



Australian Government
Registered Organisations Commission

24 November 2017

Ms Diana Asmar
Secretary
Health Services Union, Victoria No. 1 Branch

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 2017 - FR2017/143

I acknowledge receipt of the financial report for the year ended 30 June 2017 for the Health Services Union, Victoria No. 1 Branch. The financial report was lodged with the Registered Organisations Commission on 20 November 2017.

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) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission



20th November 2017

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 Victoria No. 1 Branch for the year ending 30 June 2017, 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 14th September 2017.
3. That the full report was provided to members on the 2nd October 2017 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 of the reporting unit held on 20th November 2017 in accordance with s266 of the Fair Work Registered Organisations) Act 2009.

Diana Asmar

Secretary

Health Services Union Victoria No 1 Branch

“Caring for our Caregivers”

State Secretary: Diana Asmar

Address: Level 5/222 Kings Way (PO Box 1088) South Melbourne, Victoria 3205

Ph: (03) 9341 3300 Fax: (03) 9341 3334 Email: info@hwu.org.au Website: www.hwu.org.au

Health Services Union Victoria Branch No 1

known as Health Workers Union

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017**

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Operating Report for the year ended 30 June 2017

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 \$49,276. Excluding depreciation (a non cash item), the adjusted surplus was \$156,648 (a second year of surplus achieved by the organisation). The primary objective of the Union during 2017 has been to provide members with ongoing appropriate representation. We believe this has been achieved. In the 2018 year, we anticipate another trading surplus, which will again strengthen the current financial position of the Union. Member service activities will continue to be our focus in 2018. 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 2017, the number of members of the organisation recorded in the register of members was 13,857.

Number of Employees

As at 30 June 2017, the number of full time equivalent employees was 31.

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 2016 to 30 June 2017, unless stated above.

The following members of the Committee of Management were directors of a company or a members of a board that is a superannuation fund trustee:-

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 2017 (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.

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 19th day of September 2017


CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Health Services Union Victoria No 1 Branch passed the following resolution on 14/9/2017 in relation to the general purpose financial report of the reporting unit for the year ended 30 June 2017.

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 Commissioner, Registered Organisations Commission 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 year 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 year to which the general purpose financial report relates and since the end of that year:
 - 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 Commissioner, Registered Organisation Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission; 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 year ended 30 June 2017 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; and
- (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 14th day of September 2017

AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 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
Stannards Accountants and Advisors
1/60 Toorak Road, South Yarra Vic 3141


MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (AA2017/45)

Dated this *14th* day of *September* 2017

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Statement of Profit & Loss for the Year Ended 30 June 2017

	2017 \$	2016 \$
Revenue		
Membership Contributions / Subscriptions	5,337,859	5,137,242
Insurance Recovery	37,350	130,435
Sponsorships	12,770	-
Interest Received	48	47
Capitation Fees	-	-
Donations	-	-
Grants	-	-
Levies	-	-
Sundry Income	39,009	15,454
Total Revenue	5,427,036	5,283,178
Expenses		
Affiliations (see Note 20)	161,842	38,608
Accounting Fees	23,550	29,100
Advertising & Marketing	225,158	139,899
Audit Fees – Financial Statement Audit	14,000	15,300
Bad Debts	-	-
Bank Charges	6,145	7,241
Branch & Member Promotions & Merchandise	130,289	66,420
Capitation Fees – National Office	302,148	280,250
Catering & Entertainment	42,700	10,666
Cleaning & Consumables	11,345	6,580
Computer & IT Costs	112,083	63,280
Compulsory & Voluntary Levies – Other Parties	-	-
Commissions	3,898	2,481
Consideration to employers for payroll deductions	-	-
Consultants	27,819	-
Council Rates	3,852	4,470
Credit Charges and Finance Fees	38,073	40,651
Delegate Expenses	2,807	446
Depreciation	107,372	155,755
Donations <\$1,000	3,500	1,500
Donations >\$1,000	-	-
FWC Lodgement Fees	1,597	1,035
Electricity	8,739	8,504
Executive Meetings (Attendance Costs)	10,302	8,888
General Expenses	9,418	1,849
Grants <\$1,000	-	-
Grants >\$1,000	-	-
Interest Paid	11,680	14,396
Insurance (including Members Ambulance Cover)	383,870	351,601
Late Fees Paid	-	(177)
Legal Fees – Litigation	89,034	165,064
Legal Fees – Other Matters	528	81,491
Member Reward Cards	12,608	5,918
Member Services	9,204	91,357
Motor Vehicles Expenses	170,982	163,397
Other Expenses	14,984	12,621
Payroll Tax	124,657	119,812

(continued over)

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Statement of Profit & Loss for the Year Ended 30 June 2017 (cont'd)

	2017 \$	2016 \$
Expenses (cont'd)		
Penalties – RO Act or Regulations	-	-
Photocopier Lease & Usage	34,155	34,363
Postage & Courier	47,630	38,264
Printing and Stationary	201,048	42,216
Property Rent & Body Corporate	18,304	24,841
Loss on sale of assets	-	86,479
Repairs and Maintenance	2,223	1,055
Security	1,739	613
Seminars & Training Courses	938	16,764
Staffing Costs	2,868,884	2,617,823
Storage	544	-
Subscriptions	-	218
Telephone & Internet	64,110	45,961
Travel and Accommodation	71,878	30,693
Water Rates	2,123	3,619
Total Expenses	5,377,760	4,831,312
Net Profit for the Period	49,276	451,866

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Statement of Comprehensive Income for the Year Ended 30 June 2017

	2017 \$	2016 \$
Profit / (Loss) for the period	49,276	451,866
Other comprehensive income for the period		
Gain on revaluation of plant and equipment	-	-
Total comprehensive income for the period	49,276	451,866
Total comprehensive income attributable to: Members of the organisation	49,276	451,866

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
Current Assets			
Cash and Cash Equivalents	3	135,366	147,907
Receivables	4	247,464	314,864
Other Assets	5	417,211	247,649
Total Current Assets		800,041	710,420
Non Current Assets			
Property, Plant and Equipment	6	1,400,456	1,473,740
Total Non Current Assets		1,400,456	1,473,740
Total Assets		2,200,497	2,184,160
Current Liabilities			
Payables	7	339,340	290,125
Provisions	8	280,745	282,810
Interest Bearing Debt	9	90,301	80,056
Total Current Liabilities		710,386	652,991
Non Current Liabilities			
Interest Bearing Debt	9	110,176	200,510
Total Non Current Liabilities		110,176	200,510
Total Liabilities		820,562	853,501
Net Assets		1,379,935	1,330,659
Equity			
Retained Earnings	10(a)	1,362,935	1,313,659
Asset Revaluation Reserve	10(b)	17,000	17,000
Total Equity		1,379,935	1,330,659

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Statement of Changes In Equity for the Year Ended 30 June 2017

	2017 \$	2016 \$
Retained Earnings – Beginning of Year	1,313,659	861,793
Profit / (Loss) for the Period	49,276	451,866
Other Comprehensive Income for the year	-	-
Total Retained Earnings – End of Year	1,362,935	1,313,659
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 – 2017 Financial Report

Statement of Cash Flows for the Year Ended 30 June 2017

	Notes	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contributions from Members		5,337,859	5,137,242
Other Receipts		156,479	15,454
Interest Received		48	47
Payments to Suppliers and Employees		(5,076,070)	(4,624,508)
Interest Paid		(11,680)	(14,396)
Per Capita and other payments to Federal Office		(305,000)	(301,555)
Net Cash Provided by/(used in) Operating Activities	12 (b)	101,636	212,284
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(41,301)	(46,397)
Proceeds from Sale of Property, Plant and Equipment		7,213	173,264
Net Cash Provided by / (Used in) Investing Activities		(34,088)	126,867
Cash flows from Financing Activities			
Hire Purchase Funds Received		-	339,000
Hire Purchase Repayments & Pay Outs		(80,089)	(613,939)
Net Cash Provided by/(Used) in Financing Activities		(80,089)	(274,939)
Net (Decrease)/Increase in Cash and Cash Equivalents		(12,541)	64,212
Cash and Cash Equivalents at Beginning of Year		147,907	83,695
Cash and Cash Equivalents at End of Year	12 (a)	135,366	147,907

The accompanying notes form part of this Financial Report

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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) Act 2009 and Fair Work (Registered Organisations) Regulations 2009.

Basis of Preparation

The financial report is prepared on the basis it is 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

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:

	2017 & 2016
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13%-40%
Fixtures and Fittings	13%-40%

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 also measured using 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 31 (2016: 32).

(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 – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 Committee of Management 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 notes to the financial statements.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 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 \$0.09 million at 30 June 2017. Through ongoing membership growth and further cost control, the Union believes that it will continue to meet its debts, as and when they fall due.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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

(m) New Accounting Standards for Application in Future Periods (Cont'd)

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.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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

(m) New Accounting Standards for Application in Future Periods (Cont'd)

- 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.

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale of Contribution of Assets between an investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017 (cont'd)

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

(m) New Accounting Standards for Application in Future Periods (cont'd)

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- A gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- The remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- Any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture.
- The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Committee of Management anticipate that the adoption of AASB 2014-10 may have an impact on 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 Commissioner, Registered Organisations Commission, 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 – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

	2017 \$	2016 \$
3. Cash and Cash Equivalents		
Cash at Bank	135,046	147,625
Petty Cash	320	282
	<u>135,366</u>	<u>147,907</u>
The weighted average interest rate for cash as at 30 June 2017 is 1.5% (2016: 2.0%)		
4. Receivables		
Sundry Debtors – Other	247,464	314,864
	<u>247,464</u>	<u>314,864</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date and no impaired debts exist		
5. Other Assets		
Merchandise and Stationery – at cost	234,387	196,734
Prepayments	182,824	50,915
	<u>417,211</u>	<u>247,649</u>
6. Property, Plant and Equipment		
Buildings		
At Cost	1,165,934	1,165,934
Less: Accumulated Depreciation	(42,590)	(29,189)
	<u>1,123,344</u>	<u>1,136,745</u>
Office Equipment		
At Valuation	57,335	57,335
At Cost	31,637	10,509
Less: Accumulated Depreciation	(53,268)	(37,207)
	<u>35,704</u>	<u>30,637</u>
Computers & IT		
At Valuation	94,376	94,376
At Cost	84,408	75,508
Less: Accumulated Depreciation	(147,050)	(136,050)
	<u>31,734</u>	<u>33,834</u>
Motor Vehicles		
At Cost	333,868	339,867
Less: Accumulated Depreciation	(124,194)	(67,343)
	<u>209,674</u>	<u>272,524</u>
Total Property, Plant and Equipment	<u>1,400,456</u>	<u>1,473,740</u>

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 year.

2017	Buildings	Office Equipment	Computers & IT	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Opening Balance	1,136,745	30,637	33,834	272,524	1,473,740
Additions	-	21,128	20,173	-	41,301
Disposals	-	-	-	(7,213)	(7,213)
Depreciation expense	(13,401)	(16,061)	(22,273)	(55,637)	(107,372)
Carrying amount at end of period	1,123,344	35,704	31,734	209,674	1,400,456

2016	Land & 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

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.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

	2017 \$	2016 \$
7. Payables		
Trade Creditors	142,554	103,059
Accrued Expenses	82,622	23,712
GST Payable	43,003	92,275
PAYG Withholding Payable	40,121	41,054
Payroll Tax	12,000	12,970
Superannuation Payable	19,040	17,055
	339,340	290,125

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	280,745	282,810
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Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Officeholders	64,209	39,255	-	-	64,209	39,255
Other Staff	216,536	243,555	-	-	216,536	243,555
Total	280,745	282,810	-	-	280,745	282,810

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above (2016: \$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 – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

	2017 \$	2016 \$
9. Interest Bearing Debt		
<i>Current</i>		
Hire Purchase Liability	90,301	80,056
	<u>90,301</u>	<u>80,056</u>
<i>Non Current</i>		
Hire Purchase Liability	110,176	200,510
	<u>110,176</u>	<u>200,510</u>
10. Equity	2017 \$	2016 \$
(a) Retained Earnings		
Balance at beginning of year	1,313,659	861,793
Transfer – Asset Revaluation Revenue	-	-
Net Profit for year	49,276	451,866
	<u>1,362,935</u>	<u>1,313,659</u>
Balance at end of year		
(b) Asset Revaluation Reserve		
Balance at beginning of year	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>
Total Equity	<u>1,379,935</u>	<u>1,330,659</u>

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

11. Employee Benefits

Employee benefits paid/accrued during the period

	Elected Officials		Other Staff		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Wages and Salaries	525,141	499,822	2,126,856	1,700,895	2,651,997	2,200,717
Annual Leave	24,954	75,139	(27,019)	146,821	(2,065)	221,960
Long Service Leave and Retirement Allowance	-	-	-	-	-	-
Superannuation	48,705	46,823	170,247	148,323	218,952	195,146
Other Benefits	-	-	-	-	-	-
Total	598,800	621,784	2,270,084	1,996,039	2,868,884	2,617,823

There were no expenses this year or in 2016 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 (2016: \$nil), of which \$nil (2016: \$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 – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

12. Cash Flow Information	2017	2016
	\$	\$
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	135,046	147,625
Cash on Hand	320	282
	<u>135,366</u>	<u>147,907</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit before Tax</u>	<u>49,276</u>	<u>451,866</u>
<u>Non Cash Items</u>		
Depreciation	107,372	155,755
Provision for Employee Benefits	(2,065)	221,960
(Profit)/Loss on Disposal of Non Current Assets	-	86,479
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Prepayments and Merchandise	(169,562)	(105,596)
Increase/(Decrease) in Trade Creditors and Accruals	98,487	(574,894)
(Increase)/Decrease in Sundry Debtors	67,400	(102,696)
(Increase)/Decrease in GST	(49,272)	79,410
Net Cash Provided by/(used in) Operating Activities	<u>101,636</u>	<u>212,284</u>

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

13. Related Party Information

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

<u>President</u>	<u>Secretary</u>	<u>Assistant Secretary</u>
R Barclay	D Asmar	D.Eden

Vice-President
L Atkinson

Junior Vice President
S. Jacks

Committee of Management

A Hargreaves	V Mitchell
L Smith	S Stone
N Alim-Arslan	S Jacks
L Atkinson	N Katsis
S Tonkin	L Fisher
C Fischer	

Trustees
A Hargreaves
S Stone

- b. Names of key management personnel (who are officeholders) at any time during the year

D Asmar	D Eden
L Atkinson	N Katsis
R Barclay	

c. Key Management Personnel Remuneration	2017 \$			2016 \$		
	(Salary) Short Term Benefits \$	Post Employment Benefits \$	Total \$	(Salary) Short Term Benefits \$	Post Employment Benefits \$	Total \$
Total Compensation	525,141	48,705	573,846	499,822	46,823	546,645

d. Annual Leave and Long Service Leave Accrued for Key Management Personnel During the Year	2017 \$			2016 \$		
	Annual Leave \$	Long Service Leave \$	Total \$	Annual Leave \$	Long Service Leave \$	Total \$
Total	24,954	-	24,954	75,139	-	75,139

No termination benefits or share based payments were received, nor performance bonuses by staff or elected officers.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

13. Related Party Information (Cont'd)

The officeholders received no 'non cash' benefits other than motor vehicle benefits as set out above. No officeholder of the Union 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 Union received any remuneration because they were a member of, or held position with a Board or other organisation because:-

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

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.

e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	2017	2016
During the period, the Union paid to the Federal Office a per capita payment calculated in accordance with the rules.	\$ 302,148	\$ 280,250

Other

During the year, the Union paid to the Federal Office reimbursement of expenses for the National Executive and National Council of \$2,742 (2016: \$10,884) and other payments of \$110 (2016: \$10,421).

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

2017	2016
\$	\$

Capital expenditure commitments as at 30 June 2017 & 2016 – \$nil.

Hire Purchase Commitments

<1 year	94,111	86,460
1 – 5 years	122,669	216,551
	<u>216,780</u>	<u>303,011</u>
Less Future Finance Changes	(16,303)	(22,445)
Net Liabilities	<u>200,477</u>	<u>280,566</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 2017

18. Financial Instruments

a. Financial Risk Management

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

The Union does not have any derivative instruments at 30 June 2017 (2016: \$nil).

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

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 union is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

Foreign Currency

The Union is not exposed to fluctuations in foreign currency.

Liquidity Risk

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

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	135,046	147,625	-	-	-	-	320	282	135,366	147,907	1.50	2.00
Receivables	-	-	-	-	-	-	247,464	314,864	247,464	314,864	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	417,211	247,649	417,211	247,649	n/a	n/a
Total	135,046	147,625	-	-	-	-	664,995	562,795	800,041	710,420		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	90,301	80,056	110,176	200,510	-	-	200,477	280,566	6.50	6.50
Payables	-	-	-	-	-	-	339,340	290,125	339,340	290,125	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	90,301	80,056	110,176	200,510	339,340	290,125	539,817	570,691		
Net Financial Assets/(Liabilities)	135,046	147,625	(90,301)	(80,056)	(110,176)	(200,510)	325,655	272,670	260,224	139,729		

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

18. Financial Instruments (cont'd)

c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2017 is estimated at \$nil (2016: \$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 2017.

d. Sensitivity Analysis

Interest rate risk

The Union 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 2017, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

	2017	2016
	\$	\$
Change in profit		
Increase in interest rate by 2%	2,700	2,952
Decrease in interest rate by 2%	(2,700)	(2,952)
Change in equity		
Increase in interest rate by 2%	2,700	2,952
Decrease in interest rate by 2%	(2,700)	(2,952)

e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2017 (2016: \$nil). Hence, no impairment provision has been recorded. All receivables reported at 30 June 2017 were aged 0-30 days.

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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 2017			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	-	1,123,344	-	1,123,344
Total non-financial assets recognised at fair value	-	1,123,344	-	1,123,344

	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

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

Description	Fair Value at 30 June 2017 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Freehold land & buildings	1,123,344	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate
	1,123,344		

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

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	2017 \$	2016 \$
Australian Labour Party - Victoria	42,646	-
Trades Hall Council	86,596	-
ACTU	17,155	17,155
Bendigo Trades Hall Council	1,252	629
Ballarat Regional Trade Council	6,544	7,270
Geelong Trades Hall Council	7,649	13,554
	<u>161,842</u>	<u>38,608</u>

Health Services Union Victoria No 1 Branch – 2017 Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

21. Other Disclosures

The Union did not receive nor is it reliant upon financial support from any other reporting unit during the year, nor did it provide such support to any other reporting entity to facilitate operations as a going concern.

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 (2016: \$Nil).

Included in trade payables is \$5,797 (2016: \$14,204) payable for legal costs. Of the 2017 amount, \$nil (2016: \$nil) was for litigation, \$5,797 (2016: \$14,204) for other matters.

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 Commissioner, Registered Organisations Commission.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HEALTH SERVICES UNION VICTORIA NO1 BRANCH**

To the Members of Health Services Union Victoria No1 Branch

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying general purpose financial report of the Union, which comprises the statement of financial position as at 30 June, 2017, the statement of profit or loss, the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

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 the Commissioner, Registered Organisations Commission, 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.

As part of our audit of the organisation for the year ended 30 June 2017, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Union in accordance with the independence requirements of Corporations Act 2001 and 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 fulfilled our other responsibilities in accordance with the Code.

We confirm that the independence declaration by the *Corporations Act 2001*, which has been given to the Committee of Management, would be in the same terms if given to the Committee of Management as at the time of this auditor's report.

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

INDEPENDENT AUDIT REPORT (Cont'd)

Committee of Management Responsibility for the Financial Report

The Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability 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 auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

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

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. 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 also provide the Committee of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Committee of Management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.


Stannards Accountants and Advisors


Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated this ^{14th} day of ^{Sept} 2017