



9 November 2017

Mr Lloyd Williams
Secretary, Victoria – No 2 Branch
Health Services Union

Sent via email

Dear Mr Williams

Re: – Health Services Union, Victoria No 2 Branch - financial report for year ending 30 June 2017 (FR2017/144)

I refer to the financial report of the Victoria No 2 Branch of the Health Services Union. The documents were lodged with the Registered Organisations Commission ('the ROC') on 3 November 2017.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 2018 may be subject to an advanced compliance review.

Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

From: Corinne Ioannou [<mailto:CorinneI@hacsu.asn.au>]
Sent: Friday, 3 November 2017 8:32 AM
To: ROC - Registered Org Commission
Subject: HPRM: ON CMS FR2017/144 HSU VIC 2 financial report 2017 to ROC.pdf

[FR2017/144](#)

Please find attached our financial report and officer certificate.

***Designated Officers Certificate - s268 Fair Work (Registered Organisations)
Health Services Union of Australia Victoria No.2 Branch.
Financial Statement for Year Ending 30 June 2017***

Yours Sincerely



Corinne Ioannou
[Executive Assistant to Lloyd Williams](#)

Health and Community Services Union (HACSU)
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to ROC.pdf

2 November 2017

lw170340

Registered Organisations Commission
GPO Box 2983
Melbourne VIC 3001

email: regorgs@roc.gov.au

Dear Sir,

**Re: *Designated Officers Certificate - s268 Fair Work (Registered Organisations)
Health Services Union of Australia Victoria No.2 Branch.
Financial Statement for Year Ending 30 June 2017***

I, Lloyd Williams, being the Branch Secretary of the Victoria No. 2 Branch of the Health Services Union, certifies:

1. That the document lodged herewith is a copy of the Full Financial Report for the year ending 30th June 2017 referred to in s265 of the Fair Work (Registered Organisations) Act 2009; and.
2. That this document was presented to and accepted by our Branch Committee of Management meeting on the 24th August 2017 [*the first meeting*].
3. That the Financial Report was published to members on the 5th September 2017; and
4. That the Financial Report was presented to and accepted at a General Meeting of members of the Branch on the 26th October 2017 [*the second meeting*] in accordance with section 266 (1) (2).

If you have any queries please do not hesitate to contact me.

Yours sincerely,



Lloyd Williams
Branch Secretary

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

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



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This financial report covers the Health Services Union Victorian No. 2 Branch as an individual entity. The financial report is presented in the Australian currency.

The Health Services Union Victorian No. 2 Branch is a registered trade union under the *Fair Work (Registered Organisations) Act 2009*. The purpose of the entity is to protect and improve conditions and entitlements for members. Its principle activities are the pursuit of the Objects of the Union's Rules. Specifically, the main activities of the Branch are to regulate and protect the employment conditions of its members, including: negotiating certified agreements and award variations; upholding members' rights as employees, taking all necessary steps to advance the health and safety of members in the workplace and representing members individually and collectively in the Australian Industrial Relations Commission, the Equal Opportunity Commission and the Victorian Civil and Administrative Tribunal in relation to employment matters

The principal place of business is:

Health Services Union Victorian No. 2 Branch
7 Grattan Street
CARLTON VIC 3053

The financial report was authorised for issue by the Committee of Management on 24th August 2017.

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT

Your Branch committee of Management present their report on the union for the financial year ended 30 June 2017.

Members of branch committee

The names of the members of Committee of Managements in office at any time during or since the end of the financial year are:

<i>Name</i>	<i>Position</i>	
Debbie Gunn	President **	
Serena Ho	Senior Vice President	Resigned 9 December 2016
Roslyn Young	Senior Vice President **	Appointed 9 December 2016
Brian Addison	Junior Vice President	
Bella Anderson	Trustee **	
Lloyd Williams	Branch Secretary**	
Paul Healey	Assistant Branch Secretary **	
Kimberlee Lindsay	Trustee **	
David Brophy	Ordinary Member	
Debra Cogo	Ordinary Member	
Bernadette Gambin	Ordinary Member	Resigned 5 June 2017
Jane Kim	Ordinary Member **	
Kerrie Oldham	Ordinary Member	
Matthew Osborne	Ordinary Member	
Melissa Urie	Ordinary Member	Appointed 17 March 2017
Roslyn Young	Ordinary Member **	Resigned 9 December 2016
Wayne Watts	Ordinary Member	

The following persons are Branch Delegate National Council:

Sarah Barnard
Jane Dowling
Debbie Gunn
Paul Healey
Ross Muldoon
John Murphy
Patrick Nuzum
Joanne Tomlins
Lloyd Williams

** - members of the Finance, Audit and Compliance Committee

The members of Branch Committee of Management have been in office since the start of the financial year to the date of this report unless otherwise stated.

OPERATING REPORT (Continued)

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

Health Services Union Victorian No. 2 Branch is a member based, federally registered trade union. The principal activity of the union during the financial year was the protection and improvement of employment conditions for its members who are employed as mental health and disability workers in Victoria.

No significant change in the nature of these activities occurred during the year.

Significant changes in financial affairs

No significant changes in the state of financial affairs of the Branch occurred during the financial year.

Union Details

Number of employees

As at 30 June 2017, the Branch has full time equivalent 24.4 (2016: 27.5) employees.

Number of members

As at 30 June 2017, the total number of financial members was 7,867 (2016: 7,674) members.

Right of members to resign

Pursuant to Rules 10(b)-(h) of the HSU and s174 of the *Fair Work (Registered Organisations) Act 2009*, a member may resign from membership of the Union by notice in writing addressed and delivered to the Secretary of the member's Branch.

A notice of resignation from membership of the Union shall take effect:-

- (i) where the member ceases to be eligible to become a member of the Union -
 - A. on the day upon which the notice is received by the Union, or
 - B. on the day specified in the notice, which is a day not earlier than the day when the member ceased to be eligible to become a member,whichever is the later; or
- (ii) in any other case -
 - A. at the end of two weeks after the notice is received by the Union, or
 - B. on the day specified in the notice,whichever is the later.

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

OPERATING REPORT (Continued)

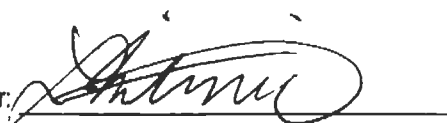
Officers & employees who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

To the best of our knowledge and belief, the following officers and employees of the Branch are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

Name of Officer	Trustee Company	Name of Superannuation Fund	Position	Whether position held because nominated for by a registered organisation
Lloyd Williams	H.E.S.T. Australia Ltd	HESTA	Director	YES

Signed in accordance with a resolution of the Branch Committee of Management:

Signature of designated officer:



Name of designated officer: **LLOYD WILLIAMS**

Title of designated officer: **BRANCH SECRETARY**

Dated: **24 AUGUST 2017**

HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue from continuing operations	4	3,982,582	3,691,542
Other income	4	442,403	389,160
Expenses			
Administration expense	6	(764,309)	(750,928)
Affiliation and capitation fees	7	(293,359)	(239,741)
Communication expense		(47,236)	(39,655)
Depreciation and amortisation expenses		(106,440)	(96,057)
Employee benefits expense	8	(2,813,026)	(2,518,838)
Legal and professional fees		(64,442)	(132,043)
Loss on disposal of fixed assets		(15,211)	(13,302)
Members benefit expenses		(159,098)	(181,325)
Occupancy expenses		(91,245)	(68,202)
Borrowing costs		(8,592)	(10,258)
		<u>(4,362,958)</u>	<u>(4,050,349)</u>
Surplus for the year		<u>62,027</u>	<u>30,353</u>
Surplus attributable to members of the entity		62,027	30,353
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of land and buildings		873,672	-
		<u>873,672</u>	<u>-</u>
Total comprehensive income for the year attributable to the members		<u>935,699</u>	<u>30,353</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**BALANCE SHEET
AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	713,557	640,645
Trade and other receivables	10	166,758	106,394
Inventories	11	<u>44,343</u>	<u>58,141</u>
Total current assets		<u>924,658</u>	<u>805,180</u>
Non-current assets			
Financial assets	12	2,089	252,694
Property, plant and equipment	13	<u>3,383,429</u>	<u>2,500,032</u>
Total non-current assets		<u>3,385,518</u>	<u>2,752,726</u>
Total assets		<u>4,310,176</u>	<u>3,557,906</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	269,670	496,048
Employee benefit obligations	15	517,850	400,215
Borrowings	16	<u>11,400</u>	<u>52,787</u>
Total current liabilities		<u>798,920</u>	<u>949,050</u>
Non-current liabilities			
Borrowings	16	<u>102,440</u>	<u>135,739</u>
Total non-current liabilities		<u>102,440</u>	<u>135,739</u>
Total liabilities		<u>901,360</u>	<u>1,084,789</u>
Net assets		<u>3,408,816</u>	<u>2,473,117</u>
MEMBERS' FUND			
Reserves	17	1,029,269	155,597
Accumulated surplus	18	<u>2,379,547</u>	<u>2,317,520</u>
Total members' fund		<u>3,408,816</u>	<u>2,473,117</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Accumulated surplus \$	Other funds \$	Reserves	Total \$
Balance at 1 July 2015	2,287,167	-	155,597	2,442,764
Revaluation of property	-	-	-	-
Total comprehensive income for the year	<u>30,353</u>	<u>-</u>	<u>-</u>	<u>30,353</u>
Balance at 30 June 2016	<u>2,317,520</u>	<u>-</u>	<u>155,597</u>	<u>2,473,117</u>
Balance at 1 July 2016	2,317,520		155,597	2,473,117
Revaluation of property	-	-	873,672	873,672
Total comprehensive income for the year	<u>62,027</u>	<u>-</u>	<u>-</u>	<u>62,027</u>
Balance at 30 June 2017	<u>2,379,547</u>	<u>-</u>	<u>1,029,269</u>	<u>3,408,816</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Subscriptions receipts		4,328,147	4,055,014
Merchandise income		156,819	174,828
Grants received		-	222,636
Directors fees received		77,082	56,812
Sundry receipts		66,619	53,902
Receipts from other reporting units			
- HSU National Office		5,529	11,300
- HSU Tas Branch		-	1,780
Receipts from controlled entities		-	-
Payments to suppliers and employees		(4,336,324)	(3,931,297)
Payments to other reporting units			
- HSU National Office		(256,549)	(202,704)
- HSU Tas Branch		(10,076)	(7,379)
- HSU Vic No 3 Branch		(4,970)	(2,258)
- HSU Vic No 1 Branch		(2,381)	(5,968)
Payments to controlled entities		-	-
Interest received		13,064	19,075
Interest paid		(8,592)	(10,257)
Net cash inflow from operating activities	22	<u>28,368</u>	<u>435,484</u>
Cash flows from investing activities			
Proceeds from sales of assets		53,637	24,318
Redemption of investment in held-to-maturity financial assets		250,605	(605)
Payments for property, plant and equipment		(185,012)	(191,933)
Cash inflow (outflow) from investing activities		<u>119,230</u>	<u>(168,220)</u>
Cash flows from financing activities			
Repayment of borrowings		(74,686)	(52,788)
Net cash (outflow) from financing activities		<u>(74,686)</u>	<u>(52,788)</u>
Net increase in cash and cash equivalents		72,912	214,476
Cash and cash equivalents at beginning of financial year		<u>640,645</u>	<u>426,169</u>
Cash and cash equivalents at end of financial year	9	<u><u>713,557</u></u>	<u><u>640,645</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statement covers the Health Services Union Victorian No. 2 Branch (The Branch).

(a) Basis of preparation

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 Organisations) Act 2009*. The Health Services Union Victorian No. 2 Branch (The Branch) is a not-for-profit entity for the purpose of preparing the financial statements.

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.

New and amended standards adopted by the Branch

The Branch adopts all the new and revised Standards and interpretation issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current annual reporting period. The adoption of these standards has not had a material impact on the Branch.

Early adoption of standards

No accounting standard has been adopted earlier than the application date stated in the standard.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less cost of disposal, and
- retirement benefit obligations – plan assets measured at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Branch recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Branch's activities as described below. The Branch bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Membership subscriptions

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Grants, Donations, Contribution and Funding

Revenue is recognised when the Branch obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon when their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the contributors and the Branch.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Branch reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(c) Income tax

In accordance with section 50-15 of the Income Tax Assessment Act, the Branch is exempt from income tax.

(d) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(e) Cash and cash equivalents

For the Statement of Cash Flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Inventories

Inventory, consisting mainly of movie tickets, gift cards and clothing, is measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimate of the selling price in the ordinary course of activities less the estimated costs of necessary to make the sale.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Accounting for land and buildings

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in members fund.

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the Branch commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Plant and equipment	10 - 40%	Diminishing value
Building and improvements	2.5 – 12.5%	Diminishing value
Motor vehicles	18.75%	Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(h) Investment in other financial assets

Classification

The Branch classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The Branch does not hold any investments in the following categories: financial assets at fair value through profit or loss.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

ii) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

iii) Held-to-maturity investments

The Branch classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the Branch intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which The Branch commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The Branch has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(h) Investment in other financial assets (Continued)

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), The Branch establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

The Branch assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

(i) Fair value measurements

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Branch is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(k) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave, RDO and associated leave loading expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave, RDO and associated leave loading is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(l) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the Branch's functional and presentation currency.

(m) Impairment of assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 9 Financial Instruments
Nature of change	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ol style="list-style-type: none"> a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <ul style="list-style-type: none"> • Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p> <p>When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	<p>Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations (Continued)

Title of Standard	AASB 15 Revenue from Contracts with Customers
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the entity: 1 January 2018.
Title of Standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations (Continued)

Title of Standard	AASB 1058 Income of Not-for-Profit Entities
Nature of change	<p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 <i>Revenue from Contracts with Customers</i>. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 <i>Property, Plant and Equipment</i>). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:</p> <ul style="list-style-type: none"> a Contributions by owners; b Revenue, or a contract liability arising from a contract with a customer; c A lease liability; d A financial instrument; or e A provision. <p>These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2: Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Branch and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgments in applying the branch's accounting policies

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

3: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or Commissioner:

(1) a member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit 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 reporting unit.

(3) a reporting unit must comply with an application made under subsection (1).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

4: Revenue

	2017 \$	2016 \$
From continuing operations		
- Membership subscriptions	3,982,582	3,691,542
- capitation fees – other reporting units	-	-
- levies	-	-
	<u>3,982,582</u>	<u>3,691,542</u>
Other income		
- interest	13,003	18,306
- director fees	69,213	62,242
- grants received	143,636	71,818
- donation received	-	-
- financial support from another reporting unit	-	-
- merchandise income	156,819	174,829
- other revenue	59,732	61,965
	<u>442,403</u>	<u>389,160</u>

5: Individually significant items

	2017 \$	2016 \$
The following items are significant to the financial performance of the entity, and so are listed separately here.		
<i>Depreciation</i>		
- plant and equipment	35,361	24,870
- motor vehicles	40,981	41,923
- building & improvement	30,098	29,264
	<u>106,440</u>	<u>96,057</u>
Consideration to employers for payroll deduction		
Donations:		
Total paid that were \$1,000 or less	1,300	1,243
Total paid that exceeded \$1,000	5,000	5,000
Fees/allowances – meeting and conferences	-	-
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Legal fees		
- litigation	-	7,211
- other legal matters	13,811	27,987
Meeting expenses	88,117	87,848
Penalties – via RO Act or RO Regulations	-	-
Net loss on disposal of fixed assets	15,211	13,303

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

6: Administration expenses

	2017	2016
	\$	\$
Bank charges	55,901	54,675
Campaign expenses	145,420	128,338
General administration expenses	126,442	118,574
Insurance expenses	108,876	104,803
Motor vehicles expenses	71,359	76,082
Officials, delegates expenses	152,043	132,027
Other expenses	30,716	27,833
Postage and courier	22,219	25,623
Printing and stationery	51,333	82,973
	<u>764,309</u>	<u>750,928</u>

7: Affiliation and capitation fees

	2017	2016
	\$	\$
Affiliation fee		
- Australian Labor Party	31,231	29,484
- APHEDA	-	273
- Australia Asia Worker Links	-	364
- Ballarat Regional Trades & Labour Council	3,756	3,756
- Bendigo Trades Hall Council	1,312	1,307
- Geelong and Region Trades & Labour Council	1,977	1,961
- Gippsland Trades & Labour Council	508	637
- Goulburn Valley Trades & Labour Council	158	148
- North-East Border Trades & Labour Council	738	640
- South-West Trades & Labour Council	297	297
- Sunraysia Trades & Labour Council Inc	237	242
- Victorian Trades Hall Council	24,249	18,698
Capitation fee & levies		
- Health Services Union of Australian National Council	228,896	181,934
Other compulsory levies		
	<u>293,359</u>	<u>239,741</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

8: Employee benefits expenses

	2017 \$	2016 \$
Employees other than holders of office		
- wages and salaries	1,981,343	1,787,462
- superannuation	214,804	190,089
- leave and other entitlements	96,716	29,564
- separation and redundancies	-	-
- other employee expenses	-	-
Holders of office		
- wages and salaries	272,355	269,672
- superannuation	28,356	30,322
- leave and other entitlements	20,918	(265)
- separation and redundancies	-	-
- other employee expenses	-	-
Other staff costs **	198,534	211,994
	<u>2,813,026</u>	<u>2,518,838</u>

** Other staff costs primarily comprise payroll tax, fringe benefits tax and workcover

9: Current assets – Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank	461,507	573,595
Term deposit	250,000	65,000
Cash on hand	2,050	2,050
	<u>713,557</u>	<u>640,645</u>

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Balances as above	<u>713,557</u>	640,645
Balances per Statement of Cash Flows	<u>713,557</u>	<u>640,645</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10: Current assets – Trade and other receivables

	2017	2016
	\$	\$
Other receivables	117,796	89,575
Receivable from other reporting units		
- HSU National Office	2,286	1,651
Less: provision for doubtful debts	-	-
Prepayments	46,676	15,168
	<u>166,758</u>	<u>106,394</u>

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The entity's impairment and other accounting policies for trade and other receivables are outlined in note 1.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

11: Inventories

	2017	2016
	\$	\$
Movie tickets, gift cards & clothing on hand – at cost	<u>44,343</u>	<u>58,141</u>

(a) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note1 for the branch's other accounting policies for inventories.

(b) Amount recognised in profit and loss

Inventories recognised as expense during the year ended 30 June 2017 and included in members benefit expenses amounted to \$207,238 (2016 – \$210,872). No write-downs of inventories to net realisable value during the year.

12: Non-current assets – financial assets

	2017	2016
	\$	\$
Term deposit	-	250,605
Investments in other entity	2,089	2,089
	<u>2,089</u>	<u>252,694</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

13: Non-current assets – Property, plant and equipment

	2017 \$	2016 \$
Land, Building and improvements		
At valuation	2,950,000	2,100,000
At cost	-	58,307
Less accumulated depreciation	-	(63,076)
	<u>2,950,000</u>	<u>2,095,231</u>
Plant and equipment		
At cost	382,128	363,112
Less accumulated depreciation	(168,564)	(153,256)
	<u>213,564</u>	<u>209,856</u>
Motor vehicles		
At cost	288,223	271,761
Less accumulated depreciation	(68,358)	(76,816)
	<u>219,865</u>	<u>194,945</u>
Total property, plant and equipment	<u>3,383,429</u>	<u>2,500,032</u>

(a) Non-current assets pledged as security

See Note 16 for security details.

(b) Movements in carrying amounts

2016	Building and improvements \$	Plant & equipment \$	Motor Vehicles \$	Total \$
Opening net book amount	2,066,188	156,571	219,017	2,441,776
Additions	58,307	85,796	47,830	191,933
Disposals	-	(7,641)	(29,979)	(37,620)
Depreciation	(29,264)	(24,870)	(41,923)	(96,057)
Closing net book amount	<u>2,095,231</u>	<u>209,856</u>	<u>194,945</u>	<u>2,500,032</u>
2017	Building and improvements \$	Plant & equipment \$	Motor Vehicles \$	Total \$
Opening net book amount	2,095,231	209,856	194,945	2,500,032
Additions	11,195	48,010	125,807	185,012
Revaluation	873,672	-	-	873,672
Disposals	-	(8,941)	(59,906)	(68,847)
Depreciation	(30,098)	(35,361)	(40,981)	(106,440)
Closing net book amount	<u>2,950,000</u>	<u>213,564</u>	<u>219,865</u>	<u>3,383,429</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

13: Non-current assets – Property, plant and equipment (Continued)

(c) Valuation

The Branch engaged an external, independent and qualified valuer to determine the fair value of the Branch's land and building as at 30 June 2017.

14: Current liabilities – Trade and other payables

	2017 \$	2016 \$
<i>Unsecured</i>		
Other payables	193,949	272,614
Amount payables to other reporting units		
- HSU National Office	8,205	-
Income in advance	67,516	223,434
Consideration to employers for payroll deductions	-	-
Legal fee payables – other matters	-	-
Legal fee payables – litigation	-	-
	<u>269,670</u>	<u>496,048</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

15: Current liabilities – Employee benefit obligations

	2017 \$	2016 \$
Employee provisions:		
<i>Office holders:</i>		
Annual leave	59,129	48,838
Long service leave	104,522	93,894
Separations and redundancies	-	-
Other	-	-
	<u>163,651</u>	<u>142,732</u>
<i>Employees other than office holders:</i>		
Annual leave	245,101	187,830
Long service leave	109,098	69,653
Separations and redundancies	-	-
Other	-	-
	<u>354,199</u>	<u>257,483</u>
Total employee provisions	<u>517,850</u>	<u>400,215</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

15: Current liabilities – Provisions (Continued)

(a) Leave obligations

The leave obligations cover the Branch's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Branch does not have an unconditional right to defer settlement for any of these obligations.

16: Borrowings

	2017 \$	2016 \$
Current		
Bank loan	<u>11,400</u>	<u>52,787</u>
Non-current		
Bank loan	<u>102,440</u>	<u>135,739</u>
Total borrowings	<u>113,840</u>	<u>188,526</u>

Security for the bank loan includes a first registered mortgage over the property located at 1 – 7 Grattan Street Carlton Victoria, shown in the financial statement under Note 13 Building and improvement with a carrying amount of \$2,950,000 at 30 June 2017.

17: Reserve

	2017 \$	2016 \$
Asset revaluation reserve		
Balance 1 July	155,597	155,597
Revaluation of land and building	873,672	-
Balance 30 June	<u>1,029,269</u>	<u>155,597</u>

18: Accumulated surplus

	2017 \$	2016 \$
Movements in the accumulated surplus were as follows:		
Balance 1 July	2,317,520	2,287,167
Net surplus for the year	62,027	30,353
Balance 30 June	<u>2,379,547</u>	<u>2,317,520</u>

No specific funds or accounts have been operated in respect of compulsory levies or voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

19: Events occurring after the reporting period

No other matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the Branch, the results of those activities or the state of affairs of the Branch in the ensuing or any subsequent financial year.

20: Contingencies

There are no known contingent assets or liabilities at 30 June 2017.

21: Commitments

Non-cancellable operating leases

The Branch leases office equipment under non-cancellable operating leases expiring within 5 years.

	2017	2016
	\$	\$
Lease commitments		
Later than one year but less than five years	128,410	-
Later than five years	32,102	-
	<u>160,512</u>	<u>-</u>

22: Cash flow information

	2017	2016
	\$	\$
Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	62,027	30,353
<i>Non cash flows in surplus</i>		
Depreciation	106,440	96,057
Net loss on disposal of fixed assets	15,211	13,303
<i>Changes in assets and liabilities</i>		
(Increase) in receivables	(60,364)	(16,026)
Decrease in inventories	13,798	22,895
(Decrease) Increase in payables	(226,379)	252,420
Increase in provisions	117,635	36,482
Cash flows from operations	<u>28,368</u>	<u>435,484</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

23. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor and non-related audit firms:

	2017	2016
	\$	\$
(a) Audit and other assurance services		
Audit of the financial report	12,350	12,100
Other audit services	405	405
Other service	3,600	2,800
	<u>16,355</u>	<u>15,305</u>

24: Related party transactions

(a) The members of the Branch Committee of Management during the year were:

<i>Name</i>	<i>Position</i>	
Debbie Gunn	President **	
Serena Ho	Senior Vice President	Resigned 9 December 2016
Roslyn Young	Senior Vice President **	Appointed 9 December 2016
Brian Addison	Junior Vice President	
Bella Anderson	Trustee **	
Lloyd Williams	Branch Secretary**	
Paul Healey	Assistant Branch Secretary **	
Kimberlee Lindsay	Trustee **	
David Brophy	Ordinary Member	
Debra Cogo	Ordinary Member	
Bernadette Gambin	Ordinary Member	Resigned 5 June 2017
Jane Kim	Ordinary Member **	
Kerrie Oldham	Ordinary Member	
Matthew Osborne	Ordinary Member	
Melissa Urie	Ordinary Member	Appointed 17 March 2017
Roslyn Young	Ordinary Member **	Resigned 9 December 2016
Wayne Watts	Ordinary Member	

The following persons are Branch Delegate National Council:

Sarah Barnard
 Jane Dowling
 Debbie Gunn
 Paul Healey
 Ross Muldoon
 John Murphy
 Patrick Nuzum
 Joanne Tomlins
 Lloyd Williams

** - members of the Finance, Audit and Compliance Committee

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

24: Related party transactions (Continued)	2017	2016
	\$	\$
(b) Key management personnel compensation		
<i>Short-term employee benefits</i>		
Salary (including annual leave taken)	272,355	269,672
Annual leave accrued	10,290	(1,436)
Total short-term employee benefits	<u>282,645</u>	<u>268,236</u>
Post-employment benefits:		
Superannuation	28,356	30,322
Total post-employment benefits	<u>28,356</u>	<u>30,322</u>
Other long-term benefits:		
Long-service leave	10,628	1,171
Total other long-term benefits	<u>10,628</u>	<u>1,171</u>
Termination benefits	-	-
Total	<u>321,629</u>	<u>299,729</u>

(c) Other transactions

- As part of an arrangement, all director fees earned by any officers/employees who are directors of a company or trustee of superannuation scheme due to their positions of the Branch are paid to directly to the Branch with any related superannuation paid to the officer's superannuation fund.
- There were no transactions between the officers of the branch other than those relating to reimbursement by the branch in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

(d) Loans to key management personnel

There are no loans between key management personnel and the Branch.

(e) Transactions with related parties

	2017	2016
	\$	\$
Capitation fee paid to HSU National Office	228,896	181,934

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

25: Other information

(i) Going Concern

The Branch's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The Branch did not acquire any asset or a liability during the financial year as a result of:

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the Commissioner under s245(1) of the RO Act;
- a revocation by the Commissioner under s249(1) of the RO Act;

(iv) Acquisition of assets and liability as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

26: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The Branch has not derived any revenue in respect of these activities.

27: RULE 85 - 88 Disclosure Requirements

In terms of the Rules of the HSU, the Branch Committee of Management is required provided additional disclosures.

(a) Rule 85 – Disclosure of remuneration and non-cash benefits received by officers

Name of officer	Position held	Board	Payment	Amount	Paid to
Lloyd Williams	Branch Secretary, National President	H.E.S.T. Australia Ltd	Director fee	\$60,285 (GST inclusive)	HSU Victoria No. 2 Branch
Lloyd Williams	Branch Secretary, National President	H.E.S.T. Australia Ltd	Mandatory Superannuation (9.5%)	\$5,727	Lloyd William's super account - HESTA
Lloyd Williams	Branch Secretary, National President	HESTA/ IFM	Director fee	\$15,849 (GST inclusive)	HSU Victoria No. 2 Branch
Lloyd Williams	Branch Secretary, National President	HESTA/ IFM	Mandatory Superannuation (9.5%)	\$1,512	Lloyd William's super account - HESTA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

27: RULE 85 - 88 Disclosure Requirements (Continued)

In terms of the Rules of the HSU, the Branch Committee of Management is required provided additional disclosures.

(b) Rule 86 – Remuneration paid to the 5 highest paid officers

Name of officer	Position held	Payment	Amount	Payment by
Lloyd Williams	Branch Secretary, National President	Wages	\$145,095	HSU Victoria No. 2 Branch
Lloyd Williams	As above	Superannuation	\$21,386	HSU Victoria No. 2 Branch
Lloyd Williams	As above	Private use of union supplied motor vehicles	\$903	HSU Victoria No. 2 Branch
Paul Healey	Assistant Branch Secretary, Branch delegate National Council, Member National Executive	Wages	\$127,260	HSU Victoria No. 2 Branch
Paul Healey	As above	Superannuation	\$17,624	HSU Victoria No. 2 Branch
Paul Healey	As above	Private use of union supplied motor vehicles	\$903	HSU Victoria No. 2 Branch
Debra Gunn	President, Branch delegate National Council	President compensation payment	\$2,000	HSU Victoria No. 2 Branch
Debra Gunn	As above	Superannuation on President compensation payment	\$190	HSU Victoria No. 2 Branch

c) Rule 87 – Officers' Material Personal Interests

None of the Branch Officers have disclosed any material personal interests in a matter that the officer has or acquires; or a relative of the officer has or acquires; that relates to the affairs of the Branch.

d) Rule 88 – Payments to declared person or body of the Union

No payments were made by the Branch to a declared person or body of the Branch.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

28: Financial Risk Management

The Branch's financial instruments consist mainly of deposits with banks, receivables, payables and bank loans.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 \$	2016 \$
Financial assets			
Cash on hand	9	713,557	640,645
Trade and other receivables	10	120,082	91,226
Financial assets	12	2,089	252,694
Total financial assets		835,728	984,565
Financial liabilities			
Trade and other payables	14	202,154	272,614
Bank loan	16	113,840	188,526
Total financial liabilities		315,994	461,140

Financial Risk Management Policies

The committee of management is responsible for monitoring and managing the Branch's compliance with its risk management strategy. The committee's overall risk management strategy is to assist the Branch in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Branch is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the Branch is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Branch.

The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of membership subscription. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the entity securing accounts receivable and other debtors

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

28: Financial Risk Management (Continued)

a. Credit risk (Continued)

Credit Risk – Accounts receivable and other debtors

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note to account. The main source of credit risk to the entity is considered to relate to the class of assets described as "accounts receivable and other debtors".

The following table details the entity's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (Days Overdue)				Within initial trade terms
			< 30	31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
2017							
Accounts receivable	2,426	-	-	-	-	-	2,426
Other debtors	117,656	-	-	-	-	-	117,656
Total	120,082	-	-	-	-	-	120,082
2016							
Accounts receivable	10,551	-	-	-	-	-	10,551
Other debtors	80,675	-	-	-	-	-	80,675
Total	91,226	-	-	-	-	-	91,226

Credit risk related to balances with banks and other financial institutions is managed by the branch committee in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2017 \$	2016 \$
Cash at banks			
- AA- rated	9	258,645	638,595
- BBB+	9	452,862	-
- AA- rated	12	-	250,605
		711,507	889,200

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

28: Financial Risk Management (Continued)

b. Liquidity risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Branch does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>								
Trade and other payables (excluding estimated annual leave and deferred income)	202,154	272,614	-	-	-	-	202,154	272,614
Bank loan	11,400	52,787	102,440	135,739	-	-	113,840	188,526
Total expected outflows	213,554	325,401	102,440	135,739	-	-	315,994	461,140

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial assets – cash flows realisable</i>								
Cash on hand	713,557	640,645	-	-	-	-	713,557	640,645
Trade and other receivables	120,082	91,226	-	-	-	-	120,082	91,226
Financial assets	-	-	2,089	252,694	-	-	2,089	252,694
Total anticipated inflows	833,639	731,871	2,089	252,694	-	-	835,728	984,565
Net inflow (outflow) on financial instruments	620,085	406,470	(100,351)	116,955	-	-	519,734	523,425

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

28: Financial risk management (Continued)

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Branch is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Branch to interest rate risk are limited to fixed interest securities, cash on hand and bank loan.

Interest rate risk is managed using a mix of fixed and floating rate debt.

The Branch also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held. The Branch does not expose to other price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Branch's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables

	Profit		Equity	
	2017	2016	2017	2016
	\$	\$	\$	\$
Change 2% in interest rates	14,230	17,784	14,230	17,784

No sensitivity analysis has been performed on foreign exchange risk as the Branch has no material exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

29: Fair Value Measurements

(a) Financial assets and liabilities

Management of the entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2017 was assessed to be insignificant
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2017 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity's financial assets and liabilities:

	Note	2017		2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash on hand	(i)	713,557	713,557	640,645	640,645
Trade and other receivables	(i)	120,082	120,082	91,226	91,226
Financial assets		2,089	2,089	252,694	252,694
Total financial assets		835,728	835,728	984,565	984,565
Financial liabilities					
Trade and other payables	(i)	202,154	202,154	272,614	272,614
Bank loan		113,840	113,840	188,526	188,526
Total financial liabilities		315,994	315,994	461,140	461,140

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

29: Fair Value Measurements (Continued)

(b) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is 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

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach*: reflects 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 entity 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 are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2017				
Financial assets				
Other financial assets	-	-	2,089	2,089
Total financial assets recognised at fair value	-	-	2,089	2,089
Non-financial assets				
Land and building	-		2,950,000	2,950,000
Total non-financial assets recognised at fair value	-		2,950,000	2,950,000

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2016: \$NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

29: Fair Value Measurements (Continued)

(b) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the balance sheet but their fair values are disclosed in the notes:

- accounts receivable and other debtors;
- accounts payable and other payables

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 technique(s) and inputs used.

Description	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
Accounts receivable and other debtors	3	Income approach using discounted cash flow	Market interest rates for similar assets
Land and building	2	Direct comparison method	Sales values for similar assets
Accounts payable and other payables	3	Income approach using discounted cash flow	Market interest rates for similar liabilities

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

30: Capital management

The Branch manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee of Management ensure that the overall risk management strategy is in line with this objective. The capital structure of the entity consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings. The Committee of Management effectively manages the Branch's capital by assessing the Branch's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee of Management to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

**HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH
ABN 48 505 905 580**

COMMITTEE OF MANAGEMENT STATEMENT

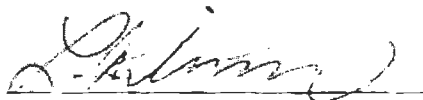
On 24 August 2017 the Committee of Management of the Health Services Union Victorian No. 2 Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with 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);
3. 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 financial year to which they relate;
4. 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; and
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - b. 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; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - e. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - f. where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration is made in accordance with a resolution of the Committee of Management

Signature of designated officer:



Name of designated officer:

LLOYD WILLIAMS

Title of designated officer:

BRANCH SECRETARY

Dated 24 AUGUST 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Health Services Union Victorian No. 2 Branch, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, 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 Health Services Union Victorian No. 2 Branch as at 30 June 2017, 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).

The 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 our report.

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

Independence

We are independent of the Branch in accordance with auditor independent requirements ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH (Continued)

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 responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 this financial report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH (Continued)

Auditor 's responsibility for the audit of the financial report (Continued)

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the 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 Branch'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 in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause the Branch 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 statements represent 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 Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch's audit. We remain solely responsible for our audit opinion.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HEALTH SERVICES UNION VICTORIAN NO. 2 BRANCH (Continued)****Recovery of Wages Activity financial report**

As noted in the Committee of Management Statement, the Branch has not undertaken any recovery of wages activity during the reporting period, and no opinion can be provided in relation to recovery of wages activity.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

BGL Partners
Chartered AccountantsI. A. Hinds - C.A. - Partner
(Registered Auditor number: AA2017/87)24 August 2017
Melbourne