



3 April 2019

Ms Diana Asmar  
Branch Secretary  
Health Services Union  
Victoria No. 1 Branch  
Level 5/222 Kings Way  
SOUTH MELBOURNE VIC 3205

By email: [info@hwu.org.au](mailto:info@hwu.org.au)

CC: [advisors@stannards.com.au](mailto:advisors@stannards.com.au)

Dear Ms Asmar,

**Health Services Union – Victoria No. 1 Branch  
Financial Report for the year ended 30 June 2018 - [FR2018/139]**

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Health Services Union - Victoria No. 1 Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 21 December 2018.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

**Auditor's report**

Audit scope to include subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22.

The subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

A subsection 255(2A) report was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Please ensure in future years that the subsection 255(2A) report is audited before provided to members and lodged with the ROC.

#### Registered auditor's details

Item 29(b) of the reporting guidelines state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor and a registration number. However the registration number provided, AA2018/45, was incorrect. The correct registration number is AA2017/45.

Please ensure that in future years the auditor's statement includes the correct registration number of the registered auditor.

### **General Purpose Financial Report**

#### Nil activities disclosure

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The financial statements and the notes contained nil activity information for all prescribed reporting guideline categories except the following:

- receive any other revenue from another reporting unit (reporting guideline 13(b));
- have another entity administer the financial affairs of the reporting unit (reporting guideline 19);
- make a payment to a former related party of the reporting unit (reporting guideline 20).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

### **Other**

#### Recovery of wages disclosure

Please note that under the 5<sup>th</sup> edition of the reporting guidelines made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the reporting guidelines no longer requires a statement in regards to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5<sup>th</sup> edition reporting guidelines requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

#### Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires details of any officer or member of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme. The details are required only where an officer or member of the reporting unit is a trustee of a superannuation entity or an exempt public superannuation scheme, where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

A disclosure in the operating report states that no officer or member of the reporting unit holds such a position. However, a further disclosure in the operating report that D. Eden is a director of Davayne trading as Utopia, is not such a criterion for the purpose of subsection 254(2)(d) of the RO Act and consequently this disclosure is not required.

## References to the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

Note 2 in the financial report refers to the 'General Manager of FWC' instead of the 'Commissioner'.

## **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink that reads "David Vale". The signature is written in a cursive style with a long horizontal line extending to the right.

David Vale  
Registered Organisations Commission



7<sup>th</sup> December 2018

**DESIGNATED OFFICER'S CERTIFICATE**

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

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

1. That the documents lodged herewith are copies of the full Financial Report of the Health Services Union Victoria No. 1 Branch for the year ending 30 June 2018, 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 3<sup>rd</sup> September 2018
3. That the full report was provided to members on the 2<sup>nd</sup> October 2018 by way of posting on the Union website; and
4. That the full report was presented at a meeting of the Branch Committee of Management of the reporting unit held on 7<sup>th</sup> December 2018 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

Diana Asmar  
Secretary  
Health Services Union Victoria No 1 Branch

***“Caring for our Caregivers”***

**State Secretary: Diana Asmar**

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

**Ph: (03) 9341 3300 Fax: (03) 9341 3334 Email: [info@hwu.org.au](mailto:info@hwu.org.au) Website: [www.hwu.org.au](http://www.hwu.org.au)**

**Health Services Union Victoria Branch No 1**

**known as Health Workers Union**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2018**

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## **Operating Report for the year ended 30 June 2018**

### **Principal activities**

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

### **Review of results**

During the current year, the Union generated a surplus of \$8,580 (2017: \$49,276). Excluding depreciation (a non cash item), the adjusted surplus was 122,114 (2017:\$156,648) (a second year of surplus achieved by the organisation). The primary objective of the Union during 2018 has been to provide members with ongoing appropriate representation. We believe this has been achieved. In the 2019 year, we anticipate another trading surplus, which will again strengthen the current financial position of the Union. Member service activities will continue to be our focus in 2019. We are confident we will continue to enhance the Union's operations for the benefit of the members.

### **Significant Changes in the State of Affairs**

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

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

No officer, or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member 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 2018, the number of members of the organisation recorded in the register of members was 13,982 (2017:13,857).

### **Number of Employees**

As at 30 June 2018, the number of full time equivalent employees was 30.04 (2017:31).

### **Committee of Management**

The Committee of Management members during the year and up until the date of this report were as follows:-

D Eden	R Barclay	S Jacks
D Asmar	V Mitchell	D Keane (10/7/18)
D Stratton (10/7/18)	A Hargreaves	N Katsis
K Vasiliadis (10/7/18)	L Atkinson	L Fisher
S Stone	L Smith	E Lambrou (10/7/18)

All members were on the Committee from 1 July 2017, unless an alternative appointment date is stated above. C Fischer, N Alim-Arslan, S Tonkin and P Medley retired from the Committee on 10 July, 2018..

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

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

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Operating Report for the year ended 30 June 2018 (cont'd)

### Future Developments

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

### Manner of Resignation

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

### Resignation of Members

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

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

  
D Eden

  
D Asmar

Dated this 30<sup>th</sup> day of August 2018

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## CERTIFICATE OF COMMITTEE OF MANAGEMENT

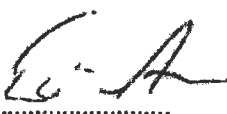
The Committee of Management of the Health Services Union Victoria No 1 Branch passed the following resolution on 3 September 2018 in relation to the general purpose financial report of the reporting unit for the year ended 30 June 2018.

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 Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009, the Reporting Guidelines of the Commissioner, Registered Organisations Commission and Australian Accounting Standards;
- (b) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the year to which they relate;
- (c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (d) during the year to which the general purpose financial report relates and since the end of that year:
  - i. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
  - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
  - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
  - iv. the information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisation Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission; and
  - v. there have been no orders for inspection of financial records made by Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the year ended 30 June 2018 that have not been responded to by the Union;
  - vi. Where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practical, in a manner consistent with each of the other reporting units; and
- (e) in relation to recovery of wages activity:
  - There was no recovery of wages activity during the period.

For the Committee of Management:

  
.....  
D Eden

  
.....  
D Asmar

Dated this 3<sup>rd</sup> day of September 2018



**AUDITOR'S INDEPENDENCE DECLARATION**

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 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*

Stannards Accountants and Advisors  
1/60 Toorak Road, South Yarra Vic 3141

*MB Shulman*

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

Dated this *3rd* day of *October* 2018

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

	Note	2017 \$
<b>CATEGORIES OF EXPENDITURE</b>		
Remuneration and other employment-related costs and Expenses - employees	2,178,738	2,868,884
Advertising	67,435	225,158
Operating Costs	2,417,730	2,194,156
Donations to Political Parties	-	-
Legal Costs	146,983	89,562
<b>Total</b>	<b>5,810,884</b>	<b>5,377,760</b>

Signature of designated officer:  .....

Name and title of designated officer: DIANA ASMAR. .....

Dated: 03.09.2018 .....

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Statement of Profit & Loss for the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>Revenue</b>		
Membership Contributions / Subscriptions	5,561,776	5,337,859
Insurance Recovery	81,818	37,350
Sponsorships	66,636	12,770
Interest Received	34	48
Capitation Fees	-	-
Donations	9,033	-
Grants	-	-
Levies	-	-
Sundry Income	100,167	39,009
<b>Total Revenue</b>	<b>5,819,464</b>	<b>5,427,036</b>
<b>Expenses</b>		
Affiliations (see Note 20)	130,008	161,842
Accounting Fees	37,624	23,550
Advertising & Marketing	67,435	225,158
Audit Fees – Financial Statement Audit (Other services - \$nil)	15,000	14,000
Bad Debts	-	-
Bank Charges	10,078	6,145
Branch & Member Promotions & Merchandise	214,982	130,289
Capitation Fees – National Office	324,996	302,148
Catering & Entertainment	132,826	42,700
Cleaning & Consumables	21,362	11,345
Computer & IT Costs	123,099	112,083
Compulsory & Voluntary Levies – Other Parties	-	-
Commissions	2,008	3,898
Consideration to employers for payroll deductions	-	-
Consultants	40,918	27,819
Council Rates	3,891	3,852
Credit Charges and Finance Fees	48,634	38,073
Delegate Expenses	20,678	2,807
Depreciation	113,534	107,372
Donations <\$1,000	15,992	3,500
Donations >\$1,000	2,000	-
FWC Lodgement Fees	5,238	1,597
Electricity	10,947	8,739
Executive Meetings (Attendance Costs)	11,044	10,302
General Expenses	8,068	9,418
Grants <\$1,000	-	-
Grants >\$1,000	-	-
Interest Paid	7,545	11,680
Insurance (including Members Ambulance Cover)	180,178	383,870
Late Fees Paid	-	-
Legal Fees – Litigation	-	89,034
Legal Fees – Other Matters	146,983	528
Member Reward Cards	4,026	12,608
Member Services	18,301	9,204
Motor Vehicles Expenses	238,844	170,982
Other Expenses	416	14,984
Payroll Tax	143,265	124,657

(continued over)

The accompanying notes form part of this Financial Report

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Statement of Profit & Loss for the Year Ended 30 June 2018 (cont'd)

	2018 \$	2017 \$
<b>Expenses (cont'd)</b>		
Penalties – RO Act or Regulations	-	-
Photocopier Lease & Usage	36,482	34,155
Postage & Courier	46,826	47,630
Printing and Stationary	207,852	201,048
Property Rent & Body Corporate	47,571	18,304
Loss on sale of assets	-	-
Repairs and Maintenance	7,940	2,223
Security	-	1,739
Seminars & Training Courses	3,888	938
Staffing Costs	3,178,736	2,868,884
Storage	1,732	544
Subscriptions	-	-
Telephone & Internet	66,041	64,110
Travel and Accommodation	110,808	71,878
Water Rates	3,088	2,123
<b>Total Expenses</b>	<b>5,810,884</b>	<b>5,377,760</b>
<b>Net Profit for the Period</b>	<b>8,580</b>	<b>49,276</b>

The accompanying notes form part of this Financial Report

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Statement of Comprehensive Income for the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>Profit / (Loss) for the period</b>	<b>8,580</b>	<b>49,276</b>
Other comprehensive income for the period Gain on revaluation of plant and equipment	-	-
<b>Total comprehensive income for the period</b>	<b>8,580</b>	<b>49,276</b>
<b>Total comprehensive income attributable to: Members of the organisation</b>	<b>8,580</b>	<b>49,276</b>

The accompanying notes form part of this Financial Report

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	143,865	135,366
Receivables	4	218,830	247,464
Other Assets	5	783,722	417,211
<b>Total Current Assets</b>		<b>1,146,417</b>	<b>800,041</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	6	1,575,565	1,400,456
<b>Total Non Current Assets</b>		<b>1,575,565</b>	<b>1,400,456</b>
<b>Total Assets</b>		<b>2,721,982</b>	<b>2,200,497</b>
<b>Current Liabilities</b>			
Payables	7	872,236	339,340
Provisions	8	377,832	280,745
Interest Bearing Debt	9	32,115	90,301
<b>Total Current Liabilities</b>		<b>1,282,183</b>	<b>710,386</b>
<b>Non Current Liabilities</b>			
Interest Bearing Debt	9	51,284	110,176
<b>Total Non Current Liabilities</b>		<b>51,284</b>	<b>110,176</b>
<b>Total Liabilities</b>		<b>1,333,467</b>	<b>820,562</b>
<b>Net Assets</b>		<b>1,388,515</b>	<b>1,379,935</b>
<b>Equity</b>			
Retained Earnings	10(a)	1,371,515	1,362,935
Asset Revaluation Reserve	10(b)	17,000	17,000
<b>Total Equity</b>		<b>1,388,515</b>	<b>1,379,935</b>

The accompanying notes form part of this Financial Report

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Statement of Changes in Equity for the Year Ended 30 June 2018

	2018 \$	2017 \$
Retained Earnings – Beginning of Year	1,362,935	1,313,659
Profit / (Loss) for the Period	8,580	49,276
Other Comprehensive Income for the year	-	-
<b>Total Retained Earnings – End of Year</b>	<b>1,371,515</b>	<b>1,362,935</b>
Asset Revaluation Reserve – Beginning of Year	17,000	17,000
Movement	-	-
<b>Asset Revaluation Reserve – End of Year</b>	<b>17,000</b>	<b>17,000</b>

The accompanying notes form part of this Financial Report

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Statement of Cash Flows for the Year Ended 30 June 2018

	Notes	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>			
Contributions from Members		5,561,776	5,337,859
Other Receipts		286,288	156,479
Interest Received		34	48
Payments to Suppliers and Employees		(5,006,292)	(5,076,070)
Interest Paid		(7,545)	(11,680)
Per Capita and other payments to Federal Office		(420,041)	(305,000)
<b>Net Cash Provided by/(used in) Operating Activities</b>	12 (b)	<b>414,220</b>	<b>101,636</b>
<b>Cash flows from Investing Activities</b>			
Payments for Property, Plant and Equipment		(288,643)	(41,301)
Proceeds from Sale of Property, Plant and Equipment		-	7,213
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<b>(288,643)</b>	<b>(34,088)</b>
<b>Cash flows from Financing Activities</b>			
Hire Purchase Repayments & Pay Outs		(117,078)	(80,089)
<b>Net Cash Provided by/(Used) in Financing Activities</b>		<b>(117,078)</b>	<b>(80,089)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>8,499</b>	<b>(12,541)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>135,366</b>	<b>147,907</b>
<b>Cash and Cash Equivalents at End of Year</b>	12 (a)	<b>143,865</b>	<b>135,366</b>

The accompanying notes form part of this Financial Report



# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

### 1. Statement of Significant Accounting Policies

#### Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Union is a 'not for profit' entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

The financial report covers the Union as an Individual entity.

#### Accounting Policies

##### (a) Income Tax

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

##### (b) Property, Plant and Equipment

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

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

#### Depreciation

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

	2018 & 2017
Buildings	2.5%
Motor Vehicles	25%
Furniture and Office Equipment	13%-40%
Fixtures and Fittings	13%-40%

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

#### (c) Employee Benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Superannuation

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

The number of employees at the end of the period was 37 (2017: 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.

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

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

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

#### (f) Cash and Cash Equivalents

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

#### (g) Financial Instruments

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

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

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

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

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

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

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

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

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

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

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## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

#### (i) Leases

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

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

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

#### (j) Operating Segment

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

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

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

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

##### *Key Estimates – Impairment*

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

#### (l) Working Capital

At the date of demerger, the Union assumed a working capital deficiency of \$3.492 million. Through renegotiation of its bank loans and realisation of property, the Union has reduced its working capital deficit to \$0.13 million. Through ongoing membership growth and further cost control, the Union believes that it will continue to meet its debts, as and when they fall due.

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

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

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

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

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

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

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

- AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*.

AASB 2014-7: (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: *Financial Instruments (December 2014)*. More significantly, additional disclosure requirements have been added to AASB 7: *Financial Instruments: Disclosure regarding credit risk exposures of the entity*. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

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

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

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

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

The main changes introduced by the new Standard are as follows:

- new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as "peppercorn leases") principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058;
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

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

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018 (cont'd)

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

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

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions*.

Although the Committee of Management anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

- AASB 2016-8: *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*.

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: *Financial Instruments* and AASB 15: *Revenue from Contracts with Customers* as a consequence of AASB 1058: *Income of Not-for-Profit Entities* (refer to [1-0900]).

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

This pronouncement is not expected to impact the entity.

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

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

- (1) A Member of an organisation, or the Commissioner, Registered Organisations Commission, may apply to the organisation for specified prescribed information in relation to the organisation to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the organisation.
- (3) An organisation must comply with an application made under subsection (1).

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>3. Cash and Cash Equivalents</b>		
Cash at Bank	142,812	135,046
Petty Cash	1,053	320
	<u>143,865</u>	<u>135,366</u>
The weighted average interest rate for cash as at 30 June 2018 is 1.8% (2017: 1.5%)		
<b>4. Receivables</b>		
Sundry Debtors – Other	218,830	247,464
	<u>218,830</u>	<u>247,464</u>
Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date and no impaired debts exist		
<b>5. Other Assets</b>		
RTO Costs recoverable	282,401	27,497
Merchandise and Stationery – at cost	249,718	234,387
Prepayments	251,603	155,327
	<u>783,722</u>	<u>417,211</u>
<b>6. Property, Plant and Equipment</b>		
Buildings		
At Cost	1,165,934	1,165,934
Less: Accumulated Depreciation	(71,712)	(42,590)
	<u>1,094,222</u>	<u>1,123,344</u>
Office Equipment		
At Valuation	57,335	57,335
At Cost	86,637	31,637
Less: Accumulated Depreciation	(71,061)	(53,268)
	<u>72,911</u>	<u>35,704</u>
Computers & IT		
At Valuation	94,376	94,376
At Cost	198,052	84,408
Less: Accumulated Depreciation	(171,161)	(147,050)
	<u>121,267</u>	<u>31,734</u>
Motor Vehicles		
At Cost	373,467	333,868
Less: Accumulated Depreciation	(86,302)	(124,194)
	<u>287,165</u>	<u>209,674</u>
<b>Total Property, Plant and Equipment</b>	<b><u>1,575,565</u></b>	<b><u>1,400,456</u></b>



## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

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

<b>2018</b>	<b>Buildings</b>	<b>Office Equipment</b>	<b>Computers &amp; IT</b>	<b>Motor Vehicles</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Opening Balance	1,123,344	35,704	31,734	209,674	1,400,456
Additions	-	55,000	133,643	120,000	288,643
Disposals	-	-	-	-	-
Depreciation expense	(29,122)	(17,793)	(24,110)	(42,509)	(113,534)
Carrying amount at end of period	1,094,222	72,911	121,267	287,165	1,575,565

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

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

The land and buildings are controlled by the Branch, hence their inclusion in the financial report.

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>7. Payables</b>		
Trade Creditors	468,469	225,176
GST Payable	182,079	43,003
PAYG Withholding Payable	150,907	40,121
Payroll Tax	(2,118)	12,000
Superannuation Payable	72,899	19,040
	<b>872,236</b>	<b>339,340</b>

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	377,832	280,745
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Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Officeholders	77,742	64,209	-	-	77,742	64,209
Other Staff	300,090	216,536	-	-	300,090	216,536
<b>Total</b>	<b>377,832</b>	<b>280,745</b>	<b>-</b>	<b>-</b>	<b>377,832</b>	<b>280,745</b>

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above (2017: \$nil).

#### Employee Provisions

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

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

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

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

	2018	2017
	\$	\$
<b>9. Interest Bearing Debt</b>		
<i>Current</i>		
Hire Purchase Liability	32,115	90,301
	<u>32,115</u>	<u>90,301</u>
<i>Non Current</i>		
Hire Purchase Liability	51,284	110,176
	<u>51,284</u>	<u>110,176</u>
<b>10. Equity</b>		
(a) Retained Earnings		
Balance at beginning of year	1,362,935	1,313,659
Transfer – Asset Revaluation Revenue	-	-
Net Profit for year	8,580	49,276
	<u>1,371,515</u>	<u>1,362,935</u>
Balance at end of year		
(b) Asset Revaluation Reserve		
Balance at beginning of year	17,000	17,000
Revaluation increment arising on revaluing plant and equipment	-	-
Transfer to Retained Earnings after disposal	-	-
	<u>17,000</u>	<u>17,000</u>
Balance at end of year		
<b>Total Equity</b>	<u><b>1,388,515</b></u>	<u><b>1,379,935</b></u>

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

#### 11. Employee Benefits

Employee benefits paid/accrued during the period

	Elected Officials		Other Staff		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Wages and Salaries	677,127	525,141	2,150,615	2,126,856	2,827,742	2,651,997
Annual Leave	13,533	24,954	83,554	(27,019)	97,087	(2,065)
Long Service Leave and Retirement Allowance	-	-	-	-	-	-
Superannuation	61,960	48,705	191,147	170,247	253,907	218,952
Other Benefits	-	-	-	-	-	-
<b>Total</b>	<b>752,620</b>	<b>598,800</b>	<b>2,426,116</b>	<b>2,270,084</b>	<b>3,178,736</b>	<b>2,868,884</b>

There were no expenses this year or in 2017 to elected officers for separation and redundancy, nor other employee expenses including retirement allowances. In respect of other staff, total separation and redundancy costs amounted to \$nil (2017: \$nil), of which \$nil (2017: \$nil) were offset against the initial provision recognised under the Deed Poll. No other employee expenses, long service leave expenses or retirement expenses were incurred in respect of other staff during the year.

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

12. Cash Flow Information	2018	2017
	\$	\$
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	142,813	135,046
Cash on Hand	1,052	320
	<u>143,865</u>	<u>135,366</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit before Tax</u>	<u>8,580</u>	<u>49,276</u>
<u>Non Cash Items</u>		
Depreciation	113,534	107,372
Provision for Employee Benefits	97,087	(2,065)
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Other Assets	(366,511)	(169,562)
Increase/(Decrease) in Trade Creditors and Accruals	393,820	98,487
(Increase)/Decrease in Sundry Debtors	28,634	67,400
(Increase)/Decrease in GST	139,076	(49,272)
Net Cash Provided by/(used in) Operating Activities	<u>414,220</u>	<u>101,636</u>

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

#### 13. Related Party Information

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

President  
D Eden

Secretary  
D Asmar

Vice-President  
R Barclay

Committee of Management

A Hargreaves  
L Smith  
N Alim-Arslan  
L Atkinson  
S Tonkin  
C Fischer

V Mitchell  
S Stone  
S Jacks  
N Katsis  
L Fisher  
D Stratton

K Vasiliadis  
D Keane  
E Lambrou  
P Medley

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

D Asmar	D Eden	T Rowley
L Atkinson	N Katsis	
R Barclay	S Mitchell	

	2018			2017		
	(Salary) Short Term Benefits \$	Post Employment Benefits \$	Total \$	(Salary) Short Term Benefits \$	Post Employment Benefits \$	Total \$
<b>c. Key Management Personnel Remuneration</b>						
Total Compensation	877,127	61,960	939,087	525,141	48,705	573,846

	2018			2017		
	Annual Leave \$	Long Service Leave \$	Total \$	Annual Leave \$	Long Service Leave \$	Total \$
<b>d. Annual Leave and Long Service Leave Accrued for Key Management Personnel During the Year</b>						
Total	13,633	13,633	27,266	24,954	-	24,954

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

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

### 13. Related Party Information (Cont'd)

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

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

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

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

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

Per Capital Payment	2018	2017
	\$	\$
During the period, the Union incurred to the Federal Office a per capita payment calculated in accordance with the rules.	324,996	302,148
Other		
During the year, the Union paid to the Federal Office reimbursement of expenses for the National Executive and National Council of \$426 (2017: \$2,742) and other payments of \$nil (2017: \$110).		
Amounts receivable/(payable) at reporting date – Federal office and other branches	(75,601)	-

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

14. Commitments	2018	2017
	\$	\$
Capital expenditure commitments as at 30 June 2018 & 2017 – \$nil.		
Hire Purchase Commitments		
<1 year	35,103	94,111
1 – 5 years	52,385	122,669
	<u>87,488</u>	<u>216,780</u>
Less Future Finance Changes	(4,089)	(16,303)
Net Liabilities	<u>83,399</u>	<u>200,477</u>

### 15. Contingent Liability

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

### 16. Segment Reporting

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

### 17. Union's Details

The principal place of business of the Union is:  
Level 5, 222 Kingsway  
SOUTH MELBOURNE VIC 3205

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

#### 18. Financial Instruments

##### a. Financial Risk Management

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

The Union does not have any derivative instruments at 30 June 2018 (2017: \$nil).

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

##### i Treasury Risk Management

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

##### ii Financial Risk

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

##### *Foreign Currency*

The Union is not exposed to fluctuations in foreign currency.

##### *Liquidity Risk*

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

##### *Credit Risk*

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

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



## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

#### 18. 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	142,813	135,046	-	-	-	-	1,052	320	143,865	135,366	1.80	1.50
Receivables	-	-	-	-	-	-	218,830	247,464	218,830	247,464	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	783,722	417,211	783,722	417,211	n/a	n/a
<b>Total</b>	<b>142,813</b>	<b>135,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003,604</b>	<b>664,995</b>	<b>1,146,417</b>	<b>800,041</b>		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	32,115	90,301	51,284	110,176	-	-	83,399	200,477	6.50	6.50
Payables	-	-	-	-	-	-	872,236	339,340	872,236	339,340	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32,115</b>	<b>90,301</b>	<b>51,284</b>	<b>110,176</b>	<b>872,236</b>	<b>339,340</b>	<b>955,635</b>	<b>539,817</b>		
<b>Net Financial Assets/(Liabilities)</b>	<b>142,813</b>	<b>135,046</b>	<b>(32,115)</b>	<b>(90,301)</b>	<b>(51,284)</b>	<b>(110,176)</b>	<b>131,368</b>	<b>325,655</b>	<b>190,782</b>	<b>260,224</b>		

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

#### c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2018 is estimated at \$nil (2017: \$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 2018.

#### d. Sensitivity Analysis

##### Interest rate risk

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

##### Interest rate sensitivity analysis

At 30 June 2018, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

	2018 \$	2017 \$
Change in profit		
Increase in interest rate by 2%	2,856	2,700
Decrease in interest rate by 2%	(2,856)	(2,700)
Change in equity		
Increase in interest rate by 2%	2,856	2,700
Decrease in interest rate by 2%	(2,856)	(2,700)

#### e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2018 (2017: \$nil). Hence, no impairment provision has been recorded. All receivables reported at 30 June 2018 were aged 0-30 days.

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

### 19. Fair Value Measurement

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

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

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

#### a. Fair Value Hierarchy

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

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

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

#### Valuation techniques

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

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

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

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

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

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

	30 June 2018			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<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	-	1,094,222	-	-
<b>Total non-financial assets recognised at fair value</b>	-	-	-	-

	30 June 2017			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<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	-	1,123,344	-	1,123,344
<b>Total non-financial assets recognised at fair value</b>	-	1,123,344	-	1,123,344

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

Description	Fair Value at 30 June 2018 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Freehold land & buildings		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate

# Health Services Union Victoria No 1 Branch – 2018 Financial Report

## Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

#### c. Disclosed Fair Value Measurements

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

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

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

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

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

20. Affiliation Fees	2018 \$	2017 \$
Australian Labour Party - Victoria	22,989	42,646
Trades Hall Council	-	24,392
ACTU	86,724	79,359
Bendigo Trades Hall Council	1,352	1,252
Ballarat Regional Trade Council	7,267	6,544
Geelong Trades Hall Council	11,676	7,649
	<u>130,008</u>	<u>161,842</u>

## Health Services Union Victoria No 1 Branch – 2018 Financial Report

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### Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

#### 21. Other Disclosures

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

Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members of the Union and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible.

There were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions at reporting date (2017: \$Nil).

Included in trade payables is \$57,658 (2017: \$5,797) payable for legal costs. Of the 2018 amount, \$nil (2017: \$nil) was for litigation, \$57,658 (2017: \$5,797) for other matters.

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

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

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

For the financial year ended 30 June 2018 :

-there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Branch; and

-there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose.

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

To the Members of Health Services Union Victoria No1 Branch

**Report on the Audit of the Financial Report**

***Auditor's Opinion***

We have audited the financial report of Health Services Union Victoria No1 Branch (the Branch), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Branch as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that management's use of the going concern basis in the preparation of the financial statements of the Branch is appropriate.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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



### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Branch is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Committee of Management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.




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

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

No revenue has been derived from undertaking recovery of wages activity during the 2018 financial year, as confirmed in the Committee of Management statement.

*Stannards*  
Stannards Accountants and Advisors

  
Michael B Shulman  
Registered Company Auditor (163888)  
Holder of Current Public Practice Certificate  
Approved Auditor (FWC Act and Regulations – AA2018/45)

Melbourne, VIC  
Dated: *31/1/18*