



25 February 2015

Ms Diana Asmar  
Secretary  
Health Services Union - Victoria No.1 Branch  
208-212 Park Street  
South Melbourne VIC 3205

via e-mail: [info@hsuvic.asn.au](mailto:info@hsuvic.asn.au)

Dear Ms Asmar

**Health Services Union - Victoria No.1 Branch  
Financial Report for the year ended 30 June 2014 - FR2014/242**

I acknowledge receipt of the amended financial report for the year ended 30 June 2014 for the Health Services Union - Victoria No.1 Branch. The amended financial report was lodged with the Fair Work Commission (FWC) on 24 February 2015.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or by email at [ken.morgan@fwc.gov.au](mailto:ken.morgan@fwc.gov.au)

Yours sincerely

Ken Morgan  
Financial Reporting Advisor  
Regulatory Compliance Branch



Monday, 2 February 2015



### 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 2014, 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 2<sup>nd</sup> of February 2015;
3. That the full report will be provided to members on the 10<sup>th</sup> of February 2015 by way of posting on the Union website.

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 YEAR ENDED  
30 JUNE 2014**

**Operating Report  
for the year ended 30 June 2014****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 \$735,745. 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 to the industry. During the year, it continued to pay close attention to corporate governance, ensuring through its Compliance Officer and documented policies and procedures that it complies with legislative requirements. As part of the rebalancing of its investment assets and to be able to continue to service members appropriately, the South Melbourne property held by the Union was sold in 2014. As at reporting date, the Union had accumulated net assets of \$2.553 million. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation and 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 2014, the number of members of the organisation recorded in the register of members was 11,205.

**Number of Employees**

As at 30 June 2014, the number of full time equivalent employees was 35.

**Committee of Management**

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

|               |              |                               |
|---------------|--------------|-------------------------------|
| D Eden        | R Barclay    | L Smith                       |
| D Asmar       | J Mitchell   | S Jacks                       |
| C Fisher      | A Hargreaves | B Gregor (resigned 28.5.2014) |
| N Alim-Arslan | P O'Brien    | L Flynn (on Workcover)        |
| S Stone       |              |                               |

All members were on the Committee from 1 July 2013 to 30 June 2014, except as stated above.

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

| Name          | Position | Entity                    | Principal Activities          | Position held because they are officer or employee of HWU or were nominated by HWC or a Peak Council |
|---------------|----------|---------------------------|-------------------------------|--|
| D Eden        | Director | Davayne trading as Utopia | Trustee Company of Super Fund | No   |
| N Alim-Arslan | Member   | Albanian Women's Group    | Benevolent Organisation       | No   |

**Operating Report  
for the year ended 30 June 2014  
(cont'd)**

**Future Developments**

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

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

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

**Manner of Resignation**

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

**Resignation of Members**

- (a) A Member may resign from the Union by written notice addressed and delivered to the Secretary.
- (b) A notice of resignation from membership of the Branch takes effect:
  - (i) at the end of two weeks after the notice is received by the Branch; or
  - (ii) on the day specified in the notice;whichever is later.
- (c) Any dues payable but not paid by a former Member of the Union in relation to a period before the Member's resignation from the Branch took effect, may be sued for and recovered in the name of the Branch, in a court of competent jurisdiction, as a debt due to the Branch.
- (d) A notice delivered to the person mentioned in 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 2 day of February 2015

**CERTIFICATE OF COMMITTEE OF MANAGEMENT**

The Committee of Management of the Health Workers Union passed the following resolution on 21.2.2015 in relation to the general purpose financial report of the reporting unit for the period ended 30 June 2014.

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

- (a) the financial statements and notes comply with the Reporting Guidelines of the General Manager of FWC and Australian Accounting Standards;
- (b) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the period to which they relate;
- (c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (d) during the period to which the general purpose financial report relates and since the end of that period:
  - i. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
  - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
  - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
  - iv. the information sought in any request of a member of the reporting unit or the General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWC; and
  - v. there have been no orders for inspection of financial records made by Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period ended 30 June 2014 that have not been responded to by the Union.
  - vi. Where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practical, in a manner consistent with each of the other reporting units.
- (e) in relation to recovery of wages activity:
  - There was no recovery of wages activity during the period.

For the Committee of Management:

  
.....  
D Eden


  
.....  
D Asmar

Dated this 2 day of February 2015

**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 year ended 30 June 2014 there have been:-

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

  
Stannards Accountants and Advisors

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

Dated this 2<sup>nd</sup> day of February 2015

# HEALTH WORKERS UNION

## Statement of Profit & Loss for the Year Ended 30 June 2014

|   | 2014<br>\$       | 2013<br>\$       |
|---|------------------|------------------|
| <b>Revenue</b>                                    |                  |                  |
| Membership Contributions                          | 4,535,148        | 4,026,578        |
| Profit on Sale of Property                        | 2,238,012        | -                |
| Stamp Duty Refund                                 | 242,209          | -                |
| Sponsorships                                      | 11,818           | -                |
| Rent Received                                     | -                | 17,582           |
| Interest Received                                 | 40               | 1,748            |
| Service Fees                                      | 6,187            | 54,011           |
| Capitation Fees                                   | -                | -                |
| Donations   | -                | -                |
| Grants  | -                | -                |
| Levies  | -                | -                |
| Sundry Income                                     | 74,594           | -                |
| <b>Total Revenue</b>                              | <b>7,108,008</b> | <b>4,099,919</b> |
| <b>Expenses</b>                                   |                  |                  |
| Affiliations (see Note 21)                        | 16,900           | 5,554            |
| Accounting Fees                                   | 72,845           | 40,220           |
| Advertising & Marketing                           | 99,929           | 1,746            |
| Audit Fees  | 8,635            | 6,000            |
| Bad Debts   | -                | 24               |
| Bank Charges                                      | 39,160           | 21,210           |
| Branch & Member Promotions                        | 5,536            | 442              |
| Capitation Fees                                   | 226,692          | 135,979          |
| Catering & Entertainment                          | 63,275           | 9,988            |
| Cleaning & Consumables                            | 25,934           | 32,264           |
| Computer & IT Costs                               | 141,474          | 131,171          |
| Compulsory levies                                 | -                | -                |
| Commissions                                       | 7,388            | 2,221            |
| Consideration to employers for payroll deductions | -                | -                |
| Council Rates                                     | 12,939           | 10,240           |
| Credit Charges and Finance Fees                   | 18,000           | 3,437            |
| Delegate Expenses                                 | 16,067           | 469              |
| Depreciation                                      | 254,348          | 165,711          |
| Donations   | -                | -                |
| FWC Lodgement Fees                                | 2,882            | 705              |
| Electricity                                       | 35,403           | 22,863           |
| Executive Meetings (Fees and Allowances)          | 11,078           | 8,489            |
| General Expenses                                  | 4,410            | 6,239            |
| Grants  | -                | -                |
| Interest Paid                                     | 197,321          | 204,147          |
| Insurance   | 144,157          | 316,309          |
| Land Tax  | 24,718           | 4,944            |
| Late Fees Paid                                    | 15,159           | 13               |
| Legal Fees – Litigation                           | 276,540          | 57,050           |
| Legal Fees – Other Matters                        | 157,382          | 194,792          |
| Member Reward Cards                               | 6,572            | 34,376           |
| Member Services                                   | 105,746          | 41               |
| Motor Vehicles Expenses                           | 232,640          | 181,949          |
| Other Expenses                                    | 43,420           | 5,770            |
| Payroll Tax                                       | 99,490           | 101,142          |

(continued over)

The accompanying notes form part of this Financial Report



**Statement of Profit & Loss  
for the Year Ended 30 June 2014 (cont'd)**

|                                   | 2014             | 2013             |
|-----------------------------------|------------------|------------------|
|                                   | \$               | \$               |
| <b>Expenses (cont'd)</b>          |                  |                  |
| Penalties – RO Act or Regulations | -                | -                |
| Photocopier Lease & Usage         | 61,755           | 51,190           |
| Postage & Courier                 | 57,429           | 44,849           |
| Printing and Stationary           | 205,567          | 55,049           |
| Loss on sale of assets            | -                | 7,818            |
| Repairs and Maintenance           | 10,406           | 11,823           |
| Security                          | 10,182           | 20,832           |
| Seminars & Training Courses       | 6,060            | 1,364            |
| Staffing Costs                    | 3,451,989        | 1,820,807        |
| Storage                           | 2,845            | 4,468            |
| Subscriptions                     | -                | 2,283            |
| Telephone & Internet              | 97,274           | 62,665           |
| Travel and Accommodation          | 102,175          | 51,464           |
| Water Rates                       | 541              | 6,706            |
| <b>Total Expenses</b>             | <b>6,372,263</b> | <b>3,849,823</b> |
| <b>Net Profit for the Period</b>  | <b>735,745</b>   | <b>250,096</b>   |

The accompanying notes form part of this Financial Report

**Statement of Comprehensive Income  
for the Year Ended 30 June 2014**

|  | 2014<br>\$     | 2013<br>\$     |
|--|----------------|----------------|
| Profit / (Loss) for the period   | 735,745        | 250,096        |
| Other comprehensive income for the period  |                |                |
| Gain on revaluation of plant and equipment   | -              | 158,473        |
| Total comprehensive income for the period  | 735,745        | 408,569        |
| <b>Total comprehensive income attributable to:<br/>Members of the organisation</b> | <b>735,745</b> | <b>408,569</b> |

The accompanying notes form part of this Financial Report

# HEALTH WORKERS UNION

## Statement of Financial Position as at 30 June 2014

|                                      | Notes | 2014<br>\$       | 2013<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>Current Assets</b>                |       |                  |                  |
| Cash and Cash Equivalents            | 3     | 2,423,455        | 154,494          |
| Receivables                          | 4     | 54,825           | 7,212            |
| Other Assets                         | 5     | 194,514          | 61,537           |
| <b>Total Current Assets</b>          |       | <b>2,672,794</b> | <b>223,243</b>   |
| <b>Non Current Assets</b>            |       |                  |                  |
| Property, Plant and Equipment        | 6     | 676,341          | 5,855,034        |
| <b>Total Non Current Assets</b>      |       | <b>676,341</b>   | <b>5,855,034</b> |
| <b>Total Assets</b>                  |       | <b>3,349,135</b> | <b>6,078,277</b> |
| <b>Current Liabilities</b>           |       |                  |                  |
| Payables                             | 7     | 190,640          | 484,076          |
| Provisions                           | 8     | 116,695          | 108,427          |
| Interest Bearing Debt                | 9     | 150,651          | 3,037,758        |
| Non Interest Bearing Debt            | 10    | -                | 85,214           |
| <b>Total Current Liabilities</b>     |       | <b>457,986</b>   | <b>3,715,475</b> |
| <b>Non Current Liabilities</b>       |       |                  |                  |
| Interest Bearing Debt                | 9     | 337,710          | 439,108          |
| Non Interest Bearing Debt            | 10    | -                | 106,000          |
| <b>Total Non Current Liabilities</b> |       | <b>337,710</b>   | <b>545,108</b>   |
| <b>Total Liabilities</b>             |       | <b>795,696</b>   | <b>4,260,583</b> |
| <b>Net Assets</b>                    |       | <b>2,553,439</b> | <b>1,817,694</b> |
| <b>Equity</b>                        |       |                  |                  |
| Retained Earnings                    | 11(a) | 2,536,439        | 1,659,221        |
| Asset Revaluation Reserve            | 11(b) | 17,000           | 158,473          |
| <b>Total Equity</b>                  |       | <b>2,553,439</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 Year Ended 30 June 2014

|   | 2014<br>\$       | 2013<br>\$       |
|---|------------------|------------------|
| Retained Earnings – Beginning of Year                 | 1,659,221        | -                |
| Profit / (Loss) for the Period                        | 735,745          | 250,096          |
| Other Comprehensive Income for the year               | -                | 158,473          |
| Net Assets Apportioned from Demerger (see Note 1(l))  | -                | 1,409,125        |
| Distribution (to)/from:-<br>Asset Revaluation Reserve | 141,473          | (158,473)        |
| <b>Total Retained Earnings – End of Period</b>        | <b>2,536,439</b> | <b>1,659,221</b> |

The accompanying notes form part of this Financial Report

## HEALTH WORKERS UNION

### Statement of Cash Flows for the Year Ended 30 June 2014

|   | Notes  | 2014<br>Inflows/<br>(Outflows)<br>\$ | 2013<br>Inflows/<br>(Outflows)<br>\$ |
|---|--------|--------------------------------------|--------------------------------------|
| <b>Cash flows from Operating Activities</b>             |        |                                      |                                      |
| Contributions from Members                              |        | 4,747,749                            | 4,026,578                            |
| Interest Received                                       |        | 40                                   | 1,748                                |
| Payments to Suppliers and Employees                     |        | (6,036,239)                          | (3,259,060)                          |
| Interest Paid   |        | (197,321)                            | (204,147)                            |
| Repayments to Federal Office                            |        | (5,245)                              | -                                    |
| Repayments from NSW Office                              |        | 7,212                                | -                                    |
| Per Capita and Reimbursements to Federal Office         |        | (229,873)                            | (135,979)                            |
| Net Cash Provided by/(used in) Operating Activities     | 13 (b) | (1,713,677)                          | 429,140                              |
| <b>Cash flows from Investing Activities</b>             |        |                                      |                                      |
| Payments for Property, Plant and Equipment              |        | (68,725)                             | (324,441)                            |
| Proceeds from Sale of Property, Plant and Equipment     |        | 7,231,081                            | 38,182                               |
| Net Cash Provided by / (Used in) Investing Activities   |        | 7,162,356                            | (286,259)                            |
| <b>Cash flows from Financing Activities</b>             |        |                                      |                                      |
| Repayment of Bank Loan                                  |        | (2,885,000)                          | -                                    |
| Hire Purchase Repayments                                |        | (103,504)                            | (22,599)                             |
| Repayments by/(to) HSU No. 3 (net)                      |        | (191,214)                            | (105,788)                            |
| Net Cash Provided by/(Used) in Financing Activities     |        | (3,179,718)                          | (128,387)                            |
| Net Increase in Cash and Cash Equivalents               |        | 2,268,961                            | 14,494                               |
| Net Cash Transferred in on Demerger                     | 1 (l)  | -                                    | 140,000                              |
| <b>Cash and Cash Equivalents at Beginning of Period</b> |        | 154,494                              | -                                    |
| <b>Cash and Cash Equivalents at End of Period</b>       | 13 (a) | 2,423,455                            | 154,494                              |

The accompanying notes form part of this Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

### 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:

|                                | 2014 & 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 Year Ended 30 June 2014

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

#### (c) Employee Benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Superannuation

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

The number of employees at the end of the period was 35.

#### (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.

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

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

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

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

##### (f) Cash and Cash Equivalents

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

##### (g) Financial Instruments

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

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

##### (h) Fair Value of Assets and Liabilities

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

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

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

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

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

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



## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

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

#### (i) Leases

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

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

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

#### (j) Operating Segment

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

The Union operates predominantly in one business and geographical segment, being a representative body of health 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.

#### (k) Critical Accounting Estimates and Judgements

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

##### *Key Estimates – Impairment*

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

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

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

#### (l) 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:-

|                              | Deed Poll<br>Asset Distribution<br>\$ | Difference<br>\$ | Fair Value of<br>Asset Distribution<br>\$ |
|------------------------------|---------------------------------------|------------------|---|
| 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, 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 still be taken against the Administrator in respect of the apportionment of net assets in due course.

#### (m) Working Capital

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and realisation of its property, the Union has converted this deficit into a working capital surplus of \$2.22 million at 30 June 2014, 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 Year Ended 30 June 2014**

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

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

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

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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

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

The Committee of Management anticipate that the adoption of AASB 9 will not have an impact on its activities or financial reporting.

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

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Union's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Union's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Union's financial statements.

Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014

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

(n) New Accounting Standards for Application in Future Periods

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to impact the Union's financial statements.

- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the Union does not meet the definition of an investment entity, this Standard will not impact the financial statements.

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

**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

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

|   | 2014<br>\$     | 2013<br>\$       |
|---|----------------|------------------|
| <b>3. Cash and Cash Equivalents</b>   |                |                  |
| Cash at Bank  | 2,423,441      | 153,055          |
| Petty Cash  | 14             | 1,439            |
|   | 2,423,455      | 154,494          |
| The weighted average interest rate for cash as at 30 June 2014 is 3% (2013: 3%)                             |                |                  |
| <b>4. Receivables</b>   |                |                  |
| Sundry Debtors – NSW Union  | -              | 7,212            |
| Sundry Debtors – Other  | 54,825         | -                |
|   | 54,825         | 7,212            |
| Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date. |                |                  |
| <b>5. Other Assets</b>  |                |                  |
| Merchandise and Stationery – at cost  | 50,075         | -                |
| Prepayments   | 167,300        | 54,208           |
| GST   | (22,861)       | 7,329            |
|   | 194,514        | 61,537           |
| <b>6. Property, Plant and Equipment</b>   |                |                  |
| Land & Buildings  |                |                  |
| At Fair Value   | -              | 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  | 115,857        | 115,240          |
| Less: Accumulated Depreciation  | (48,597)       | (14,271)         |
|   | 67,260         | 100,969          |
| Computers & IT  |                |                  |
| At Valuation  | 94,376         | 94,377           |
| At Cost   | 39,620         | 30,039           |
| Less: Accumulated Depreciation  | (53,242)       | (14,951)         |
|   | 80,754         | 109,465          |
| Motor Vehicles  |                |                  |
| At Cost   | 673,526        | 614,407          |
| Less: Accumulated Depreciation  | (145,199)      | (42,057)         |
|   | 528,327        | 572,350          |
| <b>Total Property, Plant and Equipment</b>  | <b>676,341</b> | <b>5,855,034</b> |

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

**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.

| <b>2014</b>                      | Land & Buildings<br>\$ | Furniture & Fixtures<br>\$ | Office Equipment<br>\$ | Computers & IT<br>\$ | Motor Vehicles<br>\$ | Total<br>\$ |
|----------------------------------|------------------------|----------------------------|------------------------|----------------------|----------------------|-------------|
| Opening Balance                  | 4,927,870              | 144,380                    | 100,969                | 109,465              | 572,350              | 5,855,034   |
| Additions                        | -                      | -                          | 936                    | 9,579                | 58,210               | 68,725      |
| Disposals                        | (4,872,927)            | (120,143)                  | -                      | -                    | -                    | (4,993,070) |
| Depreciation expense             | (54,943)               | (24,237)                   | (34,645)               | (38,290)             | (102,233)            | (254,348)   |
| Carrying amount at end of period | -                      | -                          | 67,260                 | 80,754               | 528,327              | 676,341     |

| <b>2013</b>                            | Land & Buildings<br>\$ | Furniture & Fixtures<br>\$ | Office Equipment<br>\$ | Computers & IT<br>\$ | Motor Vehicles<br>\$ | Total<br>\$ |
|--|------------------------|----------------------------|------------------------|----------------------|----------------------|-------------|
| 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                     | -                      | 83,030               | 614,408              | 938,850     |
| 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                | 109,465              | 572,350              | 5,855,034   |

During the 2013 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 were controlled by the Branch, hence their inclusion in the financial report notwithstanding legal ownership vested with the National Union (until disposed of this year).

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

|                          | 2014<br>\$ | 2013<br>\$ |
|--------------------------|------------|------------|
| <b>7. Payables</b>       |            |            |
| Trade Creditors          | 38,185     | 281,327    |
| Accrued Expenses         | 12,065     | 35,002     |
| PAYG Withholding Payable | 83,722     | 93,514     |
| Payroll Tax              | 15,810     | 32,810     |
| Superannuation Payable   | 40,858     | 41,423     |
|                          | 190,640    | 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 | 116,695 | 108,427 |
|-------------------------------------|---------|---------|

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

|               | Annual Leave |            | Long Service Leave and Retirement Allowance |            | Total      |            |
|---------------|--------------|------------|---|------------|------------|------------|
|               | 2014<br>\$   | 2013<br>\$ | 2014<br>\$                                  | 2013<br>\$ | 2014<br>\$ | 2013<br>\$ |
| Officeholders | (1,534)      | 35,415     | -   | -          | (1,534)    | 35,415     |
| Other Staff   | 118,229      | 73,012     | -   | -          | 118,229    | 73,012     |
| Total         | 116,695      | 108,427    | -   | -          | 116,695    | 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 (2013) on demerger of HWU were utilised in full during that year to pay-out other staff.

**Employee Provisions**

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

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

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



# HEALTH WORKERS UNION

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

|                                 | 2014<br>\$ | 2013<br>\$ |
|---------------------------------|------------|------------|
| <b>9. Interest Bearing Debt</b> |            |            |
| <i>Current</i>                  |            |            |
| Bank Loan CBA (i)               | -          | 2,885,000  |
| Hire Purchase Liability         | 150,651    | 152,758    |
|                                 | 150,651    | 3,037,758  |
| <i>Non Current</i>              |            |            |
| Hire Purchase Liability         | 337,710    | 439,108    |
|                                 | 337,710    | 439,108    |

- (i) This loan was secured by various cross guarantees between the Union and other HSU branches. It was also secured by a first registered mortgage over the property located at 208-212 Park Street, South Melbourne. The loan with the CBA expired in 2013/14, and was assumed by Westpac Banking Corporation, until being repaid at the end of this reporting period. All security over the facility was released.

|                                      | 2014<br>\$ | 2013<br>\$ |
|--------------------------------------|------------|------------|
| <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 was being repaid by virtue of a Transitional Services Agreement between the Union and HUS Victoria No. 3 Branch. At 30 June 2014, the loan was extinguished in full.

|  | 2014<br>\$       | 2013<br>\$       |
|--|------------------|------------------|
| <b>11. Equity</b>  |                  |                  |
| (a) Retained Earnings  |                  |                  |
| Balance at beginning of period                                 | 1,659,221        | -                |
| Contribution from demerger                                     | -                | 1,409,125        |
| Transfer – Asset Revaluation Revenue                           | 141,473          | -                |
| Net Profit for period  | 735,745          | 250,096          |
| Balance at end of period                                       | 2,536,439        | 1,659,221        |
| (b) Asset Revaluation Reserve                                  |                  |                  |
| Balance at beginning of period                                 | 158,473          | -                |
| Revaluation increment arising on revaluing plant and equipment | -                | 158,473          |
| Transfer to Retained Earnings after disposal                   | (141,473)        | -                |
| Balance at end of period                                       | 17,000           | 158,473          |
| <b>Total Equity</b>  | <b>2,553,439</b> | <b>1,817,694</b> |

Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014

12. Employee Benefits

Employee benefits paid/accrued during the period

|  | Elected Officials |            | Other Staff |            | Total      |            |
|--|-------------------|------------|-------------|------------|------------|------------|
|  | 2014<br>\$        | 2013<br>\$ | 2014<br>\$  | 2013<br>\$ | 2014<br>\$ | 2013<br>\$ |
| Wages and Salaries                             | 432,767           | 191,802    | 2,718,618   | 1,370,728  | 3,151,385  | 1,562,530  |
| Annual Leave                                   | (72,592)          | 35,415     | 80,860      | 73,012     | 8,268      | 108,427    |
| Long Service Leave<br>and retirement allowance | -                 | -          | -           | -          | -          | -          |
| Superannuation                                 | 40,031            | 17,716     | 252,305     | 132,134    | 292,336    | 149,850    |
| Total  | 400,206           | 244,933    | 3,051,783   | 1,575,874  | 3,451,989  | 1,820,807  |

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 \$nil (2013: \$373,280), of which \$nil (2013: \$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.

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

| <b>13. Cash Flow Information</b>   | <b>2014</b>        | <b>2013</b>    |
|--|--------------------|----------------|
|  | <b>\$</b>          | <b>\$</b>      |
| a. <u>Reconciliation of Cash</u>   |                    |                |
| 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   | 2,423,441          | 153,055        |
| Cash on Hand   | 14                 | 1,439          |
|  | <u>2,423,455</u>   | <u>154,494</u> |
| b. <u>Reconciliation of Net Cash Provided by Operating Activities to Net Profit</u>  |                    |                |
| <u>Net Profit before Tax</u>   | <u>735,745</u>     | <u>250,096</u> |
| <u>Non Cash Items</u>  |                    |                |
| Depreciation   | 254,348            | 168,711        |
| Provision for Employee Benefits  | 8,268              | (412,812)      |
| (Profit)/Loss on Disposal of Non Current Assets  | (2,238,012)        | 7,818          |
| <u>Changes in Operating Assets and Liabilities</u>   |                    |                |
| (Increase)/Decrease in Prepayments and Merchandise   | (163,167)          | (54,208)       |
| Increase/(Decrease) in Trade Creditors and Accruals  | (293,436)          | 484,076        |
| (Increase)/Decrease in Sundry Debtors  | (47,613)           | (7,212)        |
| (Increase)/Decrease in GST Receivables   | 30,190             | (7,329)        |
| Net Cash Provided by/(used in) Operating Activities  | <u>(1,713,677)</u> | <u>429,140</u> |

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

**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><br>D Eden | <u>Senior Vice-President</u><br>B Gregor (resigned) |
|----------------------------|---|

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

Assistant Secretary-Treasurer  
L Flynn (on Workcover)

|                                |            |
|--------------------------------|------------|
| <u>Committee of Management</u> |            |
| A Hargreaves                   | C Fisher   |
| L Smith                        | J Mitchell |
| N Alim-Arslan                  | P O'Brien  |
|                                | S Stone    |
|                                | S Jacks    |

- b. Amounts received or due and receivable (ie. wages paid to D Eden, D Asmar, L Flynn, R Barclay and committee fees paid to members of the Committee of Management) were \$432,767 this year (2013: \$191,802)
- c. Amounts paid on behalf of D Eden, D Asmar, L Flynn and R Barclay (ie. officeholders) to the HESTA Superannuation Scheme in respect to retirement were \$40,031 (2013: \$17,716)

| Remuneration of Key Officers | Short-Term Remuneration |          | Post – Employment Benefits |         | Other Benefits |         |
|------------------------------|-------------------------|----------|----------------------------|---------|----------------|---------|
|                              | 2014                    | 2013     | 2014                       | 2013    | 2014           | 2013    |
| D Asmar                      | \$182,561               | \$68,014 | \$16,447                   | \$6,687 | \$4,500        | \$4,500 |
| L Flynn                      | \$128,594               | \$92,079 | \$11,895                   | \$8,176 | \$1,750        | \$4,500 |
| D Eden                       | \$97,405                | \$31,709 | \$9,253                    | \$2,853 | \$4,500        | -       |
| R Barclay                    | \$22,362                | -        | \$2,124                    | -       | -              | -       |

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

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

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

- 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 any goods and services.

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

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

e. Transactions with Federal Office, Branches and Related entities

|   |               |               |
|---|---------------|---------------|
| Per Capital Payment   | <b>2014</b>   | <b>2013</b>   |
| During the period, the Union paid to the Federal Office a per capita payment calculated in accordance with the rules. | \$<br>226,692 | \$<br>135,979 |

Other

During the year, the Union paid to the Federal Office reimbursement of expenses for the National Executive and National Council of \$3,181

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 repaid in full.

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

**15. Commitments**

|             |             |
|-------------|-------------|
| <b>2014</b> | <b>2013</b> |
| \$          | \$          |

Capital expenditure commitments as at 30 June 2014 – \$nil.

Hire Purchase Commitments

|                             |                |                |
|-----------------------------|----------------|----------------|
| <1 year                     | 177,482        | 170,531        |
| 1 – 5 years                 | 358,386        | 492,520        |
|                             | <u>535,868</u> | <u>663,051</u> |
| Less Future Finance Changes | (47,507)       | (71,185)       |
| Net Liabilities             | <u>488,361</u> | <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 seeking to settle the matter with the General Manager FWC.

**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 Union is:

208-212 Park Street  
SOUTH MELBOURNE VIC 3205



**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

**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 2014 (2013: \$nil).

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

**i Treasury Risk Management**

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

**ii Financial Risk**

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

*Foreign Currency*

The entity is not exposed to fluctuations in foreign currency.

*Liquidity Risk*

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

*Credit Risk*

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

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

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**
**19. Financial Instruments (cont'd)**
**b. Interest Rate Risk**

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

| Financial Instruments              | Floating Interest Rate |             | Fixed Interest Rate maturing in: less than 1 year |           | Fixed Interest Rate maturing in: 1 year or more |           | Non-Interest Bearing |           | Total Carrying Amount as per Statement of Financial Position |             | Weighted Average Effecting Interest Rate |      |
|------------------------------------|------------------------|-------------|---|-----------|---|-----------|----------------------|-----------|--|-------------|--|------|
|                                    | 2014                   | 2013        | 2014  | 2013      | 2014  | 2013      | 2014                 | 2013      | 2014   | 2013        | 2014                                     | 2013 |
|                                    | \$                     | \$          | \$  | \$        | \$  | \$        | \$                   | \$        | \$   | \$          | %  | %    |
| (i) Financial Assets               |                        |             |   |           |   |           |                      |           |  |             |  |      |
| Cash and Cash Equivalents          | 2,423,441              | 153,055     | -   | -         | -   | -         | 14                   | 1,439     | 2,423,455  | 154,494     | 3.00                                     | 3.00 |
| Receivables                        | -                      | -           | -   | -         | -   | -         | 54,825               | 7,212     | 54,825   | 7,212       | n/a                                      | n/a  |
| Other Financial Assets             | -                      | -           | -   | -         | -   | -         | 194,514              | 61,537    | 194,514  | 61,537      | n/a                                      | n/a  |
| Total                              | 2,423,441              | 153,055     | -   | -         | -   | -         | 249,353              | 70,188    | 2,672,794  | 223,243     |  |      |
| (ii) Financial Liabilities         |                        |             |   |           |   |           |                      |           |  |             |  |      |
| Interest Bearing Debt              | -                      | 2,885,000   | 150,651   | 152,758   | 337,710   | 439,108   | -                    | -         | 488,361  | 3,476,866   | 7.00                                     | 7.34 |
| Payables                           | -                      | -           | -   | -         | -   | -         | 190,640              | 484,076   | 190,640  | 484,076     | n/a                                      | n/a  |
| Non Interest Bearing Liabilities   | -                      | -           | -   | -         | -   | -         | -                    | 191,214   | -  | 191,214     | n/a                                      | n/a  |
| Total                              | -                      | 2,885,000   | 150,651   | 152,758   | 337,710   | 439,108   | 190,640              | 675,290   | 679,001  | 4,152,156   |  |      |
| Net Financial Assets/(Liabilities) | 2,423,441              | (2,731,945) | (150,651)   | (152,758) | (337,710)                                       | (439,108) | 58,713               | (605,102) | 1,993,793  | (3,928,913) |  |      |



## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

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

#### c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2014 is estimated at \$nil (2013: \$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 2014.

#### 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 2014, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

|                                 | 2014     | 2013     |
|---------------------------------|----------|----------|
|                                 | \$       | \$       |
| Change in profit                |          |          |
| Increase in interest rate by 2% | 38,702   | (66,476) |
| Decrease in interest rate by 2% | (38,702) | 66,476   |
| Change in equity                |          |          |
| Increase in interest rate by 2% | 38,702   | (66,476) |
| Decrease in interest rate by 2% | (38,702) | 66,476   |

#### e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2014 (2013: \$nil). Hence, no impairment provision has been recorded. All receivables reported at 30 June 2014 were aged 0-30 days.

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

### 20. Fair Value Measurement

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

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

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

#### a. Fair Value Hierarchy

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

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

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

#### Valuation techniques

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

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

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

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

### 20. Fair Value Measurement (cont'd)

#### a. Fair Value Hierarchy (cont'd)

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

|  | 30 June 2014  |               |               | Total<br>\$ |
|--|---------------|---------------|---------------|-------------|
|  | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ |             |
| <b>Recurring fair value measurements</b>                   |               |               |               |             |
| <i>Financial assets</i>                                    |               |               |               |             |
| Financial assets at fair value through profit or loss:     |               |               |               |             |
| Available-for-sale financial assets:                       | -             | -             | -             | -           |
| <b>Total financial assets recognised at fair value</b>     | -             | -             | -             | -           |
| <i>Non-financial assets</i>                                |               |               |               |             |
| Freehold land & buildings                                  | -             | -             | -             | -           |
| <b>Total non-financial assets recognised at fair value</b> | -             | -             | -             | -           |

|  | 30 June 2013  |               |               | Total<br>\$ |
|--|---------------|---------------|---------------|-------------|
|  | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ |             |
| <b>Recurring fair value measurements</b>                   |               |               |               |             |
| <i>Financial assets</i>                                    |               |               |               |             |
| Financial assets at fair value through profit or loss:     |               |               |               |             |
| Available-for-sale financial assets:                       | -             | -             | -             | -           |
| <b>Total financial assets recognised at fair value</b>     | -             | -             | -             | -           |
| <i>Non-financial assets</i>                                |               |               |               |             |
| Freehold land & buildings                                  | -             | 4,927,870     | -             | 4,927,870   |
| <b>Total non-financial assets recognised at fair value</b> | -             | 4,927,870     | -             | 4,927,870   |

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

| Description                 | Fair Value at<br>30 June 2013<br>\$ | Valuation Technique(s)   | Inputs Used                            |
|-----------------------------|-------------------------------------|--|--|
| <i>Non-financial assets</i> |                                     |  |  |
| Freehold land & buildings   | 4,927,870                           | Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology | Price per square metre, borrowing rate |
|                             | 4,927,870                           |  |  |

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2014

### 20. Fair Value Measurement (cont'd)

#### c. Disclosed Fair Value Measurements

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

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

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

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

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

### 21. Affiliation Fees

|  | 2014          | 2013         |
|--|---------------|--------------|
|  | \$            | \$           |
| Bendigo Trades Hall Council            | 567           | 438          |
| Ballarat Regional Trade Council        | 6,438         | 1,980        |
| Goulburn Valley Trades & Labor Council | 652           | 489          |
| Sunraysia Trades & Labor Council       | -             | 300          |
| South West Trades Labor Council        | 150           | 263          |
| Geelong Trades Hall Council            | 9,093         | 2,084        |
|  | <u>16,900</u> | <u>5,554</u> |

**Notes to and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014**

**22. Other Disclosures**

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

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

Included in trade payables is \$nil (2013: \$31,967) payable for legal costs. Of the 2013 amount, \$13,119 was for litigation, \$18,898 for other matters.

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

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

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

There were no payables / receivables with another reporting unit at reporting date, except as disclosed in Note 14(e).

## 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, Statement of Profit & Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and accompanying notes to the financial statements for the Health Workers Union for the period ended 30 June 2014 set out on pages 3 to 33.

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

### Audit Approach

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

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

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

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

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

### Independence

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

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

**Audit Opinion**


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


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

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

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

Our audit encompassed the audit of wages recovery activity of the Union for the period ended 30 June 2014 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  
FWC Approved Auditor

Dated this 2nd day of February 2015