



FAIR WORK
AUSTRALIA

24 January 2011

Ms Louise Tarrant
National Secretary
LHMU
Locked Bag 9
HAYMARKET NSW 1240



Dear Ms Tarrant

Lodgment of Financial Accounts and Statements - Liquor, Hospitality and Miscellaneous Union - National Office (FR2010/2547), Victorian Branch (FR2010/2545), Western Australia Branch (FR2010/2546), South Australian Branch (FR2010/2557), Tasmanian Branch (FR2010/2558) - for year ending 30 June 2010

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 17 December 2010.

The documents have been filed.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia

FR 2010/2547

National Office
303 Cleveland Street
Redfern NSW 2016

Louise Tarrant
National Secretary

Brian Daley
National President

Locked Bag 9
Haymarket NSW 1240
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Sue Lines
Troy Burton
Assistant National Secretaries



LHMU

Organising for the future

ABN: 5272 8086 684

20 December, 2010

Mr Barry Jenkins
Delegate of General Manager
Fair Work Australia
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 2010. 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 sent to the National Executive on 5 November. 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 November edition of Union News.

Subsequently the financial report 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 Committee of Management on 13 December, 2010 and was adopted. Also enclosed is a copy of the National Secretary's certificate dated 17 December, 2010.

A list of donations made by each of the LHMU Branches is also attached to this letter.

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

If you have any questions please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read "Louise Tarrant". The signature is fluid and cursive, with a large loop at the end.

LOUISE TARRANT
NATIONAL SECRETARY

**LIQUOR, HOSPITALITY AND
MISCELLANEOUS UNION**

NATIONAL COUNCIL

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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 30 June 2010, 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 National Plan as endorsed by the National Council.
- Implementation of the union's organising agenda, including direct assistance and strategic advice on a particular industry or site organising projects, the training and development of officials and assistance to branches on planning and resourcing campaigns.
- Coordination of industrial campaigns undertaken by the union. This particularly focused on the child care, aged care, hospitality and cleaning industries.
- Industrial support including advice on legal and legislative matters and responding to other unions' rules applications where they impact on membership of the LHMU.
- The administration of federal awards and participation in the award modernization process including low wage bargaining.
- 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.
- Assisting branches in their implementation of the union's policies and the priorities established by the National Council and National Executive.
- Lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to LHMU members, eg child care skill shortages issues and government tendering.
- Policy development and campaigning on broad issues affecting union members such as climate change and community wellbeing.
- Participation in peak body and government forums to represent the views of union members.

The National Office has consulted with the ACTU on a range of issues. The National Office has assisted branches in the implementation of the union's policies and the priorities established by the National Council and National Executive.

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

OPERATING REPORT (cont'd)

2. The National Council's Financial Affairs

The level of sustentation income to National Council increased by 13% this financial year due to the payment of an additional 1% in sustentation by the five large Branches. Other income increased by 21%. This led to a 15% net increase in total income.

In the same period the total level of expenditure increased by 13% leading to a deficit of \$34,290.

During the 2009-10 financial year, the National Office provided operational support to the Tasmanian and Northern Territory Branches and absorbed the cost of running the ACT Branch.

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 Fair Work (Registered Organisations) Act 2009.

In accordance with Section 174(1) of the Fair Work (Registered Organisations) Act 2009 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. Superannuation Trustees

Troy Burton is an officer of the National Office and was a Trustee and Member of the Board of Directors of the HOSTPLUS Superannuation Fund from 10 October, 2009.

Brian Daley is an officer of the National Office and is a Trustee and Member of the Board of Directors of the HOSTPLUS Superannuation Fund and the Australian Super Fund.

5. Membership of the Union

There were 120,139 members of the union as at 30 June 2010.

6. Employees of the National Council

As at 30 June 2010 the National Council employed 37 full time employees and 6 part time employees with a total number of 41.1 employees on a fulltime equivalent basis working in the National Office.

The ACT Branch employees were also employed by the National Office as at 30 June, 2010.

The ACT Branch has 6 full time employees and 2 part time employees with a total number of 7.1 employees on a fulltime equivalent basis.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

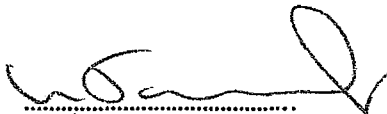
OPERATING REPORT (cont'd)

7. National Executive

The following persons were members of the National Executive during the year ending 30 June 2010:

<i>Name</i>	<i>Period of appointment</i>	
Louise Tarrant	1.7.09 to 30.6.10	
Sue Lines	1.7.09 to 30.6.10	
Brian Daley	1.7.09 to 30.6.10	
Mark Boyd	1.7.09 to 30.6.10	
David O'Byrne	1.7.09 to 31.10.09	Resigned
Dave Kelly	1.7.09 to 30.6.10	
Shirley Mellor	1.7.09 to 30.6.10	
Jess Walsh	1.7.09 to 30.6.10	
Troy Burton	1.7.09 to 30.6.10	
David Di Troia	1.7.09 to 30.6.10	
Gary Bullock	1.7.09 to 30.6.10	
Carolyn Smith	1.7.09 to 30.6.10	
Lyndal Ryan	1.7.09 to 30.6.10	
Matthew Gardiner	1.7.09 to 30.6.10	
Robyn Buckler	1.7.09 to 30.6.10	
Mel Gatfield	1.7.09 to 30.6.10	

For the National Executive



LOUISE TARRANT
5 November, 2010.

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

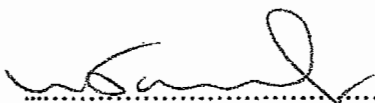
NATIONAL EXECUTIVE'S STATEMENT

On 5 November, 2010 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 2010.

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 General Manager of Fair Work Australia;
- (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 2010;
- (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 2010 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 the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; 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 the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009;
 - (vi) no order for inspection of the financial records has been made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the financial year ended 30 June 2010 the National Council did not participate in any recovery of wages activity.

For the National Executive:



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LOUISE TARRANT

5 November, 2010.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
INCOME		
Sustentation Fees	6,306,147	5,550,332
Interest Received	16,356	87,266
Merchandising Income	14,971	23,268
Property Income	380,036	17,319
ACT Membership income	693,508	633,353
Sundry Income	<u>668,476</u>	<u>705,173</u>
TOTAL INCOME	<u>8,079,494</u>	<u>7,016,711</u>
 EXPENDITURE		
Depreciation	<u>455,770</u>	<u>183,789</u>
Employee Expenses		
Salaries - Officers	320,233	388,418
Salaries - Other	2,702,173	2,065,482
Accrued Annual Leave	467,251	377,041
Long Service Leave	49,777	41,508
Motor Vehicle Allowance	464,879	377,991
Superannuation	504,373	479,018
Payroll Tax	240,156	155,723
Fringe Benefits Tax	<u>6,881</u>	<u>14,102</u>
	<u>4,755,723</u>	<u>3,899,283</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

	Note	2010 \$	2009 \$
Other Expenses			
Advertising		10,116	-
Affiliation Fees		410,466	482,431
Assistance to Branches		360,000	360,000
Bad Debts		24,368	-
Bank Charges		12,636	5,754
Campaign Expenses			
- Other	10	81,611	10,274
- ACTU IR Campaign fund	10	-	155,491
Commission on PRDs		4,325	7,104
Donations		47,660	48,950
Electricity		25,726	12,266
General Expenses		35,245	29,312
Insurance		84,563	77,309
IT Project - Maintenance and Support		409,617	596,969
- Internet and Website		76,666	168,294
Market Research		267,980	107,267
Media Costs		31,801	50,109
Meeting and Conference			
Accommodation and Travel		338,328	238,891
Air Fares		286,803	271,974
Other		28,476	60,899
Motor Vehicle Expenses		13,030	13,371
Union News National		212,388	213,037
Publications		24,621	17,788
Postage and Freight		25,604	18,545
Printing and Stationery		90,191	88,589
Professional Services	11	73,009	82,669
Promotions - Merchandising		17,914	36,744
Property Expenses		37,094	45,085
Removal Expenses		3,876	21,220
Repairs and Maintenance		21,471	3,848
Staff Training		50,037	68,862
Subscriptions and Journals		53,956	49,968
Telephone		72,864	62,632
Video Conferencing		7,836	9,951
		<u>3,240,278</u>	<u>3,415,603</u>
TOTAL EXPENDITURE		8,451,771	7,498,675
OPERATING DEFICIT FOR YEAR		(372,277)	(481,964)
Surplus -Thomas Street Property Account		337,987	502,497
Surplus on Disposal of Assets		-	1,816
NET (DEFICIT)/SURPLUS FOR THE YEAR		<u>(34,290)</u>	<u>22,349</u>

(The attached Notes form part of these Accounts)

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	416,162	264,324
Receivables	5	2,918,805	2,128,288
Stock on Hand - Badges and Other Merchandise		15,225	22,313
Investments			
Term Deposits - Employee Leave Fund	6	<u>346,747</u>	<u>693,099</u>
		<u>346,747</u>	<u>693,099</u>
TOTAL CURRENT ASSETS		<u>3,696,939</u>	<u>3,108,025</u>
NON CURRENT ASSETS			
Shares		557	557
Thomas Street Property Account	12	13,567,737	13,732,247
Property, Plant and Equipment	7	<u>5,175,823</u>	<u>5,401,865</u>
TOTAL NON CURRENT ASSETS		<u>18,744,117</u>	<u>19,134,668</u>
TOTAL ASSETS		<u>22,441,056</u>	<u>22,242,693</u>
LESS CURRENT LIABILITIES			
Payables			
Sundry Creditors		<u>1,392,257</u>	<u>1,175,016</u>
Provisions			
Provision for Annual Leave		415,987	413,578
Provision for Long Service Leave		<u>270,956</u>	<u>257,953</u>
		<u>686,943</u>	<u>671,531</u>
TOTAL CURRENT LIABILITIES		<u>2,079,200</u>	<u>1,846,547</u>
NET ASSETS		<u>20,361,856</u>	<u>20,396,146</u>
ACCUMULATED FUNDS		<u>20,361,856</u>	<u>20,396,146</u>

(The attached Notes form part of these Accounts)

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

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010**

	Accumulated Funds
	\$
Balance at 1 July 2008	20,104,105
Addition of ACT Capital 1 July 2008	269,692
Net Surplus for Year ended 30 June 2009	22,349
Balance at 30 June 2009	<u>20,396,146</u>
Net Deficit for Year ended 30 June 2010	<u>(34,290)</u>
Balance at 30 June 2010	<u>20,361,856</u>

(The attached Notes form part of these Accounts)

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Sustentation Fees		6,233,049	5,463,549
Payments to Suppliers and Employees		(7,691,938)	(7,293,445)
Contribution Income ACT		693,508	633,353
Interest Received		55,152	88,221
Other Income		<u>242,944</u>	<u>745,760</u>
NET CASH USED IN OPERATING ACTIVITIES	15	<u>(467,285)</u>	<u>(362,562)</u>
CASH FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		-	8,800
Payments for Property, Plant and Equipment		(229,728)	(4,835,043)
Proceeds from Investments		346,354	2,924,546
Distribution from Thomas Street Property Account		502,497	1,466,560
Loans to Branches		-	<u>33,899</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>619,123</u>	<u>(401,238)</u>
NET INCREASE (DECREASE) IN CASH HELD		151,838	(763,800)
Cash at Beginning of Year		264,324	945,834
Transfer from ACT Branch on 1 July 2008		-	<u>82,290</u>
CASH AT END OF YEAR	16	<u>416,162</u>	<u>264,324</u>

(The attached Notes form part of these Accounts)

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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 Fair Work (Registered Organisations) Act 2009.

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 entity Liquor Hospitality and Miscellaneous Union National Council, as an individual entity. The Liquor Hospitality and Miscellaneous Union is an organisation registered under the Fair Work (Registered Organisations) Act 2009. 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 National Council are not subject to the Corporations Act 2001.

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

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

(a) Revenue

The concept of accruals accounting has been adopted in the preparation of the financial statements. Sustentation Fees and Interest are accounted for on an accruals basis. However Contribution income ACT is recorded on a cash basis.

(b) Income Tax

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

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of property, plant and equipment is depreciated on a straight line method over their useful lives to the union commencing from the time the asset is ready for use.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment Policies (cont'd)

The depreciation rates used for each class of asset are:

Property	2%
Office Furniture and Equipment	20%
Motor Vehicles	15%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance 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 statement of comprehensive income 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 statement of comprehensive income 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) Loans and receivables

Loans and receivables including loans to branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Loans and receivables which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence that the National Council will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts overdue. On confirmation that the loan or receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

(f) Employee Benefits

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

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

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Employee Benefits (cont'd)

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

(g) Investments

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

Available-for-sale financial assets

Investments, which are classified as available for sale, are measured at fair value.

(h) 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 statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will have a financial impact on 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 Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

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

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

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

3. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of the Fair Work (Registered Organisations) Act 2009 which read as follows:-

- (1) A member of an organisation, or the General Manager of Fair Work Australia, 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).

	Note	2010 \$	2009 \$
4. CASH AND CASH EQUIVALENTS			
Cash at Bank		414,412	262,574
Cash on Hand		1,750	1,750
		<u>416,162</u>	<u>264,324</u>
5. RECEIVABLES			
Amounts due from Branches	9	2,143,446	1,752,551
Prepayments		28,123	92,446
Accrued Interest		1,425	40,221
Other Receivables		745,811	243,070
		<u>2,918,805</u>	<u>2,128,288</u>
6. EMPLOYEE LEAVE FUND			
INVESTMENTS			
Short Term Bank Deposits		<u>346,747</u>	<u>693,099</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

	Note	2010 \$	2009 \$
7. PROPERTY, PLANT AND EQUIPMENT			
(a) FURNITURE AND FITTINGS			
At Cost		159,610	332,509
Less Accumulated Depreciation		<u>(94,399)</u>	<u>(211,190)</u>
		<u>65,211</u>	<u>121,319</u>
(b) IT SYSTEMS			
At Cost		498,897	773,127
Less Accumulated Depreciation		<u>(375,148)</u>	<u>(610,394)</u>
		<u>123,749</u>	<u>162,733</u>
(c) PROPERTIES			
Land at Cost		1,158,000	1,158,000
Buildings at Cost		<u>4,377,033</u>	<u>4,199,142</u>
		5,535,033	5,357,142
Less Accumulated Depreciation on Buildings		<u>(596,866)</u>	<u>(281,299)</u>
		<u>4,938,167</u>	<u>5,075,843</u>
(d) MOTOR VEHICLES			
At Cost		86,483	62,392
Less Accumulated Depreciation		<u>(37,787)</u>	<u>(20,422)</u>
		<u>48,696</u>	<u>41,970</u>
Total Property, Plant and Equipment		<u>5,175,823</u>	<u>5,401,865</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

8. MOVEMENTS IN CARRYING AMOUNTS OF
PROPERTY, PLANT AND EQUIPMENT

	Properties	Furniture and Fittings	Motor Vehicles	IT Systems	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2009	5,075,843	121,319	41,970	162,733	5,401,865
Additions	177,892	6,834	19,090	25,912	229,728
Disposals	-	-	-	-	-
Depreciation	(315,568)	(62,942)	(12,364)	(64,896)	(455,770)
Balance at 30 June 2010	<u>4,938,167</u>	<u>65,211</u>	<u>48,696</u>	<u>123,749</u>	<u>5,175,823</u>

		2010	2009
		\$	\$
9. AMOUNTS DUE FROM BRANCHES			
NSW	Sustentation	352,779	354,938
	Other	52,008	5,115
Victoria	Sustentation	212,392	235,867
	Other	85,979	27,472
Queensland	Sustentation	408,823	377,556
	Other	152,638	44,523
South Australia	Sustentation	238,372	229,673
	Other	51,461	4,345
Western Australia	Sustentation	329,098	272,328
	Other	71,106	10,595
Tasmania	Sustentation	42,985	43,571
	Other	51,942	45,615
Northern Territory	Sustentation	38,437	35,855
	Other	55,426	65,098
Provision for Doubtful Debts		-	-
		<u>2,143,446</u>	<u>1,752,551</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

	2010	2009
	\$	\$
10. CAMPAIGN EXPENSES		
ACTU TV Advertising Campaign for Industrial Rights	-	310,982
Less: Amount recouped from Branches in respect of the full year	-	<u>(155,491)</u>
	-	<u>155,491</u>
Other Expenses	<u>81,611</u>	<u>10,274</u>
	<u>81,611</u>	<u>165,765</u>
11. PROFESSIONAL SERVICES		
Audit Fees	35,000	35,000
Audit Fee - prior year ACT	(4,250)	16,780
Accounting Services	-	3,600
Legal Fees	<u>42,259</u>	<u>27,289</u>
	<u>73,009</u>	<u>82,669</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

	2010	2009
	\$	\$
12. THOMAS STREET PROPERTY ACCOUNT		
Net assets relating to the joint venture with the NSW Branch in respect of building situated at Thomas Street Sydney.		
ASSETS		
Land	3,664,500	7,449,457
Building less Accumulated Depreciation	<u>7,292,846</u>	<u>3,535,820</u>
	10,957,346	10,985,277
Deposit	30,611	29,536
Accrued Interest	9,781	130,786
Prepayments	129,326	57,996
Cash at Bank	549,740	215,453
Investments	1,907,311	2,151,672
Sundry Debtors	<u>127,509</u>	<u>241,180</u>
TOTAL ASSETS	13,711,624	13,811,900
LIABILITIES		
Rent in advance	-	5,503
Sundry Creditors	<u>143,887</u>	<u>74,150</u>
TOTAL LIABILITIES	<u>143,887</u>	<u>79,653</u>
NET ASSETS	<u>13,567,737</u>	<u>13,732,247</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)**

13. RELATED PARTIES

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

National President	Brian Daley	1.7.09 to 30.6.10
National Vice Presidents	Jess Walsh David O'Byrne	1.7.09 to 30.6.10 1.7.09 to 31.10.09
National Secretary	Louise Tarrant	1.7.09 to 30.6.10
Assistant National Secretaries	Sue Lines Troy Burton	1.7.09 to 30.6.10 1.7.09 to 30.6.10
Executive Members	Mark Boyd Shirley Mellor Dave Kelly Lyndal Ryan Matthew Gardiner Gary Bullock David Di Troia Carolyn Smith Robyn Buckler Mel Gatfield	1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10 1.7.09 to 30.6.10

- (b) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the statement of comprehensive income under Salaries - Officers.
- (c) The aggregate amount paid to a superannuation plan in respect of the retirement of officers was \$65,020 (\$80,833 in 2009).
- (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.
- (e) The National Council is the ultimate controlling entity of the Liquor, Hospitality and Miscellaneous Union.

Transactions with Branches:

- (i) Sustentation fees charged to Branches are disclosed as income in the statement of comprehensive income.
- (ii) Assistance by the National Council to the Tasmanian and Northern Territory Branches is disclosed as an expense in the statement of comprehensive income.
- (iii) Amounts receivable from Branches are disclosed in the statement of financial position.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)**

13. RELATED PARTIES (cont'd)

- (iv) Reimbursements of \$100,177 were receivable from the ACT Branch in respect of expenses incurred during the year ended 30 June 2009 by National Council on behalf of that Branch. The amount of \$100,177 is included as income for the year ended 30 June 2009 in National Council's statement of comprehensive income.
- (v) On 1 April 2008 the ACT Branch's liabilities for long service leave and annual leave were transferred to National Council through the Branch's current account with National Council. Consequently at 30 June 2009 and at 30 June 2010 all ACT employee leave entitlements are included as part of the provisions for long service leave and annual leave in National Council's statement of financial position.

2010 2009
\$ \$

14. RECONCILIATION OF CASH

For the purpose of the Cash Flow Statement, Cash includes Cash on Hand and in at call deposits with banks or financial institutions, net of bank overdrafts

Cash at Bank	414,412	262,574
Cash on Hand	<u>1,750</u>	<u>1,750</u>
	<u>416,162</u>	<u>264,324</u>

15. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH NET (DEFICIT) SURPLUS

Net (Deficit) Surplus	(34,290)	22,349
Non Cash Flows in Net (Deficit) Surplus		
Depreciation	455,770	183,789
Surplus on Disposal of Assets	-	(1,816)
Thomas Street Surplus	(337,987)	(502,497)
Changes in Assets and Liabilities		
Transfers from ACT Branch on 1 July 2008	-	(324,482)
(Increase)/Decrease in Other Receivables	(502,742)	(232,700)
Decrease in Stock on Hand	7,088	15,808
(Increase)/Decrease in Prepayments	64,322	(5,775)
(Increase)/Decrease in Accrued interest	38,796	357,981
(Increase)/Decrease in Amounts Due From Branches	(390,895)	172,321
Increase/(Decrease) in Sundry creditors	217,242	(48,495)
Increase in Employees Provisions	<u>15,411</u>	<u>955</u>
CASH FLOWS FROM OPERATIONS	<u>(467,285)</u>	<u>(362,562)</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

16. FINANCIAL RISK MANAGEMENT

(a) *General objectives, policies and processes*

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

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

The union's financial instruments consist mainly of deposits with banks, trade receivables and payables. The main risks the union is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The National Council has overall responsibility for the determination of the union's risk management objectives and policies and whilst retaining ultimate responsibility for them, the National Council makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

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

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

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Debtors - Branches	2,143,446	1,752,551
Other receivables	<u>747,236</u>	<u>283,291</u>
Total loans and receivables	<u>2,890,682</u>	<u>2,035,842</u>

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

	2010	2009
	\$	\$
Cash	416,162	264,324
Term deposits employee leave fund	<u>346,747</u>	<u>693,099</u>
Total cash and cash equivalents	<u>762,909</u>	<u>957,423</u>

Cash and cash equivalents are held within Australian financial institutions with good credit history.

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

16. FINANCIAL RISK MANAGEMENT (cont'd)

(c) *Liquidity Risk*

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

As at 30 June 2010 the Union had cash of \$416,162 (\$264,324 - 2009) to meet these commitments as they fall due. Financial liabilities at 30 June 2010 totalled \$958,638 (\$941,427 - 2009). The Union manages liquidity risk by monitoring cash flows and maintains an investment fund in respect of the leave liability.

(d) *Market Risk*

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

(e) *Interest Rate Risk*

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

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 2010	Floating interest rate	Fixed Interest Rate		Non interest Bearing	Total
		1 year or less	Over 1 to 5 years		
Financial Assets	\$	\$	\$	\$	\$
Cash	414,412	-	-	1,750	416,162
Loans and Receivables	-	-	-	2,890,682	2,890,682
Term deposits employee leave fund	-	346,747	-	-	346,747
	<u>414,412</u>	<u>346,747</u>		<u>2,892,432</u>	<u>3,653,591</u>
Weighted average Interest rate	0.5%	4.6%			
Financial Liabilities					
Payables	-	-	-	958,645	958,645
Net financial assets	<u>414,412</u>	<u>346,747</u>	-	<u>1,933,787</u>	<u>2,694,946</u>

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
NATIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)

16. FINANCIAL RISK MANAGEMENT (cont'd)

30 June 2009	Floating Interest Rate	Fixed Interest Rate		Non interest Bearing	Total
		1 year or less	Over 1 to 5 years		
Financial Assets	\$	\$	\$	\$	\$
Cash	262,574	-	-	1,750	264,324
Loans and Receivables	-	-	-	2,035,842	2,035,842
Term deposits employee leave fund	-	693,099	-	-	693,099
	<u>262,574</u>	<u>693,099</u>	<u>-</u>	<u>2,037,592</u>	<u>2,993,265</u>
Weighted average Interest rate	0.8 %	4.3%			
Financial Liabilities					
Payables	-	-	-	941,427	941,427
Net financial assets	<u>262,574</u>	<u>693,099</u>	<u>-</u>	<u>1,096,165</u>	<u>2,051,838</u>

Sensitivity Analysis

2010	Carrying Amount	+1%	-0.25%
	\$	Profit \$	Loss \$
Cash at Bank	414,412	4,144	1,036
Term deposits employee leave fund	346,747	3,467	867
2009	Carrying Amount	+1%	-0.25%
	\$	Profit \$	Loss \$
Cash at Bank	262,574	2,626	656
Term deposits employee leave fund	693,099	6,931	1,733

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)**

16. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Other Price Risks

The union does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

(g) Foreign Exchange Risk

The union is not exposed to foreign exchange rate risk.

17. ACT BRANCH CEASING TO BE A REPORTING UNIT

At the National Executive meeting on the 8 March, 2008 a resolution was passed that a rule change for the ACT branch to restructure finance, membership and grievance handling by the Branch be registered.

On 19 March 2008, a combined meeting of the ACT Branch Executive (Committee of Management) and Branch Council agreed that a Deed of Arrangement between the ACT Branch and National Council be signed and that rules of the ACT Branch be amended by the insertion of a new sub-rule 75A6.

On 22 May 2008 the Industrial Registrar certified the alterations to the rules and further certified that the Union is to be divided into reporting units on an alternative basis as to that existing prior to the rule alteration.

The agreement between the National Council and the ACT Branch whereby the ACT Branch ceases to be a reporting unit will remain in force for three years. It may be terminated by either party giving the other three month's written notice (such notice to expire no earlier than 1 July 2011). If the agreement is not terminated by notice, it will continue to operate unless and until it is replaced by a subsequent agreement.

The effect of the agreement and rule alteration is that from 1 July 2008 the income, expenditure, assets, liabilities and accumulated funds of the ACT Branch will, in future years be disclosed in the National Council's Financial Report.

18. REGISTERED OFFICE

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

303 Cleveland Street
REDFERN NSW 2016



Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551, Sydney NSW 2001
Australia

INDEPENDENT AUDIT REPORT

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

We have audited the general purpose financial report of Liquor, Hospitality and Miscellaneous Union, National Council, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the National Executive's statement for the year then ended.

National Executive and the National Secretary's Responsibility for the Financial Report

The National Executive and the National Secretary are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (cont'd)

Auditor's Opinion

In our opinion the general purpose financial report of Liquor, Hospitality and Miscellaneous Union, National Council is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to be 'BDO', written over a faint horizontal line.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean', written over a faint horizontal line.

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

5 November, 2010.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
National Council**

FINANCIAL REPORTS FOR THE YEAR ENDED 30 JUNE 2010

CERTIFICATE BY SECRETARY OR PRESCRIBED OFFICER

I, Louise Tarrant, being the National Secretary of the Liquor, Hospitality and Miscellaneous Union, National Council certify:

- That the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the full report was provided to members on 24 November 2010 and
- That the full report was presented to a meeting of the committee of management of the reporting unit on 13th December, 2010 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signed



Date:

16/12/2010

27 July 2010

Ms Louise Tarrant
National Secretary
Liquor, Hospitality and Miscellaneous Union
Locked Bag 9
HAYMARKET NSW 1240



Dear Ms Tarrant,

Re: Lodgement of Financial Statements and Accounts – Liquor, Hospitality and Miscellaneous Union – for year ending 30 June 2010 - National Office (FR2010/2547), Victorian Branch (FR2010/2545), Western Australian Branch (FR2010/2546), NSW Branch (FR2010/2548), Northern Territory Branch (FR2010/2549), Queensland Branch (FR2010/2556), South Australian Branch (FR2010/2557), Tasmanian Branch (FR2010/2558)

The financial year of the above reporting entities within the Liquor, Hospitality and Miscellaneous Union has recently ended. This is a courtesy letter to remind you of the obligation to prepare the reporting units' financial documents and to lodge audited financial accounts and statements with Fair Work Australia in accordance with the *Fair Work (Registered Organisations) Act 2009* ('the RO Act').

The documents you must lodge include:

(i) A *general purpose financial report* [see section 253(2)] including a separate Statement of Changes in Equity or its accepted equivalent; (ii) A *Committee of Management statement* (see the General Manager's Reporting Guidelines); (iii) An *operating report* [see section 254(2)]; (iv) An *auditor's report* [see sections 257(5) to 257(11)]; and (v) A *certificate* of the *secretary or other designated officer* signed after all the prescribed events have taken place [see section 268(c)].

I draw your particular attention to

- (a) s237 which requires you to prepare and lodge *a separate statement* providing the prescribed particulars of any loan, grant or donation made during the year which exceeds \$1,000;
- (b) s265(5) which requires you to publish or otherwise *provide your members with completed/signed copies* of the audited accounts, report and statements before final presentation and lodgment; and
- (c) s266 which requires you to *present the completed documents to an eligible meeting(s)* (either of the members or of the committee of management). Note that this meeting is distinct from any initial committee meeting convened to prepare, sign or otherwise approve pre-audited documents.

Relevant references may be found at <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines> and <http://www.fwa.gov.au/index.cfm?pagename=legislationfwroact>. If you are in any doubt as to the requirements or anticipate any difficulty in complying with the requirements, do not hesitate to contact Fair Work Australia.

Yours sincerely,

Stephen Kellett

Statutory Services Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

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