Australian Government
Registered Organisations Commission

10 January 2020

Diana Asmar
Secretary, Victorian No 1 Branch
Health Services Union

Dear Secretary

Re: – Health Services Union, Victorian No 1 Branch - financial report for year ending 30 June 2019 (FR2019/66)

I refer to the financial report of the Victorian No 1 Branch of the Health Services Services Union. The documents were lodged with the Registered Organisations Commission (**ROC**) on 10 December 2019.

The financial report has 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.

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

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 questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett

Stephen Kellett
Financial Reporting
Registered Organisations Commission

HEALTH WORKERS UNION

2 December 2019

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 2019, 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 7th October 2019.
3. That the full report was provided to members from the 15th October 2019 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 2nd December 2019 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
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Ph: (03) 9341 3300 Fax: (03) 9341 3334 Email: info@hwu.org.au Website: www.hwu.org.au

Health Services Union Victoria Branch No 1

known as Health Workers Union

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

Operating Report
for the year ended 30 June 2019

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 its members.

Review of results

During the current year, the Union generated a surplus of $11,849 (2018: $8,580). Excluding depreciation (a non cash item), the adjusted surplus was $107,875 (2018:$122,114). The primary objective of the Union during 2019 has been to provide members with ongoing appropriate representation. We believe this has been achieved. In the 2020 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 2020 and enhanced member training. 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 2019, the number of members of the organisation recorded in the register of members was 14,044 (2018:13,982).

Number of Employees
As at 30 June 2019, the number of full time equivalent employees was 31.20 (2018:30.04).

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
D Stratton	A Hargreaves	N Katsis
K Vasiliadis	L Atkinson	L Fisher
S Stone	L Smith	E Lambrou

All members were on the Committee from 1 July 2018, unless an alternative appointment date is stated above.

Operating Report
for the year ended 30 June 2019
(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 15 day of October 2019

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

FOR THE YEAR ENDED 30 JUNE 2019

I, Diana Asmar, being the Secretary of the Health Services Union Victoria No 1 Branch (HSU1) certify:

(i) That the documents lodged herewith are copies of the full report for the HSU1 for the period ended 30 June 2019 referred to in Section 268 of the *Fair Work (Registered Organisations) Act 2009*; and

(ii) That the full report was provided to members of the reporting unit on 15/10/2019

....

Diana Asmar (Secretary)

Designated Officer

Dated this 15 day of October 2019.

OFFICER DECLARATION STATEMENT

I, Diana Asmar, being the Secretary of the Health Services Union Victoria No 1 Branch, declare that all activities required to be disclosed during the reporting period ended 30 June 2019 have been disclosed in the financial report.

....

Diana Asmar – Secretary

Designated Officer

Dated: ....15/10/2019.......

CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Health Services Union Victoria No 1 Branch passed the following resolution on 7 | 10 | 2019 in relation to the general purpose financial report of the reporting unit for the year ended 30 June 2019.

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 and the Reporting Guidelines 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;

iv. the information sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner;

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 2019 that have not been responded to by the Union; and

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;

For the Committee of Management:

D Eden   D Asmar

Dated this 15 day of October 2019

stannards
ACCOUNTANTS and ADVISORS

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 2019 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
1/60 Toorak Road, South Yarra Vic 3141

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

Dated this 15th day of October 2019

Stannards Accountants and Advisors Pty Ltd
A.C.N. 006 857 441
Postal: PO Box 581, South Yarra, Vic 3141
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Partners
Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Peter Angelini, CA
Nick Jeans, CPA

Section 255 (2A) Expenditure Report
For the Year ended 30 June 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

	Note	2019 $	2018 $
CATEGORIES OF EXPENDITURE			
Remuneration and other employment-related costs and expenses - employees		3,013,306	3,178,736
Advertising		57,660	67,435
Operating Costs		2,509,401	2,417,730
Donations to Political Parties		-	-
Legal Costs		94,686	146,983
Total		**5,675,053**	**5,810,884**

Diana Asmar – Secretary: ....

Signature of designated officer: ....

Dated: 15/10/2019

The accompanying notes form part of this Financial Report

Statement of Profit & Loss
for the Year Ended 30 June 2019

	2019 $	2018 $
Revenue		
Membership Contributions / Subscriptions	5,476,368	5,561,776
Insurance Recovery	-	81,818
Sponsorships	-	66,636
Interest Received	4	34
Capitation Fees	-	-
Donations	-	9,033
Grants	-	-
Levies	-	-
Training Development	130,000	-
Sundry Income	80,530	100,167
Total Revenue	**5,686,902**	**5,819,464**
Expenses		
Affiliations (see Note 20)	240,077	130,008
Accounting Fees	46,176	37,624
Advertising & Marketing	57,660	67,435
Audit Fees – Financial Statement Audit (Other services - $nil)	17,300	15,000
Bad Debts	-	-
Bank Charges	18,676	10,078
Branch & Member Promotions & Merchandise	194,929	214,982
Capitation Fees – National Office	286,738	324,996
Catering & Entertainment	120,682	132,826
Cleaning & Consumables	15,791	21,362
Computer & IT Costs	141,040	123,099
Compulsory & Voluntary Levies – Other Parties	-	-
Commissions	2,750	2,008
Consideration to employers for payroll deductions	-	-
Consultants	-	40,918
Council Rates	4,383	3,891
Credit Charges and Finance Fees	64,791	48,634
Delegate Expenses	38,390	20,678
Depreciation	96,026	113,534
Donations <$1,000	50	15,992
Donations >$1,000	-	2,000
FWC Lodgement Fees	722	5,238
Electricity	14,698	10,947
Executive Meetings (Attendance Costs)	2,683	11,044
General Expenses	8,473	8,068
Grants <$1,000	-	-
Grants >$1,000	-	-
Interest Paid	37,200	7,545
Insurance (including Members Ambulance Cover)	235,848	180,178
Late Fees Paid	-	-
Legal Fees – Litigation	-	-
Legal Fees – Other Matters	94,686	146,983
Member Reward Cards	16,711	4,026
Member Services	-	18,301
Motor Vehicles Expenses	223,408	238,844
Other Expenses	-	416
Payroll Tax	136,196	143,265

(continued over)

Statement of Profit & Loss for the Year Ended 30 June 2019 (cont'd)

	2019 $	2018 $
Expenses (cont'd)		
Penalties – RO Act or Regulations	-	-
Photocopier Lease & Usage	26,800	36,482
Postage & Courier	49,366	46,826
Printing and Stationary	303,758	207,852
Body Corporate Charges	23,006	47,571
Repairs and Maintenance	115	7,940
Seminars & Training Courses	1,722	3,888
Staffing Costs	3,013,306	3,178,736
Storage	1,698	1,732
Subscriptions	-	-
Telephone & Internet	58,749	66,041
Travel and Accommodation	78,551	110,808
Water Rates	1,898	3,088
Total Expenses	**5,675,053**	**5,810,884**
Net Profit for the Period	**11,849**	**8,580**

The accompanying notes form part of this Financial Report

Statement of Comprehensive Income for the Year Ended 30 June 2019

	2019 $	2018 $
Profit / (Loss) for the period	11,849	8,580
Other comprehensive income for the period		
Gain on revaluation of plant and equipment	-	-
Total comprehensive income for the period	11,849	8,580
Total comprehensive income attributable to:		
Members of the organisation	**11,849**	**8,580**

The accompanying notes form part of this Financial Report

Statement of Financial Position
as at 30 June 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and Cash Equivalents	3	124,997	143,865
Receivables	4	364,076	218,830
Other Assets	5	840,091	783,722
Total Current Assets		**1,329,164**	**1,146,417**
Non Current Assets			
Property, Plant and Equipment	6	1,577,600	1,575,565
Intangibles	21	200,000	-
Total Non Current Assets		1,777,600	1,575,565
Total Assets		**3,106,764**	**2,721,982**
Current Liabilities			
Payables	7	1,044,141	872,236
Provisions	8	273,260	377,832
Interest Bearing Debt	9	186,719	32,115
Total Current Liabilities		**1,504,120**	**1,282,183**
Non Current Liabilities			
Provisions	8	71,000	-
Interest Bearing Debt	9	131,280	51,284
Total Non Current Liabilities		202,280	51,284
Total Liabilities		**1,706,400**	**1,333,467**
Net Assets		**1,400,364**	**1,388,515**
Equity			
Retained Earnings	10(a)	1,383,364	1,371,515
Asset Revaluation Reserve	10(b)	17,000	17,000
Total Equity		**1,400,364**	**1,388,515**

The accompanying notes form part of this Financial Report

Statement of Changes in Equity
for the Year Ended 30 June 2019

	2019 $	2018 $
Retained Earnings – Beginning of Year	1,371,515	1,362,935
Profit / (Loss) for the Period	11,849	8,580
Other Comprehensive Income for the year	-	-
Total Retained Earnings – End of Year	**1,383,364**	**1,371,515**
Asset Revaluation Reserve – Beginning of Year	**17,000**	**17,000**
Movement	-	-
Asset Revaluation Reserve – End of Year	**17,000**	**17,000**

The accompanying notes form part of this Financial Report

Statement of Cash Flows
for the Year Ended 30 June 2019

	Notes	2019 Inflows/ (Outflows) $	2018 Inflows/ (Outflows) $
Cash flows from Operating Activities			
Contributions from Members		5,476,368	5,561,776
Other Receipts		65,284	286,288
Interest Received		4	34
Payments to Suppliers and Employees		(5,168,334)	(5,006,292)
Interest Paid		(37,200)	(7,545)
Per Capita and other payments to Federal Office		(291,529)	(420,041)
Net Cash Provided by Operating Activities	12 (b)	44,593	414,220
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(98,061)	(288,643)
Payments for Intagibles		(200,000)	-
Net Cash (Used) in Investing Activities		(298,061)	(288,643)
Cash flows from Financing Activities			
Hire Purchase Repayments & Borrowings		234,600	(117,078)
Net Cash Provided by/(Used) in Financing Activities		234,600	(117,078)
Net (Decrease)/Increase in Cash and Cash Equivalents		(18,868)	8,499
Cash and Cash Equivalents at Beginning of Year		143,865	135,366
Cash and Cash Equivalents at End of Year	12 (a)	124,997	143,865

The accompanying notes form part of this Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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 & 2019
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 2019

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 33 (2018: 37).

(d) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis. They are received in full, or on a periodic basis as agreed with members.

Interest revenue is recognised on an accrual basis.

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

Where government grant income is received it is not recognised as income until conditions attaching to its receipt have been reasonably complied with by the Union.

No changes to comparative information were required given the adoption of AABS15: Revenue from Contracts with Customers.

All revenue is recognised at the point of sale/service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Union commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified as "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers.*

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Union's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluaton reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie delivery of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Union measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meets its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Recognition of expected credit losses in financial statements

At each reporting date, the Union recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

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 & 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 Income Statement.

(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.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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 $0.175 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.

(m) Acquisition of assets and or liabilities that do not constitute a business combination

The Union did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, or a restructure of branches or a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the Fair Work (Registered Organisations) Act 2009.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

(n) New Accounting Standards for Application in Future Periods

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 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.

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.

The Committee of Management anticipate that the adoption of AASB 16 will not impact the entity's financial statements.

2. Information to be provided to Members, Commission, Regulated Organisation Commission

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, 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).

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019 (cont'd)

		2019 $	2018 $
3.	**Cash and Cash Equivalents**		
	Cash at Bank	124,341	142,812
	Petty Cash	656	1,053
		124,997	143,865
	The weighted average interest rate for cash as at 30 June 2019 is 1.5% (2018: 1 8%)		
4.	**Receivables**		
	Sundry Debtors	364,076	218,830
		364,076	218,830
	Sundry debtors are non-interest bearing and unsecured. They are all within trading terms at reporting date and no impaired debts exist, nor are any credit loss provided for.		
5.	**Other Assets**		
	RTO Costs recoverable	348,878	282,401
	Merchandise and Stationery – at cost	223,167	249,718
	Prepayments	268,046	251,603
		840,091	783,722
6.	**Property, Plant and Equipment**		
	Buildings		
	At Cost	1,165,934	1,165,934
	Less: Accumulated Depreciation	(100,834)	(71,712)
		1,065,100	1,094,222
	Office Equipment		
	At Valuation	57,335	57,335
	At Cost	95,334	86,637
	Less: Accumulated Depreciation	(91,854)	(71,061)
		60,815	72,911
	Computers & IT		
	At Valuation	94,376	94,376
	At Cost	248,391	198,052
	Less: Accumulated Depreciation	(195,272)	(171,161)
		147,495	121,267
	Motor Vehicles		
	At Cost	401,805	373,467
	Less: Accumulated Depreciation	(97,615)	(86,302)
		304,190	287,165
	Total Property, Plant and Equipment	**1,577,600**	**1,575,565**

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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.

2019	Buildings $	Office Equipment $	Computers & IT $	Motor Vehicles $	Total $
Opening Balance	1,094,222	72,911	121,267	287,165	1,575,565
Additions	-	8,617	50,339	39,105	98,061
Disposals	-	-	-	-	-
Depreciation expense	(29,122)	(20,713)	(24,111)	(22,080)	(96,026)
Carrying amount at end of period	1,065,100	60,815	147,495	304,190	1,577,600

2018	Buildings $	Office Equipment $	Computers & IT $	Motor Vehicles $	Total $
Opening Balance	1,123,344	35,704	31,734	209,674	1,400,456
Additions	-	55,000	113,643	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

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

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

		2019 $	2018 $
7.	**Payables**		
	Trade & Other Creditors	634,613	468,469
	GST Payable	300,907	182,079
	PAYG Withholding Payable	67,384	150,907
	Payroll Tax	(959)	(2,118)
	Superannuation Payable	42,196	72,899
		1,044,141	872,236

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

		2019 $	2018 $
8.	**Provisions**		
	Current		
	Annual Leave and Other Entitlements	273,260	377,832
	Non Current		
	Long Service Leave	71,000	-

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

	Annual Leave & Other Entitlements 2019 $	Annual Leave & Other Entitlements 2018 $	Long Service Leave 2019 $	Long Service Leave 2018 $	Total 2019 $	Total 2018 $
Officeholders	39,678	61,742	44,000	-	83,678	61,742
Other Staff	233,582	316,090	27,000	-	260,582	316,090
Total	273,260	377,832	71,000	-	344,260	377,832

There were no provisions at year end for separation and redundancy and/or other employee amounts, except as stated above (2018: $nil).

Employee Provisions

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

The current portion for this provision includes the total amount accrued for annual leave entitlements, ADOs 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, ADO 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.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

		2019 $	2018 $
9.	**Interest Bearing Debt**		
	Current		
	Hire Purchase Liability	56,719	32,115
	Loan – Unsecured	130,000	-
		186,719	32,115
	Non Current		
	Hire Purchase Liability	131,280	51,284
		131,280	51,284
10.	**Equity**		
(a)	Retained Earnings		
	Balance at beginning of year	1,371,515	1,362,935
	Transfer – Asset Revaluation Revenue	-	-
	Net Profit for year	11,849	8,580
	Balance at end of year	1,383,364	1,371,515
(b)	Asset Revaluation Reserve		
	Balance at beginning of year	17,000	17,000
	Revaluation increment arising on revaluing plant and equipment	-	-
	Transfer - Retained Earnings	-	-
	Balance at end of year	17,000	17,000
	Total Equity	**1,400,364**	**1,388,515**

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

11. Employee Benefits

Employee benefits paid/accrued during the period

	Elected Officials		Other Staff		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Wages and Salaries	611,531	677,127	2,180,817	2,150,615	2,792,348	2,827,742
Annual Leave/ ADOs	(22,064)	13,533	(82,508)	83,554	(104,572)	97,087
Long Service Leave	44,000	-	27,000	-	71,000	-
Superannuation	56,896	61,960	197,634	191,947	254,530	253,907
Other Benefits	-	-	-	-	-	-
Total	**690,363**	**752,620**	**2,322,943**	**2,426,116**	**3,013,306**	**3,178,736**

There were no expenses this year or in 2018 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 (2018: $nil). No other employee expenses were incurred in respect of staff during the year.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

12. Cash Flow Information

		2019 $	2018 $
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	124,341	142,812
	Cash on Hand	656	1,053
		124,997	143,865
b.	Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
	Net Profit before Tax	11,849	8,580
	Non Cash Items		
	Depreciation	96,026	113,534
	Provision for Employee Benefits	(33,572)	97,087
	Changes in Operating Assets and Liabilities		
	(Increase)/Decrease in Other Assets	(56,369)	(366,511)
	Increase/(Decrease) in Trade Creditors and Accruals	(53,077)	393,820
	(Increase)/Decrease in Sundry Debtors	(145,246)	28,634
	(Increase)/Decrease in GST	118,828	139,076
	Net Cash Provided by Operating Activities	44,593	414,220

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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 R Barclay	Secretary D Asmar	
Vice-President L Atkinson	Jr Vice-President S Jacks	
Committee of Management A Hargreaves L Smith L Fisher	V Mitchell S Stone N Katsis	K Vasiliadis D Keane E Lambrou D Stratton

b. Names of key management personnel at any time during the year

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

	2019 $			2018 $		
c. Key Management Personnel Remuneration	**(Salary) Short Term Benefits $**	**Post Employment Benefits $**	**Total $**	**(Salary) Short Term Benefits $**	**Post Employment Benefits $**	**Total $**
Total Compensation	721,378	67,129	788,507	677,127	61,960	739,087

	2019 $			2018 $		
d. Annual Leave, ADOs and Long Service Leave Accrued for Key Management Personnel During the Year	**Annual Leave & ADOs $**	**Long Service Leave $**	**Total $**	**Annual Leave & ADOs $**	**Long Service Leave $**	**Total $**
Total	(17,579)	44,000	26,421	13,533	-	13,533

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

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

13. Related Party Information (Cont'd)

The officeholders received no 'non cash' benefits other than motor vehicle usage during the year. 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	2019 $	2018 $
During the period, the Union incurred to the Federal Office a per capita payment calculated in accordance with the rules.	286,738	324,996
Other During the year, the Union paid to the Federal Office reimbursement of expenses for the National Executive and National Council of $nil (2018: $2,426) and other payments of $nil (2018: $nil).		
Amounts receivable/(payable) at reporting date – Federal Office and other branches	(99,484)	(75,601)

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

14. Commitments

	2019 $	2018 $
Capital expenditure commitments as at 30 June 2019 & 2018 – $nil.		
Hire Purchase Commitments		
<1 year	59,859	35,103
1 – 5 years	137,539	52,385
	197,398	87,488
Less Future Finance Changes	(9,399)	(4,089)
Net Liabilities	187,999	83,399

15. Contingent Liabilities & Assets

No known liabilities or assets 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

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 2019 (2018: $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.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(i)	Financial Assets	$	$	$	$	$	$	$	$	$	$	%	%
	Cash and Cash Equivalents	124,341	142,812	-	-	-	-	656	1,053	124,997	143,865	1.50	1.80
	Receivables	-	-	-	-	-	-	364,076	218,830	364,076	218,830	n/a	n/a
	Other Financial Assets	-	-	-	-	-	-	840,091	783,722	840,091	783,722	n/a	n/a
	Total	124,341	142,812	-	-	-	-	1,204,823	1,003,605	1,329,164	1,146,417		
(ii)	Financial Liabilities												
	Interest Bearing Debt	-	-	186,719	32,115	131,280	51,284	-	-	317,999	83,399	5.00	6.50
	Payables	-	-	-	-	-	-	1,044,141	872,236	1,044,141	872,236	n/a	n/a
	Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
	Total	-	-	186,719	32,115	131,280	51,284	1,044,141	872,236	1,362,140	955,635		
	Net Financial Assets/(Liabilities)	124,341	142,812	(186,719)	(32,115)	(131,280)	(51,284)	160,682	131,369	(32,976)	190,782		

18. Financial Instruments (cont'd)

c. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2019 is estimated at $nil (2018: $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 2019.

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 2019, the effect on profit and equity as a result of changes in interest rates, with all other variable remaining constant, would be as follows:

	2019	**2018**
	$	**$**
Change in profit		
Increase in interest rate by 2%	2,486	2,856
Decrease in interest rate by 2%	(2,486)	(2,856)
Change in equity		
Increase in interest rate by 2%	2,486	2,856
Decrease in interest rate by 2%	(2,486)	(2,856)

e. Past due receivables

There were no receivables past their 'due by' date at 30 June 2019 (2018: $nil). Hence, no impairment or credit loss provision has been recorded. All receivables reported at 30 June 2019 were aged 0-30 days.

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.

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 2019			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
Non-financial assets				
Freehold land & buildings	-	1,065,100	-	1,065,100
Total non-financial assets recognised at fair value	-	1,065,100	-	1,065,100

	30 June 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
Non-financial assets				
Freehold land & buildings	-	1,094,222	-	1,094,222
Total non-financial assets recognised at fair value	-	1,094,222	-	1,094,222

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

Description	Fair Value at 30 June 2019 $	Valuation Technique(s)	Inputs Used
Non-financial assets			
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

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 positon, but their fair values are disclosed in the notes:-

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

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
Assets			
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
Liabilities			
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

	2019 $	2018 $
Australian Labor Party	77,394	22,989
ACTU	87,018	86,724
Bendigo Trades Hall Council	1,252	1,352
Ballarat Regional Trade Council	3,683	7,267
Geelong Trades Hall Council	1,974	11,676
Trades Hall Council	68,048	-
Sundry	708	-
	240,077	130,008

21 Intangibles	2019 $	2018 $
Intellectual Training Property	200,000	-

During the year, the Union acquired intellectual training property for $0.2 million. Such property will be amortised over its estimated economic life, when it is first used. Its recoverability has been assessed by reference to the present value of future expected discounted cash flows, adopting a weighted average cost of capital discount rate.

22. 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 (2018: $Nil).

Included in trade payables is $91,426 (2018: $57,658) payable for legal costs. Of the 2019 amount, $nil (2018: $nil) was for litigation, $91,426 (2018: $57,058) for other matters.

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.

The Union did not make a payment to any former related entity during the year.

The Union did not recover any wages during the year, nor recognise any recovery as income.

For the financial year ended 30 June 2019 :

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

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

- there was no balance held within the general fund, nor any compulsory or voluntary contributions as funds invested in specific assets.

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ACCOUNTANTS and ADVISORS

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 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255 (2A) Report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Branch as at 30 June 2019, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SERVICES UNION VICTORIA NO1 BRANCH (Cont'd)

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.

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ACCOUNTANTS and ADVISORS

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 2019 financial year.

I declare that I am an auditor registered under the RO Act.

Stannards Accountants and Advisors

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

Melbourne, VIC
Dated: 15 Oct 2019