



1 December 2023

Kate Marshall
Assistant Branch Secretary
Health Services Union-Victoria No. 2 Branch
Sent via email: hacsu@hacsu.asn.au
CC: stephen@eddypartners.com.au

Dear Kate Marshall

**Health Services Union-Victoria No. 2 Branch
Financial Report for the year ended 30 June 2023 – (FR2023/36)**

I acknowledge receipt of the financial report for the year ended 30 June 2023 for the Health Services Union-Victoria No. 2 Branch. The documents were lodged with the Fair Work Commission (the Commission) on 8 November 2023.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2024 may be subject to an advanced compliance review.

Reporting Requirements

The Commission's website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements.

The Commission recommends that reporting units use these model financial statements to assist in complying with the RO Act, the section 253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please call 1300 341 665 or email regorgs@fwc.gov.au.

Yours sincerely

Kylie Ngo
Fair Work Commission



HACSU

Health & Community
Services Union

7 Grattan St, Carlton, VIC 3053
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hacsu@hacsu.asn.au | www.hacsu.asn.au
ABN: 48 505 905 580

8 November 2023

Fair Work Commission

regorgs@fwc.gov.au

Dear Sir,

Re: *Designated Officers Certificate - s268 Fair Work (Registered Organisations) Health Services Union of Australia Victoria No.2 Branch. Financial Statement for Year Ending 30 June 2023*

I, Kate Marshall , being the Assistant Branch Secretary of the Victoria No. 2 Branch of the Health Services Union, certifies:

1. That the document lodged herewith is a copy of the Full Financial Report for the year ending 30th June 2023 referred to in s265 of the Fair Work (Registered Organisations) Act 2009; and.
2. That this document was presented to and accepted by our Branch Committee of Management meeting on the 31st August 2023 [*the first meeting*].
3. That the Financial Report was published to members on the 8th September 2023; and
4. That the Financial Report was presented to and accepted at a General Meeting of members of the Branch on the 2nd November 2023 [*the second meeting*] in accordance with section 266 (1) (2).

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

Yours sincerely,

Kate Marshall
Assistant Branch Secretary

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**



7 Grattan St, Carlton, VIC 3053
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HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580

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This financial report covers the Health Services Union, Victoria No. 2 Branch as an individual entity. The financial report is presented in the Australian currency.

The Health Services Union Victoria No. 2 Branch is a registered trade union under the *Fair Work (Registered Organisations) Act 2009*. The purpose of the entity is to protect and improve conditions and entitlements for members. Its principle activities are the pursuit of the Objects of the Union's Rules. Specifically, the main activities of the Branch are to regulate and protect the employment conditions of its members, including: negotiating certified agreements and award variations; upholding members' rights as employees, taking all necessary steps to advance the health and safety of members in the workplace and representing members individually and collectively in the Australian Industrial Relations Commission, the Equal Opportunity Commission and the Victorian Civil and Administrative Tribunal in relation to employment matters

The principal place of business is:
Health Services Union Victoria No. 2 Branch
7 Grattan Street
CARLTON VIC 3053

The financial report was authorised for issue by the Committee of Management on 31 August 2023.

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT

Your Branch committee of Management present their report on the union for the financial year ended 30 June 2023.

Members of branch committee

The names of the members of Committee of Managements in office at any time during or since the end of the financial year are:

Name	Position	
Debbie Gunn	President **	
Melissa Urie	Trustee **	
Jessica Anderson	Senior Vice President **	
Catherine Kanizay	Junior Vice President **	
Paul Healey	Branch Secretary **	
Kate Marshall	Assistant Branch Secretary **	
Kimberlee Lindsay	Trustee **	
Ben Coombes	Ordinary Member	
Sandra Jensen	Ordinary Member	
Margaret Nyamu	Ordinary Member	
Zelda Riddell	Ordinary Member	
Kimberly Gallaher	Ordinary Member	
Jacinta Chavulak	Ordinary Member	Resigned 30 November 2022
Manpreet Singh	Ordinary Member	
Nic McAtamney	Ordinary Member	
Lee Allen	Ordinary Member	Appointed 14 July 2022

The following persons are Branch Delegate National Council:

Angela Carter
Brendan Cox
Debbie Gunn
Paul Healey
John Murphy
Patrick Nuzum
Lee Allen
Cheryl Mann
Tulay Turcan
Hannah Warne-Smith
George Skoufis

** - members of the Finance, Audit and Compliance Committee

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

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT (Continued)

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

Health Services Union Victoria No. 2 Branch is a member based, federally registered trade union. The principal activity of the union during the financial year was the protection and improvement of employment conditions for its members who are employed in mental health / alcohol and other drug and disability services in Victoria.

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

Significant changes in financial affairs

No significant changes in the state of financial affairs of the Branch occurred during the financial year.

Union Details

Number of employees

As at 30 June 2023, the Branch has full time equivalent 30.7 (2022: 31.5) employees.

Number of members

As at 30 June 2023, the total number of members was 11,527 (2022: 11,026) members.

As at 30 June 2023, the total number of financial members was 10,734 (2022: 10,114) members.

Right of members to resign

Pursuant to Rules 10(b)-(h) of the HSU and s174 of the *Fair Work (Registered Organisations) Act 2009*, a member may resign from membership of the Union by notice in writing addressed and delivered to the Secretary of the member's Branch.

A notice of resignation from membership of the Union shall take effect:-

- (i) where the member ceases to be eligible to become a member of the Union -
 - A. on the day upon which the notice is received by the Union, or
 - B. on the day specified in the notice, which is a day not earlier than the day when the member ceased to be eligible to become a member,whichever is the later; or

- (ii) in any other case -
 - A. at the end of two weeks after the notice is received by the Union, or
 - B. on the day specified in the notice,whichever is the later.

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT (Continued)

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

To the best of our knowledge and belief, the following officers and employees of the Branch are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

Name of Officer	Company	Name of Superannuation Fund	Position	Whether position held because nominated for by a registered organisation
Kate Marshall	H.E.S.T. Australia Ltd	HESTA	Director	YES

Signed in accordance with a resolution of the Branch Committee of Management:

Signature of designated officer: 

Name of designated officer: **PAUL HEALEY**

Title of designated officer: **STATE SECRETARY.**

Dated: **31/08/2023**

HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	4		
Membership subscription		5,728,766	5,564,512
Capitation fees		-	-
Levies		-	-
Total revenue from contracts with customers		<u>5,728,766</u>	<u>5,564,512</u>
Income for furthering objectives	4		
Grants		1,506	-
Donations		-	-
Total Income for furthering objectives		<u>1,506</u>	<u>-</u>
Other income	4A	146,433	98,543
Expenses			
Administration expenses	6	(912,656)	(802,644)
Affiliation and capitation fees	7	(372,638)	(348,102)
Communication expenses		(52,160)	(50,325)
Depreciation and amortisation expenses	5	(186,265)	(215,550)
Employee benefits expense	8	(3,998,513)	(3,959,047)
Legal and professional fees		(34,766)	(27,461)
Loss on disposal of fixed assets		(18,649)	-
Members benefit expenses		(500)	(1,954)
Occupancy expenses		(93,934)	(91,743)
Borrowing costs		(4,070)	(2,093)
		<u>(5,674,151)</u>	<u>(5,498,919)</u>
Surplus for the year		<u>202,554</u>	<u>164,136</u>
Surplus attributable to members of the entity		202,554	164,136
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the members		<u>202,554</u>	<u>164,136</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	1,398,273	1,106,088
Trade and other receivables	10	292,798	331,700
Other assets	11	101,720	145,636
Inventories	12	81,397	84,028
Total current assets		<u>1,874,188</u>	<u>1,667,452</u>
Non-current assets			
Property, plant and equipment	13	3,372,706	3,462,976
Financial assets	14	2,443	2,443
Total non-current assets		<u>3,375,149</u>	<u>3,465,419</u>
Total assets		<u>5,249,337</u>	<u>5,132,871</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	256,865	319,876
Employee benefit obligations	16	716,622	752,656
Borrowings	17	9,470	31,255
Total current liabilities		<u>982,957</u>	<u>1,103,787</u>
Non-current liabilities			
Borrowings	17	34,742	-
Total non-current liabilities		<u>34,742</u>	<u>-</u>
Total liabilities		<u>1,017,699</u>	<u>1,103,787</u>
Net assets		<u>4,231,638</u>	<u>4,029,084</u>
MEMBERS' FUND			
Reserves	18	1,115,261	1,115,261
Accumulated surplus	19	3,116,377	2,913,823
Total members' fund		<u>4,231,638</u>	<u>4,029,084</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Accumulated surplus \$	Other funds \$	Reserves	Total \$
Balance at 1 July 2021	2,749,687	-	1,115,261	3,864,948
Total comprehensive income for the year	<u>164,136</u>	<u>-</u>	<u>-</u>	<u>164,136</u>
Balance at 30 June 2022	<u>2,913,823</u>	<u>-</u>	<u>1,115,261</u>	<u>4,029,084</u>
Balance at 1 July 2022	2,913,823	-	1,115,261	4,029,084
Total comprehensive income for the year	<u>202,554</u>	<u>-</u>	<u>-</u>	<u>202,554</u>
Balance at 30 June 2023	<u>3,116,377</u>	<u>-</u>	<u>1,115,261</u>	<u>4,231,638</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Subscriptions receipts		6,356,354	5,831,838
Merchandise income		1,885	2,125
Grants received		1,506	-
Directors fees received		76,873	36,657
Sundry receipts		53,838	94,418
Receipts from other reporting units			
- HSU National Office		4,632	6,401
Receipts from controlled entities		-	-
Payments to suppliers and employees		(5,805,421)	(5,467,295)
Payments to other reporting units			
- HSU National Office		(302,590)	(264,104)
- AWU		(500)	-
Payments to controlled entities		-	-
Interest received		11,365	3,820
Interest paid		(4,070)	(1,885)
Net cash inflow from operating activities	24a	<u>393,872</u>	<u>241,975</u>
Cash flows from investing activities			
Proceeds from sales of assets		618	27,727
Payments for property, plant and equipment		(63,348)	(92,661)
Cash (outflow) from investing activities		<u>(62,730)</u>	<u>(64,934)</u>
Cash flows from financing activities			
Principal elements of lease payments		(38,957)	(58,169)
Net cash (outflow) from financing activities		<u>(38,957)</u>	<u>(58,169)</u>
Net increase in cash and cash equivalents		292,185	118,872
Cash and cash equivalents at beginning of financial year		<u>1,106,088</u>	<u>987,216</u>
Cash and cash equivalents at end of financial year	9	<u>1,398,273</u>	<u>1,106,088</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR YEAR ENDED 30 JUNE 2023**

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 30 June 2023.

	2023	2022
	\$	\$
Categories of expenditure		
Remuneration and other employment-related costs and expenses - employees	3,998,513	3,959,047
Advertising	12,162	8,208
Operating costs	400,389	473,898
Donations to political parties	8,820	4,838
Legal costs	4,310	8,741

Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly, the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer: 

Name and title of designated officer: **PAUL HEALEY**

Title of designated officer: **STATE SECRETARY**

Dated: **31/08/23**

The above report should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statement covers the Health Services Union Victoria No. 2 Branch (The Branch).

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. The Health Services Union Victoria No. 2 Branch (The Branch) is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis except for certain classes of property, plant and equipment and investment properties, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars.

New and amended standards adopted by the Branch

The Branch adopts all the new and revised Standards and interpretation issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current annual reporting period. The adoption of these standards has not had a material impact on the Branch.

Early adoption of standards

No accounting standard has been adopted earlier than the application date stated in the standard.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less cost of disposal, and
- retirement benefit obligations – plan assets measured at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Branch recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Branch's activities as described below. The Branch bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Branch.

If there is only one distinct membership service promised in the arrangement, the Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Branch's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Branch allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Branch charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the entity recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Branch has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the entity at their standalone selling price, the Branch accounts for those sales as a separate contract with a customer.

Grants, Donations, Contribution and Funding

Revenue is recognised when the Branch obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon when their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the contributors and the Branch.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Branch reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(c) Taxation

The Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(d) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

(e) Cash and cash equivalents

For the Statement of Cash Flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Inventories

Inventory, consisting mainly of movie tickets, gift cards and clothing, is measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimate of the selling price in the ordinary course of activities less the estimated costs of necessary to make the sale.

(g) SaaS arrangements

SaaS arrangements are software product offerings in which the branch does not control the underlying software used in the arrangement. Where costs incurred to configure or customise a SaaS arrangement result in the creation of a resource which is identifiable, and where the branch has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, the branch recognises those costs as an expense when the supplier provides the services. However, the branch recognises those costs as a prepayment if, and to the extent that, the supplier performing the configuration and customisation activities is the vendor of the SaaS product (or an agent of the vendor) and those activities do not represent a distinct service in addition to the SaaS access. This is because, in that circumstance, the branch cannot separately benefit from the configuration and customisation activities and instead those activities are set up activities performed by the SaaS vendor so that it can provide the SaaS access to the branch.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(g) SaaS arrangements (Continued)

In the process of applying the branch's accounting policy on configuration and customisation of costs incurred in implementing SaaS arrangements, management has made the following judgements:

- Determining whether cloud computing arrangements contain a software licence intangible asset
 - The Branch evaluates cloud computing arrangements to determine if it provides a resource that the branch can control. The Branch determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:
 - the branch has the contractual right to take possession of the software during the hosting period without significant penalty.
 - It is feasible for the branch to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.
 - Capitalisation of configuration and customisation costs in SaaS arrangements
 - Where the branch incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance on-premise software that belongs to the branch or to provide code that can be used by the branch in other arrangements, the branch applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB 138 *Intangible Assets*.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Accounting for land and buildings

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in members fund.

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the Branch commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Plant and equipment	10 - 40%	Diminishing value
Building and improvements	2.5 – 12.5%	Diminishing value
Leasehold improvements	Over lease term	Straight line
Motor vehicles	18.75%	Diminishing value
Right-of-use assets	Over lease term	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Branch initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Branch's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Branch commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Branch only has the following financial assets: Financial assets at amortised cost

Financial assets at amortised cost

The Branch measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Branch's financial assets at amortised cost includes trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(i) Financial assets (continued)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Branch has transferred substantially all the risks and rewards of the asset, or
 - b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Branch applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(i) Financial assets (continued)

Impairment (Continued)

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Branch recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Branch's financial liabilities include trade and other payables.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(k) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(l) Leases

The branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Branch as a lessee

The branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The branch recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The branch recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the branch at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the branch and payments of penalties for terminating the lease, if the lease term reflects the branch exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the branch uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave, RDO and associated leave loading expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave, RDO and associated leave loading is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(n) Fair value measurement

The Branch measures financial instruments, such as, financial assets at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in the Note.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(n) Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(o) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the Branch's functional and presentation currency.

(p) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1: Summary of significant accounting policies (Continued)

(q) New accounting standards and interpretations

In the current year, the entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2022-3 Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments are not expected to have a material impact on the Branch.

(r) Future accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
Nature of change	This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The branch does not expect the adoption of this amendment to have a material impact on its financial statements.
Application date	This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2: Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Branch and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgments in applying the branch's accounting policies

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

3: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or the General Manager:

(1) a member 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).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

4: Revenue and income

	2023 \$	2022 \$
Disaggregation of revenue from contracts with customers		
A disaggregation of the entity's revenue by type of arrangements is provided on the face of the Statement of Comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.		
Type of customer		
- Members	<u>5,728,766</u>	<u>5,564,512</u>
Disaggregation of income for furthering activities		
A disaggregation of the entity's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:		
Income funding sources		
- government	<u>1,506</u>	<u>-</u>
4A: Other income		
- interest	11,365	3,820
- director fees	78,852	46,764
- financial support from another reporting unit	-	-
- merchandise income	1,714	1,932
- revenue derived from undertaking recovery of wage activity	-	-
- employee FBT contribution	19,656	18,071
- sponsorship income	16,000	21,200
- expenses reimbursement from HSU National Office	18,846	5,545
- profit from sales of fixed assets	-	857
- other revenue	-	354
	<u>146,433</u>	<u>98,543</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5: Individually significant items

	2023 \$	2022 \$
The following items are significant to the financial performance of the entity, and so are listed separately here.		
<i>Depreciation</i>		
- plant and equipment	43,999	49,352
- motor vehicles	48,081	51,599
- right-of-use assets - equipment	7,787	27,137
- right-of-use assets - office	29,523	29,551
- leasehold improvement	13,331	13,331
- building & improvement	<u>43,544</u>	<u>44,580</u>
	<u>186,265</u>	<u>215,550</u>
Donations:		
Total paid that were \$1,000 or less	2,500	1,888
Total paid that exceeded \$1,000	21,860	9,300
Fees/allowances – meeting and conferences	-	-
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	6,818	7,273
Legal fees		
- litigation	-	5,759
- other legal matters	4,310	2,982
Consideration to employers for payroll deduction	-	-
Penalties – via RO Act or RO Regulations	-	-
Net (gain) loss on disposal of fixed assets	18,649	(857)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6: Administration expenses

	2023	2022
	\$	\$
Bank charges	50,287	39,791
Campaign expenses	93,917	31,231
Computer expenses	213,676	255,511
General administration expenses	84,044	120,036
Research expenses	6,818	7,273
Insurance expenses	154,026	179,973
Motor vehicles expenses	94,125	75,779
Officials, delegates expenses	160,337	54,730
Other expenses	26,866	12,796
Postage and courier	8,735	8,321
Printing and stationery	19,825	17,203
	912,656	802,644

7: Affiliation and capitation fees

	2023	2022
	\$	\$
Affiliation fee		
- Australian Labor Party	60,770	57,709
- APHEDA	447	326
- Ballarat Regional Trades & Labour Council	6,718	3,756
- Bendigo Trades Hall Council	1,948	1,312
- Geelong and Region Trades & Labour Council	2,292	2,163
- Gippsland Trades & Labour Council	974	677
- Goulburn Valley Trades & Labour Council	169	216
- North-East Border Trades & Labour Council	1,210	880
- South-West Trades & Labour Council	396	322
- Sunraysia Trades & Labour Council Inc	236	118
- Victorian Trades Hall Council	28,270	41,779
Capitation fee & levies		
- Health Services Union of Australian National Council	269,208	238,844
Other compulsory levies	-	-
	372,638	348,102

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

8: Employee benefits expenses

	2023 \$	2022 \$
<i>Employees other than holders of office</i>		
- wages and salaries	2,973,867	2,922,513
- superannuation	333,629	326,494
- leave and other entitlements	(40,307)	68,130
- separation and redundancies	-	-
- other employee expenses	-	-
	<u>3,267,189</u>	<u>3,317,137</u>
<i>Holders of office</i>		
- wages and salaries	344,903	334,363
- superannuation	48,287	42,268
- leave and other entitlements	4,273	(4,817)
- separation and redundancies	-	-
- other employee expenses	-	-
	<u>397,463</u>	<u>371,814</u>
<i>Other staff costs **</i>	<u>333,861</u>	<u>270,096</u>
	<u>3,998,513</u>	<u>3,959,047</u>

** Other staff costs primarily comprise payroll tax, fringe benefits tax and workcover.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

9: Current assets – Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	1,395,273	1,103,088
Cash on hand	3,000	3,000
	<u>1,398,273</u>	<u>1,106,088</u>

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Balances as above	<u>1,398,273</u>	<u>1,106,088</u>
Balances per Statement of Cash Flows	<u>1,398,273</u>	<u>1,106,088</u>

10: Current assets – Trade and other receivables

	2023	2022
	\$	\$
Trade and other receivables	275,920	329,250
Receivable from other reporting units		
- HSU National Office	16,878	2,450
Less: loss allowance	-	-
	<u>292,798</u>	<u>331,700</u>

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The entity's impairment and other accounting policies for trade and other receivables are outlined in note 1.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

11: Current assets – Other assets

	2023	2022
	\$	\$
Prepayments	<u>101,720</u>	<u>145,636</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

12: Inventories

	2023 \$	2022 \$
Promotional items & clothing on hand – at cost	<u>81,397</u>	<u>84,028</u>

(a) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 1 for the branch's other accounting policies for inventories.

(b) Amount recognised in profit and loss

Inventories recognised as expense during the year ended 30 June 2023 and included in members benefit expenses amounted to \$91,680 (2022 – \$72,175). No write-downs of inventories to net realisable value during the year.

13: Non-current assets – Property, plant and equipment

	2023 \$	2022 \$
Land, Building and improvements		
At valuation	3,053,054	3,034,454
Less accumulated depreciation	<u>(178,015)</u>	<u>(134,471)</u>
	<u>2,875,039</u>	<u>2,899,983</u>
Leasehold improvements		
At cost	39,996	39,996
Less accumulated depreciation	<u>(37,555)</u>	<u>(24,224)</u>
	<u>2,441</u>	<u>15,772</u>
Plant and equipment		
At cost	530,384	530,560
Less accumulated depreciation	<u>(287,638)</u>	<u>(269,296)</u>
	<u>242,746</u>	<u>261,264</u>
Right-of-use assets		
At cost	140,568	88,654
Less accumulated depreciation	<u>(96,441)</u>	<u>(59,131)</u>
	<u>44,127</u>	<u>29,523</u>
Motor vehicles		
At cost	376,676	376,676
Less accumulated depreciation	<u>(168,323)</u>	<u>(120,242)</u>
	<u>208,353</u>	<u>256,434</u>
Total property, plant and equipment	<u>3,372,706</u>	<u>3,462,976</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13: Non-current assets – Property, plant and equipment (Continued)

(a) Non-current assets pledged as security

None of the non-current assets are pledged as security

(b) Movements in carrying amounts

2022	Building and improvements \$	Leasehold improvements \$	Plant & equipment \$	Right-of-use assets \$	Motor Vehicles \$	Total \$
Opening net book amount	2,942,783	29,103	283,823	86,297	270,815	3,612,821
Additions	1,780	-	31,012	-	59,869	92,661
Disposals	-	-	(4,219)	(86)	(22,651)	(26,956)
Depreciation	(44,580)	(13,331)	(49,352)	(56,688)	(51,599)	(215,550)
Closing net book amount	2,899,983	15,772	261,264	29,523	256,434	3,462,976
2023	Building and improvements \$	Leasehold improvements \$	Plant & equipment \$	Right-of-use assets \$	Motor Vehicles \$	Total \$
Opening net book amount	2,899,983	15,772	261,264	29,523	256,434	3,462,976
Additions	18,600	-	44,748	51,914	-	115,262
Disposals	-	-	(19,267)	-	-	(19,267)
Depreciation	(43,544)	(13,331)	(43,999)	(37,310)	(48,081)	(186,265)
Closing net book amount	2,875,039	2,441	242,746	44,127	208,353	3,372,706

(c) Valuation

The Branch engaged an external, independent and qualified valuer (Cunningham Property Consultants) to determine the fair value (\$2,950,000) of the Branch's land and building as at 28 June 2019. No material change has occurred in that appraisal to the date of this financial report.

(d) Right-of-use assets

	2023 \$	2022 \$
Office	-	29,523
Equipment	44,127	-
	<u>44,127</u>	<u>29,523</u>

14: Non-current assets – financial assets

	2023 \$	2022 \$
Investments in unlisted entity	<u>2,443</u>	<u>2,443</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

14: Non-current assets – financial assets (Continued)

	2023	2022
	\$	\$
(a) Movements:		
Balance at 1 July	2,443	2,089
Addition	-	354
Balance at 30 June	<u>2,443</u>	<u>2,443</u>

15: Current liabilities – Trade and other payables

	2023	2022
	\$	\$
<i>Unsecured</i>		
Other payables	256,865	246,234
Amount payables to other reporting units – HSU National Office	-	73,642
Consideration to employers for payroll deductions	-	-
Legal fee payables – other matters	-	-
Legal fee payables – litigation	-	-
	<u>256,865</u>	<u>319,876</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

16: Current liabilities – Employee benefit obligations

	2023	2022
	\$	\$
Employee provisions:		
<i>Office holders:</i>		
Annual leave	49,748	51,022
Long service leave	85,489	79,942
Separations and redundancies	-	-
Other	-	-
	<u>135,237</u>	<u>130,964</u>
<i>Employees other than office holders:</i>		
Annual leave	332,583	274,513
Long service leave	248,802	347,179
Separations and redundancies	-	-
Other	-	-
	<u>581,385</u>	<u>621,692</u>
Total employee provisions	<u>716,622</u>	<u>752,656</u>

(a) Leave obligations

The leave obligations cover the Branch's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Branch does not have an unconditional right to defer settlement for any of these obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17: Borrowings

	2023	2022
	\$	\$
<i>Current</i>		
Right-of-use liabilities	<u>9,470</u>	<u>31,255</u>
<i>Non-current</i>		
Right-of-use liabilities	<u>34,742</u>	<u>-</u>
Total borrowings	<u>44,212</u>	<u>31,255</u>

The movement of the carrying amounts of the lease liabilities associated with the right of use assets:

	2023	2022
	\$	\$
As at 1 July	31,255	89,510
Addition	51,914	-
Lease adjustment	-	(86)
Interest	4,016	1,885
Payments	<u>(42,973)</u>	<u>(60,054)</u>
	<u>44,212</u>	<u>31,255</u>

18: Reserve

	2023	2022
	\$	\$
Asset revaluation reserve		
Balance 1 July	1,115,261	1,115,261
Revaluation of land and building	-	-
Balance 30 June	<u>1,115,261</u>	<u>1,115,261</u>

19: Accumulated surplus

	2023	2022
	\$	\$
Movements in the accumulated surplus were as follows:		
Balance 1 July	2,913,823	2,749,687
Net surplus for the year	202,554	164,136
Balance 30 June	<u>3,116,377</u>	<u>2,913,823</u>

No specific funds or accounts have been operated in respect of compulsory levies or voluntary contributions.

20: Events occurring after the reporting period

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent financial periods.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

21: Contingencies

There are no known contingent assets or liabilities at 30 June 2023.

22: Commitments

	2023	2022
	\$	\$
Contractual obligation for future membership database maintenance – not recognised as a liability		
Later than one year but less than five years	-	30,549
Later than five years	-	-
	<u>-</u>	<u>30,549</u>

23. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor and non-related audit firms:

	2023	2022
	\$	\$
(a) Audit and other assurance services - current auditor		
Audit of the financial report	<u>6,800</u>	-
(b) Audit and other assurance services - prior auditor		
Audit of the financial report	-	15,250
Other audit services	770	720
Other service	-	2,750
	<u>770</u>	<u>18,720</u>

24: Cash flow information

	2023	2022
	\$	\$
(a) Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	202,554	164,136
<i>Non cash flows in surplus</i>		
Depreciation	186,265	215,550
Net loss on disposal of fixed assets	18,649	(857)
Non-cash distribution	-	(354)
<i>Changes in assets and liabilities</i>		
Decrease (Increase) in receivables	82,818	(198,559)
Decrease (Increase) in inventories	2,631	(19,211)
(Decrease) Increase in payables	(63,011)	17,957
(Decrease)		
Increase in provisions	<u>(36,034)</u>	63,313
Cash flows from operations	<u>393,872</u>	<u>241,975</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

24: Cash flow information (Continued)

(b) Liabilities from Financing Activities

	1 July 2022 \$	New lease \$	Cash flows \$	Others \$	30 June 2023 \$
Current interest-bearing loans and borrowings	31,255	51,914	(38,957)	(34,472)	9,470
Non-current interest-bearing loans and borrowings	-	-	-	34,472	34,742
Total liabilities from financing activities	31,255	51,914	(38,957)	-	44,212

	1 July 2021 \$	Lease adjustment \$	Cash flows \$	Others \$	30 June 2022 \$
Current interest-bearing loans and borrowings	58,194	(86)	(58,169)	31,316	31,255
Non-current interest-bearing loans and borrowings	31,316	-	-	(31,316)	-
Total liabilities from financing activities	89,510	(86)	(58,169)	-	31,255

25: Related party transactions

(a) The members of the Branch Committee of Management during the year were:

Name	Position	
Debbie Gunn	President **	
Melissa Urie	Trustee **	
Jessica Anderson	Senior Vice President **	
Catherine Kanizay	Junior Vice President **	
Paul Healey	Branch Secretary **	
Kate Marshall	Assistant Branch Secretary **	
Kimberlee Lindsay	Trustee **	
Ben Coombes	Ordinary Member	
Sandra Jensen	Ordinary Member	
Margaret Nyamu	Ordinary Member	
Zelda Riddell	Ordinary Member	
Kimberly Gallaher	Ordinary Member	
Jacinta Chavulak	Ordinary Member	Resigned 30 November 2022
Manpreet Singh	Ordinary Member	
Nic McAtamney	Ordinary Member	
Lee Allen	Ordinary Member	Appointed 14 July 2022

The following persons are Branch Delegate National Council:

Angela Carter	Lee Allan
Brendan Cox	Cheryl Mann
Debbie Gunn	Tulay Turcan
Paul Healey	Hannah Warne-Smith
John Murphy	George Skoufis

** - members of the Finance, Audit and Compliance Committee

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

25: Related party transactions (Continued)

	2023	2022
	\$	\$
(b) Key management personnel compensation		
<i>Short-term employee benefits</i>		
Salary (including annual leave taken)	344,903	334,363
Annual leave accrued	<u>(1,274)</u>	<u>(16,392)</u>
Total short-term employee benefits	<u>343,629</u>	<u>317,971</u>
Post-employment benefits:		
Superannuation	<u>48,287</u>	<u>42,268</u>
Total post-employment benefits	<u>48,287</u>	<u>42,268</u>
Other long-term benefits:		
Long-service leave	<u>5,547</u>	<u>11,575</u>
Total other long-term benefits	<u>5,547</u>	<u>11,575</u>
Termination benefits	<u>-</u>	<u>-</u>
Total	<u>397,463</u>	<u>371,814</u>

(c) Other transactions

- As part of an arrangement, all director fees earned by any officer or employee who are directors of a company or trustee of superannuation scheme due to their positions of the Branch, are paid to directly to the Branch with any related SGC superannuation being paid to the officer's/employee's superannuation fund.
- There were no transactions between the officers of the branch other than those relating to reimbursement by the branch 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 is reasonable to expect would have been adopted by parties at arm's length.
- No payment to a former related party of the reporting unit was made during the year.

(d) Loans to key management personnel

There are no loans between key management personnel and the Branch.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

25: Related party transactions (Continued)

(e) Transactions with related parties	2023	2022
	\$	\$
Income		
Expenses reimbursement from HSU National Office	18,846	5,819
Expenses		
Capitation fee paid to HSU National Office	269,208	238,844
Expenses reimbursement to HSU National Office	5,874	-

26: Other information

(i) Going Concern

The Branch is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

(ii) Financial Support

The Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

(iii) Acquisition of assets and or liabilities that do not constitute a business combination:

The Branch did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

27: Capital management

The Branch manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee of Management ensure that the overall risk management strategy is in line with this objective. The capital structure of the entity consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings. The Committee of Management effectively manages the Branch's capital by assessing the Branch's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee of Management to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28: Financial Risk Management

The Branch's financial instruments consist mainly of deposits with banks, receivables, payables and right-of-use liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023 \$	2022 \$
Financial assets			
Cash on hand	9	1,398,273	1,106,088
Trade and other receivables	10	292,798	331,700
Financial assets	14	2,443	2,443
Total financial assets		1,693,514	1,440,231
Financial liabilities			
Trade and other payables	16	256,865	319,876
Right-of-use liabilities	19	44,212	31,255
Total financial liabilities		301,077	351,131

Financial Risk Management Policies

The committee of management is responsible for monitoring and managing the Branch's compliance with its risk management strategy. The committee's overall risk management strategy is to assist the Branch in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

There have been no substantive changes in the types of risks the Branch is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Branch.

The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of membership subscription. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the entity securing accounts receivable and other debtors

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28: Financial Risk Management (Continued)

Credit Risk – Accounts receivable and other debtors

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note to account. The main source of credit risk to the entity is considered to relate to the class of assets described as "accounts receivable and other debtors".

The following table details the entity's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity. The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (Days Overdue)				Within initial trade terms
			< 30	31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
2023							
Trade receivable	-	-	-	-	-	-	-
Other receivable	292,798	-	-	20,047	24,799	226,083	21,869
Total	292,798	-	-	20,047	24,799	226,083	21,869
2022							
Trade receivable	-	-	-	-	-	-	-
Other receivable	331,700	-	-	22,710	28,094	256,121	24,775
Total	331,700	-	-	22,710	28,094	256,121	24,775

Credit risk related to balances with banks and other financial institutions is managed by the branch committee in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least BBB.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2023 \$	2022 \$
Cash at banks			
- A- rated	9	779,741	770,525
- A+ rated	9	615,532	80,425
- AA+ rated	9	-	252,138
		1,395,273	1,103,088

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management (Continued)

b. Liquidity risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Branch does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>								
Trade and other payables (excluding estimated annual leave and deferred income)	256,865	319,876	-	-	-	-	256,865	319,876
Right-of-use liabilities	9,470	31,255	34,742	-	-	-	44,212	31,255
Total expected outflows	266,335	351,131	34,742	-	-	-	301,077	351,131

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial assets – cash flows realisable</i>								
Cash on hand	1,398,273	1,106,088	-	-	-	-	1,398,273	1,106,088
Trade and other receivables	292,798	331,700	-	-	-	-	292,798	331,700
Financial assets	-	-	2,443	2,443	-	-	2,443	2,443
Total anticipated inflows	1,691,071	1,437,788	2,443	2,443	-	-	1,693,514	1,440,231
Net inflow (outflow) on financial instruments	1,424,736	1,086,657	(32,299)	2,443	-	-	1,392,437	1,089,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management (Continued)

c. 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 future cash flows or the fair value of fixed rate financial instruments. The Branch is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Branch to interest rate risk are limited to fixed interest securities, cash on hand and bank loan.

Interest rate risk is managed using a mix of fixed and floating rate debt.

The Branch also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held. The Branch does not expose to other price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Branch's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables

	Profit		Equity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Change 2% in interest rates	27,905	22,062	27,905	22,062

No sensitivity analysis has been performed on foreign exchange risk as the Branch has no material exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

29: Fair Value Measurements

(a) Financial assets and liabilities

Management of the entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Branch's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2023 was assessed to be insignificant
- Fair value of financial assets is derived from quoted market prices in active markets
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2023 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity's financial assets and liabilities:

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash on hand	(i)	1,398,273	1,398,273	1,106,088	1,106,088
Trade and other receivables	(i)	292,798	292,798	331,700	331,700
Financial assets		2,443	2,443	2,443	2,443
Total financial assets		1,693,514	1,693,514	1,440,231	1,440,231
Financial liabilities					
Trade and other payables	(i)	256,865	256,865	319,876	319,876
Right-of-use liabilities		44,212	44,212	31,255	31,255
Total financial liabilities		301,077	301,077	351,131	351,131

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023

29: Fair Value Measurements (Continued)

(b) Financial and Non-financial Assets and Liabilities Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023					
Financial assets					
Investments in other entity		-	-	2,443	2,443
Total financial assets recognised at fair value		-	-	2,443	2,443
Non-financial assets					
Land and building		-	-	2,875,039	2,875,039
Total non-financial assets recognised at fair value		-	-	2,875,039	2,875,039
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2022					
Financial assets					
Investments in other entity		-	-	2,443	2,443
Total financial assets recognised at fair value		-	-	2,443	2,443
Non-financial assets					
Land and building		-	-	2,899,983	2,899,983
Total non-financial assets recognised at fair value		-	-	2,899,983	2,899,983

Fair value of the branch's land and building is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Branch Committee at each reporting date

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2022: \$NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

29: Fair Value Measurements (Continued)

(c) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the balance sheet but their fair values are disclosed in the notes:

- accounts receivable and other debtors;
- accounts payable and other payables

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

Description	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
Accounts receivable and other debtors	3	Income approach using discounted cash flow	Market interest rates for similar assets
Land and building	3	Direct comparison method	Sales values for similar assets
Accounts payable and other payables	3	Income approach using discounted cash flow	Market interest rates for similar liabilities

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

**HEALTH SERVICES UNION VICTORIA NO. 2 BRANCH
ABN 48 505 905 580**

COMMITTEE OF MANAGEMENT STATEMENT

On 31 August 2023 the Committee of Management of the Health Services Union Victoria No. 2 Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2023:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - e. where information has been sought in any request by a member of the reporting unit or the General Manager made under section 272 of the RO Act, that information has been provided to the member or the General Manager; and
 - f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance

This declaration is made in accordance with a resolution of the Committee of Management

Signature of designated officer: 

Name of designated officer: **Paul HENTLEY**

Title of designated officer: **STATE SECRETARY**

Dated **31/08/2023**



Eddy Partners Accountants

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Accountants and Auditors
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Independent Auditor's Report to the Committee of Management and Members of the Health Services Union Victoria No.2 Branch General Purpose Financial Report – Year Ended 30th June 2023

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying General Purpose Financial Report of the Health Services Union Victoria No. 2 Branch ("the Registered Organisation") such report comprising the Balance Sheet as at 30th June 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended together with Notes to the Financial Statements, Committee of Management Statement and subsection 255(2A) report.

In our opinion, the accompanying General Purpose Financial Report presents fairly, in all material respects, the financial position of the Registered Organisation as at 30th June 2023 and its financial performance, changes in equity, and cash flows for the year ended on that date in accordance with –

- (a) Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act").

We declare that the Committee of Management's use of the going concern basis in the preparation of the financial report of the Registered Organisation is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Partners:
David J. Eddy CPA
Stephen J. Eedy CPA
Suzanne J. Eddy CPA



Audit Independence

We are independent of the Registered Organisation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also complied with and fulfilled all applicable independence requirements and other ethical responsibilities in accordance with the Code and the RO Act.

Information Other than the Financial Report and the Auditor's Report

The Committee of Management is responsible for the other information. The other information comprises the information included in the annual report of the Registered Organisation for the year ended 30th June 2023 and includes the Operating Report. Our opinion on the financial report does not cover the other information and accordingly we do not express any opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Registered Organisation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the RO Act and for such internal controls as the Committee of Management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the ability of the Registered Organisation to continue as a going concern and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Registered Organisation or to cease operations or have no realistic alternative but to do so. The Committee of Management is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations and/or the override of internal controls.

We obtain an understanding of internal control relevant to the audit 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 internal controls of the Registered Organisation.

We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

We conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Registered Organisation to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial report or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However future events or conditions may cause the Registered Organisation to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Registered Organisation to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the audit of the Registered Organisation. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We declare that the auditor is an Approved Auditor registered under the RO Act, a member of CPA Australia, and the holder of a current Public Practising Certificate.

Eddy Partners

Accountants and Auditors

Certified Practising Accountants

Level 8, 501 Latrobe Street, Melbourne, Victoria



Stephen Eedy B.Com CPA

Registered Company Auditor – No. 165946

Registered Organisations Approved Auditor AA2017/83

Holder of a Current Public Practice Licence - CPA Australia - Membership No. 1408419

Melbourne 31st August 2023