

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
AUDITORS INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 24 May 2010 there have been:

- (i) No contraventions of any applicable code of professional conduct in relation to the audit.



AGOSTINELLI PERLEN
CHARTERED ACCOUNTANTS



JOHN AGOSTINELLI
PARTNER

Dated at Carlton, Victoria

This sixteenth day of November 2010

Directors: **JOHN AGOSTINELLI - HENRY V PERLEN**

Level 2 200 Lygon Street Carlton (PO Box 88 Carlton South Victoria 3053)

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Liability limited by a scheme approved under Professional Standards Legislation

**HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
INDEPENDENT AUDIT REPORT TO THE MEMBERS HEALTH SERVICES UNION -
VICTORIA NO. 3 BRANCH**

Report on the Financial Report

We have audited the accompanying financial report of Health Services Union - Victoria Branch No. 3 (the Branch), which comprises the balance sheet as at 24 May 2010, and the income statement, statement of changes in equity and cash flow statement for the year ended that date a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Branch Committee Members for the Financial Report

The Branch Committee Members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and the financial reporting requirements of the organisation's constitution. This responsibility includes: designing, implementing 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 judgment, 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 Union'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 members, 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 ethical pronouncements.

Directors: **JOHN AGOSTINELLI - HENRY V PERLEN**

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HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
INDEPENDENT AUDIT REPORT TO THE MEMBERS HEALTH SERVICES UNION -
VICTORIA NO. 3 BRANCH

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Health Services Union - Victoria Branch No. 3 as of 24 May 2010 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



AGOSTINELLI PERLEN
CHARTERED ACCOUNTANTS



JOHN AGOSTINELLI
PARTNER

Dated at Carlton, Victoria

This Sixteenth of the November 2010

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH INCOME STATEMENT

FOR THE PERIOD ENDING 24 MAY 2010

	Note	24 May 2010 \$	30 June 2009 \$
Membership dues	4	1,503,004	1,805,375
Other income	5	146,219	126,751
Administrative expenses		(386,177)	(363,408)
Affiliation fees		(118,305)	(119,554)
Campaign costs		(49,149)	(77,349)
Conference expenses		(19,500)	(53,340)
Depreciation		(51,266)	(64,518)
Donations		(6,741)	(1,000)
Employment expenses		(679,753)	(655,287)
Finance costs	6	(4,704)	(6,946)
Insurance		(88,758)	(101,811)
Legal fees		(29,021)	(124,425)
Occupancy expenses	6	(38,909)	(37,125)
Travel expenses		(93,039)	(90,891)
Operating profit attributable to members		83,901	236,472

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH BALANCE SHEET

24 MAY 2010

	Note	24 May 2010 \$	30 June 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	702,441	1,105,545
Trade and other receivables	8	407,648	56,628
Total current assets		<u>1,110,089</u>	<u>1,162,173</u>
Non-current assets			
Property, plant and equipment	9	202,988	103,141
Total non-current assets		<u>202,988</u>	<u>103,141</u>
TOTAL ASSETS		<u>1,313,077</u>	<u>1,265,314</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	104,243	86,972
Short-term provisions	11	217,695	189,846
Total current liabilities		<u>321,938</u>	<u>276,818</u>
Non-current liabilities			
Other long-term provisions	11	21,132	102,390
Total non-current liabilities		<u>21,132</u>	<u>102,390</u>
TOTAL LIABILITIES		<u>343,070</u>	<u>379,208</u>
NET ASSETS		<u>970,007</u>	<u>886,106</u>
EQUITY			
Members' funds		970,007	886,106
TOTAL EQUITY		<u>970,007</u>	<u>886,106</u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING 24 MAY 2010

	Accumulated Funds	Total
	\$	\$
Balance at 1 July 2009	886,106	886,106
Operating profit for the year	83,901	83,901
Balance at 24 May 2010	<u>970,007</u>	<u>970,007</u>

	Accumulated Funds	Total
	\$	\$
Balance at 1 July 2008	640,140	640,140
Operating profit for the year	236,472	236,472
Prior year adjustment	9,494	9,494
Balance at 30 June 2009	<u>886,106</u>	<u>886,106</u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
CASH FLOW STATEMENT

FOR THE PERIOD ENDING 24 MAY 2010

		24 May 2010	30 June 2009
	Note	\$	\$
Cash from operating activities:			
Receipts from members		1,655,004	1,989,916
Payments to suppliers and employees		(2,048,510)	(1,767,700)
Receipts from other operating activities		75,228	122,095
Interest received		35,530	41,310
Interest paid		(4,704)	(6,946)
Net cash from operating activities	13	<u>(287,452)</u>	<u>378,675</u>
Cash flows from investing activities:			
Purchase of property and equipment		(115,652)	(11,468)
Net cash from investing activities		<u>(115,652)</u>	<u>(11,468)</u>
Net (decrease) / increase in cash held		(403,104)	367,207
Cash and cash equivalents at beginning of financial year		<u>1,105,545</u>	<u>738,338</u>
Cash and cash equivalents at end of financial year	7	<u><u>702,441</u></u>	<u><u>1,105,545</u></u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

This financial report covers Health Services Union - Victoria No. 3 Branch as an individual entity. Health Services Union - Victoria No. 3 Branch is a non-reporting economic entity incorporated and domiciled in Australia. This financial report is prepared to satisfy the requirements of the Fair Work (Registered Organisations) Act 2009.

The reporting period for this financial report is from 30 June 2010 to 24 May 2010. This is due to the audit performed being an exit audit. This is due to the merger of Health Services Union No.3 Branch and Health Services Union – Victoria No.1 Branch to collectively form Health Services Union – East.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Membership contributions are accounted for on a cash basis, otherwise the concept of accruals accounting has been adopted in the preparation of these accounts.

(c) Comparatives

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

(d) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life 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.

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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

Furniture, Fixtures and Fittings	20%
Motor Vehicles	25%
Office Equipment	37.5% - 50%
Computer Software	25%

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

(e) Investments (financial assets)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Recognition

Financial assets are initially measured at cost of trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the balance sheet.

(g) Employee benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are 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. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Revenue

Revenue from membership dues is accounted for on a cash receipts basis.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(k) 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 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Income taxes

No provision for income tax has been raised as the Union is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity is classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Branch has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Branch are as follows:

- AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Branch has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New Accounting Standards for Application in Future Periods (continued)

-allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

-reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

(a) the objective of the entity's business model for managing financial assets; and

(b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Branch.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from IASB's annual improvements project. No changes are expected to materially affect the Branch.

- AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Branch.

- AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New Accounting Standards for Application in Future Periods (continued)

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Branch. AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Branch.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Branch.

- AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

The Branch does not anticipate early adoption of any of the above accounting standards.

2 NOTICE UNDER SECTION 272

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

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 24 MAY 2010

	2010	2009
	\$	\$
3 AUDITORS' REMUNERATION		
Remuneration of the auditor of the Union for:		
- auditing or reviewing the financial report	24,618	12,300
	<u>24,618</u>	<u>12,300</u>
4 REVENUE		
Member subscriptions	1,503,004	1,805,375
	<u>1,503,004</u>	<u>1,805,375</u>
5 OTHER OPERATING INCOME		
Directors fees	-	7,674
Miscellaneous income	7,453	9,606
Provision for employee services	67,775	63,616
Profit / (loss) on sale of assets	35,461	4,545
Interest income	35,530	41,310
	<u>146,219</u>	<u>126,751</u>
6 PROFIT FOR THE YEAR		
Expenses		
Interest expense on financial liabilities not at fair value through profit or loss:		
-external	4,704	6,946
	<u>4,704</u>	<u>6,946</u>
Rental expense on operating leases		
-rental expense	38,909	37,125
	<u>38,909</u>	<u>37,125</u>
	<u>38,909</u>	<u>37,125</u>
7 CASH AND CASH EQUIVALENTS		
Cash at bank	680,892	1,084,701
Term deposits	21,549	20,844
	<u>702,441</u>	<u>1,105,545</u>
8 TRADE AND OTHER RECEIVABLES		
Current		
Other related parties	8(a) 400,664	50,037
Prepayments	6,984	6,591
	<u>407,648</u>	<u>56,628</u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 24 MAY 2010

	2010	2009
	\$	\$
8 TRADE AND OTHER RECEIVABLES (continued)		
(a) Other related parties (current)		
HSU - Victoria No. 1 Branch loan	297,788	-
HSU – National loan	102,876	50,037
	<u>400,664</u>	<u>50,037</u>
9 PROPERTY, PLANT AND EQUIPMENT		
Furniture, fixture and equipment		
At cost	196,517	184,761
Accumulated depreciation	(172,381)	(161,735)
	<u>24,136</u>	<u>23,026</u>
Motor vehicles		
At cost	242,713	217,721
Accumulated depreciation	(65,216)	(142,999)
	<u>177,497</u>	<u>74,722</u>
Computer software		
At cost	132,594	132,594
Accumulated depreciation	(131,239)	(127,201)
	<u>1,355</u>	<u>5,393</u>
Improvements		
At cost	79,583	79,583
Accumulated depreciation	(79,583)	(79,583)
	<u>-</u>	<u>-</u>
	<u>202,988</u>	<u>103,141</u>

Movements in Carrying Amounts

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

	Furniture, Fixtures and Equipment	Motor Vehicles	Computer Software	Total
	\$	\$	\$	\$
Balance at the beginning of year	23,026	74,722	5,393	103,141
Additions	11,756	103,896	-	115,652
Trade-in	-	83,800	-	83,800
Disposals	-	(73,496)	-	(73,496)
Depreciation expense	(10,646)	(11,425)	(4,038)	(26,109)
Carrying amount at the end of year	<u>24,136</u>	<u>177,497</u>	<u>1,355</u>	<u>202,988</u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 24 MAY 2010

	2010	2009
	\$	\$
10 TRADE AND OTHER PAYABLES		
Current		
Unsecured liabilities		
Trade payables	4,387	16,969
Sundry payables and accrued expenses	99,856	70,003
	<u>104,243</u>	<u>86,972</u>

11 PROVISIONS		
Balance at the beginning of the year	292,236	297,103
Additional provisions	38,817	77,884
Amounts used	(92,226)	(82,751)
Balance at the end of the year	<u>238,827</u>	<u>292,236</u>

Analysis of Total Provisions

Current	217,695	189,846
Non-current	21,132	102,390
	<u>238,827</u>	<u>292,236</u>

Provision for Employee Entitlements

A provision has been recognised for current employee benefits relating to annual leave. A provision has also been recognised for non current employee benefits relating to long service leave.

12 FINANCIAL RISK MANAGEMENT

The Branch's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instrument are as follows:

Financial Assets

Cash and cash equivalents	702,441	1,15,545
Trade and other receivables	407,648	56,628
Total Financial Assets	<u>1,110,089</u>	<u>1,162,173</u>

Financial Liabilities

Trade and other payables	104,243	86,972
Total Financial Liabilities	<u>104,243</u>	<u>86,972</u>

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 24 MAY 2010

2010 2009
\$ \$

12 FINANCIAL RISK MANAGEMENT (continued)

Specific Financial Risk Exposures and Management

The main risks the Branch is exposed to through its financial instruments are liquidity risk and market risk through interest rate risk.

(a) Liquidity risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Branch manages risk through the following mechanisms:

- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets;
- Managing credit risk related to financial assets;
- Maintaining a reputable credit risk profile;
- Obtaining funding from a variety of sources; and
- Monitoring undrawn credit facilities.

Financial liability and financial asset maturity analysis

	Within 1 Year		1-5 Years		Total Contractual Cash Flow	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Financial Assets – cash flow realisable						
Cash and cash equivalents	702,441	1,105,545	-	-	702,441	1,105,545
Trade and other receivables	407,648	56,628	-	-	407,648	56,628
Total anticipated inflows	1,110,089	1,162,173	-	-	1,110,089	1,162,173
Financial Liabilities due for payment						
Trade and other payables	104,243	86,972	-	-	104,243	86,972
Total contractual outflows	104,243	86,972	-	-	104,243	86,972
Net inflow/(outflow) on financial instruments	1,005,846	1,075,201			1,005,846	1,075,201

(b) Market risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect cash flows or the fair value of fixed rate financial instruments.

HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 24 MAY 2010

	2010	2009
	\$	\$

13 DONATIONS

As required by section 254 of the Fair Work (Registered Organisations) Act 2009, listed below are any donations in excess of \$1,000:

-Australia Bringing Hope Incorporated	5,000	-
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No donations in excess of \$1,000 were made during the 2009 financial year.

14 CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	83,901	236,472
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	51,266	64,518
Adjustment to plant and equipment from prior year	-	37,981
Net gain on disposal of property, plant and equipment	(35,461)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(350,627)	36,654
(Increase)/decrease in prepayments	(393)	(6,591)
Increase/(decrease) in trade payables and accruals	17,271	14,507
Increase/(decrease) in provisions	(53,409)	(4,866)
Net cash from operating activities	(287,452)	378,675

15 RELATED PARTY TRANSACTIONS

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

Transactions with related parties:

-Trade Receivables	211,486	50,037
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16 KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel of the Branch during the period are as follows:

	2010
	\$
Employee benefits	522,570

Key management personnel who received compensation during the period were Katherine Jackson.

**HEALTH SERVICES UNION - VICTORIA NO. 3 BRANCH
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD ENDING 24 MAY 2010

2010	2009
\$	\$

17 CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities or contingent assets as at balance date.

18 EVENTS AFTER BALANCE DATE

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches with the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to HSU East Branch.

19 SUPERANNUATION OFFICE HOLDERS

The following officers and/or members of the Branch are directors of companies that are trustees of superannuation funds which require one or more of their directors to be a member of a registered organisation.

Officer/Member	Trustee Company	Entity/Scheme	Position
Katherine Jackson	H.E.S.T Australia Limited	HESTA Superfund	Director

20 BRANCH DETAILS

The principal place of business for the Branch is:
Health Services Union – Victoria No.3 Branch
209-212 Park Street
South Melbourne VIC 3205

HEALTH SERVICES UNION – VICTORIA NO.3 BRANCH

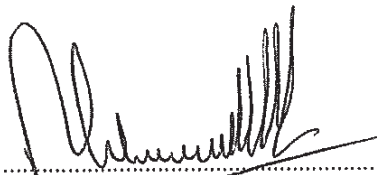
COMMITTEE OF MANAGEMENT'S STATEMENT

On 19 November 2010 the Committee of Management of the Health Services Union, Victoria No. 3 Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the period ended 24 May 2010.

The Committee of Management declares in relation to the GPFR that to the best of its knowledge and belief:

- 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 Branch for the period ended 24 May 2010;
- d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- e) during the reporting period ended 24 May 2010 and since the end of the period:
 - i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - iii) the financial affairs of the branch 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 branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - v) no information has been sought in any request of a member of the Branch of the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) During the period ended 24 May 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



Michael Williamson

4 February 2011