Australian Government
Registered Organisations Commission

20 November 2019

Mr Paul Healey
State Secretary, Victoria No 2 Branch
Health Services Union

Dear Mr Healey

Re: – Health Services Union, Victoria No 2 Branch - financial report for year ending 30 June 2019 (FR2019/65)

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 (**ROC**) on 6 November 2019. A corrected designated officer's certificate was received today.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming 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 several 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 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
Financial Reporting
Registered Organisations Commission

HACSU
Health & Community Services Union

7 Grattan St, Carlton, VIC 3053
PO Box: 206, Carlton South, VIC 3053
T: (03) 9340 4100 | F: (03) 9650 8122
hacsu@hacsu.asn.au | www.hacsu.asn.au
ABN: 48 505 905 580

Health and Community Services Union Vic #2 Branch
S.268 Fair Work [Registered Organisations] Act 2009

Certificate for the year ended June 2019

I, Paul Healey, being the State Secretary of the Health and Community Services Union Vic #2 Branch certify:

- That the documents lodged herewith are copies of the full report for Health and Community Services Union Vic #2 Branch for the period ended referred to in S.268 Fair Work [Registered Organisations] Act 2009.
- That the full report was provided to members of the reporting union on 11 September 2019; and
- That the full report was presented to an annual general meeting of members of the reporting union on 31 October 2019 in accordance with S.266 of the fair Work [Registered Organisations] Act 2009.

Signature of prescribed designated officer:	P Healey.
Name of prescribed designated officer:	Paul Healey
Title of prescribed designated officer:	State Secretary
Dated:	20 November 2019

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

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

HACSU
Health and Community Services Union

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

TABLE OF CONTENTS

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

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

The financial report was authorised for issue by the Committee of Management on 22 August 2019.

HEALTH SERVICES UNION VICTORIA 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 2019.

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:

Name	*Position*	
Debbie Gunn	President **	Elected 10 July 2018
Melissa Urie	Senior Vice President	Elected 10 July 2018
Roslyn Young	Senior Vice President **	Term expired 10 July 2018
Jane Kim	Junior Vice President **	Elected 10 July 2018
Brian Addison	Junior Vice President	Term expired 10 July 2018
Bella Anderson	Trustee **	Elected 10 July 2018
Lloyd Williams	Branch Secretary**	Elected 10 July 2018
Paul Healey	Assistant Branch Secretary **	Elected 10 July 2018
Kimbertee Lindsay	Trustee **	Elected 10 July 2018
David Brophy	Ordinary Member **	Elected 10 July 2018
Ben Coombes	Ordinary Member	Elected 10 July 2018
Debra Cogo	Ordinary Member	Term expired 10 July 2018
Jennifer Fitt	Ordinary Member	Elected 10 July 2018
Roslyn Young	Ordinary Member **	Elected 10 July 2018
Jane Kim	Ordinary Member **	Term expired 10 July 2018
Kerrie Oldham	Ordinary Member	Term expired 10 July 2018
Jodie Portelli	Ordinary Member	Elected 10 July 2018
Catherine Kanizay	Ordinary Member	Elected 10 July 2018
Sandra Jensen	Ordinary Member	Elected 10 July 2018
Melissa Urie	Ordinary Member	Term expired 10 July 2018
Wayne Watts	Ordinary Member	Elected 10 July 2018

The following persons are Branch Delegate National Council:

Betty Bletas	Elected 10 July 2018
Angela Carter	Elected and declared 21 June 2019
Brendan Cox	Elected 10 July 2018
Jane Dowling	Elected 10 July 2018
Debbie Gunn	Elected 10 July 2018
Paul Healey	Elected 10 July 2018
Kate Marshall	Elected 10 July 2018- stopped being Branch Delegate National Council to become National Officer on 16 November 2018
John Murphy	Elected 10 July 2018
Patrick Nuzum	Elected 10 July 2018
Joanne Tomlins	Elected 10 July 2018

** - 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 Victoria 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 in mental health / alcohol and other drug and disability services 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 2019, the Branch has full time equivalent 26.1 (2018: 26.8) employees.

Number of members

As at 30 June 2019, the total number of members was 9,674 (2018: 8,683) members.

As at 30 June 2019, the total number of financial members was 9,512 (2018: 8,304) 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 VICTORIA 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: 22 AUGUST 2019

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue from continuing operations	4	**4,661,456**	4,187,381
Other income	4	**269,801**	555,766
Expenses			
Administration expenses	6	**(900,668)**	(777,903)
Affiliation and capitation fees	7	**(293,737)**	(311,760)
Communication expenses		**(54,012)**	(42,310)
Depreciation and amortisation expenses		**(146,992)**	(126,521)
Employee benefits expense	8	**(3,161,147)**	(2,741,909)
Legal and professional fees		**(72,955)**	(67,121)
Loss on disposal of fixed assets		**(4,712)**	(6,240)
Members benefit expenses		**(3,000)**	(96,478)
Occupancy expenses		**(87,848)**	(91,863)
Borrowing costs		**(758)**	(5,642)
		(4,725,829)	(4,267,747)
Surplus for the year		**205,430**	475,400
Surplus attributable to members of the entity		**205,430**	475,400
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings		**85,992**	-
Total comprehensive income for the year attributable to the members		**291,422**	475,400

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

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

BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**1,148,345**	953,646
Trade and other receivables	10	**97,021**	121,412
Other assets	11	**192,061**	41,578
Inventories	12	**35,985**	21,593
Total current assets		**1,473,412**	1,138,229
Non-current assets			
Financial assets	13	**2,089**	252,089
Property, plant and equipment	14	**3,480,227**	3,419,675
Intangibles assets	15	**148,354**	-
Total non-current assets		**3,630,670**	3,671,764
Total assets		**5,104,082**	4,809,993
LIABILITIES			
Current liabilities			
Trade and other payables	16	**268,051**	216,109
Other liabilities	17	**73,458**	88,324
Employee benefit obligations	18	**586,935**	514,107
Borrowings	19	**-**	11,000
Total current liabilities		**928,444**	829,540
Non-current liabilities			
Borrowings	19	**-**	96,237
Total non-current liabilities		**-**	96,237
Total liabilities		**928,444**	925,777
Net assets		**4,175,638**	3,884,216
MEMBERS' FUND			
Reserves	20	**1,115,261**	1,029,269
Accumulated surplus	21	**3,060,377**	2,854,947
Total members' fund		**4,175,638**	3,884,216

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus $	Other funds $	Reserves	Total $
Balance at 1 July 2017	2,379,547	-	1,029,269	3,408,816
Revaluation of property	-	-	-	-
Total comprehensive income for the year	475,400	-	-	475,400
Balance at 30 June 2018	2,854,947	-	1,029,269	3,884,216
Balance at 1 July 2018	**2,854,947**	**-**	**1,029,269**	**3,884,216**
Revaluation of property	**-**	**-**	**85,992**	**85,992**
Total comprehensive income for the year	**205,430**	**-**	**-**	**205,430**
Balance at 30 June 2019	**3,060,377**	**-**	**1,115,261**	**4,175,638**

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Subscriptions receipts		**5,161,854**	4,622,529
Merchandise income		**1,969**	91,724
Grants received		**126,603**	295,407
Directors fees received		**75,168**	80,506
Sundry receipts		**49,196**	33,020
Receipts from other reporting units			
- HSU National Office		**41,468**	99,899
- HSU Tas Branch		**11,004**	-
Receipts from controlled entities		-	-
Payments to suppliers and employees		**(4,907,080)**	(4,283,847)
Payments to other reporting units			
- HSU National Office		**(242,489)**	(273,792)
- HSU Tas Branch		**(2,595)**	-
- HSU Vic No 3 Branch		-	(2,586)
- HSU Vic No 1 Branch		-	(5,169)
Payments to controlled entities		-	-
Interest received		**12,213**	13,650
Interest paid		**(758)**	(5,642)
Net cash inflow from operating activities	26a	**326,553**	665,699
Cash flows from investing activities			
Proceeds from sales of assets		-	10,909
(Payments) receipts from financial assets		**250,000**	(250,000)
Payments for property, plant and equipment		**(274,617)**	(179,916)
Cash (outflow) from investing activities		**(24,617)**	(419,007)
Cash flows from financing activities			
Repayment of borrowings		**(107,237)**	(6,603)
Net cash (outflow) from financing activities		**(107,237)**	(6,603)
Net increase in cash and cash equivalents		**194,699**	240,089
Cash and cash equivalents at beginning of financial year		**953,646**	713,557
Cash and cash equivalents at end of financial year	9	**1,148,345**	953,646

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

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

REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR YEAR ENDED 30 JUNE 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 30 June 2019.

	2019 $	2018 $
Categories of expenditure		
Remuneration and other employment-related costs and expenses - employees	**3,161,147**	2,741,909
Advertising	**64,340**	81,075
Operating costs	**318,033**	236,138
Donations to political parties	**8,723**	-
Legal costs	**9,718**	16,695

Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer:

Name and title of designated officer: LLOYD WILLIAMS

Title of designated officer: BRANCH SECRETARY

Dated: 22 AUGUST 2019

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

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 steted.

The financial statement covers the Health Services Union Victoria 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 Victoria No. 2 Branch (The Branch) is a not-for-profit entity for the purpose of preparing the financial statements.

Tha 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.

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 Brench 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) Taxation

The Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(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 steted 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.

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 ovardrafts. 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.

(h) Intangible assets

Membership database
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis 5 years.

1: Summary of significant accounting policies (Continued)

(l) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the [reporting unit's] business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the [reporting unit] initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Branch's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Branch commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Branch only has the following financial assets: Financial assets at amortised cost

Financial assets at amortised cost

The Branch measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Branch's financial assets at amortised cost includes trade receivables.

1: Summary of significant accounting policies (Continued)

(l) Financial assets (continued)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  a) the Branch has transferred substantially all the risks and rewards of the asset, or

  b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Branch applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1: Summary of significant accounting policies (Continued)

(i) Financial assets (continued)

Impairment (Continued)

ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Branch recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Branch's financial liabilities include trade and other payables and bank loans.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1: Summary of significant accounting policies (Continued)

(k) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(l) Fair value measurement

The Branch measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in the Note.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the [reporting unit]. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the [reporting unit] has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1: Summary of significant accounting policies (Continued)

(m) 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.

(n) 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.

(o) Comparative figures

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

1: Summary of significant accounting policies (Continued)

(p) New accounting standards and interpretations

In the current year, the entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

Standard	*Effective for annual reporting periods beginning on or after*
AASB 9 Financial Instruments	1 January 2018

Impacts of initial application of AASB 9 Financial Instruments and related amending Standards

In the current year, the entity applied AASB Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets, and
- General hedge accounting

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of financial asset and financial liabilities as at 1 January 2018:

	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount $	AASB 9 carrying amount $
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised cost	162,990	121,412
Term deposit			250,000	250,000
Equity securities	Available for sale	FVOCI – equity instrument	2,089	2,089
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	304,433	216,109
Borrowings	Loans and payables	Amortised cost	107,237	107,237

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the entity to account for the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

1: Summary of significant accounting policies (Continued)

(p) New accounting standards and interpretations (Continued)

Specifically, AASB 9 requires the entity to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of AASB 9 apply.

In particular, AASB 9 requires the entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The assessment of impairment of financial assets under AASB 9 didn't have an impact on the entity's financial position, profit or loss, other comprehensive income or total comprehensive income in either 2017 or 2018.

1: Summary of significant accounting policies (Continued)

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	**AASB 16 Leases (AASB 16)**
Nature of change	AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement data of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. When this standard is first adopted for the year ending 31 December 2019, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	For NFP entities, AASB 16 will commence from financial yeers beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Branch plens to adopt AASB 16 on the required effective date of using full retrospective method.

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 (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)**
Nature of change	AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 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. When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Branch plans to adopt AASB 15 on the required effective date of using full retrospective method.
Title of Standard	**AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation**
Nature of change	The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

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.

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 estimatas 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).

4: Revenue

	2019 $	2018 $
From continuing operation		
- Membership subscriptions	4,661,458	4,187,381
- capitation fees – other reporting units	-	-
- levies	-	-
	4,661,458	4,187,381
Other income		
- interest	9,088	13,899
- director fees	67,068	72,438
- grants received	139,391	255,764
- donation received	-	-
- financial support from another reporting unit	-	-
- merchandise income	1,969	90,046
- revenue derived from undertaking recovery of wage activity	-	-
- capitation fee refunded from HSU National Office	-	65,105
- other revenue	52,265	58,514
	269,801	555,766

5: Individually significant items

	2019 $	2018 $
The following items are significant to the financial performance of the entity, and so are listed separately here.		
Depreciation		
- plant and equipment	39,901	34,954
- motor vehicles	61,085	46,815
- building & improvement	43,695	44,752
	144,681	126,521
Amortisation - database	2,311	-
	146,992	126,521
Consideration to employers for payroll deduction	-	-
Donations:		
Total paid that were $1,000 or less	2,200	3,000
Total paid that exceeded $1,000	10,182	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	-	-
- other legal matters	9,718	16,695

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5: Individually significant items (Continued)

	2019	2018
	$	$
Meeting expenses	**73,462**	63,978
Penalties – via RO Act or RO Regulations	**-**	-
Net loss on disposal of fixed assets	**4,712**	6,240

6: Administration expenses

	2019	2018
	$	$
Bank charges	**62,621**	54,421
Campaign expenses	**108,421**	148,435
Computer expenses	**76,013**	51,849
General administration expenses	**122,321**	75,126
Research expenses	**20,000**	-
Insurance expenses	**128,670**	111,509
Motor vehicles expenses	**135,720**	79,062
Officials, delegates expenses	**147,004**	130,619
Other expenses	**19,020**	23,057
Postage and courier	**16,510**	17,301
Printing and stationery	**64,368**	86,524
	900,668	777,903

7: Affiliation and capitation fees

	2019	2018
	$	$
Affiliation fee		
- Australian Labor Party	**44,964**	37,571
- APHEDA	**299**	898
- Australia Asia Worker Links		
- Ballarat Regional Trades & Labour Council	**4,694**	3,756
- Bendigo Trades Hall Council	**1,312**	1,312
- Geelong and Region Trades & Labour Council	**2,055**	2,012
- Gippsland Trades & Labour Council	**677**	846
- Goulburn Valley Trades & Labour Council	**179**	211
- North-East Border Trades & Labour Council	**880**	880
- South-West Trades & Labour Council	**446**	297
- Sunraysia Trades & Labour Council Inc	**301**	177
- Victorian Trades Hall Council	**25,156**	24,692
Capitation fee & levies		
- Health Services Union of Australian National Council	**212,774**	239,108
Other compulsory levies	**-**	-
	293,737	311,760

8: Employee benefits expenses

	2019 $	2018 $
Employees other than holders of office		
- wages and salaries	**2,261,503**	2,015,616
- superannuation	**257,739**	220,837
- leave and other entitlements	**64,565**	(6,998)
- separation and redundancies	**-**	-
- other employee expenses	**-**	-
Holders of office		
- wages and salaries	**297,052**	286,179
- superannuation	**29,621**	28,051
- leave and other entitlements	**8,263**	3,255
- separation and redundancies	**-**	-
- other employee expenses	**-**	-
Other staff costs **	**242,404**	194,969
	3,161,147	2,741,909

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

9: Current assets – Cash and cash equivalents

	2019 $	2018 $
Cash at bank	**1,145,345**	950,596
Cash on hand	**3,000**	3,050
	1,148,345	953,646

(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	**1,148,345**	953,646
Balances per Statement of Cash Flows	**1,148,345**	953,646

10: Current assets – Trade and other receivables

	2019 $	2018 $
Trade and other receivables	86,327	121,412
Receivable from other reporting units		
- HSU National Office	10,694	-
Less: loss allowance	-	-
	97,021	121,412

(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 end 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: Current assets – Other assets

	2019 $	2018 $
Prepayments	192,061	41,578

12: Inventories

	2019 $	2018 $
Promotional items & clothing on hand – at cost	35,985	21,593

(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 2019 and included in members benefit expenses amounted to $45,911 (2018 – $119,453). No write-downs of inventories to net realisable value during the year.

13: Non-current assets – financial assets

	2019 $	2018 $
Term deposit	-	250,000
Investments in unlisted entity	2,089	2,089
	2,089	252,089

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

	2019 $	2018 $
Land, Building and improvements		
At valuation	2,950,000	2,950,000
Less accumulated depreciation	-	(44,752)
	2,950,000	2,905,248
Plant and equipment		
At cost	467,094	424,514
Less accumulated depreciation	(204,053)	(196,234)
	263,041	228,280
Motor vehicles		
At cost	433,920	391,797
Less accumulated depreciation	(166,734)	(105,650)
	267,186	286,147
Total property, plant and equipment	3,480,227	3,419,675

(a) Non-current assets pledged as security

None of the non-current assets are pledged as security

(b) Movements in carrying amounts

2018	Building and improvements $	Plant & equipment $	Motor Vehicles $	Total $
Opening net book amount	2,950,000	213,564	219,865	3,383,429
Additions	-	52,120	127,796	179,916
Disposals	-	(2,450)	(14,699)	(17,149)
Depreciation	(44,752)	(34,954)	(46,815)	(126,521)
Closing net book amount	2,905,248	228,280	286,147	3,419,675

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

(b) Movements in carrying amounts (Continued)

2019	Building and improvements	Plant & equipment	Motor Vehicles	Total
	$	$	$	$
Opening net book amount	2,905,248	228,280	286,147	3,419,675
Additions	2,455	79,374	42,124	123,953
Disposals	-	(4,712)	-	(4,712)
Depreciation	(43,695)	(39,901)	(61,085)	(144,681)
Revaluation	85,992	-	-	85,992
Closing net book amount	2,950,000	263,041	267,186	3,480,227

(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 28 June 2019.

15: Non-current assets – Intangible assets

	2019	2018
	$	$
Membership database		
Cost	**150,665**	-
Less accumulated amortisation	**(2,311)**	-
	148,354	-

(a) Movements in carrying amounts		
Opening net book amount	-	-
Additions	**150,665**	-
Amortisation	**(2,311)**	-
	148,354	-

16: Current liabilities – Trade and other payables

	2019 $	2018 $
Unsecured		
Other payables	**199,858**	201,594
Amount payables to other reporting units		
- HSU National Office	**60,493**	4,675
Consideration to employers for payroll deductions	-	-
Legal fee payables – other matters	**7,700**	9,840
Legal fee payables – litigation	-	-
	268,051	216,109

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.

17: Current liabilities – Other liabilities

	2019 $	2018 $
Income in advance	**73,458**	88,324

18: Current liabilities – Employee benefit obligations

	2019 $	2018 $
Employee provisions:		
Office holders:		
Annual leave	**65,951**	55,554
Long service leave	**108,771**	111,351
Separations and redundancies	-	-
Other	-	-
	174,722	166,905
Employees other than office holders:		
Annual leave	**227,353**	215,281
Long service leave	**184,860**	131,921
Separations and redundancies	-	-
Other	-	-
	412,213	347,202
Total employee provisions	**586,935**	514,107

(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.

19: Borrowings

	2019 $	2018 $
Current		
Bank loan	-	11,000
Non-current		
Bank loan	-	96,237
Total borrowings	-	107,237

20: Reserve

	2019 $	2018 $
Asset revaluation reserve		
Balance 1 July	**1,029,269**	1,029,269
Revaluation of land and building	**85,992**	-
Balance 30 June	**1,115,261**	1,029,269

21: Accumulated surplus

	2019 $	2018 $
Movements in the accumulated surplus were as follows:		
Balance 1 July	**2,854,947**	2,379,547
Net surplus for the year	**205,430**	475,400
Balance 30 June	**3,060,377**	2,854,947

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

22: 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.

23: Contingencies

There are no known contingent assets or liabilities at 30 June 2019.

24: Commitments

Non-cancellable operating leases

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

Lease commitments	2019 $	2018 $
Later than one year but less than five years	**96,307**	128,410
Later than five years	-	-
	96,307	128,410

Other commitments

The Branch has committed for a new membership database

	2019 $	2018 $
Later than one year but less than five years	-	180,000
Later than five years	-	-
	-	180,000

25. Auditor's remuneration

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

(a) Audit and other assurance services	2019 $	2018 $
Audit of the financial report	**17,410**	12,840
Other audit services	-	410
Other service	**2,950**	2,900
	20,360	16,150

26: Cash flow information

(a) Reconciliation of cash flow from operations with surplus for the year

	2019 $	2018 $
Surplus for the year	**205,430**	475,400
Non cash flows in surplus		
Depreciation	**146,992**	126,521
Net loss on disposal of fixed assets	**4,712**	6,240
Changes in assets and liabilities		
(Increase) Decrease in receivables	**(126,093)**	3,768
(Increase) Decrease in inventories	**(14,392)**	22,750
Increase in payables	**37,076**	34,763
Increase (Decrease) in provisions	**72,828**	(3,743)
Cash flows from operations	**326,553**	665,699

(b) Liabilities from Financing Activities

	1 July 2018 $	Cash flows $	Other $	30 June 2019 $
Current interest-bearing loans and borrowings	**11,000**	**(11,000)**	-	-
Non-current interest-bearing loans and borrowings	**96,237**	**(96,237)**	-	-
Total liabilities from financing activities	**107,237**	**(107,237)**	-	-

	1 July 2017 $	Cash flows $	Other $	30 June 2018 $
Current interest-bearing loans and borrowings	11,400	(6,603)	6,203	11,000
Non-current interest-bearing loans and borrowings	102,440	-	(6,203)	96,237
Total liabilities from financing activities	113,840	(6,603)	-	107,237

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, to current due to the passage of time, the accrual of special dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Branch classifies interest paid as cash flows from operating activities.

27: Related party transactions

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

Name	*Position*	
Debbie Gunn	President **	Elected 10 July 2018
Melissa Urie	Senior Vice President	Elected 10 July 2018
Roslyn Young	Senior Vice President **	Term expired 10 July 2018
Jane Kim	Junior Vice President **	Elected 10 July 2018
Brian Addison	Junior Vice President	Term expired 10 July 2018
Bella Anderson	Trustee **	Elected 10 July 2018
Lloyd Williams	Branch Secretary**	Elected 10 July 2018
Paul Healey	Assistant Branch Secretary **	Elected 10 July 2018
Kimberlee Lindsay	Trustee **	Elected 10 July 2018
David Brophy	Ordinary Member **	Elected 10 July 2018
Ben Coombes	Ordinary Member	Elected 10 July 2018
Debra Cogo	Ordinary Member	Term expired 10 July 2018
Jennifer Fitt	Ordinary Member	Elected 10 July 2018
Roslyn Young	Ordinary Member **	Elected 10 July 2018
Jane Kim	Ordinary Member **	Term expired 10 July 2018
Kerrie Oldham	Ordinary Member	Term expired 10 July 2018
Jodie Portelli	Ordinary Member	Elected 10 July 2018
Catherine Kanizay	Ordinary Member	Elected 10 July 2018
Sandra Jensen	Ordinary Member	Elected 10 July 2018
Melissa Urie	Ordinary Member	Term expired 10 July 2018
Wayne Watts	Ordinary Member	Elected 10 July 2018

The following persons are Branch Delegate National Council:

Betty Bletas	Elected 10 July 2018
Angela Carter	Elected and declared 21 June 2019
Brendan Cox	Elected 10 July 2018
Jane Dowling	Elected 10 July 2018
Debbie Gunn	Elected 10 July 2018
Paul Healey	Elected 10 July 2018
Kate Marshall	Elected 10 July 2018- stopped being Branch Delegate National Council to become National Officer on 16 November 2018
John Murphy	Elected 10 July 2018
Patrick Nuzum	Elected 10 July 2018
Joanne Tomlins	Elected 10 July 2018

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

27: Related party transactions (Continued)

	2019	2018
	$	$
(b) Key management personnel compensation		
Short-term employee benefits		
Salary (including annual leave taken)	297,052	286,179
Annual leave accrued	9,960	(3,574)
Total short-term employee benefits	307,012	282,605
Post-employment benefits:		
Superannuation	29,621	28,051
Total post-employment benefits	29,621	28,051
Other long-term benefits:		
Long-service leave	(1,697)	6,829
Total other long-term benefits	(1,697)	6,829
Termination benefits	-	-
	-	-
Total	334,936	317,485

(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 perties at arm's length.
- No payment to a former related party of the reporting unit was made during the year.

(d) Loans to key management personnel

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

(e) Transactions with related parties	2019	2018
	$	$
Capitation fee paid to HSU National Office	212,774	239,108
Salary reimbursement from HSU National Office	10,693	-

28: 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 or liabilities that do not constitute a business combination:
The Branch did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

29: 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 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		$	**$**
Financial assets			
Cash on hand	9	**1,148,345**	953,646
Trade and other receivables	10	**97,021**	121,412
Financial assets	13	**2,089**	252,089
Total financial assets		**1,247,455**	1,327,147
Financial liabilities			
Trade and other payables	16	**268,051**	216,109
Bank loan	19	**-**	107,237
Total financial liabilities		**268,051**	323,346

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.

29: Financial Risk Management (Continued)

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

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	
2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivable	**3,103**	-	-	-	-	-	**3,103**
Other receivable	**93,918**	-	-	-	-	-	**93,918**
Total	**97,021**	-	-	-	-	-	**97,021**
2018							
Trade receivable	7,370	-	-	-	-	-	7,370
Other receivable	114,042	-	-	-	-	-	114,042
Total	121,412	-	-	-	-	-	121,412

29: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management (Continued)

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 BBB.

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	2019	2018
		$	$
Cash at banks			
– AA- rated	9	**686,452**	744,155
– BBB	9	**458,893**	206,441
– BBB	13	**-**	250,000
		1,145,345	1,200,596

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	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables (excluding astimated annual leave and deferred income)	**268,051**	216,109	**-**	-	**-**	-	**268,051**	216,109
Bank loan	**-**	11,000	**-**	96,237	**-**	-	**-**	107,237
Total expected outflows	**268,051**	227,109	**-**	96,237	**-**	-	**268,051**	323,346

29: Financial Risk Management (Continued)

b. Liquidity risk (Continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial assets – cash flows realisable								
Cash on hand	1,148,345	953,646	-	-	-	-	1,148,345	953,646
Trade and other receivables	97,021	121,412	-	-	-	-	97,021	121,412
Financial assets	-	-	2,089	252,089	-	-	2,089	252,089
Total anticipated inflows	1,245,366	1,075,058	2,089	252,089	-	-	1,247,455	1,327,147
Net inflow (outflow) on financial instruments	977,315	847,949	2,089	155,852	-	-	979,404	1,003,801

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	
	2019	2018	2019	2018
	$	$	$	$
Change 2% in interest rates	22,906	24,012	22,906	24,012

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.

30: 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 2019 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 2019 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:

		2019		2018	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash on hand	(i)	**1,148,345**	**1,148,345**	953,646	953,646
Trade and other receivables	(i)	**97,021**	**97,021**	121,412	121,412
Financial assets		**2,089**	**2,089**	252,089	252,089
Total financial assets		**1,247,455**	**1,247,455**	1,327,147	1,327,147
Financial liabilities					
Trade and other payables	(i)	**268,051**	**268,051**	216,109	216,109
Bank loan		**-**	**-**	107,237	107,237
Total financial liabilities		**268,051**	**268,051**	323,346	323,346

(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 9.

30: Fair Value Measurements (Continued)

(b) Financial and Non-financial Assets and Liabilities Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
2019					
Financial assets					
Investments in other entity		-	-	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

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
2018					
Financial assets					
Investments in other entity		-	-	2,089	2,089
Total financial assets recognised at fair value		-	-	2,089	2,089
Non-financial assets					
Land and building		-	-	2,905,248	2,905,248
Total non-financial assets recognised at fair value		-	-	2,905,248	2,905,248

Fair value of the branch's land and building is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Branch Committee at each reporting date

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2018: $NIL).

30: Fair Value Measurements (Continued)

(c) 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 receiveble and other debtors	3	Income approach using discounted cash flow	Market interest rates for similar assets
Land and building	3	Direct comparison method	Sales values for for similar assets
Accounts payable and other payables	3	Income approach using discounted cesh 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 chenges 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 extemal imposed capital requirements.

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

COMMITTEE OF MANAGEMENT STATEMENT

On 22 AUGUST 2019 the Committee of Management of the Health Services Union Victoria No. 2 Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019:

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;
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 e 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, that information has been provided to the member or Commissioner; and
    f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance

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 22 AUGUST 2019

BGL PARTNERS
CHARTERED ACCOUNTANTS

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

PO Box 2390
BRIGHTON NORTH VIC 3186

bgl@bglpartners.com.au
(03) 9525 2511
(03) 9525 2829
bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

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

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Health Services Union Victoria No. 2 Branch, which comprises the statement of financial position as at 30 June 2019, the 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 and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Health Services Union Victoria No. 2 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).

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 ethnical responsibilities in accordance with the Code.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SERVICES UNION VICTORIA 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.

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

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

BGL Partners

BGL Partners
Chartered Accountants

I Hinds

I. A. Hinds - C.A. - Partner
(Registered Auditor number: AA2017/87)

22 August 2019
Melbourne