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Helen Creed
National President

Jeff Lawrence
National Secretary

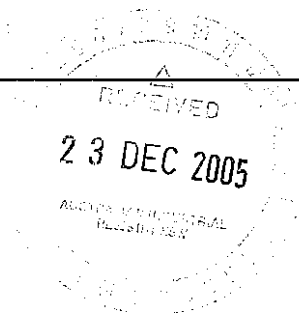
Tim Ferrari
Louise Tarrant
Assistant National Secretaries

**Liquor, Hospitality
and Miscellaneous Union**



21 December, 2005

Mr Barry Jenkins
Deputy Industrial Registrar
Australian Industrial Registry
80 William Street
EAST SYDNEY NSW 2010



Dear Mr Jenkins

re: NATIONAL COUNCIL FINANCIAL REPORTS

I am writing to lodge the financial reports for the LHMU National Council for the year ended 30 June 2005. Enclosed is the Full Financial Report including:

- The National Executive Statement signed by the National Secretary.
- The Operating Report signed by the National Secretary.
- The Independent Audit Report signed by the Auditors.
- The accounts including the notes to and forming part of the accounts.

The financial reports were presented to the National Executive meeting on 10th November 2005. The Executive resolved:

- That the operating report be approved and signed.
- To endorse the National Executive Statement.
- That the National Secretary be authorised to sign the National Executive Statement.
- That the financial reports be distributed to members by publication on the LHMU website and advertising that link in the November edition of Union News.

Subsequently the financial reports including the General Purpose Financial Report, the Auditors' statements and the operating report were supplied to members through publication on the LHMU website. Members also received a copy of Union News which contained an advertisement advising members how to view the reports on the website.

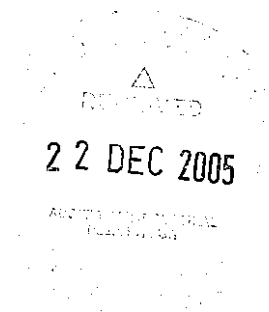
A full report was provided to the meeting of the National Executive on 19th December and was adopted by that meeting. Also enclosed is a copy of the National Secretary's certificate dated 19th December 2005.

On the basis of the above and the enclosed documentation it would seem that the National Council has complied with the audit and reporting requirements of the Act.

If you have any questions please contact me.

Yours faithfully

JEFF LAWRENCE
NATIONAL SECRETARY



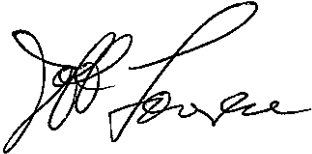
**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL**

FINANCIAL REPORTS FOR THE YEAR ENDED 30 JUNE 2005

CERTIFICATE BY SECRETARY OR PRESCRIBED OFFICER

I Jeffrey Lawrence being the National Secretary of the Liquor, Hospitality and Miscellaneous Union certify:

- That the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- That the full report was provided to members on 30 November 2005 and
- That the full report was presented to a meeting of the committee of management of the reporting unit on 19th December 2005 in accordance with section 266 of the RAO Schedule.



**JEFF LAWRENCE
NATIONAL SECRETARY**

Date: 19th December 2005

**LIQUOR, HOSPITALITY AND
MISCELLANEOUS UNION**

NATIONAL COUNCIL

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

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

OPERATING REPORT

This Operating Report covers the activities of the Liquor Hospitality and Miscellaneous Union, National Council, for the financial year ended 30th June 2005, the results of those activities and any significant changes in the nature of those activities during the year.

1. Principal Activities of the National Council

The principal activities of the National Council of the Union, as conducted through the National Office, during the past year fell into the following categories:

- Implementation of the decisions of the National Executive and National Council.
- Implementation of the union's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, the training and development of officials and assistance to branches on planning and resourcing campaigns.
- Coordination of campaigns undertaken by the union.
- Industrial support including representation of individual member grievances, advice on legal and legislative matters, pursuing relevant changes to the conditions of eligibility rules of the union, and responding to other unions' rules applications where they impact on membership of the LHMU.
- The administration of federal awards, the variation of awards following major test cases (such as living wage) and making applications to vary federal awards on behalf of branches.
- Management of information technology and strategic membership system designs to support organising.
- National media and communications to members and to the broader community via media releases in support of campaigns, video and film development, and targeted publications, including the national magazine Union News.
- National bargaining in key national industries, and assistance to branches on bargaining by request.

The National Office has consulted with the ACTU on the development of claims, including 2005 living wage case. Where appropriate, the National Office has assisted branches in the implementation of relevant decisions via the variation of awards.

The National office has also been involved in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to LHMU members, eg smoke free workplaces in hospitality and child care skill shortages issues.

2. The National Council's Financial Affairs

Significant changes in the National Office financial affairs include a rise in income from sustentation fees. This has arisen from an increase in membership dues and growth in membership in some branches. The National Office also received a one off benefit from the sale of 3 houses in the Northern Territory.

During the 2004-5 financial year, the National Office funded branches to implement mutually agreed growth projects and activities via the National Organising Fund. Funds were also allocated to ACTU campaigns against the Federal Government's proposed anti-union legislation.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

3. Right of Members to Resign.

All Members of the Union have the right to resign from the Union in accordance with Rule 10 of the Union Rules, (and Section 174 of the Workplace Relations Act); namely, by providing written notice addressed and delivered to the Secretary of the relevant Branch, including via email.

4. Superannuation Trustees.

Tim Ferrari is an officer of the National Office and is a Trustee and Member of the Board of Directors of the HOSTPLUS Superannuation Fund.

Jo-anne Schofield was an officer of the National Office and was a Trustee and Member of the Board of Directors of the Australian Retirement Fund. During the year, she resigned from this board consequent on her resignation from the union. Mark Boyd, Assistant Secretary, of the New South Wales Branch has replaced her on this board.

5. Membership of the Union

There were 135,654 members of the union as at 30th June 2005.

6. Employees of the National Council

As at 30th June 2005 the National Council employed 16 full time employees and 8 part time employees with a total number of 21.9 employees on a fulltime equivalent basis.

7. National Executive

The following persons were members of the National Executive, during the year ending 30th June 2005;

Name	Period of appointment
Jeff Lawrence	1.7.04 to 30.06.05
Helen Creed	1.7.04 to 30.06.05
Louise Tarrant	1.7.04 to 30.06.05
Tim Ferrari	1.7.04 to 30.06.05
Jo-anne Schofield	1.7.04 to 27.05.05
Annie Owens	1.7.04 to 30.06.05
Sonia Minutillo	1.7.04 to 30.06.05
Mark Boyd	1.7.04 to 30.06.05
Ron Monaghan	1.7.04 to 30.06.05
Irene Monro	1.7.04 to 30.06.05
Shirley Mellor	1.7.04 to 30.06.05
Gil Anderson	1.7.04 to 30.06.05
Brian Daley	1.7.04 to 30.06.05
Jane Farrell	1.7.04 to 30.06.05
Connie DeNino	1.7.04 to 18.02.05
Jeff Jones	1.7.04 to 28.10.04
David O'Byrne	1.7.04 to 30.06.05
Dave Kelly	1.7.04 to 30.06.05
Sue Lines	1.7.04 to 30.06.05
Mark Butler	1.7.04 to 30.06.05
Sue Fenwick	1.7.04 to 30.06.05

There was no appointment to the Assistant National Secretary position held by Jo-anne Schofield following her resignation effective 27th May 2005. The rules of the union were altered by the 2005 National Council on 16th September 2005 to amend the number of Assistant Secretaries from 3 to 2.

Irene Monro was elected as National Executive member representing the Northern Territory on 20th April 2005 following the resignation of Jeff Jones.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

There was no need to fill the vacant affirmative action positions caused by Connie De Nino's resignation effective 18th February and the position vacated by Irene Monro to take up her position as Northern Territory member.


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JEFF LAWRENCE, NATIONAL SECRETARY

10 November 2005

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

NATIONAL EXECUTIVE'S STATEMENT

On the 10 November 2005 the National Executive of the Liquor, Hospitality and Miscellaneous Union – National Council passed the following resolution in relation to the general purpose financial report (GPFR) of the National Council for the year ended 30 June 2005.

The National Executive 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 National Council for the financial year ended 30 June 2005;
- (d) there are reasonable grounds to believe that the National Council will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 June 2005 and since the end of the financial year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation and the rules of the National Council; and
 - (ii) the financial affairs of the National Council have been managed in accordance with the rules of the organisation and the rules of the National Council; and
 - (iii) the financial records of the National Council have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003; and
 - (iv) the financial records of the National Council have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation; and
 - (v) no information has been sought in any request of a member of the National Council or a Registrar under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
 - (vi) no orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996

For the National Executive:



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JEFF LAWRENCE

10 November 2005

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
INCOME		
Sustentation Fees	5,193,617	4,738,859
Sustentation Fees – prior year	178,558	-
Interest Received	177,030	219,101
Merchandising Income	9,026	16
Property Income	13,224	22,930
Publications Income	3,300	30,628
Sundry Income	<u>110,258</u>	<u>61,489</u>
TOTAL INCOME	<u>5,685,013</u>	<u>5,073,023</u>
 EXPENDITURE		
Depreciation	<u>166,206</u>	<u>112,457</u>
Employee Expenses		
Salaries - Officers	257,987	204,851
Salaries - Other	1,006,760	1,041,869
Accrued Annual Leave	210,526	171,304
Long Service Leave	65,960	27,477
Motor Vehicle Allowance	114,962	127,305
Superannuation	210,064	217,190
Payroll Tax	59,455	67,525
Fringe Benefits Tax	<u>30,009</u>	<u>37,537</u>
	<u>1,955,723</u>	<u>1,895,058</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005(Continued)

	Note	2005 \$	2004 \$
Other Expenses			
ACTU – Congress Expenses		-	41,362
Advertising		5,597	18,331
Affiliation Fees		489,586	435,561
Assistance to Branches		173,042	115,349
Bad Debts Prior Years (written back)		11,051	(5,978)
Bank Charges		3,269	8,523
Donations		55,000	63,536
Electricity		5,447	7,573
General Expenses		60,224	36,944
Insurance		80,258	24,330
IT Project - Leasing		6,695	39,305
- Maintenance and Support		339,249	354,505
Market Research		11,549	-
Meeting and Conference			
Accommodation and Travel		173,195	166,862
Air Fares		199,804	255,899
Other		25,061	22,244
Motor Vehicle Expenses		42,246	54,582
National Organising Fund		1,281,710	1,350,000
OCT - Union News National		225,867	324,160
OCT - Delegates Diaries		-	10,957
OCT - Campaign Expenses		542,614	36,228
OCT – Publications		77,668	37,169
OCT - Union Services		13,182	10,966
Postage and Freight		22,645	21,864
Printing and Stationery		64,154	84,040
Professional Services	9	216,861	273,712
Promotions – Merchandising		31,743	2,306
Property Expenses		3,594	4,969
Provision for Doubtful Debts (written back)		(69,155)	109,636
Removal Expenses		18,486	4,140
Rent		54,684	48,763
Repairs and Maintenance		41,495	11,748
Staff Training		19,613	14,131
Subscriptions and Journals		45,891	47,720
Telephone		(9,923)	98,805
Video Conferencing		18,063	30,929
		<u>4,280,465</u>	<u>4,161,171</u>
TOTAL EXPENDITURE		6,402,394	6,168,686
OPERATING DEFICIT FOR YEAR		(717,381)	(1,095,663)
Surplus -Thomas Street Property Account	11	315,890	242,810
Surplus on Disposal of Assets		<u>446,835</u>	<u>117,277</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		45,344	(735,576)
Accumulated Funds at Beginning of Year		<u>19,710,708</u>	<u>20,446,284</u>
ACCUMULATED FUNDS AT END OF YEAR		<u>19,756,052</u>	<u>19,710,708</u>

(The attached Notes 1 to 17 form part of these Accounts)

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	NOTE	2005 \$	2004 \$
ACCUMULATED FUNDS		<u>19,756,052</u>	<u>19,710,708</u>
Represented by Net Assets as follows:			
CURRENT ASSETS			
Cash Assets			
Cash at Bank		590,924	197,159
Cash on Hand		<u>750</u>	<u>750</u>
		<u>591,674</u>	<u>197,909</u>
Receivables			
Accrued Interest		11,919	16,519
Prepayments		125,199	21,836
Loan to Thomas Street Property Account – Current Portion		-	568,336
Amount due from Thomas Street Property account		-	394,095
Loans to Branches	7	19,200	-
Amounts due from Branches	8	1,326,424	1,347,337
Other Receivables		40,537	26,595
Stock on Hand - Badges and Other Merchandise		<u>32,027</u>	<u>16,171</u>
		<u>1,555,306</u>	<u>2,390,889</u>
Investments			
Term Deposits - Employee Leave Fund		453,503	430,530
Term Deposits - Other		<u>2,597,076</u>	<u>2,673,842</u>
		<u>3,050,579</u>	<u>3,104,372</u>
TOTAL CURRENT ASSETS		<u>5,197,559</u>	<u>5,693,170</u>
NON CURRENT ASSETS			
Receivables			
Loans to Branches	7	<u>82,788</u>	<u>44,489</u>
		<u>82,788</u>	<u>44,489</u>
Shares – at cost		<u>50,556</u>	<u>50,556</u>
Thomas Street Property Account	10	<u>14,629,750</u>	<u>14,313,860</u>
Other Fixed Assets			
Furniture and Fittings	3	27,564	32,442
IT Systems	4	236,267	232,076
Properties	5	431,715	375,821
Motor Vehicles	6	<u>75,282</u>	<u>109,791</u>
		<u>770,828</u>	<u>750,130</u>
TOTAL NON CURRENT ASSETS		<u>15,533,922</u>	<u>15,159,035</u>
TOTAL ASSETS		<u>20,731,481</u>	<u>20,852,205</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005 (Continued)

	2005	2004
	\$	\$
LESS CURRENT LIABILITIES		
Payables		
Sundry Creditors	<u>521,009</u>	<u>763,062</u>
Provisions		
Provision for Annual Leave	241,847	205,820
Provision for Long Service Leave	<u>212,573</u>	<u>172,615</u>
	<u>454,420</u>	<u>378,435</u>
TOTAL CURRENT LIABILITIES	<u>975,429</u>	<u>1,141,497</u>
NET ASSETS	<u>19,756,052</u>	<u>19,710,708</u>

(The attached Notes 1 to 17 form part of these Accounts)

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

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

	Note	2005 \$	2004 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Sustentation Fees		5,379,147	4,519,564
Payments to Suppliers and Employees		(6,521,476)	(6,048,205)
Interest Received		181,630	218,126
Other Income		<u>135,808</u>	<u>115,047</u>
NET CASH USED IN OPERATING ACTIVITIES	14	<u>(824,891)</u>	<u>(1,195,468)</u>
CASH FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		846,326	191,757
Payment for Property, Plant and Equipment		(586,396)	(209,933)
Proceeds from Investments		53,793	237,521
Proceeds from Thomas Street Property Account Loan		962,432	728,671
Loans to Branches		<u>(57,499)</u>	<u>24,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>1,218,656</u>	<u>972,016</u>
NET INCREASE/(DECREASE) IN CASH HELD		393,765	(223,452)
Cash at Beginning of Year		<u>197,909</u>	<u>421,361</u>
CASH AT END OF YEAR	13	<u>591,674</u>	<u>197,909</u>

(The attached Notes 1 to 17 form part of these Accounts)

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES

The financial report has been prepared and presented in accordance with applicable Accounting Standards, other mandatory professional requirements and the Workplace Relations Act, 1996. The financial report has also been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant policies adopted by the Union in the preparation of the accounts.

- (a) Depreciation of fixed assets is calculated on the straight line basis in order to write the assets off over their useful lives to the Union.
- (b) Provision for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated entitlements of all employees on the basis of their terms of employment.

The provisions have been measured at the amounts expected to be paid when the liability is settled.

In the case of Long Service Leave, the provision has been measured by reference to periods of service and current salary rates as it is considered that this results in an amount not materially different to that achieved by discounting estimated future cash flows.

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

- (c) 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.
- d) Australian Equivalents to International Financial Reporting Standards (AIFRSs)

National Council is preparing and managing transition to Australian equivalents to international financial reporting standards (AIFRS) effective for financial reporting periods commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Council's financial statements for the year ending 30 June 2006. On 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 National Council is of the opinion that there are no material differences in the Council's accounting policies on conversion to AIFRS except as follows:

National Council currently assesses the amount of impairment of assets by determining the recoverable amount on the basis of undiscounted cash flows. Under Australian equivalents to IFRSs, AASB 116 Impairment of Assets, the Council will be required to determine the recoverable amount as the higher of fair value less costs to sell and value in use (which is depreciated replacement cost). The Council has considered all assets for impairment and no assets were found to be impaired therefore there is no impact on financial statements for the year ended 30 June 2005.

Users of the financial statements should, however, note that the amounts disclosed could change if there are any amendments to the current AIFRS by standard-setters, or interpretation of the AIFRS requirements changes due to continuing transition work of the National Council.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

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 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).

	2005 \$	2004 \$
3. FURNITURE AND FITTINGS		
At Cost	404,168	391,639
Less accumulated depreciation	<u>376,604</u>	<u>359,197</u>
	<u>27,564</u>	<u>32,442</u>
4. IT SYSTEMS		
At Cost	2,813,742	2,456,564
Less accumulated depreciation	<u>2,577,475</u>	<u>2,224,488</u>
	<u>236,267</u>	<u>232,076</u>
5. PROPERTIES		
Land at Cost	165,000	149,500
Buildings at Cost	<u>285,854</u>	<u>301,814</u>
	450,854	451,314
Less Accumulated Depreciation on Buildings	<u>19,139</u>	<u>75,493</u>
	<u>431,715</u>	<u>375,821</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)

	2005 \$	2004 \$
6. MOTOR VEHICLES		
At Cost	90,338	155,226
Less accumulated depreciation	<u>15,056</u>	<u>45,435</u>
	<u>75,282</u>	<u>109,791</u>
7. LOANS TO BRANCHES		
Current		
ACT Branch - Payroll Tax	<u>19,200</u>	<u>-</u>
Non Current		
ACT Branch - Payroll Tax	72,299	-
N T Branch - Cash Requirement	489	24,489
TAS Branch - Building Works	<u>10,000</u>	<u>20,000</u>
	<u>82,788</u>	<u>44,489</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)**

		2005 \$	2004 \$
8. AMOUNTS DUE FROM BRANCHES			
NSW	Sustentation	342,873	319,880
	Other	5,785	559
Victoria	Sustentation	206,475	192,658
	Other	21,312	13,250
Queensland	Sustentation	238,529	224,689
	Other	3,978	2,200
South Australia	Sustentation	178,968	334,078
	Other	796	4,445
Western Australia	Sustentation	154,124	125,773
	Other	4,719	2,074
Tasmania	Sustentation	32,859	63,782
	Other	30,750	7,786
ACT	Sustentation	22,063	42,546
	Other	13,857	13,617
Northern Territory	Sustentation	28,910	508,734
	Other	40,426	29,682
Provision for Doubtful Debts		<u>-</u>	<u>(538,416)</u>
		<u>1,326,424</u>	<u>1,347,337</u>
9. PROFESSIONAL SERVICES			
Audit Fees		40,750	47,820
Legal Fees		<u>176,111</u>	<u>225,892</u>
		<u>216,861</u>	<u>273,712</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)**

	2005 \$	2004 \$
10. THOMAS STREET PROPERTY ACCOUNT		
ASSETS		
Land	3,664,500	3,664,500
Building less Accumulated Depreciation	<u>8,871,832</u>	<u>9,275,232</u>
	12,536,332	12,939,732
Accrued Interest	6,193	10,295
Prepayments	29,833	41,546
Cash at Bank	137,168	451,257
Investments	1,791,460	1,326,420
Sundry Debtors	<u>169,853</u>	<u>44,671</u>
TOTAL ASSETS	14,670,839	14,813,921
LIABILITIES		
Loan - National Council	-	284,168
Sundry Creditors - National Council	-	197,047
- Other	<u>41,089</u>	<u>18,846</u>
TOTAL LIABILITIES	<u>41,089</u>	<u>500,061</u>
NET ASSETS	<u>14,629,750</u>	<u>14,313,860</u>
11. SURPLUS - THOMAS STREET PROPERTY ACCOUNT		
Surplus for the year - current year	315,890	242,810
Reduction of surplus share - prior years	<u>-</u>	<u>(1,291,695)</u>
	315,890	(1,048,885)
National Council's gain on reversal of rent expenses in respect of prior years	<u>-</u>	<u>1,291,695</u>
	<u>315,890</u>	<u>242,810</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

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**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)**

12. RELATED PARTIES

(a) The following persons have held office in the Union during the financial period.

National President	Helen Creed
National Vice Presidents	Brian Daley Shirley Mellor
National Secretary	Jeff Lawrence
Assistant National Secretaries	Tim Ferrari Jo-anne Schofield (resigned 27/5/05) Louise Tarrant
Executive Members	Gil Anderson David O'Byrne Dave Kelly Mark Butler Annie Owens Jane Farrell Ron Monaghan Jeff Jones (resigned 28/10/04) Mark Boyd Connie De Nino (resigned 18/2/05) Irene Monro Susan Lines Sonia Minutillo Sue Fenwick

- (b) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Statement of Financial Performance under Salaries – Officers.
- (c) The aggregate amount paid during the financial period to a superannuation plan in respect of the retirement of officers was \$31,956 (2004: \$30,260).
- (d) 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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)**

	2005	2004
	\$	\$
13. RECONCILIATION OF CASH		
For the purpose of the Statement of Cash Flows, Cash includes Cash on Hand and in at call deposits with banks or financial institutions, net of bank overdrafts		
Cash at Bank	590,924	197,159
Cash on Hand	<u>750</u>	<u>750</u>
	<u>591,674</u>	<u>197,909</u>
14. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH NET SURPLUS/(DEFICIT)		
Net Surplus/(Deficit)	45,344	(735,576)
Non Cash Flows in Net Surplus/(Deficit)		
Depreciation	166,206	112,457
Employees Provisions	276,486	198,781
Surplus on Disposal of Assets	(446,835)	(117,277)
Thomas Street Surplus	(315,890)	(242,810)
Changes in Assets and Liabilities		
(Increase)/Decrease in Merchandise	(15,856)	(3,081)
(Increase)/Decrease in Prepayments	(103,363)	62,572
Increase/(Decrease) in Trade Creditors	(242,053)	16,143
(Increase)/Decrease in Amounts Due From Branches	6,972	(219,311)
Payments from Employees Provisions	(200,502)	(266,391)
Decrease/(Increase) in Accrued Interest	<u>4,600</u>	<u>(975)</u>
CASH FLOWS USED IN OPERATIONS	<u>(824,891)</u>	<u>(1,195,468)</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)

15. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Council's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

30 June 2005	Floating	Fixed		Non interest bearing	Total
	interest rate	interest rate			
		1 year or less	Over 1 to 5 years		
	\$	\$	\$	\$	\$
Financial Assets					
Cash	590,924	-	-	750	591,674
Receivables	-	-	-	1,468,949	1,468,949
Term deposits – employee leave fund	453,503	-	-	-	453,503
Term deposits – other	2,597,076	-	-	-	2,597,076
	<u>3,641,503</u>	<u>-</u>	<u>-</u>	<u>1,469,699</u>	<u>5,111,202</u>
Weighted average Interest rate	4.5%				
Financial Liabilities					
Payables	-	-	-	521,009	521,009
Net financial assets/(liabilities)	<u>3,640,792</u>	<u>-</u>	<u>-</u>	<u>948,690</u>	<u>4,589,482</u>
30 June 2004					
Financial Assets					
Cash	197,159	-	-	750	197,909
Receivables	-	568,336	-	1,812,516	2,380,852
Term deposits – employee leave fund	430,530	-	-	-	430,530
Term deposits – other	2,673,842	-	-	-	2,673,842
	<u>3,301,531</u>	<u>568,336</u>	<u>-</u>	<u>1,813,266</u>	<u>5,683,133</u>
Weighted average Interest rate	4.5%	5%			
Financial Liabilities					
Payables	-	-	-	763,062	763,062
Net financial assets/(liabilities)	<u>3,301,531</u>	<u>568,336</u>	<u>-</u>	<u>1,050,204</u>	<u>4,920,071</u>

Credit Risk Exposure

Credit risk is the risk that counter parties to a financial asset will fail to discharge their obligations, causing the National Council to incur a financial loss.

The credit risk exposure of the National Council to financial assets which have been recognised in the Statement of Financial Position is generally the carrying amounts, net of any provisions for doubtful debts.

The carrying amounts of cash and non-interest bearing monetary financial assets and liabilities (eg receivables and payables) approximate net fair values.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

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**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005
(continued)**

16. COMMITMENT

There is a commitment to carrying out extensive renovations / refurbishments of various levels of the property at Thomas Street Sydney over the next few months.

National Council will incur the costs of all internal work in respect of level 9. The Thomas Street Property Account owned jointly by the NSW Branch and National Council, will bear the costs of refurbishing the lift areas of the ground floor, levels 4, 7, 8 and 9, as well as the costs of the internal work required on level 8.

As at 10 November 2005 the costs of the renovations / refurbishments have not been finally determined and no contracts have yet been entered into, however National Council's share of the costs is estimated to be as follows:

	2005	2004
	\$	\$
- Costs of internal work – Level 9	113,312	-
- Thomas Street Property Account's estimated costs are \$565,082, National Council's share of which is 50%.	282,541	-

17. REGISTERED OFFICE

The registered office and principal place of business of the National Council is;

Level 9
187 Thomas Street,
Haymarket,
NSW 2000

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

INDEPENDENT AUDIT REPORT

To the members of the Liquor, Hospitality and Miscellaneous Union, National Council.

Scope

The Financial Report and the Responsibility of the National Executive and National Secretary

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the National Executive's statement for the Liquor, Hospitality and Miscellaneous Union – National Council, for the year ended 30 June 2005.

The National Executive and the National Council secretary are 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 have conducted an independent audit of the financial report in order to express an opinion on it to the members of the National Council. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance 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 controls, 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 professional reporting requirements in Australia a view which is consistent with our understanding of the National Council'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 National Executive and the National Secretary.

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 and the Workplace Relations Act 1996.

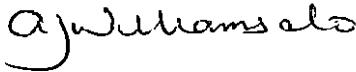
LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION

NATIONAL COUNCIL

Audit Opinion

In our opinion the financial report of Liquor, Hospitality and Miscellaneous Union – National Council is in accordance with:

- (a) the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the National Council's financial position as at 30 June 2005 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards; and
 - (iii) complying with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act; and
- (b) other mandatory professional reporting requirements in Australia.



A J Williams & Co
Chartered Accountants



D S McLean
Registered Company Auditor
SYDNEY NSW 2000

10 November 2005



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Jeff Lawrence
National Secretary
Liquor, Hospitality and Miscellaneous Union
Locked Bag 9
HAYMARKET NSW 1240

Dear Mr Lawrence

Re Financial Return – National Office – year ending 30 June 2005 (FR2005/497)

Thank you for lodging the above financial documents which were received on 22 December 2005.

The documents have been filed.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S Kellett', written in a cursive style.

Stephen Kellett
Assistant Manager, Sydney Registry

9 January 2006