



3 December 2014

Ms Diana Asmar  
Secretary  
Health Services Union - Victorian No. 1 Branch  
P.O. Box 5128  
South Melbourne VIC 3205

via e-mail: [diana.asmar@hwu.org.au](mailto:diana.asmar@hwu.org.au)

Dear Ms Asmar

**Health Services Union - Victorian No. 1 Branch  
Financial Report for the year ended 30 June 2013 - FR2013/316**

I acknowledge receipt of the financial report for the year ended 30 June 2013 for the Health Services Union - Victorian No. 1 Branch. The amended financial report was lodged with the Fair Work Commission (FWC) on 1 December 2014.

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

**Changes to the reporting guidelines and model financial statement**

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the FWC website. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the FWC website: <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

If you have any queries regarding this letter, please contact me on (03) 8661 7675 or via email at [ken.morgan@fwc.gov.au](mailto:ken.morgan@fwc.gov.au)

Yours sincerely

Ken Morgan  
Financial Reporting Advisor  
Regulatory Compliance Branch

**Health Workers Union**  
**formerly known as**  
**(Health Service Union Victoria Branch No 1)**



**FINANCIAL REPORT**  
**FOR THE PERIOD**  
**21 AUGUST 2012 TO 30 JUNE 2013**

**Operating Report  
For the period ended 30 June 2013**

**Principal activities**

The principal activities of the Health Workers Union during the period were to provide representation and support to our members.

**Review of results**

The net result of operations for the period was a surplus of \$250,096. The organisation which was reconstituted on 21 August 2012 following a demerger by the Administrator of the Health Services Union NSW represented its members in industrial and other matters, focusing particularly on matters pertinent the industry. During the period (after the election of new officers in December 2012), it paid attention to corporate governance, ensuring through appointment of a Compliance Officer that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$1.818 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation service delivery.

**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 or 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 2013, the number of members of the organisation recorded in the register of members was 11,047.

**Number of Employees**

As at 30 June 2013, the number of full time equivalent employees was 31.

**Committee of Management**

The Committee of Management members were as follows:-

D Eden	B Gregor	R Barclay
D Asmar	L Flynn	G Driscoll (resigned 1.5.13)
C Fisher	A Hargreaves	J Mitchell
N Alim-Arslam	P O'Brien	L Smith
S Stone	R Morrey (resigned 1.5.13)	S Jacks

All members were on the Committee from 12 December 2012 to 30 June 2013, except as stated above for those who resigned during the year.

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 HWC or a Peak Council
D Eden	Director	Davayne trading as Utopia	Trustee Company of Super Fund	No
N Alim-Arslam	Member	Albanian Women's Group	Benevolent Organisation	No

**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.

**Officers and employees who are directors of a company or a member of a Board**

Pursuant to the reporting guidelines, the following officers and employees were company directors and/or Board members at the date of this report:

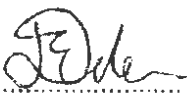
**Manner of Resignation**

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 Services.
- (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 subrule (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 19<sup>th</sup> day of November 2014


## CERTIFICATE OF COMMITTEE OF MANAGEMENT

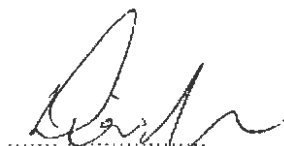
The Committee of Management of the Health Workers Union passed the following resolution on 19/11/2014 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2013.

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 Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2013 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 considered 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 19<sup>th</sup> day of November 2013

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF HEALTH WORKERS UNION

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 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

Dated this 19 day of June 2013 4

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013

	2013
	\$
<b>Revenue</b>	
Membership Contributions	4,026,578
Rent Received	17,582
Interest Received	1,748
Service Fees	54,011
Capitation Fees	-
Donations	-
Grants	-
Levies	-
<b>Total Revenue</b>	<b>4,099,919</b>
<b>Expenses</b>	
Affiliations (see Note 20)	5,554
Accounting Fees	40,220
Advertising & Marketing	1,746
Audit Fees	6,000
Bad Debts	24
Bank Charges	21,210
Branch 1 Member Promotions	442
Capitation Fees	135,979
Catering & Entertainment	9,988
Cleaning & Consumables	32,264
Computer & IT Costs	131,171
Compulsory levies	-
Commissions	2,221
Consideration to employees for payroll deductions	-
Council Rates	10,240
Credit Charges	3,437
Delegate Expenses	469
Depreciation	168,711
Donations	-
FWC Lodgement Fees	705
Electricity	22,863
Executive Meetings (Fees and Allowances)	8,489
General Expenses	6,239
Grants	-
Interest Paid	204,147
Insurance	316,309
Land Tax	4,944
Late Fees Paid	13
Legal Fees – Litigation	57,050
Legal Fees – Other Matters	194,792
Member Reward Cards	34,376
Member Services	41
Motor Vehicles Expenses	181,949
Other Expenses	5,770
Payroll Tax	101,142
Penalties – RO Act or Regulations	-
Photocopier Lease & Usage	51,190
Postage & Courier	44,849
Printing and Stationary	55,049
Loss on sale of asset	7,818

(continued over)

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013 (cont'd)

	2013
	\$
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<b>Expenses (cont'd)</b>	
Repairs and Maintenance	11,823
Security	20,832
Seminars & Training Courses	1,364
Staffing Costs	1,820,807
Storage	4,468
Subscriptions	2,283
Telephone & Internet	62,665
Travel and Accommodation	51,464
Water Rates	6,706
<b>Total Expenses</b>	<b>3,849,823</b>
<b>Net Profit for the Period</b>	<b>250,096</b>

The accompanying notes form part of this Financial Report



## HEALTH WORKERS UNION

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### Statement of Comprehensive Income for the Period Ended 30 June 2013

	2013 \$
Profit / (Loss) for the period	250,096
Other comprehensive income for the period Gain on revaluation of plant and equipment	158,473
Total comprehensive income for the period	408,569
<b>Total comprehensive income attributable to: Members of the organisation</b>	<b>408,569</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Financial Position as at 30 June 2013

	Notes	2013 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	3	154,494
Receivables	4	7,212
Other Assets	5	61,537
<b>Total Current Assets</b>		<b>223,243</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	6	5,855,034
<b>Total Non Current Assets</b>		<b>5,855,034</b>
<b>Total Assets</b>		<b>6,078,277</b>
<b>Current Liabilities</b>		
Payables	7	484,076
Provisions	8	108,427
Interest Bearing Debt	9	3,037,758
Non Interest Bearing Debt	10	85,214
<b>Total Current Liabilities</b>		<b>3,715,475</b>
<b>Non Current Liabilities</b>		
Interest Bearing Debt	9	439,108
Non Interest Bearing Debt	10	106,000
<b>Total Non Current Liabilities</b>		<b>545,108</b>
<b>Total Liabilities</b>		<b>4,260,583</b>
<b>Net Assets</b>		<b>1,817,694</b>
<b>Equity</b>		
Retained Earnings	11(a)	1,659,221
Asset Revaluation Reserve	11(b)	158,473
<b>Total Equity</b>		<b>1,817,694</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Changes In Equity for the Period Ended 30 June 2013

	2013 \$
Retained Earnings – Beginning of Year	-
Profit / (Loss) for the Period	250,096
Other Comprehensive Income for the year	158,473
Net Assets Apportioned from Demerger (see Note 1(n))	1,409,125
Distribution to:-	
Asset Revaluation Reserve	(158,473)
<b>Total Retained Earnings – End of Period</b>	<b>1,659,221</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Cash Flows for the Period Ended 30 June 2013

	Notes	2013 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>		
Contributions from Members		4,026,578
Interest Received		1,748
Payments to Suppliers and Employees		(3,259,060)
Interest Paid		(204,147)
Per Capita to Federal Office		(135,979)
Net Cash Provided by Operating Activities	13 (b)	429,140
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment		(324,441)
Proceeds from Sale of Plant and Equipment		38,182
Net Cash Provided by / (Used in) Investing Activities		(286,259)
<b>Cash flows from Financing Activities</b>		
Hire Purchase Repayments		(22,599)
Repayments by/(to) Federal and other branches		(105,788)
Net Cash Provided by/(Used) in Financing Activities		(128,387)
Net Increase in Cash and Cash Equivalents		14,494
Net Cash Transferred in on Demerger	1 (n)	140,000
<b>Cash and Cash Equivalents at Beginning of Period</b>		-
<b>Cash and Cash Equivalents at End of Period</b>	13 (a)	154,494

The accompanying notes form part of this Financial Report

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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:

	2013
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (c) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

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.

#### (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.

#### (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) Employee Benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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 Branch 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 Branch 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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

#### (k) Revenue

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the rendering of a service is recognised in proportion to the stage of completion of the service.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### (l) 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 workers 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.

#### (m) 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.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(n) Demerger**

In accordance with an Order of the Federal Court of Australia dated 29 June 2012, the Administrator of HSU East Branch and the NSW Union oversaw the demerger of the HSU East Branch and the NSW Union. HSU Victoria No 1 Branch was part of the merged HSU East Branch. Pursuant to a Deed Poll dated 21 August 2012, the Administrator of HSU East Branch and the NSW Union, apportioned and distributed the assets and liabilities of those entities. HSU Victoria No 1 Branch, as a result of such apportionment, was distributed net assets with a fair value of \$1.409 million on demerger, as follows:-

	<b>Deed Poll Asset Distribution \$</b>	<b>Difference \$</b>	<b>Fair Value of Asset Distribution \$</b>
Cash	140,000	-	140,000
Property	4,750,000	-	4,750,000
Plant & Equipment & Vehicles	223,913	-	223,913
Bank Loan	(2,885,000)	-	(2,885,000)
Loan – HSU Victoria No 3	(297,788)	-	(297,788)
Termination Provision	(208,863)	58,863	(150,000)
Employee Entitlements	(557,576)	185,576	(372,000)
<b>Net Assets</b>	<b>1,164,686</b>	<b>244,439</b>	<b>1,409,125</b>

The primary difference between net assets allocated based on the Deed Poll, and that reflected by the Union in its opening Statement of Financial Position were:-

- i) Termination Provisions - these provisions were based on actual termination entitlements when the Unions were demerged. Such provisions were \$150,000 based, not \$208,863 as calculated by VJ Ryan and Co. in support of the Deed Poll initial apportionment of net assets.
- ii) Employee Entitlements - the Deed Poll and calculations of VJ Ryan and Co. include non-vesting personal leave in the calculation of employee entitlements transferred to the Union on demerger. Given such leave is non-vesting, it is not reflected as a liability of the Union in the opening Statement of Financial Position (so as to accord with Australian Accounting Standards).

It should be noted, the Union does not believe the initial apportionment of net assets to it was fair and reasonable. It has sought, but not received an explanation from the Administrator regarding how the allocation of assets between each of the demerged Unions was determined. Further action may be taken in respect of the apportionment of net assets in due course.

**(o) Working Capital Deficiency**

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and recurrent cashflows, the Union expects to reduce this deficiency, such that it can continue to meet its debts, as and when they fall due.



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(p) New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Union's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Union's financial statements.
- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Union.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Union's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Union's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - service cost and net interest expense in profit or loss; and
  - remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts report by the Union.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment'
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Union's financial statements.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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 WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013
	\$
<b>3. Cash and Cash Equivalents</b>	
Cash at Bank	153,055
Petty Cash	1,439
	<u>154,494</u>
The weighted average interest rate for cash as at 30 June 2013 is 3%.	
<b>4. Receivables</b>	
Sundry Debtors	7,212
	<u>7,212</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.	
<b>5. Other Assets</b>	
Prepayments	54,208
GST	7,329
	<u>61,537</u>
<b>6. Property, Plant and Equipment</b>	
Land & Buildings	
At Cost	4,981,000
Less: Accumulated Depreciation	(53,130)
	<u>4,927,870</u>
Furniture & Fixtures	
At Valuation	147,398
At Cost	8,413
Less: Accumulated Depreciation	(11,431)
	<u>144,380</u>
Office Equipment	
At Valuation	115,240
Less: Accumulated Depreciation	(14,271)
	<u>100,969</u>
Computers & IT	
At Valuation	94,376
At Cost	30,039
Less: Accumulated Depreciation	(14,951)
	<u>109,464</u>
Motor Vehicles	
At Cost	614,407
Less: Accumulated Depreciation	(42,057)
	<u>572,350</u>
<b>Total Property, Plant and Equipment</b>	<b><u>5,855,033</u></b>

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

2013	Land & Buildings \$	Furniture & Fixtures \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Carrying amount at beginning of period	-	-	-	-	-	-
Transfer in/Demerger	4,750,000	170,764	41,621	-	11,528	4,973,913
Additions	231,000	10,412	-	83,029	614,408	938,849
Revaluation	-	(18,078)	86,243	42,308	48,000	158,473
Disposals	-	-	(1,491)	-	(46,000)	(47,491)
Depreciation expense	(53,130)	(18,718)	(25,404)	(15,873)	(55,586)	(168,711)
Carrying amount at end of period	4,927,870	144,380	100,969	109,464	572,350	5,855,033

During the period, 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 this financial report notwithstanding legal ownership vests with the National Union.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>7. Payables</b>	
Trade Creditors	281,327
Accrued Expenses	35,002
PAYG Withholding Payable	93,514
Payroll Tax	32,810
Superannuation Payable	41,423
	484,076

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	108,427
-------------------------------------	---------

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

	Annual Leave 2013 \$	Long Service Leave and Retirement Allowance 2013 \$	Total 2013 \$
Officeholders	35,415	-	35,415
Other Staff	73,012	-	73,012
Total	108,427	-	108,427

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above. Termination provisions of \$150,000 on demerger of HWU were utilised in full to pay-out other staff.

### 9. Interest Bearing Debt

#### Current

Bank Loan CBA (i)	2,885,000
Hire Purchase Liability	152,758
	3,037,758

#### Non Current

Hire Purchase Liability	439,108
	439,108

- (i) This loan is secured by various cross guarantees between the Union and other HSU branches. It is also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expires in 2013/14, and is currently being renegotiated. The Committee of Management is confident the loan will be renegotiated on terms no less favourable than the current facility and have received indicative approval for a new facility from Westpac Banking Corporation.

### 10. Non Interest Bearing Debt

#### Current

Loan HSU Victoria No. 3 Branch (i)	85,214
	85,214

#### Non Current

Loan HSU Victoria No 3 Branch (i)	106,000
	106,000

- (i) This loan arose through the demerger of the Union and is being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch.



# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

11. Equity	2013 \$
(a) Retained Earnings	
Balance at beginning of period	-
Contribution from demerger	1,409,125
Net Profit for period	250,096
Balance at end of period	<u>1,659,221</u>
(b) Asset Revaluation Reserve	
Balance at beginning of period	-
Revaluation increment arising on revaluing plant and equipment	158,473
Balance at end of period	<u>158,473</u>
<b>Total Equity</b>	<b><u>1,817,694</u></b>

## 12. Employee Benefits

Employee benefits paid/accrued during the period	Elected Officials \$	Other Staff \$	Total \$
Wages and Salaries	191,802	1,370,728	1,562,530
Annual Leave	35,415	73,012	108,427
Long Service Leave and retirement allowance	-	-	-
Superannuation	17,716	132,134	149,850
Total	<u>244,933</u>	<u>1,575,874</u>	<u>1,820,807</u>

There were no expenses this year to elected officers for separation and redundancy, nor other employee expenses including long service leave and retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$373,280, of which \$150,000 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.

## 13. Cash Flow Information

13. Cash Flow Information	2013 \$
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	153,055
Cash on Hand	1,439
	<u>154,494</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit	
<u>Net Profit / (Loss) before Tax</u>	<u>250,096</u>
<u>Non Cash Items</u>	
Depreciation	168,711
Provision for Employee Benefits	(412,812)
Loss on Disposal of Non Current Assets	7,818
<u>Changes in Operating Assets and Liabilities</u>	
(Increase)/Decrease in Prepayments	(54,208)
Increase/(Decrease) in Trade Creditors and Accruals	484,076
(Increase)/Decrease in Sundry Debtors	(7,212)
(Increase)/Decrease in GST Receivables	<u>(7,329)</u>

Net Cash Provided by Operating Activities

429,140

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**14. 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>Senior Vice-President</u>
D Eden	B Gregor

<u>Junior Vice-President</u>	<u>Secretary</u>
R Barclay	D Asmar

Assistant Secretary-Treasurer  
L Flynn

<u>Committee of Management</u>	
G Driscoll (resigned)	C Fisher
A Hargreaves	J Mitchell
R Morrey (resigned)	P O'Brien
L Smith	S Stone
N Alim-Arslam	S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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:-

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
  - ii) They were nominated for the position by the Branch; or
  - iii) 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 other goods and services.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013****14. Related Party Information (cont'd)**

## e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	<b>2013</b>
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	<b>\$</b> 135,979

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

Victoria No 3 Branch	(191,214)
NSW Union	7,212
Federal Office	(5,245)

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the Federal Office and NSW Union were on normal commercial terms and conditions.

**15. Commitments**

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<hr/> 663,051
Less Future Finance Changes	(71,185)
Net Liabilities	<hr/> 591,866

**16. Contingent Liability**

The Union is currently a party to proceedings with the General Manager FWC referred to as General Manager Fair Work Australia Vs Health Services Union & OrsVID380. Penalties may be imposed on the Union, pursuant to this matter (for actions of the past administration). It is currently seeking to mediate and settle the matter with the General Manager FWC.

The Union is currently in dispute with the State Revenue office pertaining to the payment of stamp duty on the transfer of its Park Street property, both when HSU East was established, and when the demerger occurred. It has legal opinion supporting that it could receive a stamp duty refund of some \$110,000. The State Revenue Office is currently considering that opinion, and is seeking to assess the Union some \$110,000 of additional stamp duty. There are no other known contingencies likely to have a material impact on the Union at current date.

**17. Segment Reporting**

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

**18. Union's Details**

The principal place of business of the branch is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. 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 2013.

The purpose of the financial instruments is to raise finances for the operations of the entity.

**i Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and 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 a material credit risk exposure amounting to \$nil to a group of debtors under financial transactions entered into by the entity.

Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013

19. Financial Instruments (cont'd)

a. 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
	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	%
(i) Financial Assets						
Cash and Cash Equivalents	153,055	-	-	1,439	154,494	3.00
Receivables	-	-	-	7,212	7,212	N/A
Other Financial Assets	-	-	-	61,537	61,537	N/A
Total	153,055	-	-	70,188	223,243	
(ii) Financial Liabilities						
Interest Bearing Debt	2,885,000	152,758	439,108	-	3,476,866	7.34
Payables	-	-	-	484,076	484,076	N/A
Non Interest Bearing Liabilities	-	-	-	191,214	191,214	N/A
Total	2,885,000	152,758	439,108	675,290	4,152,156	
Net Financial Assets/(Liabilities)	(2,731,945)	(152,758)	(439,108)	(605,102)	(3,928,913)	

b. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2013 is estimated at \$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 2013.

Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013

19. Financial Instruments (cont'd)

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 2013, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2013
	\$
Change in profit	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476
Change in equity	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476

e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2013. Hence, no impairment provision has been recorded. All receivables reported at 30 June 2013 were aged 0-30 days.

20. Affiliation Fees

	2013
	\$
Bendigo Trades Hall Council	438
Ballarat Regional Trade Council	1,980
Goulburn Valley Trades & Labor Council	489
Sunraysia Trades & Labor Council	300
South West Trades Labor Council	263
Geelong Trades Hall Council	2,084
	<u>5,554</u>

21. Subsequent Events

In September 2013, FWC notified the Union that it intends to conduct an investigation relating to finances and financial administration of the organisation. The Committee of Management reasonably believe this investigation will not result in any further action.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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.

All payables to other reporting units are disclosed elsewhere in this report.

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 \$31,967 payable for legal costs (\$13,119 of which is for litigation, \$18,898 for other matters).



**DESIGNATED OFFICER'S CERTIFICATE**  
*Sec. 268 of Fair Work (Registered Organisations) Act 2009*

I, Diana Asmar, being the 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 2013, 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 19<sup>th</sup> of November, 2014;
3. That the full report was provided to members on 19th of November, 2014 by way of posting on the Union website.

Diana Asmar  
Secretary  
Health Services Union Victoria No.1 Branch



***"Caring is our Profession"***



## INDEPENDENT AUDIT REPORT

To the Members of Health Workers Union

### Scope

#### **The financial report and Committee of management responsibility**

The financial report comprises the Certificate of Committee of Management, Income Statement, 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 Workers Union for the period ended 30 June 2013 set out on pages 2 to 28.

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.

### 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.

Our audit encompassed the audit of wages recovery activity of the Union for the period ended 30 June 2013 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 & Advisors

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

Dated this 19 day of Nov 2013

# HSU De-merger Vic 1

	HSU Vic No. 1 [ref. Note 1(n)]	Deed Poll	Diff.	
<b>Assets acquired</b>				
Cash transferred in	140,000	140,000	0	
Property	4,750,000	4,750,000	0	
Office equipment taken over at book value	204,549	212,385	7,836	1 Deed Poll p.130
Motor vehicles taken over at book value	0	11,528	11,528	2 Deed Poll p.131 - 6 Motor Vehicles <span style="background-color: black; color: black;">XXXXXXXXXX</span>
	<b>5,094,549</b>	<b>5,113,913</b>	<b>19,364</b>	
<b>Less: Liabilities assumed</b>				
Bank Loan	-2,885,000	-2,885,000	0	
Loan-HSU Vic No. 3 Branch	-297,788	-297,788	0	
Termination payments due to officials	-150,000	-149,864	136	3 Deed Poll p.138 (\$137,072.55 plus \$12,791.52 = \$149,864.07).
Employee entitlements	-372,000	-371,052	948	4 Ref. attached calculation.
	<b>-3,704,788</b>	<b>-3,703,704</b>	<b>1,084</b>	
	<b>1,389,761</b>	<b>1,410,209</b>	<b>20,448</b>	

# HSU De-merger Vic 1 Employee Provns

	A/L	Accrued Days Off	
[Redacted]	[Redacted]	[Redacted]	
	190,921.23	33,930.88	224,852.11
	<b>LSL(1)</b>	23,598.00	
	<b>LSL(2)</b>	33,969.00	
	<b>LSL(3)</b>	25,273.00	
		<u>307,692.11</u>	
	20.59%	63,353.81	
		<u><b>371,045.92</b></u>	

Auditor Calculation	
A/L	190,916.00
LSL	23,598.00
ADO	33,923.00
	<u>248,437.00</u>
Add LSL	33,969.00
Add LSL	25,273.00
	<u>59,242.00</u>
	307,679.00
20.59%	63,351.11
	<u><b>371,030.11</b></u>

	LSL	LSL(1)	LSL(2)	LSL(3)
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
	108,120.75	0.00	0.00	0.00
	<u>23,598.00</u>	<u>33,969.00</u>	<u>25,273.00</u>	



**DESIGNATED OFFICER'S CERTIFICATE**  
Sec. 268 of Fair Work (Registered Organisations) Act 2009

I, Diana Asmar, being the 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 2013, 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 27<sup>th</sup> of May, 2014;
3. That the full report was provided to members on 6<sup>th</sup> of June, 2014 by way of posting on the Union website.

A handwritten signature in black ink, followed by the date '5/6/2014' written in a similar cursive style.

Diana Asmar  
Secretary  
Health Services Union Victoria No.1 Branch



*"Caring for our Caregivers"*

**Health Workers Union**

**formerly known as  
(Health Service Union Victoria Branch No 1)**

**FINANCIAL REPORT  
FOR THE PERIOD  
21 AUGUST 2012 TO 30 JUNE 2013**

**Operating Report  
For the period ended 30 June 2013**

**Principal activities**

The principal activities of the Health Workers Union during the period were to provide representation and support to our members.

**Review of results**

The net result of operations for the period was a surplus of \$269,460. The organisation which was reconstituted on 21 August 2012 following a demerger by the Administrator of the Health Services Union NSW represented its members in industrial and other matters, focusing particularly on matters pertinent the industry. During the period (after the election of new officers in December 2012), it paid attention to corporate governance, ensuring through appointment of a Compliance Officer that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$1.818 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation service delivery.

**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 2013, the number of members of the organisation recorded in the register of members was 11,047.

**Number of Employees**

As at 30 June 2013, the number of full time equivalent employees was 31.

**Committee of Management**

The Committee of Management members were as follows:-

D Eden	B Gregor	R Barclay
D Asmar	L Flynn	G Driscoll (resigned 1.5.13)
C Fisher	A Hargreaves	J Mitchell
N Alim-Arslam	P O'Brien	L Smith
S Stone	R Morrey (resigned 1.5.13)	S Jacks

All members were on the Committee from 12 December 2012 to 30 June 2013, except as stated above for those who resigned during the year.

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 HWC or a Peak Council
D Eden	Director	Davayne trading as Utopia	Trustee Company of Super Fund	No
N Alim-Arslam	Member	Albanian Women's Group	Benevolent Organisation	No

**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.

**Officers and employees who are directors of a company or a member of a Board**

Pursuant to the reporting guidelines, the following officers and employees were company directors and/or Board members at the date of this report:


**Manner of Resignation**

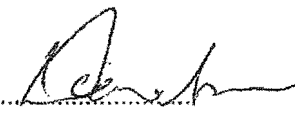
Members may resign from the Union in accordance with the rules, which reads as follows:

**Resignation of Members**

- (a) A Member may resign from the Union by written notice addressed and delivered to the Services.
- (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 subrule (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 27<sup>th</sup> day of May 2014



**CERTIFICATE OF COMMITTEE OF MANAGEMENT**


The Committee of Management of the Health Workers Union passed the following resolution on 27 May 2014 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2013.

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 Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2013 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 considered 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 27<sup>th</sup> day of May 2014

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF HEALTH WORKERS UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 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

Dated this 24<sup>th</sup> day of May 2014

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013

	2013
	\$
<b>Revenue</b>	
Membership Contributions	4,026,578
Rent Received	17,582
Interest Received	1,748
Service Fees	54,011
Capitation Fees	-
Donations	-
Grants	-
Levies	-
<b>Total Revenue</b>	<b>4,099,919</b>
<b>Expenses</b>	
Affiliations (see Note 20)	5,554
Accounting Fees	40,220
Advertising & Marketing	1,746
Audit Fees	6,000
Bad Debts	24
Bank Charges	21,210
Branch 1 Member Promotions	442
Capitation Fees	135,979
Catering & Entertainment	9,988
Cleaning & Consumables	32,264
Computer & IT Costs	131,171
Compulsory levies	-
Commissions	2,221
Consideration to employees for payroll deductions	-
Council Rates	10,240
Credit Charges	3,437
Delegate Expenses	469
Depreciation	149,347
Donations	-
FWC Lodgement Fees	705
Electricity	22,863
Executive Meetings (Fees and Allowances)	8,489
General Expenses	6,239
Grants	-
Interest Paid	204,147
Insurance	316,309
Land Tax	4,944
Late Fees Paid	13
Legal Fees – Litigation	57,050
Legal Fees – Other Matters	194,792
Member Reward Cards	34,376
Member Services	41
Motor Vehicles Expenses	181,949
Other Expenses	5,770
Payroll Tax	101,142
Penalties – RO Act or Regulations	-
Photocopier Lease & Usage	51,190
Postage & Courier	44,849
Printing and Stationary	55,049
Loss on sale of asset	7,818

*(continued over)*

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The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013 (cont'd)

	2013
	\$
<hr/>	
<b>Expenses (cont'd)</b>	
Repairs and Maintenance	11,823
Security	20,832
Seminars & Training Courses	1,364
Staffing Costs	1,820,807
Storage	4,468
Subscriptions	2,283
Telephone & Internet	62,665
Travel and Accommodation	51,464
Water Rates	6,706
<hr/>	
<b>Total Expenses</b>	<b>3,830,459</b>
<hr/>	
<b>Net Profit for the Period</b>	<b>269,460</b>
<hr/>	

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Comprehensive Income for the Period Ended 30 June 2013

	2013 \$
Profit / (Loss) for the period	269,460
Other comprehensive income for the period Gain on revaluation of plant and equipment	158,473
Total comprehensive income for the period	427,933
Total comprehensive income attributable to: Members of the organisation	427,933

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Financial Position as at 30 June 2013

	Notes	2013 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	3	154,494
Receivables	4	7,212
Other Assets	5	61,537
<b>Total Current Assets</b>		<b>223,243</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	6	5,855,034
<b>Total Non Current Assets</b>		<b>5,855,034</b>
<b>Total Assets</b>		<b>6,078,277</b>
<b>Current Liabilities</b>		
Payables	7	484,076
Provisions	8	108,427
Interest Bearing Debt	9	3,037,758
Non Interest Bearing Debt	10	85,214
<b>Total Current Liabilities</b>		<b>3,715,475</b>
<b>Non Current Liabilities</b>		
Interest Bearing Debt	9	439,108
Non Interest Bearing Debt	10	106,000
<b>Total Non Current Liabilities</b>		<b>545,108</b>
<b>Total Liabilities</b>		<b>4,260,583</b>
<b>Net Assets</b>		<b>1,817,694</b>
<b>Equity</b>		
Retained Earnings	11(a)	1,659,221
Asset Revaluation Reserve	11(b)	158,473
<b>Total Equity</b>		<b>1,817,694</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Changes In Equity for the Period Ended 30 June 2013

	2013 \$
Retained Earnings – Beginning of Year	-
Profit / (Loss) for the Period	269,460
Other Comprehensive Income for the year	158,473
Net Assets Apportioned from Demerger (see Note 1(n))	1,389,761
Distribution to:- Asset Revaluation Reserve	(158,473)
<b>Total Retained Earnings – End of Period</b>	<b>1,659,221</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Cash Flows for the Period Ended 30 June 2013

	Notes	2013 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>		
Contributions from Members		4,026,578
Interest Received		1,748
Payments to Suppliers and Employees		(3,259,060)
Interest Paid		(204,147)
Per Capita to Federal Office		(135,979)
<b>Net Cash Provided by Operating Activities</b>	13 (b)	<b>429,140</b>
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment		(324,441)
Proceeds from Sale of Plant and Equipment		38,182
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<b>(286,259)</b>
<b>Cash flows from Financing Activities</b>		
Hire Purchase Repayments		(22,599)
Repayments by/(to) Federal and other branches		(105,788)
<b>Net Cash Provided by/(Used) in Financing Activities</b>		<b>(128,387)</b>
Net Increase in Cash and Cash Equivalents		14,494
Net Cash Transferred in on Demerger	1 (n)	140,000
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>-</b>
<b>Cash and Cash Equivalents at End of Period</b>	13 (a)	<b>154,494</b>

The accompanying notes form part of this Financial Report



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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:

	<b>2013</b>
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(c) Employee Benefits**

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

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.

**(d) Revenue Recognition**

Contributions from members are shown net of refunds and are accounted for on an accruals basis. In the previous financial report dated 7 October 2013, incorrect reference was made to such contributions being recognised on a 'cash' 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.

**(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) Employee Benefits**

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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 Branch 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 Branch 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) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

**(k) Revenue**

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the rendering of a service is recognised in proportion to the stage of completion of the service.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(l) 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 workers 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.

**(m) 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.

Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013

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

(n) Demerger

In accordance with an Order of the Federal Court of Australia dated 29 June 2012, the Administrator of HSU East Branch and the NSW Union oversaw the demerger of the HSU East Branch and the NSW Union. HSU Victoria No 1 Branch was part of the merged HSU East Branch. Pursuant to a Deed Poll dated 21 August 2012, the Administrator of HSU East Branch and the NSW Union, apportioned and distributed the assets and liabilities of those entities. HSU Victoria No 1 Branch, as a result of such apportionment, was distributed net assets with a fair value of \$1.389 million on demerger, as follows:-

	Deed Poll Asset Distribution \$	Difference \$	Fair Value of Asset Distribution \$
Cash	140,000	-	140,000
Property	4,750,000	-	4,750,000
Plant & Equipment	201,439	3,110	204,549
Bank Loan	(2,885,000)	-	(2,885,000)
Loan – HSU Victoria No 3	(297,788)	-	(297,788)
Termination Provision	(208,863)	58,863	(150,000)
Employee Entitlements	(557,576)	185,576	(372,000)
<b>Net Assets</b>	<b>1,142,212</b>	<b>247,549</b>	<b>1,389,761</b>

The primary difference between net assets allocated based on the Deed Poll, and that reflected by the Union in its opening Statement of Financial Position were:-

- i) Termination Provisions - these provisions were based on actual termination entitlements when the Unions were demerged. Such provisions were \$150,000 based, not \$208,863 as calculated by VJ Ryan and Co. in support of the Deed Poll initial apportionment of net assets.
- ii) Employee Entitlements - the Deed Poll and calculations of VJ Ryan and Co. include non-vesting personal leave in the calculation of employee entitlements transferred to the Union on demerger. Given such leave is non-vesting, it is not reflected as a liability of the Union in the opening Statement of Financial Position (so as to accord with Australian Accounting Standards).
- iii) Plant and Equipment - the Deed Poll excluded some \$3,110 of plant and equipment distributed to the Union at 21 August 2012.

It should be noted, the Union does not believe the initial apportionment of net assets to it was fair and reasonable. It has sought, but not received an explanation from the Administrator regarding how the allocation of assets between each of the demerged Unions was determined. Further action may be taken in respect of the apportionment of net assets in due course.

(o) Working Capital Deficiency

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and recurrent cashflows, the Union expects to reduce this deficiency, such that it can continue to meet its debts, as and when they fall due.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(p) New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(p) New Accounting Standards for Application in Future Periods**

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Union's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Union's financial statements.

- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Union.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(p) New Accounting Standards for Application in Future Periods**

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Union's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Union's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - i. service cost and net interest expense in profit or loss; and
  - ii. remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

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

**(p) New Accounting Standards for Application in Future Periods**

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts report by the Union.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Union's financial statements.



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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 WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013
	\$
<b>3. Cash and Cash Equivalents</b>	
Cash at Bank	153,055
Petty Cash	1,439
	<hr/> 154,494
The weighted average interest rate for cash as at 30 June 2013 is 3%.	
<b>4. Receivables</b>	
Sundry Debtors – NSW Union	7,212
	<hr/> 7,212
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.	
<b>5. Other Assets</b>	
Prepayments	54,208
GST	7,329
	<hr/> 61,537
<b>6. Property, Plant and Equipment</b>	
Land & Buildings	
At Cost	4,981,000
Less: Accumulated Depreciation	(53,130)
	<hr/> 4,927,870
Furniture & Fixtures	
At Valuation	147,398
At Cost	8,413
Less: Accumulated Depreciation	(11,431)
	<hr/> 144,380
Office Equipment	
At Valuation	115,240
Less: Accumulated Depreciation	(14,271)
	<hr/> 100,969
Computers & IT	
At Valuation	94,376
At Cost	30,039
Less: Accumulated Depreciation	(14,951)
	<hr/> 109,464
Motor Vehicles	
At Cost	614,407
Less: Accumulated Depreciation	(42,057)
	<hr/> 572,350
<b>Total Property, Plant and Equipment</b>	<hr/> <b>5,855,033</b>

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

2013	Land & Buildings \$	Furniture & Fixtures \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Carrying amount at beginning of period	-	-	-	-	-	-
Transfer in/Demerger	4,750,000	170,764	32,294	-	-	4,953,058
Additions	231,000	10,412	-	83,029	614,408	933,849
Revaluation	-	(18,078)	86,243	42,308	48,000	158,473
Disposals	-	-	-	-	(46,000)	(46,000)
Depreciation expense	(53,130)	(18,718)	(17,568)	(15,873)	(44,058)	(149,347)
Carrying amount at end of period	4,927,870	144,380	100,969	109,464	572,350	5,855,033

During the period, 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 this financial report notwithstanding legal ownership vests with the National Union.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>7. Payables</b>	
Trade Creditors	275,902
Payable – Federal Office	5,425
Accrued Expenses	35,002
PAYG Withholding Payable	93,514
Payroll Tax	32,810
Superannuation Payable	41,423
	484,076

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.

<b>8. Provisions</b>	
Annual Leave and Other Entitlements	108,427
<b>9. Interest Bearing Debt</b>	
<i>Current</i>	
Bank Loan CBA (i)	2,885,000
Hire Purchase Liability	152,758
	3,037,758
<i>Non Current</i>	
Hire Purchase Liability	439,108
	439,108

- (i) This loan is secured by various cross guarantees between the Union and other HSU branches. It is also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expires in 2013/14, and is currently being renegotiated. The Committee of Management is confident the loan will be renegotiated on terms no less favourable than the current facility and have received indicative approval for a new facility from Westpac Banking Corporation.

<b>10. Non Interest Bearing Debt</b>	
<i>Current</i>	
Loan HSU Victoria No. 3 Branch (i)	85,214
	85,214
<i>Non Current</i>	
Loan HSU Victoria No 3 Branch (i)	106,000
	106,000

- (i) This loan arose through the demerger of the Union and is being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch.

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

	Annual Leave	Long Service Leave and Retirement Allowance	Total
	2013	2013	2013
	\$	\$	\$
Officeholders	35,415	-	35,415
Other Staff	73,012	-	73,012
Total	108,427	-	108,427

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above. Termination provisions of \$150,000 on demerger of HWU were utilised in full to pay-out other staff.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

<b>11. Equity</b>	<b>2013</b>
	<b>\$</b>
(a) Retained Earnings	
Balance at beginning of period	-
Contribution from demerger	1,389,761
Net Profit for period	269,460
Balance at end of period	<u>1,659,221</u>
(b) Asset Revaluation Reserve	
Balance at beginning of period	-
Revaluation increment arising on revaluing plant and equipment	158,473
Balance at end of period	<u>158,473</u>
<b>Total Equity</b>	<b><u>1,817,694</u></b>

### 12. Employee Benefits

Employee benefits paid/accrued during the period	Elected Officials \$	Other Staff \$	Total \$
Wages and Salaries	191,802	1,370,728	1,562,530
Annual Leave	35,415	73,012	108,427
Long Service Leave and retirement allowance	-	-	-
Superannuation	17,716	132,134	149,850
Total	<u>244,933</u>	<u>1,575,874</u>	<u>1,820,807</u>

There were no expenses this year to elected officers for separation and redundancy, nor other employee expenses including long service leave and retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$373,280, of which \$150,000 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.

<b>13. Cash Flow Information</b>	<b>2013</b>
	<b>\$</b>
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	153,055
Cash on Hand	1,439
	<u>154,494</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit	
<u>Net Profit / (Loss) before Tax</u>	<u>269,460</u>
<u>Non Cash Items</u>	
Depreciation	149,347
Provision for Employee Benefits	(412,812)
Loss on Disposal of Non Current Assets	7,818
<u>Changes in Operating Assets and Liabilities</u>	
(Increase)/Decrease in Prepayments	(54,208)
Increase/(Decrease) in Trade Creditors and Accruals	484,076
(Increase)/Decrease in Sundry Debtors	(7,212)
(Increase)/Decrease in GST Receivables	(7,329)
Net Cash Provided by Operating Activities	<u>429,140</u>

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 14. Related Party Information

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

President  
D Eden

Senior Vice-President  
B Gregor

Junior Vice-President  
R Barclay

Secretary  
D Asmar

Assistant Secretary-Treasurer  
L Flynn

Committee of Management

G Driscoll (resigned)      C Fisher  
A Hargreaves                J Mitchell  
R Morrey (resigned)        P O'Brien  
L Smith                        S Stone  
N Alim-Arslam                S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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:-

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
  - ii) They were nominated for the position by the Branch; or
  - iii) 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 other goods and services.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**14. Related Party Information (cont'd)**

e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	<b>2013</b>
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	<b>\$ 135,979</b>
Amounts receivable/(payable) at reporting date – Federal office and other branches	
Victoria No 3 Branch	(191,214)
NSW Union	7,212
Federal Office	(5,245)

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the Federal Office and NSW Union were on normal commercial terms and conditions.

**15. Commitments**

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<u>663,051</u>
Less Future Finance Changes	(71,185)
Net Liabilities	<u>591,866</u>

**16. Contingent Liability**

The Union is currently a party to proceedings with the General Manager FWC referred to as General Manager Fair Work Australia Vs Health Services Union & OrsVID380. Penalties may be imposed on the Union, pursuant to this matter (for actions of the past administration). It is currently seeking to mediate and settle the matter with the General Manager FWC.

The Union is currently in dispute with the State Revenue office pertaining to the payment of stamp duty on the transfer of its Park Street property, both when HSU East was established, and when the demerger occurred. It has legal opinion supporting that it could receive a stamp duty refund of some \$110,000. The State Revenue Office is currently considering that opinion, and is seeking to assess the Union some \$110,000 of additional stamp duty. There are no other known contingencies likely to have a material impact on the Union at current date.

**17. Segment Reporting**

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

**18. Union's Details**

The principal place of business of the branch is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. 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 2013.

The purpose of the financial instruments is to raise finances for the operations of the entity.

**i Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and 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 a material credit risk exposure amounting to \$nil to a group of debtors under financial transactions entered into by the entity.



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**
**19. Financial Instruments (cont'd)**
**a. 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
	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	%
(i) Financial Assets						
Cash and Cash Equivalents	153,055	-	-	1,439	154,494	3.00
Receivables	-	-	-	7,212	7,212	N/A
Other Financial Assets	-	-	-	61,537	61,537	N/A
Total	153,055	-	-	70,188	223,243	
(ii) Financial Liabilities						
Interest Bearing Debt	2,885,000	152,758	439,108	-	3,476,866	7.34
Payables	-	-	-	484,076	484,076	N/A
Non Interest Bearing Liabilities	-	-	-	191,214	191,214	N/A
Total	2,885,000	152,758	439,108	675,290	4,152,156	
Net Financial Assets/(Liabilities)	(2,731,945)	(152,758)	(439,108)	(605,102)	(3,928,913)	

**b. Net Fair Values**

The net fair value of the investments in commercial bills/securities at 30 June 2013 is estimated at \$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 2013.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. Financial Instruments (cont'd)**

**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 2013, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2013 \$
Change in profit	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476
Change in equity	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476

**e. Past due receivables**

There were no receivables past their 'due by' date at 30 June 2013. Hence, no impairment provision has been recorded. All receivables reported at 30 June 2013 were aged 0-30 days.

**20. Affiliation Fees**

	2013 \$
Bendigo Trades Hall Council	438
Ballarat Regional Trade Council	1,980
Goulburn Valley Trades & Labor Council	489
Sunraysia Trades & Labor Council	300
South West Trades Labor Council	263
Geelong Trades Hall Council	2,084
	<u>5,554</u>

**21. Subsequent Events**

In September 2013, FWC notified the Union that it intends to conduct an investigation relating to finances and financial administration of the organisation. The Committee of Management reasonably believe this investigation will not result in any further action.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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.

All payables to other reporting units are disclosed elsewhere in this report.

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 \$31,967 payable for legal costs (\$13,119 of which is for litigation, \$18,898 for other matters).

## INDEPENDENT AUDIT REPORT

To the Members of Health Workers Union

### Scope

#### The financial report and Committee of management responsibility

The financial report comprises the Certificate of Committee of Management, Income Statement, 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 Workers Union for the period ended 30 June 2013 set out on pages 2 to 28.

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.

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

**Independence**

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

**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 2013 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 & Advisors

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

Dated this 24<sup>th</sup> day of May 2014

**Health Workers Union**  
**formerly known as**  
**(Health Service Union Victoria Branch No 1)**

**FINANCIAL REPORT**  
**FOR THE PERIOD**  
**21 AUGUST 2012 TO 30 JUNE 2013**

## Operating Report For the period ended 30 June 2013

### Principal activities

The principal activities of the Health Workers Union during the period were to provide representation and support to our members.

### Review of results

The net result of operations for the period was a surplus of \$269,460. The organisation which was reconstituted on 21 August 2012 following a demerger by the Administrator of the Health Services Union NSW represented its members in industrial and other matters, focusing particularly on matters pertinent the industry. During the period (after the election of new officers in December 2012), it paid attention to corporate governance, ensuring through appointment of a Compliance Officer that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$1.818 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation service delivery.

### 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 or 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 2013, the number of members of the organisation recorded in the register of members was 11,047.

### Number of Employees

As at 30 June 2013, the number of full time equivalent employees was 31.

### Committee of Management

The Committee of Management members were as follows:-

D Eden	B Gregor	R Barclay
D Asmar	L Flynn	G Driscoll (resigned 1.5.13)
C Fisher	A Hargreaves	J Mitchell
N Alim-Arslam	P O'Brien	L Smith
S Stone	R Morrey (resigned 1.5.13)	S Jacks

All members were on the Committee from 12 December 2012 to 30 June 2013, except as stated above for those who resigned during the year.

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 HWC or a Peak Council
D Eden	Director	Davayne trading as Utopia	Trustee Company of Super Fund	No
N Alim-Arslam	Member	Albanian Women's Group	Benevolent Organisation	No

# HEALTH WORKERS UNION

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## 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.

## Officers and employees who are directors of a company or a member of a Board

Pursuant to the reporting guidelines, the following officers and employees were company directors and/or Board members at the date of this report:

## 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 Services.
- (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 subrule (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      day of

2013



## CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Health Workers Union passed the following resolution on 2014 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2013.

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 Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2013 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 considered 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      day of      2013

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF HEALTH WORKERS UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 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

Dated this ..... day of ..... 2013

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013

	2013 \$
<b>Revenue</b>	
Membership Contributions	4,026,578
Rent Received	17,582
Interest Received	1,748
Service Fees	54,011
Capitation Fees	-
Donations	-
Grants	-
Levies	-
<b>Total Revenue</b>	<b>4,099,919</b>
<b>Expenses</b>	
Affiliations (see Note 20)	5,554
Accounting Fees	40,220
Advertising & Marketing	1,746
Audit Fees	6,000
Bad Debts	24
Bank Charges	21,210
Branch 1 Member Promotions	442
Capitation Fees	135,979
Catering & Entertainment	9,988
Cleaning & Consumables	32,264
Computer & IT Costs	131,171
Compulsory levies	-
Commissions	2,221
Consideration to employees for payroll deductions	-
Council Rates	10,240
Credit Charges	3,437
Delegate Expenses	469
Depreciation	149,347
Donations	-
FWC Lodgement Fees	705
Electricity	22,863
Executive Meetings (Fees and Allowances)	8,489
General Expenses	6,239
Grants	-
Interest Paid	204,147
Insurance	316,309
Land Tax	4,944
Late Fees Paid	13
Legal Fees – Litigation	57,050
Legal Fees – Other Matters	194,792
Member Reward Cards	34,376
Member Services	41
Motor Vehicles Expenses	181,949
Other Expenses	5,770
Payroll Tax	101,142
Penalties – RO Act or Regulations	-
Photocopier Lease & Usage	51,190
Postage & Courier	44,849
Printing and Stationary	55,049
Loss on sale of asset	7,818

(continued over)

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013 (cont'd)

	2013 \$
<b>Expenses (cont'd)</b>	
Repairs and Maintenance	11,823
Security	20,832
Seminars & Training Courses	1,364
Staffing Costs	1,820,807
Storage	4,468
Subscriptions	2,283
Telephone & Internet	62,665
Travel and Accommodation	51,464
Water Rates	6,706
<b>Total Expenses</b>	<b>3,830,459</b>
<b>Net Profit for the Period</b>	<b>269,460</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Comprehensive Income for the Period Ended 30 June 2013

	2013 \$
Profit / (Loss) for the period	269,460
Other comprehensive income for the period Gain on revaluation of plant and equipment	158,473
Total comprehensive income for the period	427,933
<b>Total comprehensive income attributable to: Members of the organisation</b>	<b>427,933</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Financial Position as at 30 June 2013

	Notes	2013 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	3	154,494
Receivables	4	7,212
Other Assets	5	61,537
<b>Total Current Assets</b>		<b>223,243</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	6	5,855,034
<b>Total Non Current Assets</b>		<b>5,855,034</b>
<b>Total Assets</b>		<b>6,078,277</b>
<b>Current Liabilities</b>		
Payables	7	484,076
Provisions	8	108,427
Interest Bearing Debt	9	3,037,758
Non Interest Bearing Debt	10	85,214
<b>Total Current Liabilities</b>		<b>3,715,475</b>
<b>Non Current Liabilities</b>		
Interest Bearing Debt	9	439,108
Non Interest Bearing Debt	10	106,000
<b>Total Non Current Liabilities</b>		<b>545,108</b>
<b>Total Liabilities</b>		<b>4,260,583</b>
<b>Net Assets</b>		<b>1,817,694</b>
<b>Equity</b>		
Retained Earnings	11(a)	1,659,221
Asset Revaluation Reserve	11(b)	158,473
<b>Total Equity</b>		<b>1,817,694</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Changes In Equity for the Period Ended 30 June 2013

	<b>2013</b>
	<b>\$</b>
Retained Earnings – Beginning of Year	-
Profit / (Loss) for the Period	269,460
Other Comprehensive Income for the year	158,473
Net Assets Apportioned from Demerger (see Note 1(n))	1,389,761
Distribution to:-	
Asset Revaluation Reserve	(158,473)
<b>Total Retained Earnings – End of Period</b>	<b>1,659,221</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Cash Flows for the Period Ended 30 June 2013

	Notes	2013 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>		
Contributions from Members		4,026,578
Interest Received		1,748
Payments to Suppliers and Employees		(3,259,060)
Interest Paid		(204,147)
Per Capita to Federal Office		(135,979)
Net Cash Provided by Operating Activities	13 (b)	429,140
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment		(324,441)
Proceeds from Sale of Plant and Equipment		38,182
Net Cash Provided by / (Used in) Investing Activities		(286,259)
<b>Cash flows from Financing Activities</b>		
Hire Purchase Repayments		(22,599)
Repayments by/(to) Federal and other branches		(105,788)
Net Cash Provided by/(Used) in Financing Activities		(128,387)
Net Increase in Cash and Cash Equivalents		14,494
Net Cash Transferred in on Demerger	1 (n)	140,000
<b>Cash and Cash Equivalents at Beginning of Period</b>		-
<b>Cash and Cash Equivalents at End of Period</b>	13 (a)	154,494

The accompanying notes form part of this Financial Report



## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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:

	2013
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (c) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

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.

#### (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.

#### (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) Employee Benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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 Branch 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 Branch 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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

##### (k) Revenue

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the rendering of a service is recognised in proportion to the stage of completion of the service.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### (l) 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 workers 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.

##### (m) 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.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (n) Demerger

In accordance with an Order of the Federal Court of Australia dated 29 June 2012, the Administrator of HSU East Branch and the NSW Union oversaw the demerger of the HSU East Branch and the NSW Union. HSU Victoria No 1 Branch was part of the merged HSU East Branch. Pursuant to a Deed Poll dated 21 August 2012, the Administrator of HSU East Branch and the NSW Union, apportioned and distributed the assets and liabilities of those entities. HSU Victoria No 1 Branch, as a result of such apportionment, was distributed net assets with a fair value of \$1.389 million on demerger, as follows:-

	<b>Deed Poll Asset Distribution \$</b>	<b>Difference \$</b>	<b>Fair Value of Asset Distribution \$</b>
Cash	140,000	-	140,000
Property	4,750,000	-	4,750,000
Plant & Equipment	201,439	3,110	204,549
Bank Loan	(2,885,000)	-	(2,885,000)
Loan – HSU Victoria No 3	(297,788)	-	(297,788)
Termination Provision	(208,863)	58,863	(150,000)
Employee Entitlements	(557,576)	185,576	(372,000)
<b>Net Assets</b>	<b>1,142,212</b>	<b>247,549</b>	<b>1,389,761</b>

The primary difference between net assets allocated based on the Deed Poll, and that reflected by the Union in its opening Statement of Financial Position were:-

- i) Termination Provisions - these provisions were based on actual termination entitlements when the Unions were demerged. Such provisions were \$150,000 based, not \$208,863 as calculated by VJ Ryan and Co. in support of the Deed Poll initial apportionment of net assets.
- ii) Employee Entitlements - the Deed Poll and calculations of VJ Ryan and Co. include non-vesting personal leave in the calculation of employee entitlements transferred to the Union on demerger. Given such leave is non-vesting, it is not reflected as a liability of the Union in the opening Statement of Financial Position (so as to accord with Australian Accounting Standards).
- iii) Plant and Equipment - the Deed Poll excluded some \$3,110 of plant and equipment distributed to the Union at 21 August 2012.

It should be noted, the Union does not believe the initial apportionment of net assets to it was fair and reasonable. It has sought, but not received an explanation from the Administrator regarding how the allocation of assets between each of the demerged Unions was determined. Further action may be taken in respect of the apportionment of net assets in due course.

#### (o) Working Capital Deficiency

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and recurrent cashflows, the Union expects to reduce this deficiency, such that it can continue to meet its debts, as and when they fall due.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Union's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Union's financial statements.
- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Union.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Union's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Union's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - i. service cost and net interest expense in profit or loss; and
  - ii. remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts reported by the Union.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Union's financial statements.



### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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 WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>3. Cash and Cash Equivalents</b>	
Cash at Bank	153,055
Petty Cash	1,439
	<u>154,494</u>
The weighted average interest rate for cash as at 30 June 2013 is 3%.	
<b>4. Receivables</b>	
Sundry Debtors	7,212
	<u>7,212</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.	
<b>5. Other Assets</b>	
Prepayments	54,208
GST	7,329
	<u>61,537</u>
<b>6. Property, Plant and Equipment</b>	
Land & Buildings	
At Cost	4,981,000
Less: Accumulated Depreciation	(53,130)
	<u>4,927,870</u>
Furniture & Fixtures	
At Valuation	147,398
At Cost	8,413
Less: Accumulated Depreciation	(11,431)
	<u>144,380</u>
Office Equipment	
At Valuation	115,240
Less: Accumulated Depreciation	(14,271)
	<u>100,969</u>
Computers & IT	
At Valuation	94,376
At Cost	30,039
Less: Accumulated Depreciation	(14,951)
	<u>109,464</u>
Motor Vehicles	
At Cost	614,407
Less: Accumulated Depreciation	(42,057)
	<u>572,350</u>
<b>Total Property, Plant and Equipment</b>	<b><u>5,855,033</u></b>

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

2013	Land & Buildings \$	Furniture & Fixtures \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Carrying amount at beginning of period	-	-	-	-	-	-
Transfer in/Demerger	4,750,000	170,764	32,294	-	-	4,953,058
Additions	231,000	10,412	-	83,029	614,408	933,849
Revaluation	-	(18,078)	86,243	42,308	48,000	158,473
Disposals	-	-	-	-	(46,000)	(46,000)
Depreciation expense	(53,130)	(18,718)	(17,568)	(15,873)	(44,058)	(149,347)
Carrying amount at end of period	4,927,870	144,380	100,969	109,464	572,350	5,855,033

During the period, 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 this financial report notwithstanding legal ownership vests with the National Union.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>7. Payables</b>	
Trade Creditors	281,327
Accrued Expenses	35,002
PAYG Withholding Payable	93,514
Payroll Tax	32,810
Superannuation Payable	41,423
	484,076

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.

<b>8. Provisions</b>	
Annual Leave and Other Entitlements	108,427
<b>9. Interest Bearing Debt</b>	
<i>Current</i>	
Bank Loan CBA (i)	2,885,000
Hire Purchase Liability	152,758
	3,037,758
<i>Non Current</i>	
Hire Purchase Liability	439,108
	439,108

- (i) This loan is secured by various cross guarantees between the Union and other HSU branches. It is also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expires in 2013/14, and is currently being renegotiated. The Committee of Management is confident the loan will be renegotiated on terms no less favourable than the current facility and have received indicative approval for a new facility from Westpac Banking Corporation.

<b>10. Non Interest Bearing Debt</b>	
<i>Current</i>	
Loan HSU Victoria No. 3 Branch (i)	85,214
	85,214
<i>Non Current</i>	
Loan HSU Victoria No 3 Branch (i)	106,000
	106,000

- (i) This loan arose through the demerger of the Union and is being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch.

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

	Annual Leave 2013 \$	Long Service Leave and Retirement Allowance 2013 \$	Total 2013 \$
Officeholders	35,415	-	35,415
Other Staff	73,012	-	73,012
Total	108,427	-	108,427

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above. Termination provisions of \$150,000 on demerger of HWU were utilised in full to pay-out other staff.

# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

<b>11. Equity</b>	<b>2013</b>
	<b>\$</b>
(a) Retained Earnings	
Balance at beginning of period	-
Contribution from demerger	1,389,761
Net Profit for period	269,460
Balance at end of period	<u>1,659,221</u>
(b) Asset Revaluation Reserve	
Balance at beginning of period	-
Revaluation increment arising on revaluing plant and equipment	158,473
Balance at end of period	<u>158,473</u>
<b>Total Equity</b>	<b><u>1,817,694</u></b>

## 12. Employee Benefits

Employee benefits paid/accrued during the period	Elected Officials	Other Staff	Total
	\$	\$	\$
Wages and Salaries	191,802	1,370,728	1,562,530
Annual Leave	35,415	73,012	108,427
Long Service Leave and retirement allowance	-	-	-
Superannuation	17,716	132,134	149,850
Total	<u>244,933</u>	<u>1,575,874</u>	<u>1,820,807</u>

There were no expenses this year to elected officers for separation and redundancy, nor other employee expenses including long service leave and retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$373,280, of which \$150,000 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.

## 13. Cash Flow Information

<b>13. Cash Flow Information</b>	<b>2013</b>
	<b>\$</b>
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	153,055
Cash on Hand	1,439
	<u>154,494</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit	
<u>Net Profit / (Loss) before Tax</u>	<u>269,460</u>
<u>Non Cash Items</u>	
Depreciation	149,347
Provision for Employee Benefits	(412,812)
Loss on Disposal of Non Current Assets	7,818
<u>Changes in Operating Assets and Liabilities</u>	
(Increase)/Decrease in Prepayments	(54,208)
Increase/(Decrease) in Trade Creditors and Accruals	484,076
(Increase)/Decrease in Sundry Debtors	(7,212)
(Increase)/Decrease in GST Receivables	(7,329)
Net Cash Provided by Operating Activities	<u>429,140</u>

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 14. 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> D Eden	<u>Senior Vice-President</u> B Gregor
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<u>Junior Vice-President</u> R Barclay	<u>Secretary</u> D Asmar
-------------------------------------------	-----------------------------

Assistant Secretary-Treasurer  
L Flynn

<u>Committee of Management</u>	
G Driscoll (resigned)	C Fisher
A Hargreaves	J Mitchell
R Morrey (resigned)	P O'Brien
L Smith	S Stone
N Alim-Arslam	S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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 other goods and services.

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 14. Related Party Information (cont'd)

##### e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	<b>2013</b>
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	<b>\$</b> 135,979
Amounts receivable/(payable) at reporting date – Federal office and other branches	
Victoria No 3 Branch	(191,214)
NSW Union	7,212
Federal Office	(5,245)

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the Federal Office and NSW Union were on normal commercial terms and conditions.

#### 15. Commitments

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<hr/> 663,051
Less Future Finance Changes	(71,185)
Net Liabilities	<hr/> 591,866

#### 16. Contingent Liability

The Union is currently a party to proceedings with the General Manager FWC referred to as General Manager Fair Work Australia Vs Health Services Union & OrsVID380. Penalties may be imposed on the Union, pursuant to this matter (for actions of the past administration). It is currently seeking to mediate and settle the matter with the General Manager FWC.

The Union is currently in dispute with the State Revenue office pertaining to the payment of stamp duty on the transfer of its Park Street property, both when HSU East was established, and when the demerger occurred. It has legal opinion supporting that it could receive a stamp duty refund of some \$110,000. The State Revenue Office is currently considering that opinion, and is seeking to assess the Union some \$110,000 of additional stamp duty. There are no other known contingencies likely to have a material impact on the Union at current date.

#### 17. Segment Reporting

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

#### 18. Union's Details

The principal place of business of the branch is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. 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 2013.

The purpose of the financial instruments is to raise finances for the operations of the entity.

**i Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and 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 a material credit risk exposure amounting to \$nil to a group of debtors under financial transactions entered into by the entity.



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. Financial Instruments (cont'd)**

**a. 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
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	\$	\$	\$	\$	\$	%
(i) Financial Assets						
Cash and Cash Equivalents	153,055	-	-	1,439	154,494	3.00
Receivables	-	-	-	7,212	7,212	N/A
Other Financial Assets	-	-	-	61,537	61,537	N/A
Total	153,055	-	-	70,188	223,243	
(ii) Financial Liabilities						
Interest Bearing Debt	2,885,000	152,758	439,108	-	3,476,866	7.34
Payables	-	-	-	484,076	484,076	N/A
Non Interest Bearing Liabilities	-	-	-	191,214	191,214	N/A
Total	2,885,000	152,758	439,108	675,290	4,152,156	
Net Financial Assets/(Liabilities)	(2,731,945)	(152,758)	(439,108)	(605,102)	(3,928,913)	

**b. Net Fair Values**

The net fair value of the investments in commercial bills/securities at 30 June 2013 is estimated at \$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 2013.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 19. Financial Instruments (cont'd)

#### 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 2013, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	<b>2013</b>
	<b>\$</b>
Change in profit	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476
Change in equity	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476

#### e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2013. Hence, no impairment provision has been recorded. All receivables reported at 30 June 2013 were aged 0-30 days.

### 20. Affiliation Fees

	<b>2013</b>
	<b>\$</b>
Bendigo Trades Hall Council	438
Ballarat Regional Trade Council	1,980
Goulburn Valley Trades & Labor Council	489
Sunraysia Trades & Labor Council	300
South West Trades Labor Council	263
Geelong Trades Hall Council	2,084
	<u>5,554</u>

### 21. Subsequent Events

In September 2013, FWC notified the Union that it intends to conduct an investigation relating to finances and financial administration of the organisation. The Committee of Management reasonably believe this investigation will not result in any further action.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

All payables to other reporting units are disclosed elsewhere in this report.

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 \$31,967 payable for legal costs (\$13,119 of which is for litigation, \$18,898 for other matters).

## INDEPENDENT AUDIT REPORT

To the Members of Health Workers Union

### Scope

#### **The financial report and Committee of management responsibility**

The financial report comprises the Certificate of Committee of Management, Income Statement, 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 Workers Union for the period ended 30 June 2013 set out on pages 2 to 28.

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.

### 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 accounts is 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 2013 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 & Advisors

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

Dated this ..... day of ..... 2013

**Health Workers Union**  
**formerly known as**  
**(Health Service Union Victoria Branch No 1)**

**FINANCIAL REPORT**  
**FOR THE PERIOD**  
**21 AUGUST 2012 TO 30 JUNE 2013**

## Operating Report For the period ended 30 June 2013

### Principal activities

The principal activities of the Health Workers Union during the period were to provide representation and support to our members.

### Review of results

The net result of operations for the period was a surplus of \$269,460. The organisation which was reconstituted on 21 August 2012 following a demerger by the Administrator of the Health Services Union NSW represented its members in industrial and other matters, focusing particularly on matters pertinent the industry. During the period (after the election of new officers in December 2012), it paid attention to corporate governance, ensuring through appointment of a Compliance Officer that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$1.818 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation service delivery.

### 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 or 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 2013, the number of members of the organisation recorded in the register of members was 11,047.

### Number of Employees

As at 30 June 2013, the number of full time equivalent employees was 31.

### Committee of Management

The Committee of Management members were as follows:-

D Eden	B Gregor	R Barclay
D Asmar	L Flynn	G Driscoll (resigned 1.5.13)
C Fisher	A Hargreaves	J Mitchell
N Alim-Arslam	P O'Brien	L Smith
S Stone	R Morrey (resigned 1.5.13)	S Jacks

All members were on the Committee from 12 December 2012 to 30 June 2013, except as stated above for those who resigned during the year.

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 HWC or a Peak Council
D Eden	Director	Davayne trading as Utopia	Trustee Company of Super Fund	No
N Alim-Arslam	Member	Albanian Women's Group	Benevolent Organisation	No

# HEALTH WORKERS UNION

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## 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.

## Officers and employees who are directors of a company or a member of a Board

Pursuant to the reporting guidelines, the following officers and employees were company directors and/or Board members at the date of this report:

## 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 Services.
- (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 subrule (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      day of

2013



## CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Health Workers Union passed the following resolution on 2014 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2013.

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 Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2013 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 considered 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      day of      2013

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF HEALTH WORKERS UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 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

Dated this ..... day of ..... 2013

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013

	2013 \$
<b>Revenue</b>	
Membership Contributions	4,026,578
Rent Received	17,582
Interest Received	1,748
Service Fees	54,011
Capitation Fees	-
Donations	-
Grants	-
Levies	-
<b>Total Revenue</b>	<b>4,099,919</b>
<b>Expenses</b>	
Affiliations (see Note 20)	5,554
Accounting Fees	40,220
Advertising & Marketing	1,746
Audit Fees	6,000
Bad Debts	24
Bank Charges	21,210
Branch 1 Member Promotions	442
Capitation Fees	135,979
Catering & Entertainment	9,988
Cleaning & Consumables	32,264
Computer & IT Costs	131,171
Compulsory levies	-
Commissions	2,221
Consideration to employees for payroll deductions	-
Council Rates	10,240
Credit Charges	3,437
Delegate Expenses	469
Depreciation	149,347
Donations	-
FWC Lodgement Fees	705
Electricity	22,863
Executive Meetings (Fees and Allowances)	8,489
General Expenses	6,239
Grants	-
Interest Paid	204,147
Insurance	316,309
Land Tax	4,944
Late Fees Paid	13
Legal Fees – Litigation	57,050
Legal Fees – Other Matters	194,792
Member Reward Cards	34,376
Member Services	41
Motor Vehicles Expenses	181,949
Other Expenses	5,770
Payroll Tax	101,142
Penalties – RO Act or Regulations	-
Photocopier Lease & Usage	51,190
Postage & Courier	44,849
Printing and Stationary	55,049
Loss on sale of asset	7,818

(continued over)

## HEALTH WORKERS UNION

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### Statement of Profit & Loss for the Period Ended 30 June 2013 (cont'd)

	2013 \$
<b>Expenses (cont'd)</b>	
Repairs and Maintenance	11,823
Security	20,832
Seminars & Training Courses	1,364
Staffing Costs	1,820,807
Storage	4,468
Subscriptions	2,283
Telephone & Internet	62,665
Travel and Accommodation	51,464
Water Rates	6,706
<b>Total Expenses</b>	<b>3,830,459</b>
<b>Net Profit for the Period</b>	<b>269,460</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Comprehensive Income for the Period Ended 30 June 2013

	2013 \$
Profit / (Loss) for the period	269,460
Other comprehensive income for the period Gain on revaluation of plant and equipment	158,473
Total comprehensive income for the period	427,933
<b>Total comprehensive income attributable to: Members of the organisation</b>	<b>427,933</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Financial Position as at 30 June 2013

	Notes	2013 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	3	154,494
Receivables	4	7,212
Other Assets	5	61,537
<b>Total Current Assets</b>		<b>223,243</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	6	5,855,034
<b>Total Non Current Assets</b>		<b>5,855,034</b>
<b>Total Assets</b>		<b>6,078,277</b>
<b>Current Liabilities</b>		
Payables	7	484,076
Provisions	8	108,427
Interest Bearing Debt	9	3,037,758
Non Interest Bearing Debt	10	85,214
<b>Total Current Liabilities</b>		<b>3,715,475</b>
<b>Non Current Liabilities</b>		
Interest Bearing Debt	9	439,108
Non Interest Bearing Debt	10	106,000
<b>Total Non Current Liabilities</b>		<b>545,108</b>
<b>Total Liabilities</b>		<b>4,260,583</b>
<b>Net Assets</b>		<b>1,817,694</b>
<b>Equity</b>		
Retained Earnings	11(a)	1,659,221
Asset Revaluation Reserve	11(b)	158,473
<b>Total Equity</b>		<b>1,817,694</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Changes In Equity for the Period Ended 30 June 2013

	<b>2013</b>
	<b>\$</b>
Retained Earnings – Beginning of Year	-
Profit / (Loss) for the Period	269,460
Other Comprehensive Income for the year	158,473
Net Assets Apportioned from Demerger (see Note 1(n))	1,389,761
Distribution to:-	
Asset Revaluation Reserve	(158,473)
<b>Total Retained Earnings – End of Period</b>	<b>1,659,221</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Cash Flows for the Period Ended 30 June 2013

	Notes	2013 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>		
Contributions from Members		4,026,578
Interest Received		1,748
Payments to Suppliers and Employees		(3,259,060)
Interest Paid		(204,147)
Per Capita to Federal Office		(135,979)
Net Cash Provided by Operating Activities	13 (b)	429,140
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment		(324,441)
Proceeds from Sale of Plant and Equipment		38,182
Net Cash Provided by / (Used in) Investing Activities		(286,259)
<b>Cash flows from Financing Activities</b>		
Hire Purchase Repayments		(22,599)
Repayments by/(to) Federal and other branches		(105,788)
Net Cash Provided by/(Used) in Financing Activities		(128,387)
Net Increase in Cash and Cash Equivalents		14,494
Net Cash Transferred in on Demerger	1 (n)	140,000
<b>Cash and Cash Equivalents at Beginning of Period</b>		-
<b>Cash and Cash Equivalents at End of Period</b>	13 (a)	154,494

The accompanying notes form part of this Financial Report



## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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:

	2013
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (c) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

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.

#### (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.

#### (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) Employee Benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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 Branch 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 Branch 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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

##### (k) Revenue

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the rendering of a service is recognised in proportion to the stage of completion of the service.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### (l) 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 workers 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.

##### (m) 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.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (n) Demerger

In accordance with an Order of the Federal Court of Australia dated 29 June 2012, the Administrator of HSU East Branch and the NSW Union oversaw the demerger of the HSU East Branch and the NSW Union. HSU Victoria No 1 Branch was part of the merged HSU East Branch. Pursuant to a Deed Poll dated 21 August 2012, the Administrator of HSU East Branch and the NSW Union, apportioned and distributed the assets and liabilities of those entities. HSU Victoria No 1 Branch, as a result of such apportionment, was distributed net assets with a fair value of \$1.389 million on demerger, as follows:-

	<b>Deed Poll Asset Distribution \$</b>	<b>Difference \$</b>	<b>Fair Value of Asset Distribution \$</b>
Cash	140,000	-	140,000
Property	4,750,000	-	4,750,000
Plant & Equipment	201,439	3,110	204,549
Bank Loan	(2,885,000)	-	(2,885,000)
Loan – HSU Victoria No 3	(297,788)	-	(297,788)
Termination Provision	(208,863)	58,863	(150,000)
Employee Entitlements	(557,576)	185,576	(372,000)
<b>Net Assets</b>	<b>1,142,212</b>	<b>247,549</b>	<b>1,389,761</b>

The primary difference between net assets allocated based on the Deed Poll, and that reflected by the Union in its opening Statement of Financial Position were:-

- i) Termination Provisions - these provisions were based on actual termination entitlements when the Unions were demerged. Such provisions were \$150,000 based, not \$208,863 as calculated by VJ Ryan and Co. in support of the Deed Poll initial apportionment of net assets.
- ii) Employee Entitlements - the Deed Poll and calculations of VJ Ryan and Co. include non-vesting personal leave in the calculation of employee entitlements transferred to the Union on demerger. Given such leave is non-vesting, it is not reflected as a liability of the Union in the opening Statement of Financial Position (so as to accord with Australian Accounting Standards).
- iii) Plant and Equipment - the Deed Poll excluded some \$3,110 of plant and equipment distributed to the Union at 21 August 2012.

It should be noted, the Union does not believe the initial apportionment of net assets to it was fair and reasonable. It has sought, but not received an explanation from the Administrator regarding how the allocation of assets between each of the demerged Unions was determined. Further action may be taken in respect of the apportionment of net assets in due course.

#### (o) Working Capital Deficiency

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and recurrent cashflows, the Union expects to reduce this deficiency, such that it can continue to meet its debts, as and when they fall due.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Union's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Union's financial statements.
- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Union.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Union's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Union's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - i. service cost and net interest expense in profit or loss; and
  - ii. remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts reported by the Union.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Union's financial statements.



### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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 WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>3. Cash and Cash Equivalents</b>	
Cash at Bank	153,055
Petty Cash	1,439
	<u>154,494</u>
The weighted average interest rate for cash as at 30 June 2013 is 3%.	
<b>4. Receivables</b>	
Sundry Debtors	7,212
	<u>7,212</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.	
<b>5. Other Assets</b>	
Prepayments	54,208
GST	7,329
	<u>61,537</u>
<b>6. Property, Plant and Equipment</b>	
Land & Buildings	
At Cost	4,981,000
Less: Accumulated Depreciation	(53,130)
	<u>4,927,870</u>
Furniture & Fixtures	
At Valuation	147,398
At Cost	8,413
Less: Accumulated Depreciation	(11,431)
	<u>144,380</u>
Office Equipment	
At Valuation	115,240
Less: Accumulated Depreciation	(14,271)
	<u>100,969</u>
Computers & IT	
At Valuation	94,376
At Cost	30,039
Less: Accumulated Depreciation	(14,951)
	<u>109,464</u>
Motor Vehicles	
At Cost	614,407
Less: Accumulated Depreciation	(42,057)
	<u>572,350</u>
<b>Total Property, Plant and Equipment</b>	<b><u>5,855,033</u></b>

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

2013	Land & Buildings \$	Furniture & Fixtures \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Carrying amount at beginning of period	-	-	-	-	-	-
Transfer in/Demerger	4,750,000	170,764	32,294	-	-	4,953,058
Additions	231,000	10,412	-	83,029	614,408	933,849
Revaluation	-	(18,078)	86,243	42,308	48,000	158,473
Disposals	-	-	-	-	(46,000)	(46,000)
Depreciation expense	(53,130)	(18,718)	(17,568)	(15,873)	(44,058)	(149,347)
Carrying amount at end of period	4,927,870	144,380	100,969	109,464	572,350	5,855,033

During the period, 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 this financial report notwithstanding legal ownership vests with the National Union.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013 \$
<b>7. Payables</b>	
Trade Creditors	281,327
Accrued Expenses	35,002
PAYG Withholding Payable	93,514
Payroll Tax	32,810
Superannuation Payable	41,423
	484,076

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.

<b>8. Provisions</b>	
Annual Leave and Other Entitlements	108,427
<b>9. Interest Bearing Debt</b>	
<i>Current</i>	
Bank Loan CBA (i)	2,885,000
Hire Purchase Liability	152,758
	3,037,758
<i>Non Current</i>	
Hire Purchase Liability	439,108
	439,108

- (i) This loan is secured by various cross guarantees between the Union and other HSU branches. It is also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expires in 2013/14, and is currently being renegotiated. The Committee of Management is confident the loan will be renegotiated on terms no less favourable than the current facility and have received indicative approval for a new facility from Westpac Banking Corporation.

<b>10. Non Interest Bearing Debt</b>	
<i>Current</i>	
Loan HSU Victoria No. 3 Branch (i)	85,214
	85,214
<i>Non Current</i>	
Loan HSU Victoria No 3 Branch (i)	106,000
	106,000

- (i) This loan arose through the demerger of the Union and is being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch.

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

	Annual Leave 2013 \$	Long Service Leave and Retirement Allowance 2013 \$	Total 2013 \$
Officeholders	35,415	-	35,415
Other Staff	73,012	-	73,012
Total	108,427	-	108,427

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above. Termination provisions of \$150,000 on demerger of HWU were utilised in full to pay-out other staff.

# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

<b>11. Equity</b>	<b>2013</b>
	<b>\$</b>
(a) Retained Earnings	
Balance at beginning of period	-
Contribution from demerger	1,389,761
Net Profit for period	269,460
Balance at end of period	<u>1,659,221</u>
(b) Asset Revaluation Reserve	
Balance at beginning of period	-
Revaluation increment arising on revaluing plant and equipment	158,473
Balance at end of period	<u>158,473</u>
<b>Total Equity</b>	<b><u>1,817,694</u></b>

## 12. Employee Benefits

Employee benefits paid/accrued during the period	Elected Officials	Other Staff	Total
	\$	\$	\$
Wages and Salaries	191,802	1,370,728	1,562,530
Annual Leave	35,415	73,012	108,427
Long Service Leave and retirement allowance	-	-	-
Superannuation	17,716	132,134	149,850
Total	<u>244,933</u>	<u>1,575,874</u>	<u>1,820,807</u>

There were no expenses this year to elected officers for separation and redundancy, nor other employee expenses including long service leave and retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$373,280, of which \$150,000 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.

## 13. Cash Flow Information

<b>13. Cash Flow Information</b>	<b>2013</b>
	<b>\$</b>
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	153,055
Cash on Hand	1,439
	<u>154,494</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit	
<u>Net Profit / (Loss) before Tax</u>	<u>269,460</u>
<u>Non Cash Items</u>	
Depreciation	149,347
Provision for Employee Benefits	(412,812)
Loss on Disposal of Non Current Assets	7,818
<u>Changes in Operating Assets and Liabilities</u>	
(Increase)/Decrease in Prepayments	(54,208)
Increase/(Decrease) in Trade Creditors and Accruals	484,076
(Increase)/Decrease in Sundry Debtors	(7,212)
(Increase)/Decrease in GST Receivables	(7,329)
Net Cash Provided by Operating Activities	<u>429,140</u>

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 14. 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> D Eden	<u>Senior Vice-President</u> B Gregor
----------------------------	------------------------------------------

<u>Junior Vice-President</u> R Barclay	<u>Secretary</u> D Asmar
-------------------------------------------	-----------------------------

Assistant Secretary-Treasurer  
L Flynn

<u>Committee of Management</u>	
G Driscoll (resigned)	C Fisher
A Hargreaves	J Mitchell
R Morrey (resigned)	P O'Brien
L Smith	S Stone
N Alim-Arslam	S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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 other goods and services.

## HEALTH WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 14. Related Party Information (cont'd)

##### e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	<b>2013</b>
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	<b>\$</b> 135,979
Amounts receivable/(payable) at reporting date – Federal office and other branches	
Victoria No 3 Branch	(191,214)
NSW Union	7,212
Federal Office	(5,245)

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the Federal Office and NSW Union were on normal commercial terms and conditions.

#### 15. Commitments

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<hr/> 663,051
Less Future Finance Changes	(71,185)
Net Liabilities	<hr/> 591,866

#### 16. Contingent Liability

The Union is currently a party to proceedings with the General Manager FWC referred to as General Manager Fair Work Australia Vs Health Services Union & OrsVID380. Penalties may be imposed on the Union, pursuant to this matter (for actions of the past administration). It is currently seeking to mediate and settle the matter with the General Manager FWC.

The Union is currently in dispute with the State Revenue office pertaining to the payment of stamp duty on the transfer of its Park Street property, both when HSU East was established, and when the demerger occurred. It has legal opinion supporting that it could receive a stamp duty refund of some \$110,000. The State Revenue Office is currently considering that opinion, and is seeking to assess the Union some \$110,000 of additional stamp duty. There are no other known contingencies likely to have a material impact on the Union at current date.

#### 17. Segment Reporting

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

#### 18. Union's Details

The principal place of business of the branch is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. 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 2013.

The purpose of the financial instruments is to raise finances for the operations of the entity.

**i Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and 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 a material credit risk exposure amounting to \$nil to a group of debtors under financial transactions entered into by the entity.



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. Financial Instruments (cont'd)**

**a. 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
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	\$	\$	\$	\$	\$	%
(i) Financial Assets						
Cash and Cash Equivalents	153,055	-	-	1,439	154,494	3.00
Receivables	-	-	-	7,212	7,212	N/A
Other Financial Assets	-	-	-	61,537	61,537	N/A
Total	153,055	-	-	70,188	223,243	
(ii) Financial Liabilities						
Interest Bearing Debt	2,885,000	152,758	439,108	-	3,476,866	7.34
Payables	-	-	-	484,076	484,076	N/A
Non Interest Bearing Liabilities	-	-	-	191,214	191,214	N/A
Total	2,885,000	152,758	439,108	675,290	4,152,156	
Net Financial Assets/(Liabilities)	(2,731,945)	(152,758)	(439,108)	(605,102)	(3,928,913)	

**b. Net Fair Values**

The net fair value of the investments in commercial bills/securities at 30 June 2013 is estimated at \$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 2013.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 19. Financial Instruments (cont'd)

#### 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 2013, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	<b>2013</b>
	<b>\$</b>
Change in profit	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476
Change in equity	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476

#### e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2013. Hence, no impairment provision has been recorded. All receivables reported at 30 June 2013 were aged 0-30 days.

### 20. Affiliation Fees

	<b>2013</b>
	<b>\$</b>
Bendigo Trades Hall Council	438
Ballarat Regional Trade Council	1,980
Goulburn Valley Trades & Labor Council	489
Sunraysia Trades & Labor Council	300
South West Trades Labor Council	263
Geelong Trades Hall Council	2,084
	<u>5,554</u>

### 21. Subsequent Events

In September 2013, FWC notified the Union that it intends to conduct an investigation relating to finances and financial administration of the organisation. The Committee of Management reasonably believe this investigation will not result in any further action.

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

All payables to other reporting units are disclosed elsewhere in this report.

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 \$31,967 payable for legal costs (\$13,119 of which is for litigation, \$18,898 for other matters).

## INDEPENDENT AUDIT REPORT

To the Members of Health Workers Union

### Scope

#### **The financial report and Committee of management responsibility**

The financial report comprises the Certificate of Committee of Management, Income Statement, 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 Workers Union for the period ended 30 June 2013 set out on pages 2 to 28.

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.

### 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 accounts is 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 2013 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 & Advisors

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

Dated this ..... day of ..... 2013



**DESIGNATED OFFICER'S CERTIFICATE**  
*Sec. 268 of Fair Work (Registered Organisations) Act 2009*

I, Diana Asmar, being the 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 2013, 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 7<sup>th</sup> of October 2013.
3. That the full report was provided to members on 10<sup>th</sup> of October 2013 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 11<sup>th</sup> of November 2013 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to read 'Diana Asmar', is written over a light blue circular stamp.

Diana Asmar  
Secretary  
Health Services Union Victoria No.1 Branch



*"Caring for our Caregivers"*

**Health Workers Union**  
**formerly known as**  
**(Health Service Union Victoria Branch No 1)**

**FINANCIAL REPORT**  
**FOR THE PERIOD**  
**21 AUGUST 2012 TO 30 JUNE 2013**

**Operating Report  
For the period ended 30 June 2013**

**Principal activities**

The principal activities of the Health Workers Union during the period were to provide representation and support to our members.

**Review of results**

The net result of operations for the period was a surplus of \$269,460. The organisation which was reconstituted on 21 August 2012 following a demerger by the Administrator of the Health Services Union NSW represented its members in industrial and other matters, focusing particularly on matters pertinent the industry. During the period (after the election of new officers in December 2012), it paid attention to corporate governance, ensuring through appointment of a Compliance Officer that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$1.818 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation service delivery.

**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 2013, the number of members of the organisation recorded in the register of members was 11,047.

**Number of Employees**

As at 30 June 2013, the number of full time equivalent employees was 31.

**Committee of Management**

The Committee of Management members were as follows:-

D Eden	B Gregor	R Barclay
D Asmar	L Flynn	G Driscoll (resigned)
C Fisher	A Hargreaves	J Mitchell
N Alim-Arslam	P O'Brien	L Smith
S Stone	R Morrey (resigned)	S Jacks

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

<b>Name</b>	<b>Position</b>	<b>Entity</b>
D Eden	Director	Davayne trading as Utopia
N Alim-Arslam	Member	Albanian Women's Group

**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.



## Officers and employees who are directors of a company or a member of a Board

Pursuant to the reporting guidelines, the following officers and employees were company directors and/or Board members at the date of this report:


### Manner of Resignation

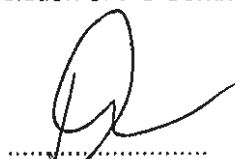
Members may resign from the Union in accordance with the rules, which reads as follows:

#### Resignation of Members

- (a) A Member may resign from the Union by written notice addressed and delivered to the Services.
- (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 subrule (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 7<sup>th</sup> day of October 2013


**CERTIFICATE OF COMMITTEE OF MANAGEMENT**

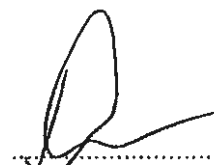
The Committee of Management of the Health Workers Union passed the following resolution on <sup>7<sup>th</sup></sup> 2013 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2013.

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 Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2013 that have not been responded to by the Union.
- (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 7<sup>th</sup> day of October 2013

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF HEALTH WORKERS UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 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.

*Stans Achen & Pines*

Stannards Accountants and Advisors

*MB Shulman*

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

Dated this *7<sup>th</sup>* day of *October* 2013

## HEALTH WORKERS UNION

### Statement of Profit & Loss for the Period Ended 30 June 2013

	2013 \$
<b>Revenue</b>	
Membership Contributions	4,026,578
Rent Received	17,582
Interest Received	1,748
Service Fees	54,011
Capitation Fees	-
Donations	-
Grants	-
Levies	-
<b>Total Revenue</b>	<b>4,099,919</b>
<b>Expenses</b>	
Affiliations and Subscriptions	7,837
Accounting Fees	40,220
Advertising & Marketing	1,746
Audit Fees	6,000
Bad Debts	24
Bank Charges	21,210
Branch 1 Member Promotions	442
Capitation Fees	135,979
Catering & Entertainment	9,988
Cleaning & Consumables	32,264
Computer & IT Costs	131,171
Compulsory levies	-
Commissions	2,221
Consideration to employees for payroll deductions	-
Council Rates	10,240
Credit Charges	3,437
Delegate Expenses	469
Depreciation	149,347
Donations	-
FWC Lodgement Fees	705
Electricity	22,863
Executive Meetings (Fees and Allowances)	8,489
General Expenses	6,239
Grants	-
Interest Paid	204,147
Insurance	316,309
Land Tax	4,944
Late Fees Paid	13
Legal Fees	232,669
Legal Fees - Members	19,173
Member Reward Cards	34,376
Member Services	41
Motor Vehicles Expenses	181,949
Other Expenses	5,770
Payroll Tax	101,142
Penalties – RO Act or Regulations	-
Photocopier Lease & Usage	51,190
Postage & Courier	44,849
Printing and Stationary	55,049
Loss on sale of asset	7,818

(continued over)

# HEALTH WORKERS UNION

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## Statement of Profit & Loss for the Period Ended 30 June 2013 (cont'd)

	2013 \$
<b>Expenses (cont'd)</b>	
Repairs and Maintenance	11,823
Security	20,832
Seminars & Training Courses	1,364
Staffing Costs	1,820,807
Storage	4,468
Telephone & Internet	62,665
Travel and Accommodation	51,464
Water Rates	6,706
<b>Total Expenses</b>	<b>3,830,459</b>
<b>Net Profit for the Period</b>	<b>269,460</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Comprehensive Income for the Period Ended 30 June 2013

	2013 \$
<b>Profit / (Loss) for the period</b>	<b>269,460</b>
Other comprehensive income for the period Gain on revaluation of plant and equipment	158,473
<b>Total comprehensive income for the period</b>	<b>427,933</b>
<b>Total comprehensive income attributable to: Members of the organisation</b>	<b>427,933</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

### Statement of Financial Position as at 30 June 2013

	Notes	2013 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	3	154,494
Receivables	4	7,212
Other Assets	5	61,537
<b>Total Current Assets</b>		<b>223,243</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	6	5,855,034
<b>Total Non Current Assets</b>		<b>5,855,034</b>
<b>Total Assets</b>		<b>6,078,277</b>
<b>Current Liabilities</b>		
Payables	7	484,076
Provisions	8	108,427
Interest Bearing Debt	9	3,037,758
Non Interest Bearing Debt	10	85,214
<b>Total Current Liabilities</b>		<b>3,715,475</b>
<b>Non Current Liabilities</b>		
Interest Bearing Debt	9	439,108
Non Interest Bearing Debt	10	106,000
<b>Total Non Current Liabilities</b>		<b>545,108</b>
<b>Total Liabilities</b>		<b>4,260,583</b>
<b>Net Assets</b>		<b>1,817,694</b>
<b>Equity</b>		
Retained Earnings	11(a)	1,659,221
Asset Revaluation Reserve	11(b)	158,473
<b>Total Equity</b>		<b>1,817,694</b>

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

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### Statement of Changes In Equity for the Period Ended 30 June 2013

	2013
	\$
Retained Earnings – Beginning of Year	-
Profit / (Loss) for the Period	269,460
Other Comprehensive Income for the year	158,473
Net Assets Apportioned from Demerger (see Note 1(n))	1,389,761
Distribution to:-	
Asset Revaluation Reserve	(158,473)
<b>Total Retained Earnings – End of Period</b>	<b>1,659,221</b>

The accompanying notes form part of this Financial Report



## HEALTH WORKERS UNION

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### Statement of Cash Flows for the Period Ended 30 June 2013

	Notes	2013 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>		
Contributions from Members		4,026,578
Interest Received		1,748
Payments to Suppliers and Employees		(3,259,060)
Interest Paid		(204,147)
Per Capita to Federal Office		(135,979)
<b>Net Cash Provided by Operating Activities</b>	13 (b)	<b>429,140</b>
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment		(324,441)
Proceeds from Sale of Plant and Equipment		38,182
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<b>(286,259)</b>
<b>Cash flows from Financing Activities</b>		
Hire Purchase Repayments		(22,599)
Repayments by/(to) Federal and other branches		(105,788)
<b>Net Cash Provided by/(Used) in Financing Activities</b>		<b>(128,387)</b>
Net Increase in Cash and Cash Equivalents		14,494
Net Cash Transferred in on Demerger	1 (n)	140,000
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>-</b>
<b>Cash and Cash Equivalents at End of Period</b>	13 (a)	<b>154,494</b>

The accompanying notes form part of this Financial Report

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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:

	2013
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13-40%
Fixtures and Fittings	13-40%

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (c) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

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.

#### (d) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on a cash 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.

#### (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) Employee Benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 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 Branch 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 Branch 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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

#### (k) Revenue

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the rendering of a service is recognised in proportion to the stage of completion of the service.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### (l) 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 workers 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.

#### (m) 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.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013****1. Statement of Significant Accounting Policies (cont'd)****(n) Demerger**

In accordance with an Order of the Federal Court of Australia dated 29 June 2012, the Administrator of HSU East Branch and the NSW Union oversaw the demerger of the HSU East Branch and the NSW Union. HSU Victoria No 1 Branch was part of the merged HSU East Branch. Pursuant to a Deed Poll dated 21 August 2012, the Administrator of HSU East Branch and the NSW Union, apportioned and distributed the assets and liabilities of those entities. HSU Victoria No 1 Branch, as a result of such apportionment, was distributed net assets of \$1.39 million on demerger, as follows:-

	<b>\$000</b>
Cash	140
Property	4,750
Plant & Equipment	203
Bank Loan	(2,885)
Loan – HSU Victoria No 3	(297)
Termination Provision	(150)
Employee Entitlements	(372)
<b>Net Assets</b>	<b>1,389</b>

**(o) Working Capital Deficiency**

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and recurrent cashflows, the Union expects to reduce this deficiency, such that it can continue to meet its debts, as and when they fall due.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

##### (p) New Accounting Standards for Application in Future Periods

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Union's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Union's financial statements.
- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Union.

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Union's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Union's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - i. service cost and net interest expense in profit or loss; and
  - ii. remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.



## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

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

#### (p) New Accounting Standards for Application in Future Periods

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts report by the Union.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Union's financial statements.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**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 WORKERS UNION

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### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013
	\$
<b>3. Cash and Cash Equivalents</b>	
Cash at Bank	153,055
Petty Cash	1,439
	154,494
The weighted average interest rate for cash as at 30 June 2013 is 3%.	
<b>4. Receivables</b>	
Sundry Debtors	7,212
	7,212
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date.	
<b>5. Other Assets</b>	
Prepayments	54,208
GST	7,329
	61,537
<b>6. Property, Plant and Equipment</b>	
Land & Buildings	
At Cost	4,981,000
Less: Accumulated Depreciation	(53,130)
	4,927,870
Furniture & Fixtures	
At Valuation	147,398
At Cost	8,413
Less: Accumulated Depreciation	(11,431)
	144,380
Office Equipment	
At Valuation	115,240
Less: Accumulated Depreciation	(14,271)
	100,969
Computers & IT	
At Valuation	94,376
At Cost	30,039
Less: Accumulated Depreciation	(14,951)
	109,464
Motor Vehicles	
At Cost	614,407
Less: Accumulated Depreciation	(42,057)
	572,350
<b>Total Property, Plant and Equipment</b>	<b>5,855,033</b>

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 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.

2013	Land & Buildings \$	Furniture & Fixtures \$	Office Equipment \$	Computers & IT \$	Motor Vehicles \$	Total \$
Carrying amount at beginning of period	-	-	-	-	-	-
Transfer in/Demerger	4,750,000	170,764	32,294	-	-	4,953,058
Additions	231,000	10,412	-	83,029	614,408	933,849
Revaluation	-	(18,078)	86,243	42,308	48,000	158,473
Disposals	-	-	-	-	(46,000)	(46,000)
Depreciation expense	(53,130)	(18,718)	(17,568)	(15,873)	(44,058)	(149,347)
Carrying amount at end of period	4,927,870	144,380	100,969	109,464	572,350	5,855,033

During the period, 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 this financial report notwithstanding legal ownership vests with the National Union.

# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

	2013
	\$
<b>7. Payables</b>	
Trade Creditors	281,327
Accrued Expenses	35,002
PAYG Withholding Payable	93,514
Payroll Tax	32,810
Superannuation Payable	41,423
	484,076

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.

<b>8. Provisions</b>	
Annual Leave and Other Entitlements	108,427
<b>9. Interest Bearing Debt</b>	
<i>Current</i>	
Bank Loan CBA (i)	2,885,000
Hire Purchase Liability	152,758
	3,037,758
<i>Non Current</i>	
Hire Purchase Liability	439,108
	439,108

(i) This loan is secured by various cross guarantees between the Union and other HSU branches. It is also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expires in 2013/14, and is currently being renegotiated. The Committee of Management is confident the loan will be renegotiated on terms no less favourable than the current facility and have received indicative approval for a new facility from Westpac Banking Corporation.

<b>10. Non Interest Bearing Debt</b>	
<i>Current</i>	
Loan HSU Victoria No. 3 Branch (i)	85,214
	85,214
<i>Non Current</i>	
Loan HSU Victoria No 3 Branch (i)	106,000
	106,000

(i) This loan arose through the demerger of the Union and is being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch.

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

	Annual Leave	Long Service Leave and Retirement Allowance	Total
	2013	2013	2013
	\$	\$	\$
Officeholders	35,415	-	35,415
Other Staff	73,012	-	73,012
Total	108,427	-	108,427

# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 11. Equity

	2013
(a) Retained Earnings	\$
Balance at beginning of period	-
Contribution from demerger	1,389,761
Net Profit for period	269,460
Balance at end of period	<u>1,659,221</u>
(b) Asset Revaluation Reserve	
Balance at beginning of period	-
Revaluation increment arising on revaluing plant and equipment	158,473
Balance at end of period	<u>158,473</u>
<b>Total Equity</b>	<b><u>1,817,694</u></b>

### 12. Employee Benefits

Employee benefits paid/accrued during the period	Elected Officials	Other Staff	Total
	\$	\$	\$
Wages and Salaries	191,802	1,370,728	1,562,530
Annual Leave, Long Service Leave and retirement allowance	35,415	73,012	108,427
Superannuation	17,716	132,134	149,850
Total	<u>244,933</u>	<u>1,575,874</u>	<u>1,820,807</u>

### 13. Cash Flow Information

	2013
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	153,055
Cash on Hand	1,439
	<u>154,494</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit	
<u>Net Profit / (Loss) before Tax</u>	<u>269,460</u>
<u>Non Cash Items</u>	
Depreciation	149,347
Provision for Employee Benefits	(412,812)
Loss on Disposal of Non Current Assets	7,818
<u>Changes in Operating Assets and Liabilities</u>	
(Increase)/Decrease in Prepayments	(54,208)
Increase/(Decrease) in Trade Creditors and Accruals	484,076
(Increase)/Decrease in Sundry Debtors	(7,212)
(Increase)/Decrease in GST Receivables	(7,329)
Net Cash Provided by Operating Activities	<u>429,140</u>

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 14. Related Party Information

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

President  
D Eden

Senior Vice-President  
B Gregor

Junior Vice-President  
R Barclay

Secretary  
D Asmar

Assistant Secretary-Treasurer  
L Flynn

Committee of Management

G Driscoll (resigned)                      C Fisher  
A Hargreaves                                      J Mitchell  
R Morrey (resigned)                          P O'Brien  
L Smith                                              S Stone  
N Alim-Arslam                                    S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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:-

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
  - ii) They were nominated for the position by the Branch; or
  - iii) 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 other goods and services.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013****14. Related Party Information (cont'd)**

## e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	2013
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	\$ 135,979
Amounts receivable/(payable) at reporting date – Federal office and other branches	
Victoria No 3 Branch	(191,214)
NSW Union	7,212

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the NSW Union were on normal commercial terms and conditions.

**15. Commitments**

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<hr/> 663,051
Less Future Finance Changes	(71,185)
Net Liabilities	<hr/> 591,866

**16. Contingent Liability**

The Union is currently a party to proceedings with the General Manager FWC referred to as General Manager Fair Work Australia Vs Health Services Union & OrsVID380. Penalties may be imposed on the Union, pursuant to this matter (for actions of the past administration). It is currently seeking to mediate and settle the matter with the General Manager FWC.

The Union is currently in dispute with the State Revenue office pertaining to the payment of stamp duty on the transfer of its Park Street property, both when HSU East was established, and when the demerger occurred. It has legal opinion supporting that it could receive a stamp duty refund of some \$110,000. The State Revenue Office is currently considering that opinion, and is seeking to assess the Union some \$110,000 of additional stamp duty. There are no other known contingencies likely to have a material impact on the Union at current date.

**17. Segment Reporting**

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

**18. Union's Details**

The principal place of business of the branch is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205



**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**

**19. 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 2013.

The purpose of the financial instruments is to raise finances for the operations of the entity.

**i Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and 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 a material credit risk exposure amounting to \$nil to a group of debtors under financial transactions entered into by the entity.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013**
**19. Financial Instruments (cont'd)**
**a. 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
	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	%
(i) Financial Assets						
Cash and Cash Equivalents	153,055	-	-	1,439	154,494	3.00
Receivables	-	-	-	7,212	7,212	N/A
Other Financial Assets	-	-	-	61,537	61,537	N/A
Total	153,055	-	-	70,188	223,243	
(ii) Financial Liabilities						
Interest Bearing Debt	2,885,000	152,758	439,108	-	3,476,866	7.34
Payables	-	-	-	484,076	484,076	N/A
Non Interest Bearing Liabilities	-	-	-	191,214	191,214	N/A
Total	2,885,000	152,758	439,108	675,290	4,152,156	
Net Financial Assets/(Liabilities)	(2,731,945)	(152,758)	(439,108)	(605,102)	(3,928,913)	

## Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

### 19. Financial Instruments (cont'd)

#### c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2013 is estimated at \$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 2013.

#### 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 2013, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2013
	\$
Change in profit	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476
Change in equity	
Increase in interest rate by 2%	(66,476)
Decrease in interest rate by 2%	66,476

#### e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2013. Hence, no impairment provision has been recorded. All receivables reported at 30 June 2013 were aged 0-30 days.

### 20. Subsequent Events

In September 2013, FWC notified the Union that it intends to conduct an investigation relating to finances and financial administration of the organisation. The Committee of Management reasonably believe this investigation will not result in any further action.

## HEALTH WORKERS UNION

### Notes to and Forming Part of the Financial Statements for the Period Ended 30 June 2013

#### 14. 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> D Eden	<u>Senior Vice-President</u> B Gregor
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<u>Junior Vice-President</u> R Barclay	<u>Secretary</u> D Asmar
-------------------------------------------	-----------------------------

Assistant Secretary-Treasurer  
L Flynn

<u>Committee of Management</u>	
G Driscoll (resigned)	C Fisher
A Hargreaves	J Mitchell
R Morrey (resigned)	P O'Brien
L Smith	S Stone
N Alim-Arslam	S Jacks

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn and committee fees paid to members of the Committee of Management) were \$191,802.
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$17,716.

Remuneration of Key Officers	Short-Term Remuneration	Post – Employment Benefits	Other Benefits
D Asmar	\$68,019	\$6,687	\$4,500
L Flynn	\$92,079	\$8,176	\$4,500

No termination benefit or share based payments were received.

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 other goods and services.

**Notes to and Forming Part of the Financial Statements  
for the Period Ended 30 June 2013****14. Related Party Information (cont'd)**

## e. Transactions with Federal Office, Branches and Related entities

Per Capital Payment	2013
During the period, the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	\$ 135,979
Amounts receivable/(payable) at reporting date – Federal office and other branches	
Victoria No 3 Branch	(191,214)
NSW Union	7,212

During the period, the loan owing by the Union to the Victorian No. 3 Branch was reduced through the on-charge of 'administration costs' to that Branch based upon a Transitional Services Agreement. Such costs on-charged amounted to some \$105,786 for the period and were levied on normal commercial terms and conditions.

All transactions with the NSW Union were on normal commercial terms and conditions.

**15. Commitments**

Capital expenditure commitments as at 30 June 2013 – \$nil.

Hire Purchase Commitments	
<1 year	170,531
1 – 5 years	492,520
	<hr/> 663,051
Less Future Finance Changes	(71,185)
Net Liabilities	<hr/> 591,866

**16. Contingent Liability**

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## INDEPENDENT AUDIT REPORT

To the Members of Health Workers Union

### Scope

#### **The financial report and Committee of management responsibility**

The financial report comprises the Certificate of Committee of Management, Income Statement, 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 Workers Union for the period ended 30 June 2013 set out on pages 2 to 28.

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.

## 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.

Our audit encompassed the audit of wages recovery activity of the Union for the period ended 30 June 2013 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 & Advisors



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

Dated this 7th day of June 2013