for the financial year ended 30 June 2005.

Principal Activities

The principal activities of the Union during the financial year were industrial and professional interests of mental health and disability workers in the State of Victoria.

Operating Result

The operating profit of the Union for the financial year was \$128,316. No provision for tax was necessary as the Union is exempt from income tax.

Significant change

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

Superannuation Officeholders

No officer or member of the reporting unit:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Rights of Members

A member may resign his membership of the Union by notice in writing if:

- (a) the person ceases to be employed in or in connection with the industry of the Union; or
- (b) the notice is given not less than two weeks before the resignation is to take effect and all dues are paid to the date on which the resignation is to take effect.

Notice in writing of resignation shall be addressed to the Secretary of the Branch and delivered to the Secretary.

Other Prescribed Information

In accordance with Regulation 159 of the Workplace Relations (Registration and Accountability of Organisations) Regulations:

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the RAO Schedule and who are taken to be members of the Union under section 244 of the RAO Schedule was 5,873.
- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 15.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT continued

Other Prescribed Information continued

(c) the names of each person who have been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Name

Jennifer Evans	President
Denise Guppy	Senior Vice President
Mandee Oakes	Junior Vice President
Lloyd Williams	Branch Secretary
David Stephens	Assistant Branch Secretary
Brian Addison	Trustee
Diane Welton	Trustee
Natasha Markulev	Committee Member
Joanne Petrenko	" "
Mavis Jack	" "
Maree Coughlan	" "
John Murphy	" "
Diane Harpur	" "
Peter McConville	" "
Jodie Jackson (resigned 7 December 2004)	" "
Patrick Nuzum (appointed 7 December 2004)	" "

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the Committee of Management.

For Committee of Management: Lloyd Williams
Title of Office held: Branch Secretary

Signature:



Melbourne: 13 September 2005

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Revenues from ordinary activities	3	2,009,374	1,713,042
Administration expense		(441,058)	(471,289)
Affiliation and capitation fees	4	(152,835)	(128,796)
Borrowing costs expense	4	(2,456)	(3,108)
Communication expense		(40,175)	(54,049)
Cost of disposal of fixed assets		(54,334)	-
Depreciation and amortisation expenses	4	(75,493)	(82,732)
Employee benefits expense	4	(884,076)	(886,169)
Occupancy expense		(58,715)	(51,690)
Other expenses from ordinary activities		<u>(171,916)</u>	<u>(115,545)</u>
Profit/(loss) from ordinary activities before income tax expense		128,316	(80,336)
Income tax expense relating to ordinary activities	1(a)	<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities after income tax expense attributable to the Union		<u>128,316</u>	<u>(80,336)</u>
Total changes in equity	13	<u>128,316</u>	<u>(80,336)</u>

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	1,056,136	956,858
Receivables	6	16,471	8,254
Other	7	<u>65,310</u>	<u>62,876</u>
TOTAL CURRENT ASSETS		<u>1,137,917</u>	<u>1,027,988</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	298,035	266,766
Other financial assets	9	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>298,035</u>	<u>266,766</u>
TOTAL ASSETS		<u>1,435,952</u>	<u>1,294,754</u>
CURRENT LIABILITIES			
Payables	10	114,110	101,334
Interest bearing liabilities	11	9,823	9,121
Provisions	12	<u>191,933</u>	<u>182,706</u>
TOTAL CURRENT LIABILITIES		<u>315,866</u>	<u>293,161</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	<u>18,181</u>	<u>28,004</u>
TOTAL NON-CURRENT LIABILITIES		<u>18,181</u>	<u>28,004</u>
TOTAL LIABILITIES		<u>334,047</u>	<u>321,165</u>
NET ASSETS		<u>1,101,905</u>	<u>973,589</u>
EQUITY			
Retained profits	13	<u>1,101,905</u>	<u>973,589</u>
TOTAL EQUITY		<u>1,101,905</u>	<u>973,589</u>

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions receipts		2,028,930	1,808,610
Payments to suppliers and employees		(1,937,635)	(1,900,650)
Interest paid		(2,456)	(3,108)
Interest received		51,023	41,085
Other revenue		<u>85,864</u>	<u>32,328</u>
Net cash provided by (used in) operating activities	17b	<u>225,726</u>	<u>(21,735)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(161,097)	(21,684)
Proceeds on sale of fixed assets		<u>43,770</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(117,327)</u>	<u>(21,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		<u>(9,121)</u>	<u>(8,468)</u>
Net cash used in financing activities		<u>(9,121)</u>	<u>(8,468)</u>
Net increase/(decrease) in cash held		99,278	(51,887)
Cash at the beginning of the financial year		<u>956,858</u>	<u>1,008,745</u>
Cash at the end of the financial year	17a	<u>1,056,136</u>	<u>956,858</u>

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Income Tax

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

b. Property, Plant and Equipment

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

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Union to ensure it is not excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on a reducing balance basis over the useful lives of the assets to the Union commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Leasehold improvements	20%
Plant and equipment	20% - 40%

c. Leases

Lease payments under 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.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Employee Entitlements

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 together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after 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 present value of the estimated future cash outflows to be made for those benefits.

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

e. Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

f. Revenue

Revenue from membership subscriptions is recognised on a cash basis in accordance with Section 252(4) of the Workplace Relations Act Schedule 1B.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

g. Goods and Services Tax (GST)

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 in the statement of financial position are shown inclusive of GST.

h. Impact of Adoption of Australian Equivalent to International Financial Reporting Standards

The Union is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Union's financial statements for the year ending 30 June 2006. On the first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The committee of management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implantation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

The committee of management are of the opinion that there will be no key material differences in the Union's accounting policies on conversion to AIFRS.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Comparative Figures

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

NOTE 2: 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 274, 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 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).

	2005	2004
	\$	\$
NOTE 3: REVENUE		
Operating activities		
Subscriptions	1,841,232	1,638,059
Interest received	51,085	42,655
Other	73,287	32,328
	1,965,604	1,713,042
Proceeds on disposal of fixed assets	43,770	-
	2,009,374	1,713,042
Total Revenue		

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 4: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses:		
Affiliation, capitation fees and compulsory levies		
Affiliation fees:		
- APHEDA	236	236
- Australian Labor Party	21,797	20,650
- Progressive Union	50	-
- Trades and Labor Councils		
-Ballarat	1,708	1,707
-Bendigo	232	348
-Geelong	310	310
-Gippsland	471	320
-Goulburn Valley	127	121
-Mallee	240	60
-South West	198	198
-Victorian Trades Hall	9,854	9,347
Capitation fees:		
- Health Services Union of Australia National Council	115,419	93,816
Compulsory Levies:		
- Victorian Trades Hall Council		
-campaign levy	1,040	1,087
-women's levy	574	596
-young unionists levy	579	-
	<u>152,835</u>	<u>128,796</u>
Borrowing expenses		
Interest on hire purchase	2,456	3,108
	<u>2,456</u>	<u>3,108</u>
Depreciation and amortisation expenses		
Depreciation of plant and equipment	61,333	65,151
Amortisation on leasehold improvements	14,160	17,581
	<u>75,493</u>	<u>82,732</u>
Employee benefits expense		
Salaries and allowances		
- elected officials	156,070	151,564
- employees	560,777	531,453
Superannuation contributions		
- elected officials	24,909	23,842
- employees	64,730	64,415
Provision for annual leave		
- elected officials	4,806	10,978
- employees	(8,150)	17,945

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
NOTE 4: PROFIT FROM ORDINARY ACTIVITIES continued		
Provision for long service leave		
- elected officials	5,772	8,640
- employees	6,799	3,673
Other	68,363	73,659
	884,076	886,169
Included in administration / other expenses		
Deputations, conferences and meetings	77,616	77,129
Donations:		
- APHEDA International Aid Fund	12,003	11,122
- Anna Stewart Memorial Fund	-	500
- TCFUA Geelong Wool Combing Dispute	-	2,000
Professional services		
- audit services	12,250	11,895
- consulting fees	28,935	41,523
- legal costs	5,878	53,363
NOTE 5: CASH ASSETS		
Cash on hand	577	640
Cash at bank	667,100	588,560
Cash on deposit	388,459	367,658
	1,056,136	956,858
NOTE 6: RECEIVABLES		
Sundry debtors	16,471	8,254
	16,471	8,254
NOTE 7: OTHER		
Prepayments	65,310	62,876
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
Leasehold improvements at cost	166,120	166,120
Less: accumulated amortisation	(109,476)	(95,315)
	56,644	70,805

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT continued		
Plant and equipment		
Plant and equipment at cost	510,753	470,502
Less: accumulated depreciation	<u>(269,362)</u>	<u>(274,541)</u>
	<u>241,391</u>	<u>195,961</u>
	<u>298,035</u>	<u>266,766</u>

a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at the beginning of year	70,805	195,961	266,766
Additions	-	161,097	161,097
Disposals	-	(54,334)	(54,334)
Depreciation expense	<u>(14,161)</u>	<u>(61,333)</u>	<u>(75,494)</u>
Carrying amount at the end of year	<u>56,644</u>	<u>241,391</u>	<u>298,035</u>
	2005 \$	2004 \$	

NOTE 9: OTHER FINANCIAL ASSETS

A.C.T.U Financial Services Pty Ltd — at cost	3,365	3,365
Less: Provision for diminution in value of investment	<u>(3,365)</u>	<u>(3,365)</u>
	<u>-</u>	<u>-</u>

NOTE 10: PAYABLES

Income in advance	12,577	-
Legal costs payable	-	4,142
Sundry creditors	<u>101,533</u>	<u>97,192</u>
	<u>114,110</u>	<u>101,334</u>

NOTE 11: INTEREST BEARING LIABILITIES

CURRENT		
Hire purchase liability	11,577	11,577
Less unexpired interest	<u>(1,754)</u>	<u>(2,456)</u>
	<u>9,823</u>	<u>9,121</u>

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
NOTE 11: INTEREST BEARING LIABILITIES continued		
NON-CURRENT		
Hire purchase liability	19,394	30,971
Less unexpired interest	<u>(1,213)</u>	<u>(2,967)</u>
	<u>18,181</u>	<u>28,004</u>

NOTE 12: PROVISIONS

Employee entitlements		
Provision for annual leave		
- elected officials	43,093	38,287
- employees	<u>45,066</u>	<u>53,216</u>
	<u>88,159</u>	<u>91,503</u>
Provision for long service leave		
- elected officials	65,309	59,537
- employees	<u>38,465</u>	<u>31,666</u>
	<u>103,774</u>	<u>91,203</u>
Total employee entitlements	<u>191,933</u>	<u>182,706</u>
Number of employees at year end	<u>15</u>	<u>14</u>

NOTE 13: RETAINED PROFITS

Total retained profits at the beginning of the financial year	973,589	1,053,925
Total change in retained profits recognized in the statement of financial performance	<u>128,316</u>	<u>(80,336)</u>
Total retained profits at the end of the financial year	<u>1,101,905</u>	<u>973,589</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The names of committee of management of the Union who have held office during the financial year are:

Jennifer Evans	President
Denise Guppy	Senior Vice President
Mandee Oakes	Junior Vice President
Lloyd Williams	Branch Secretary
David Stephens	Assistant Branch Secretary
Brian Addison	Trustee
Diane Welton	Trustee

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 14: RELATED PARTY TRANSACTIONS continued

Natasha Markulev	Committee Member
Joanne Petrenko	" "
Mavis Jack	" "
Maree Coughlan	" "
John Murphy	" "
Diane Harpur	" "
Peter McConville	" "
Jodie Jackson (resigned 7 December 2004)	" "
Patrick Nuzum (appointed 7 December 2004)	" "

a. The aggregate amount of remuneration paid to elected officials during the financial year for salaries was \$156,070.

The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was \$24,909.

b. The aggregate amount of remuneration paid as salaries to other persons on the committee of management in their capacity as professional officer of the union was as follows:

- salaries \$56,903 and superannuation \$9,075

Remuneration paid to other persons on the committee of management in the form of honorariums was \$2,000.

c. There were no transactions between the officers of the Reporting Unit other than those relating to their membership of the Reporting Unit and reimbursement by the Reporting Unit 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.

2005	2004
\$	\$

NOTE 15: LEASING COMMITMENTS

Finance Lease Commitments

Payable		
not later than 1 year	11,577	11,577
later than 1 year but not later than 5 years	19,394	30,971
Minimum lease payments	<u>30,971</u>	<u>42,548</u>
Less future finance charges	<u>2,967</u>	<u>5,423</u>
Total lease liability	<u>28,004</u>	<u>37,125</u>

Operating Lease Commitments

Being for rent of office		
Payable:		
not later than 1 year	50,706	43,000
later than 1 year but not later than 5 years	<u>218,499</u>	<u>-</u>
	<u>269,205</u>	<u>43,000</u>

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$

NOTE 15: LEASING COMMITMENTS continued

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 3% per annum. The lease allows for sub-letting of all lease areas.

NOTE 16: SEGMENT REPORTING

The Union operates predominantly in one industry, being health and community services sector. The business operates predominantly in one geographical area being Victoria, Australia.

NOTE 17: CASH FLOW INFORMATION

a. Reconciliation of Cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	577	640
Cash at bank	667,100	588,560
Cash on deposit	388,459	367,658
	1,056,136	956,858

b. Reconciliation of Net Cash provided by Operating Activities to Profit from Ordinary Activities after Income Tax

Profit/(loss) from ordinary activities after income tax	128,316	(80,336)
Non-cash flows in profit from ordinary activities:		
Depreciation	75,493	82,732
Net loss on disposal of plant and equipment	10,564	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(8,217)	175
(Increase)/decrease in other operating assets	(2,434)	(56,279)
Increase/(decrease) in payables	12,777	(9,263)
Increase/(decrease) in other provisions	9,227	41,236
	225,726	(21,735)
Net cash provided by operating activities		

c. The Union has no credit stand-by or financing facilities in place.

d. There were no non-cash financing or investing activities during the period.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 18: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

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 classes of financial assets and financial liabilities, is as follows:

	Note	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1 to 5 Years	Maturing Non- interest bearing	TOTAL
		%	\$	\$	\$	\$	\$
2005							
Financial Assets							
Cash	5	5.50	667,100	388,459	-	577	1,056,136
Receivables	6		-	-	-	16,471	16,471
Total Financial Assets			667,100	388,459	-	17,048	1,072,607
Financial Liabilities							
Hire Purchase Creditors	11	7.45	-	9,823	18,181	-	28,004
Payables	10		-	-	-	114,110	114,110
Total Financial Liabilities			-	9,823	18,181	114,110	142,114
Net Financial Assets/(Liabilities)			667,100	378,636	(18,181)	(97,062)	930,493

	Note	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1 to 5 Years	Maturing Non- interest bearing	TOTAL
		%	\$	\$	\$	\$	\$
2004							
Financial Assets							
Cash	5	5.00	588,560	367,658	-	640	956,858
Receivables	6		-	-	-	8,254	8,254
Total Financial Assets			588,560	367,658	-	8,894	965,112
Financial Liabilities							
Hire Purchase Creditors	11	7.45	-	9,121	28,004	-	37,125
Payables	10		-	-	-	101,334	101,334
Total Financial Liabilities			-	9,121	28,004	101,334	138,459
Net Financial Assets/(Liabilities)			588,560	358,537	(28,004)	(92,440)	826,653

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 18: FINANCIAL INSTRUMENTS continued		
a. Interest Rate Risk Exposures continued		
Reconciliation of Net Financial Assets to Net Assets		
Net Financial Assets	930,493	826,653
Non-Financial assets and liabilities		
Prepayments	7 65,310	62,876
Property, plant and equipment	8 298,035	266,766
Employee entitlements	12 (191,933)	(182,706)
	<u>1,101,905</u>	<u>973,589</u>
Net assets per statement of financial position		

b. Credit Risk Exposures

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 any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Union.

c. Net Fair Values

For all financial assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Union intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 19: ENTITY DETAILS

The registered office is:
Health Services Union of Australia
Victorian No. 2 Branch
Level 2
102 Victoria Street
Carlton South Vic. 3053

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

COMMITTEE OF MANAGEMENT CERTIFICATE

On 30 August 2005 the Committee of Management of the Health Services Union of Australia Victorian No. 2 Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2005:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) 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;
- (d) 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (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; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) as far as we are aware, the financial records for each of the other reporting units within the organisation are, as far as practicable kept in a manner consistent with this reporting unit; and
 - (v) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) no orders have been requested for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: Lloyd Williams
Title of Office held: Branch Secretary

Signature:



Melbourne: 13 September 2005

**INDEPENDENT AUDITOR'S REPORT
HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

Scope

The financial report and committee's responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and committee of management certificate of the Health Services Union Of Australia, Victorian No. 2 Branch ("Reporting Unit") for the year ended 30 June 2005.

The reporting unit's committee of management is responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. 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 reporting unit. Our audit was conducted in accordance with Australian Auditing Standards and Workplace Relations Act 1996, 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 the Workplace Relations Act 1996, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the reporting unit's financial position, and 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 policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

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.

Independence

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

Audit Opinion

In our opinion, the financial report of the Reporting Unit presents a true and fair view in accordance with the provisions of the Workplace Relations Act 1996 and applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Reporting Unit as at 30 June 2005 and the results of its operations and its cash flows for the year then ended.

MSI Ragg Weir

MSI RAGG WEIR
CHARTERED ACCOUNTANTS

L S Wong

L S WONG
PARTNER
Melbourne: 14 September 2005

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005**

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT

In accordance with Section 254 of the Workplace Relations Act 1996, the Committee of Management present their Operating Report on the Health Services Union of Australia, Victorian No. 2 Branch ("Union", "Reporting Unit") for the financial year ended 30 June 2005.

Principal Activities

The principal activities of the Union during the financial year were industrial and professional interests of mental health and disability workers in the State of Victoria.

Operating Result

The operating profit of the Union for the financial year was \$128,316. No provision for tax was necessary as the Union is exempt from income tax.

Significant change

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

Superannuation Officeholders

No officer or member of the reporting unit:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Rights of Members

A member may resign his membership of the Union by notice in writing if:

- (a) the person ceases to be employed in or in connection with the industry of the Union; or
- (b) the notice is given not less than two weeks before the resignation is to take effect and all dues are paid to the date on which the resignation is to take effect.

Notice in writing of resignation shall be addressed to the Secretary of the Branch and delivered to the Secretary.

Other Prescribed Information

In accordance with Regulation 159 of the Workplace Relations (Registration and Accountability of Organisations) Regulations:

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the RAO Schedule and who are taken to be members of the Union under section 244 of the RAO Schedule was 5,873.
- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 15.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT continued

Other Prescribed Information continued

(c) the names of each person who have been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such a position were;

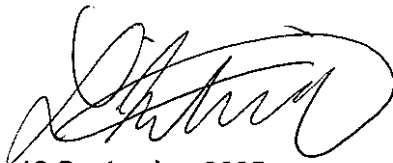
Name	
Jennifer Evans	President
Denise Guppy	Senior Vice President
Mandee Oakes	Junior Vice President
Lloyd Williams	Branch Secretary
David Stephens	Assistant Branch Secretary
Brian Addison	Trustee
Diane Welton	Trustee
Natasha Markulev	Committee Member
Joanne Petrenko	" "
Mavis Jack	" "
Maree Coughlan	" "
John Murphy	" "
Diane Harpur	" "
Peter McConville	" "
Jodie Jackson (resigned 7 December 2004)	" "
Patrick Nuzum (appointed 7 December 2004)	" "

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the Committee of Management.

For Committee of Management: Lloyd Williams
Title of Office held: Branch Secretary

Signature:



Melbourne: 13 September 2005

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
Revenues from ordinary activities	2,009,374	1,713,042
Administration expense	(441,058)	(471,289)
Affiliation and capitation fees	(152,835)	(128,796)
Borrowing costs expense	(2,456)	(3,108)
Communication expense	(40,175)	(54,049)
Cost of disposal of fixed assets	(54,334)	-
Depreciation and amortisation expenses	(75,493)	(82,732)
Employee benefits expense	(884,076)	(886,169)
Occupancy expense	(58,715)	(51,690)
Other expenses from ordinary activities	<u>(171,916)</u>	<u>(115,545)</u>
Profit/(loss) from ordinary activities before income tax expense	128,316	(80,336)
Income tax expense relating to ordinary activities	-	-
Net profit/(loss) from ordinary activities after income tax expense attributable to the Union	<u>128,316</u>	<u>(80,336)</u>
Total changes in equity	<u>128,316</u>	<u>(80,336)</u>

Discussion and Analysis of Financial Performance

The net profit for the year was mainly due to an increase in the number of members resulting in an increase in subscriptions of \$203,073 for the year. The main area where expenditure increased was computer expenses in relation to the design of the Union webpage. Capitation fees paid to National Office have also increased in line with the increase in members subscriptions. Fixed assets disposed of at a written down value of \$54,334 resulted in a loss on sale of \$10,564.

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	2005	2004
	\$	\$
CURRENT ASSETS		
Cash assets	1,056,136	956,858
Receivables	16,471	8,254
Other	<u>65,310</u>	<u>62,876</u>
TOTAL CURRENT ASSETS	<u>1,137,917</u>	<u>1,027,988</u>
NON-CURRENT ASSETS		
Property, plant and equipment	298,035	266,766
Other financial assets	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>298,035</u>	<u>266,766</u>
TOTAL ASSETS	<u>1,435,952</u>	<u>1,294,754</u>
CURRENT LIABILITIES		
Payables	114,110	101,334
Interest bearing liabilities	9,823	9,121
Provisions	<u>191,933</u>	<u>182,706</u>
TOTAL CURRENT LIABILITIES	<u>315,866</u>	<u>293,161</u>
NON-CURRENT LIABILITIES		
Interest bearing liabilities	<u>18,181</u>	<u>28,004</u>
TOTAL NON-CURRENT LIABILITIES	<u>18,181</u>	<u>28,004</u>
TOTAL LIABILITIES	<u>334,047</u>	<u>321,165</u>
NET ASSETS	<u>1,101,905</u>	<u>973,589</u>
EQUITY		
Retained profits	<u>1,101,905</u>	<u>973,589</u>
TOTAL EQUITY	<u>1,101,905</u>	<u>973,589</u>

Discussion and Analysis of Financial Position

The total assets of the Union has increased due to the increase in cash assets and purchase of plant and equipment during the year. The Union is in a strong financial position with retained profits at 30 June 2005 of \$1,101,905.

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Subscriptions receipts	2,028,930	1,808,610
Payments to suppliers and employees	(1,937,635)	(1,900,650)
Interest paid	(2,456)	(3,108)
Interest received	51,023	41,085
Other revenue	<u>85,864</u>	<u>32,328</u>
Net cash provided by (used in) operating activities	<u>225,726</u>	<u>(21,735)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(161,097)	(21,684)
Proceeds on sale of fixed assets	<u>43,770</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(117,327)</u>	<u>(21,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	<u>(9,121)</u>	<u>(8,468)</u>
Net cash used in financing activities	<u>(9,121)</u>	<u>(8,468)</u>
Net increase/(decrease) in cash held	99,278	(51,887)
Cash at the beginning of the financial year	<u>956,858</u>	<u>1,008,745</u>
Cash at the end of the financial year	<u>1,056,136</u>	<u>956,858</u>

Discussion and Analysis of Cash Flows

The increase in cash held was mainly due to the increase in members subscriptions for the year. The increase was partly offset by the purchase of plant and equipment during the year.

The accompanying notes form part of these financial statements.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

Note 1: Statement of Significant Accounting Policies

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Report and the Workplace Relations Act 1996.

The financial statements, specific disclosure and other information included in the concise financial report are derived from and are consistent with the full financial report of Health Services Union of Australia Victorian No. 2 Branch. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and investing activities of Health Services Union of Australia Victorian No. 2 Branch as the full financial report.

With the new legislation some changes in accounting policies have occurred as a result of the amendments to Schedule 1B of the Workplace Relations Act 1996 (RAO).

Note 2: 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 274, 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 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).

Note 3: Financial Statements

The Union will provide a copy of the full financial report for the year ended 30 June 2005, free of charge to any member who requests it.

**HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

COMMITTEE OF MANAGEMENT CERTIFICATE

On 30 August 2005 the Committee of Management of the Health Services Union of Australia Victorian No. 2 Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2005:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) 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;
- (d) 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (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; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) as far as we are aware, the financial records for each of the other reporting units within the organisation are, as far as practicable kept in a manner consistent with this reporting unit; and
 - (v) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) no orders have been requested for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: Lloyd Williams
Title of Office held: Branch Secretary

Signature:



Melbourne: 13 September 2005

**INDEPENDENT AUDITOR'S REPORT
HEALTH SERVICES UNION OF AUSTRALIA
VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

Scope

We have audited the concise financial report of Health Services Union of Australia Victorian No. 2 Branch for the year ended 30 June 2005, as set out on pages 1 to 7 in order to express an opinion on it to the members of the Union. The Union's Committee of Management is responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Health Services Union of Australia Victorian No. 2 Branch for the year ended 30 June 2005. Our audit report on the full financial report was signed on 14 September 2005 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standards and the Workplace Relations Act 1996.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Audit Opinion

In our opinion, the concise financial report of Health Services Union of Australia Victorian No. 2 Branch complies with Accounting Standard AASB 1039: Concise Financial Reports and the Workplace Relations Act 1996.



MSI RAGG WEIR
CHARTERED ACCOUNTANTS



L S WONG
PARTNER

Melbourne: 14 September 2005