



4 November 2016

Ms Diana Asmar
Branch Secretary
Health Services Union, Victoria No.1 Branch
Level 5, 222 Kings Way
South Melbourne VIC 3205

By e-mail: info@hsuVIC.asn.au

Dear Ms Asmar

**Health Services Union, Victoria No.1 Branch
Financial Report for the year ended 30 June 2016 - FR2016/194**

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Health Services Union, Victoria No.1 Branch (HSU-VIC1). The financial report was lodged with the Fair Work Commission (FWC) on 28 October 2016.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch



27 October 2016

DESIGNATED OFFICER'S CERTIFICATE

Sec. 268 of Fair Work (Registered Organisations) Act 2009

I, Diana Asmar, being Secretary of the Health Services Union Victoria No. 1 Branch certify:

1. That the documents lodged herewith are copies of the full Financial Report of the Health Services Union for the year ending 30 June 2016, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
2. That these documents were presented to and accepted by the Branch Committee of Management meeting of the reporting unit on the 5th September 2016.
3. That the full report was provided to members on 13th of September 2016 by way of posting on the Union website; and
4. That the full report was presented at a meeting of the Branch Committee of Management meeting of the reporting unit held on 26th October 2016 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

Diana Asmar
Secretary
Health Services Union Victoria No. 1 Branch



“Caring is our Profession”

Health Services Union Victoria Branch No 1

known as Health Workers Union

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016**

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Operating Report for the year ended 30 June 2016

Principal activities

The principal activities of the Health Services Union Victoria No 1 Branch (HWU) during the period were to provide representation and support to our members.

Review of results

During the current year, the Union generated a surplus of \$0.452 million. Excluding litigation and FWC matters, the adjusted surplus was \$0.673 million. The primary objective of the Union during 2016 has been to provide members with ongoing appropriate representation. We believe this has been achieved, despite restructuring of operations. In the 2017 year, we anticipate a trading surplus of \$0.20 million, which will again strengthen the current financial position of the Union. Member service activities will be our focus in 2017. Whilst the year has been turbulent in terms of legal matters, we are confident we will continue to enhance the Union's operations for the benefit of the members.

Significant Changes in the State of Affairs

In the opinion of the Members of the Committee of Management, there were no significant changes in the organisation's state of affairs during the period of this financial report.

Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme

No officer, or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Resignation of Members

As per section 174 of the Fair Work (Registered Organisations) Act 2009, a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Number of Members

As at 30 June 2016, the number of members of the organisation recorded in the register of members was 12,632.

Number of Employees

As at 30 June 2016, the number of full time equivalent employees was 26.

Committee of Management

The Committee of Management members during the year were as follows:-

D Eden	R Barclay	S Jacks
D Asmar	V Mitchell	S Tonkin
C Fischer	A Hargreaves	N Katsis
N Alim-Arslan	L Atkinson	L Fisher
S Stone	L Smith	P Medley

All members were on the Committee from 1 July 2015 to 30 June 2016, unless stated above.

The following members of the Committee of Management were directors of a company or a members of a board:-

Name	Position	Entity	Principal Activities	Position held because they are officer or employee of HWU or were nominated by HWU or a Peak Council
D Eden	Director	Davayne trading as Utopia	Trustee Company of Super Fund	No

**Operating Report
for the year ended 30 June 2016
(cont'd)**

Future Developments

In the opinion of the Committee of Management, there is not likely to be any future development that will materially affect the Union's operation in subsequent years.

Employees who are directors of a company or a member of a Board

Pursuant to the reporting guidelines, no employees were company directors and/or Board members at the date of this report, except as already noted.

Manner of Resignation

Members may resign from the Union in accordance with the rules, which reads as follows:

Resignation of Members

- (a) A Member may resign from the Union by written notice addressed and delivered to the Secretary.
- (b) A notice of resignation from membership of the Branch takes effect:
 - (i) at the end of two weeks after the notice is received by the Branch; or
 - (ii) on the day specified in the notice;whichever is later.
- (c) Any dues payable but not paid by a former Member of the Union in relation to a period before the Member's resignation from the Branch took effect, may be sued for and recovered in the name of the Branch, in a court of competent jurisdiction, as a debt due to the Branch.
- (d) A notice delivered to the person mentioned in sub-rule (1) shall be taken to have been received by the Union when it was delivered.
- (e) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with the rules.
- (f) A resignation from membership of the Union is valid even if it is not affected in accordance with this section if the Member is informed in writing by or on behalf of the Union that the resignation has been accepted.

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


.....
D Eden


.....
D Asmar

Dated this 5th day of sept 2016

CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Health Services Union Victoria No 1 Branch passed the following resolution on 5 September 2016 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2016.

The Committee of Management declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the General Manager of FWC and Australian Accounting Standards;
- (b) 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 period to which they relate;
- (c) 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;
- (d) during the period to which the general purpose financial report relates and since the end of that period:
 - i. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - iv. the information sought in any request of a member of the reporting unit or the General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWC; and
 - v. there have been no orders for inspection of financial records made by Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2016 that have not been responded to by the Union.
 - vi. Where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practical, in a manner consistent with each of the other reporting units.
- (e) in relation to recovery of wages activity:
 - There was no recovery of wages activity during the period.

For the Committee of Management:



D Eden



D Asmar

Dated this 5th day of Sept 2016

AUDITOR'S INDEPENDENCE DECLARATION

TO THE COMMITTEE OF MANAGEMENT OF HEALTH SERVICES UNION NO 1 BRANCH

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:-

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
FWC Approved Auditor

Dated this 5th day of June 2016

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Profit & Loss for the Year Ended 30 June 2016

	2016 \$	2015 \$
Revenue		
Membership Contributions / Subscriptions	5,137,242	4,704,455
Insurance Recovery	130,435	200,000
Sponsorships	-	-
Interest Received	47	1,636
Capitation Fees	-	-
Donations	-	-
Grants	-	-
Levies	-	-
Sundry Income	15,454	10,350
Total Revenue	5,283,178	4,916,441
Expenses		
Affiliations (see Note 21)	38,608	19,685
Accounting Fees	29,100	59,275
Advertising & Marketing	139,899	140,743
Audit Fees	15,300	10,000
Bad Debts	-	16
Bank Charges	7,241	21,493
Branch & Member Promotions & Merchandise	66,420	62,327
Capitation Fees	280,250	228,899
Catering & Entertainment	10,666	45,879
Cleaning & Consumables	6,580	14,162
Computer & IT Costs	63,280	58,412
Compulsory levies	-	-
Commissions	2,481	2,222
Consideration to employers for payroll deductions	-	-
Council Rates	4,470	27,680
Credit Charges and Finance Fees	40,651	17,927
Delegate Expenses	446	1,955
Depreciation	155,755	178,099
Donations <\$1,000	1,500	-
Donations >\$1,000	-	-
FWC Lodgement Fees	1,035	1,812
Electricity	8,504	16,478
Executive Meetings (Fees and Allowances)	8,888	10,048
General Expenses	1,849	2,738
Grants <\$1,000	-	-
Grants >\$1,000	-	-
Interest Paid	14,396	14,075
Insurance (including Members Ambulance Cover)	351,601	259,743
Late Fees Paid	(177)	14,887
Legal Fees – Litigation	165,064	1,132,102
Legal Fees – Other Matters	81,491	251,160
Member Reward Cards	5,918	-
Member Services	91,357	89,679
Motor Vehicles Expenses	163,397	204,931
Other Expenses	12,621	15,787
Payroll Tax	119,812	211,110

(continued over)

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Profit & Loss for the Year Ended 30 June 2016 (cont'd)

	2016	2015
	\$	\$
Expenses (cont'd)		
Penalties – RO Act or Regulations	-	-
Photocopier Lease & Usage	34,363	36,625
Postage & Courier	38,264	40,568
Printing and Stationary	42,216	148,719
Property Rent & Body Corporate	24,841	96,170
Loss on sale of assets	86,479	42,592
Repairs and Maintenance	1,055	8,856
Security	613	10,397
Seminars & Training Courses	16,764	1,425
Staffing Costs	2,617,823	2,910,451
Storage	-	1,846
Subscriptions	218	-
Telephone & Internet	45,961	86,297
Travel and Accommodation	30,693	93,817
Water Rates	3,619	-
Total Expenses	4,831,312	6,591,087
Net Profit for the Period	451,866	(1,674,646)

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Comprehensive Income for the Year Ended 30 June 2016

	2016 \$	2015 \$
Profit / (Loss) for the period	451,866	(1,674,646)
Other comprehensive income for the period Gain on revaluation of plant and equipment	-	-
Total comprehensive income for the period	451,866	(1,674,646)
Total comprehensive income attributable to: Members of the organisation	451,866	(1,674,646)

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	3	147,907	83,695
Receivables	4	314,864	212,168
Other Assets	5	247,649	142,053
Total Current Assets		710,420	437,916
Non Current Assets			
Property, Plant and Equipment	6	1,473,740	1,506,718
Total Non Current Assets		1,473,740	1,506,718
Total Assets		2,184,160	1,944,634
Current Liabilities			
Payables	7	290,125	785,609
Provisions	8	282,810	60,850
Interest Bearing Debt	9	80,056	80,400
Total Current Liabilities		652,991	926,859
Non Current Liabilities			
Interest Bearing Debt	9	200,510	138,982
Total Non Current Liabilities		200,510	138,982
Total Liabilities		853,501	1,065,841
Net Assets		1,330,659	878,793
Equity			
Retained Earnings	10(a)	1,313,639	861,793
Asset Revaluation Reserve	10(b)	17,000	17,000
Total Equity		1,330,659	878,793

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Changes In Equity for the Year Ended 30 June 2016

	2016 \$	2015 \$
Retained Earnings – Beginning of Year	861,793	2,536,439
Profit / (Loss) for the Period	451,866	(1,674,646)
Other Comprehensive Income for the year	-	-
Total Retained Earnings – End of Year	1,313,659	861,793
Asset Revaluation Reserve – Beginning of Year	17,000	17,000
Movement	-	-
Asset Revaluation Reserve – End of Year	17,000	17,000

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Statement of Cash Flows for the Year Ended 30 June 2016

	Notes	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contributions from Members		5,137,242	4,704,455
Interest Received		47	1,636
Payments to Suppliers and Employees		(4,609,054)	(5,482,830)
Interest Paid		(14,396)	(14,075)
Per Capita and other payments to Federal Office		(301,555)	(228,899)
Net Cash Provided by/(used in) Operating Activities	12 (b)	212,284	(1,019,713)
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(46,397)	(1,174,257)
Proceeds from Sale of Property, Plant and Equipment		173,264	123,189
Net Cash Provided by / (Used in) Investing Activities		126,867	(1,051,068)
Cash flows from Financing Activities			
Hire Purchase Funds Received		339,000	-
Hire Purchase Repayments & Pay Outs		(613,939)	(268,979)
Net Cash Provided by/(Used) in Financing Activities		(274,939)	(268,979)
Net Increase in Cash and Cash Equivalents		64,212	(2,339,760)
Cash and Cash Equivalents at Beginning of Period		83,695	2,423,455
Cash and Cash Equivalents at End of Period	12 (a)	147,907	83,695

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

1. Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009.

Basis of Preparation

The financial report of the Union covers it as an individual 'not for profit' entity. It complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

In accordance with generally accepted accounting principles for these types of organisations, the financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Income Tax

The Union is registered under the Fair Work (Registered Organisations) Act 2009 and, is believed to be exempt from income tax including capital gains tax, by virtue of the provisions of s.50-1 of the Income Tax Assessment Act 1997. It still has an obligation for fringe benefits tax and goods and services tax.

(b) Property, Plant and Equipment

Cost and valuation

Property, plant and equipment are measured on a fair value basis. At each reporting date, the value of assets in this asset class is reviewed to ensure that it does not differ materially from the asset's fair value at that date.

At 31 January 2013, plant and equipment assets were independently valued to reflect fair value and the fair value adjustment was reflected in the Statement of Comprehensive Income. Subsequent to that date and until the next fair value assessment, plant and equipment assets are being depreciated as set out below:-

Depreciation

Depreciation is calculated on the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, equipment, furniture and fittings. Depreciation rates applied are:

	2016 & 2015
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

1. Statement of Significant Accounting Policies (cont'd)

(c) Employee Benefits

Short-term employee benefits

Provision is made for the Union's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and vesting sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Union's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Union's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Union does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Superannuation

Contributions are made by the Union to employee superannuation funds and are expensed when incurred. The Union is not obliged to contribute to these funds other than to meet its liabilities under the superannuation guarantee system and is under no obligation to make up any shortfall in the funds' assets to meet payments due to employees.

The number of employees at the end of the period was 32 (2015: 27).

(d) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the organisation and the buyer are both committed to a contract.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

1. Statement of Significant Accounting Policies (cont'd)

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(f) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

(g) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Board assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit and Loss.

(h) Fair Value of Assets and Liabilities

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

1. Statement of Significant Accounting Policies (cont'd)

(i) Leases

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

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Union will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(j) Operating Segment

The Union is incorporated under the Fair Work (Registered Organisations) Act 2009 and domiciled in Australia.

The Union operates predominantly in one business and geographical segment, being a representative body of health services in Victoria, providing professional services, information and advice including industrial relations advice, dispute resolution, training (business, occupational health and safety), changes to acts and legislation, changes to award rates of and work practices to members of the Union.

(k) Critical Accounting Estimates and Judgements

The Committee of Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key Estimates – Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to it that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined and reflected in the Financial Report.

(l) Working Capital

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and realisation of property, the Union has reduced this deficit and in fact had positive working capital of \$0.06 million at 30 June 2016. Through ongoing membership growth and cost control, the Union believes that it will continue to meet its debts, as and when they fall due.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (cont'd)

(n) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the Committee of Management anticipate that the adoption of AASB 9 may have an impact on the Union's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts and customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the Committee of Management anticipate that the adoption of AASB 15 may have an impact on the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (cont'd)

(n) New Accounting Standards for Application in Future Periods

- AASB 16: *Lease* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Committee of Management anticipate that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Information to be provided to Members or General Manager of FWC

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-section (1), (2) and (3) of Section 272 which reads as follows:-

- (1) A Member of an organisation, or the General Manager of FWC, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

	2016 \$	2015 \$
3. Cash and Cash Equivalents		
Cash at Bank	147,625	83,669
Petty Cash	282	26
	<u>147,907</u>	<u>83,695</u>
The weighted average interest rate for cash as at 30 June 2016 is 2% (2015: 3%)		
4. Receivables		
Sundry Debtors – Other	314,864	212,168
	<u>314,864</u>	<u>212,168</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.		
5. Other Assets		
Merchandise and Stationery – at cost	196,734	111,508
Prepayments	50,915	30,545
	<u>247,649</u>	<u>142,053</u>
6. Property, Plant and Equipment		
Buildings		
At Cost	1,165,934	1,165,935
Less: Accumulated Depreciation	(29,189)	(14,575)
	<u>1,136,745</u>	<u>1,151,360</u>
Office Equipment		
At Valuation	67,844	124,179
Less: Accumulated Depreciation	(37,207)	(83,850)
	<u>30,637</u>	<u>40,329</u>
Computers & IT		
At Valuation	94,376	94,376
At Cost	75,508	39,620
Less: Accumulated Depreciation	(136,050)	(96,441)
	<u>33,834</u>	<u>37,555</u>
Motor Vehicles		
At Cost	339,867	439,465
Less: Accumulated Depreciation	(67,343)	(161,991)
	<u>272,524</u>	<u>277,474</u>
Total Property, Plant and Equipment	<u>1,473,740</u>	<u>1,506,718</u>

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

6. Property, Plant and Equipment (cont'd)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current period.

2016	Buildings \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Opening Balance	1,151,360	40,329	37,555	277,474	1,506,718
Additions	-	10,509	35,888	339,000	385,397
Disposals	-	(2,877)	-	(259,743)	(262,620)
Depreciation expense	(14,615)	(17,324)	(39,609)	(84,207)	(155,755)
Carrying amount at end of period	1,136,745	30,637	33,834	272,524	1,473,740

2015	Land & Buildings \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Opening Balance	-	67,260	80,754	528,327	676,341
Additions	1,165,935	8,322	-	-	1,174,257
Disposals	-	-	-	(165,781)	(165,781)
Depreciation expense	(14,575)	(35,253)	(43,199)	(85,072)	(178,099)
Carrying amount at end of period	1,151,360	40,329	37,555	277,474	1,506,718

During the 2013 year, all fixed assets (other than land and buildings) were revalued to recoverable value, based upon an inspection of such assets by BMT Quantity Surveyors.

The land and buildings are controlled by the Branch, hence their inclusion in the financial report notwithstanding legal ownership remains vested with the National Union.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

	2016 \$	2015 \$
7. Payables		
Trade Creditors	103,059	574,073
Accrued Expenses	23,712	47,778
GST Payable	92,275	12,865
PAYG Withholding Payable	41,054	126,088
Payroll Tax	12,970	7,083
Superannuation Payable	17,055	17,722
	290,125	785,609

Creditors and accruals are settled within the terms of payments offered, which is usually within 30 days. These balances are unsecured and no interest is applicable on these accounts.

8. Provisions

Annual Leave and Other Entitlements	282,810	60,850
-------------------------------------	---------	--------

Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Officeholders	39,255	(35,884)	-	-	39,255	(35,884)
Other Staff	243,556	96,734	-	-	243,556	96,734
Total	282,811	60,850	-	-	282,811	60,850

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above (2015: \$nil).

Employee Provisions

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Union does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Union does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision (if any) includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

	2016 \$	2015 \$
9. Interest Bearing Debt		
<i>Current</i>		
Hire Purchase Liability	80,056	80,400
	<u>80,056</u>	<u>80,400</u>
<i>Non Current</i>		
Hire Purchase Liability	200,510	138,982
	<u>200,510</u>	<u>138,982</u>
10. Equity	2016	2015
	\$	\$
(a) Retained Earnings		
Balance at beginning of period	861,793	2,536,439
Transfer – Asset Revaluation Revenue	-	-
Net Profit for period	451,866	(1,674,646)
	<u>1,313,659</u>	<u>861,793</u>
Balance at end of period		
(b) Asset Revaluation Reserve		
Balance at beginning of period	17,000	17,000
Revaluation increment arising on revaluing plant and equipment	-	-
Transfer to Retained Earnings after disposal	-	-
	<u>17,000</u>	<u>17,000</u>
Balance at end of period		
Total Equity	<u>1,330,659</u>	<u>878,793</u>

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

11. Employee Benefits

Employee benefits paid/accrued during the period

	Elected Officials		Other Staff		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Wages and Salaries	499,822	573,476	1,700,895	2,082,054	2,200,717	2,655,530
Annual Leave	75,139	(36,840)	146,821	(19,005)	221,960	(55,845)
Long Service Leave and Retirement Allowance	-	-	-	-	-	-
Superannuation	46,823	109,446	148,323	201,320	195,146	310,766
Total	621,784	646,082	1,966,039	2,264,369	2,617,823	2,919,451

There were no expenses this year or in 2015 to elected officers for separation and redundancy, nor other employee expenses including retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$nil (2015: \$114,888), of which \$nil (2015: \$nil) were offset against the initial provision recognised under the Deed Poll. No other employee expenses, long service leave expenses or retirement expenses were incurred in respect of other staff during the year.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

12. Cash Flow Information	2016	2015
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:-		
Cash at Bank	147,625	83,669
Cash on Hand	282	26
	147,907	83,695
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit before Tax</u>	451,866	(1,674,646)
<u>Non Cash Items</u>		
Depreciation	155,755	178,099
Provision for Employee Benefits	221,960	(55,845)
(Profit)/Loss on Disposal of Non Current Assets	86,479	42,592
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Prepayments and Merchandise	(105,596)	52,461
Increase/(Decrease) in Trade Creditors and Accruals	(574,894)	582,104
(Increase)/Decrease in Sundry Debtors	(102,696)	(157,343)
(Increase)/Decrease in GST	79,410	12,865
Net Cash Provided by/(used in) Operating Activities	212,284	(1,019,713)

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

13. Related Party Information

- a. The names of persons who formed part of the Committee of Management at any time during the period were:-

<u>President</u>	<u>Secretary</u>
D Eden	D Asmar

Vice-President
R Barclay

<u>Committee of Management</u>	
A Hargreaves	V Mitchell
L Smith	S Stone
N Alim-Arslan	S Jacks
L Atkinson	N Katsis
S Tonkin	L Fisher
C Fischer	

- b. Amounts paid (ie. wages paid) to D Eden, D Asmar, R Barclay, N Katsis and L Atkinson and prior year (L Flynn) and committee fees paid to members of the Committee of Management were \$499,822 this year (2015: \$573,476)
- c. Amounts paid on behalf of D Eden, D Asmar, R Barclay, N Katsis and L Atkinson and (prior year L Flynn) (ie. officeholders) to Superannuation Schemes in respect to retirement were \$46,823 (2015: \$109,446)

Remuneration of Key Officers	Short-Term Remuneration		Post – Employment Benefits		Other Benefits	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
D Asmar	158,733	177,198	14,942	16,537	4,500	4,500
L Flynn	-	58,612	-	61,248	-	-
D Eden	121,288	118,031	11,338	11,079	4,500	4,500
R Barclay	29,294	27,572	2,713	2,590	-	-
N Katsis	106,332	107,330	9,923	10,058	4,500	4,500
L Atkinson	84,175	84,733	7,907	7,934	4,500	4,500

No termination benefit or share based payments were received in either year.

The officeholders received no 'non cash' benefits other than motor vehicle benefits as set out above. No officeholder of the Branch during the period had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

No officeholder or officer of the Branch received any remuneration because they were a member of, or held position with a Board or other organisation because:-

- The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
- They were nominated for the position by the Branch; or
- They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Branch.

- d. Other transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions and supply of any goods and services.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

13. Related Party Information (cont'd)

e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	2016	2015
During the period, the Union paid to the Federal Office a per capita payment calculated in accordance with the rules.	\$ 280,250	\$ 228,899

Other
During the year, the Union paid to the Federal Office reimbursement of expenses for the National Executive and National Council of \$10,884 (2015: \$5,378) and other payments of \$10,421 (2015 : \$nil).

Amounts receivable/(payable) at reporting date – Federal office and other branches

All transactions with the Federal Office were on normal commercial terms and conditions and settled in full at reporting date.

14. Commitments

	2016	2015
	\$	\$
Capital expenditure commitments as at 30 June 2016 – \$nil.		
Hire Purchase Commitments		
<1 year	86,460	86,207
1 – 5 years	216,551	148,710
	<u>303,011</u>	<u>234,917</u>
Less Future Finance Changes	(22,445)	(15,535)
Net Liabilities	<u>280,566</u>	<u>219,382</u>

15. Contingent Liability

No known liabilities exist at reporting date which have not already been included in the financial report.

16. Segment Reporting

The Union Provides services to members employed in Health Industry within Victoria.

17. Union's Details

The principal place of business of the Union is:

Level 5, 222 Kingsway
SOUTH MELBOURNE VIC 3205

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

18. Financial Instruments

a. Financial Risk Management

The entity's financial instruments consist of deposits with banks, bills and securities, short-term investments, accounts receivables and payable.

The entity does not have any derivative instruments at 30 June 2016 (2015: \$nil).

The purpose of the financial instruments is to finance the operations of the entity.

i Treasury Risk Management

The Committee of Management meets on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii Financial Risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

Foreign Currency

The entity is not exposed to fluctuations in foreign currency.

Liquidity Risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

The entity has material credit risk exposure under financial transactions entered into by it.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

18. Financial Instruments (cont'd)

b. Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

Financial Instruments	Floating Interest Rate		Fixed Interest Rate maturing in: less than 1 year		Fixed Interest Rate maturing in: 1 year or more		Non-Interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effecting Interest Rate	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	147,625	83,669	-	-	-	-	282	26	147,907	83,695	2.00	2.90
Receivables	-	-	-	-	-	-	314,864	212,168	314,864	212,168	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	247,649	142,053	247,649	142,053	n/a	n/a
Total	147,625	83,669	-	-	-	-	562,795	354,247	710,420	437,916		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	80,056	80,400	200,510	138,982	-	-	280,566	219,382	6.50	7.00
Payables	-	-	-	-	-	-	290,125	785,609	290,125	785,609	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	80,056	80,400	200,510	138,982	290,125	785,609	570,691	1,004,991		
Net Financial Assets/(Liabilities)	147,625	83,669	(80,056)	(80,400)	(200,510)	(138,982)	272,670	(431,362)	139,729	(567,075)		

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

18. Financial Instruments (cont'd)

c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2016 is estimated at \$nil (2015: \$nil). The net fair value of the Union's other financial assets and financial liabilities are not expected to be significantly different from the class of asset and liabilities as disclosed above and recognised in the statement of financial position as at 30 June 2016.

d. Sensitivity Analysis

Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2016, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

	2016	2015
	\$	\$
Change in profit		
Increase in interest rate by 2%	2,952	1,673
Decrease in interest rate by 2%	(2,952)	(1,673)
Change in equity		
Increase in interest rate by 2%	2,952	1,673
Decrease in interest rate by 2%	(2,952)	(1,673)

e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2016 (2015: \$nil). Hence, no impairment provision has been recorded. All receivables reported at 30 June 2016 were aged 0-30 days.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

19. Fair Value Measurement

The Union measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected are consistent with one or more of the following valuation approaches:-

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

19. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

	30 June 2016			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
<i>Non-financial assets</i>				
Freehold land & buildings	-	1,136,745	-	1,136,745
Total non-financial assets recognised at fair value	-	1,136,745	-	1,136,745

	30 June 2015			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
<i>Non-financial assets</i>				
Freehold land & buildings	-	1,151,360	-	1,151,360
Total non-financial assets recognised at fair value	-	1,151,360	-	1,151,360

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2016 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Freehold land & buildings	1,136,745	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate
	1,136,745		

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

19. Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- hire purchase liability.

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 techniques(s) and inputs used:

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i>			
Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Liabilities</i>			
Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Hire purchase liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

20. Affiliation Fees	2016 \$	2015 \$
ACTU	17,155	-
Bendigo Trades Hall Council	629	639
Ballarat Regional Trade Council	7,270	6,346
Goulburn Valley Trades & Labor Council	-	740
Geelong Trades Hall Council	13,554	11,960
	<u>38,608</u>	<u>19,685</u>

Health Services Union Victoria No 1 Branch – 2016 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2016

22. Other Disclosures

The Union did not receive financial support from any other reporting unit during the year. Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members of the Union and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible.

There were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions at reporting date.

Included in trade payables is \$14,204 (2015: \$454,072) payable for legal costs. Of the 2016 amount, \$nil was for litigation, \$14,204 for other matters.

The Union did not provide financial support to another reporting entity during the year, nor after reporting date.

The Union did not acquire an asset or assume a liability during the year due to amalgamation under Part 2 of Chapter 3, a restructure of the branches of the organisation, or a determination or revocation by the General Manager FWC.

No fees or allowances were paid to persons to attend a conference or other meeting as a representative of the Union this year.

There were no payables / receivables with another reporting unit at reporting date, except as disclosed in Note 13(e).

INDEPENDENT AUDIT REPORT

To the Members of Health Services Union Victoria No 1 Branch

Scope

The financial report and Committee of management responsibility

The financial report comprises the Certificate of Committee of Management, Statement of Profit & Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and accompanying notes to the financial statements for the Health Services Union Victoria No 1 Branch for the period ended 30 June 2016 set out on pages 3 to 32.

The Committee of Management are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Victorian Branch. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Union's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting estimates made by members of the Committee of Management.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

**INDEPENDENT AUDIT REPORT
(cont'd)**

Audit Opinion

In our opinion, under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a. Australian Accounting Standards, and Australian Accounting interpretations;
- b. in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of General Manager of FWC, including;
 - 1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - 2. Any donations or other contributions deducted from recovered money; and
- c. Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

In our opinion, management's use of the going concern basis of accounting in the preparation of the financial report is appropriate.

Our audit encompassed the audit of wages recovery activity of the Union for the period ended 30 June 2016 and in our opinion, the recovery of wages activity is prescribed fairly in accordance with the requirements of the General Manager of FWC.



Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
FWC Approved Auditor

Dated this 5th day of June 2016