



27 November 2019

Mr Craig McGregor  
Secretary, Victoria No 3 Branch  
Health Services Union

Dear Mr McGregor

**Re: – Health Services Union, Victoria No 3 Branch - financial report for year ending 30 June 2019 (FR2019/64)**

I refer to the financial report of the Victoria No 3 Branch of the Health Services Union,. The documents were lodged with the Registered Organisations Commission (**ROC**) on 30 October 2019.

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](mailto:stephen.kellett@roc.gov.au).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

**HEALTH SERVICES UNION OF AUSTRALIA VIC NO 3 BRANCH**  
(VICTORIAN ALLIED HEALTH PROFESSIONALS ASSOCIATION)

ABN 38 106 461 384

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**



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for the year ended 30 June 2019

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This financial report covers the Health Services Union of Australia Vic No 3 Branch, ABN 38 106 461 384, as an individual entity. In 2018/19 the Health Services Union of Australia Vic No 3 Branch operated under the registered business names Victorian Allied Health Professionals Association (VAHPA).

The financial report is presented in the Australian currency.

The Health Services Union of Australia Vic No 3 Branch is a registered body under the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

The principal place of business is:

Victorian Allied Health Professionals Association  
351 William St  
WEST MELBOURNE VIC 3003

The financial report was authorised for issue by the Branch Committee of Management on the 29 October 2019.

## INTRODUCTION

for the year ended 30 June 2019

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This financial report is prepared using the model financial statements provided by the Registered Organisations Commission, as defined under section 242 of the *Fair Work (Registered Organisations) Act 2009* (RO Act), with a reporting date of 30 June 2019.

The enclosed financial report has been prepared in accordance with the requirements of applicable Australian Accounting Standards as they apply to a not-for-profit entity and the RO Act, including the section 253 Reporting Guidelines issued on 4 May 2018. The financial report is intended to illustrate the disclosure requirements for the preparation of a general purpose financial report under Tier 1—Australian Accounting Standards.

HEALTH SERVICES UNION OF AUSTRALIA VIC NO. 3 BRANCH  
ABN 38 106 461 384

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

s.268 *Fair Work (Registered Organisations) Act 2009*

for the year ended 30 June 2019

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I, Craig McGregor, being the Branch Secretary of the Health Services Union of Australia VIC No. 3 Branch certify:

- that the documents lodged herewith are copies of the full report for Health Services Union of Australia VIC No. 3 Branch for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 30 October 2019; and
- that the full report was presented to the Branch Committee of Management of the Health Services Union of Australia VIC No. 3 Branch on 29 October 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Craig McGregor

Title of prescribed designated officer: Branch Secretary

Dated: 30 October 2019

**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

*s.255 (2A) Fair Work (Registered Organisations) Act 2009*

for the year ended 30 June 2019

The Branch Committee of Management presents the expenditure report as required under subsection 255(2A) on the Health Services Union of Australia VIC No. 3 Branch for the year ended 30 June 2019.

<b>Categories of expenditures</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Remuneration and other employment-related costs and expenses - employees	1,609,517	1,588,613
Advertising	7,156	14,756
Operating costs	425,854	448,967
Donations to political parties	9,545	12,895
Legal costs	65,968	12,789

Signature of designated officer: \_\_\_\_\_



Name and title of designated officer: Craig McGregor, Branch Secretary

Date: 29 October 2019

## OPERATING REPORT

for the year ended 30 June 2019

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The Branch Committee of Management presents its operating report on the Health Services Union of Australia Vic No. 3 Branch for the financial period 1 July 2018 to 30 June 2019.

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

The Health Services Union of Australia Vic No. 3 Branch (the Branch) is a specialist Union that promotes and defends the industrial, professional and democratic interests of our members.

The principal activities of the Branch during the financial year consist of: organising Victorian Allied Health Professionals; training and education of members; providing individual members with informed and expert representation in workplace related matters.

### Significant changes in financial affairs

There were no significant changes in the financial affairs of the Branch during the period.

### Right of members to resign

Rule 10 sets out the terms under which a member of the Branch may resign.

10 (b) A member may resign from membership of the Union by notice in writing addressed and delivered to the Secretary of the member's Branch.

10 (c) Where the member ceases to be eligible to become a member of the Union, the notice of resignation will take effect on the later of the following two dates:

- (i) on the day on which the notice is received; or
- (ii) 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.

10 (d) Where the member has not ceased to be eligible to become a member of the Union, the notice of resignation will take effect on the later of the following two dates:

- (i) at the end of two weeks after the notice is received by the Union; or
- (ii) on the day specified in the notice.

10 (e) A notice delivered to the Secretary of the member's Branch shall be taken to have been received by the Union when it was delivered.

10 (f) A notice of resignation that has been received by the Union shall not be invalid because it was not addressed and delivered in accordance with rule 10(b).

10 (g) A resignation from membership of the Union shall be valid even if it is not effected otherwise in accordance with these rules if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

10 (h) Any dues payable but not paid by a former member, in relation to a period before the resignation took effect, shall be the amount owed by the member and may be recovered in accordance with rule 11

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

To the best of our knowledge and belief, no officers or employees of the Branch are a trustee of a superannuation scheme or an exempt public sector superannuation scheme or a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

## OPERATING REPORT

for the year ended 30 June 2019

### Number of members

The number of financial members at 30 June 2019 was 4,666 (2018: 4,549).

Total number of members (including un-financial) at 30 June 2019 was 4,971

### Number of employees

The number of full-time equivalent employees at 30 June 2019 was 14.7 (2018: 12.4)

### Names of Committee of Management members and period positions held during the financial year

Name	Position	Date office taken	Date resigned
Cheryl O'Connor	President	06 Mar 2013	
Joanne Ginn	Senior Vice President	06 Mar 2013	
Craig McGregor	Branch Secretary	28 Nov 2012	
Andrew Hewat	Assistant Secretary	28 Nov 2012	
Anthony D'Amore	Trustee	06 Mar 2013	
Mami Jackson	Junior Vice President	11 Oct 2016	
Scott Plowman	Trustee	12 July 2016	
Bernarda Cavka	Member	12 July 2016	27 August 2018
Kim Vien	Member	05 Jun 2014	
Keri Felemonow	Member	14 Mar 2017	
Sarah Hathway	Member	10 July 2018	
Justin Selleck	Member	10 July 2018	
Nainaben Dhana	Member	1 March 2019	

Signature of designated officer:



Name of designated officer: Craig McGregor

Title of designated officer: Branch Secretary



## BRANCH COMMITTEE OF MANAGEMENT STATEMENT

for the year ended 30 June 2019

On 29 October 2019 the Committee of Management of the Health Services Union of Australia Vic No. 3 Branch (the 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:

- A) the financial statements and notes comply with Australian Accounting Standards;
- B) 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);
- C) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial period to which they relate;
- D) 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
- E) during the financial year to which the GPFR relates and since the end that year:
  - i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the Branch concerned; and
  - ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation including the rules of the Branch concerned; and
  - iii) the financial records of the Branch have been kept and maintained in accordance with the RO Act; and
  - iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation ; and
  - v) where information has been sought in any request by a member of the Branch or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
  - vi) 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.
- F) 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: Craig McGregor

Title of designated officer: Branch Secretary

Dated: 29 October 2019

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Revenue</b>			
Membership subscriptions		2,512,019	2,435,273
Capitation fees	3A	-	-
Levies	3B	-	-
Grants and donations	3C	1,848	-
Interest		19,760	16,745
Revenue from recovery of wages activity		-	-
Other revenue	3D	5,062	37,692
<b>Total revenue</b>		<b>2,538,689</b>	<b>2,489,710</b>
<b>Expenses</b>			
Employee expenses	4A	1,609,517	1,588,613
Affiliation, capitation fees and levies	4B	143,448	155,671
Administration expenses	4C	151,949	185,946
Audit fees	13	22,448	25,028
Communication expenses		29,354	79,177
Grants and donations	4D	21,447	20,478
Legal and professional fees	4E	83,128	12,789
Additional member benefits	4F	62,393	63,388
Motor vehicle expenses		68,959	74,172
Travel expenses		15,800	4,792
Occupancy expenses	4G	116,275	105,417
Delegate and BCOM expenses		11,068	14,219
Depreciation and amortisation	4H	22,279	32,588
<b>Total expenses</b>		<b>2,358,065</b>	<b>2,362,278</b>
<b>Surplus for the year</b>		<b>180,624</b>	<b>127,432</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>180,624</b>	<b>127,432</b>

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	980,212	717,568
Trade and other receivables	5B	10,172	8,457
Prepayments		70,461	36,449
Financial assets at amortised cost	5C	505,044	491,677
Inventories		-	-
<b>Total current assets</b>		<b>1,565,889</b>	<b>1,254,151</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6A	24,042	34,376
Trade and other receivables	6B	18,861	18,852
<b>Total non-current assets</b>		<b>42,903</b>	<b>53,228</b>
<b>Total assets</b>		<b>1,608,792</b>	<b>1,307,379</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7A	85,253	60,992
Other payables	7B	277,745	262,562
Employee Provisions	7C	135,619	117,032
<b>Total current liabilities</b>		<b>498,617</b>	<b>440,586</b>
<b>Non-Current Liabilities</b>			
Employee Provisions	7C	149,260	86,502
<b>Total non-current liabilities</b>		<b>149,260</b>	<b>86,502</b>
<b>Total Liabilities</b>		<b>647,877</b>	<b>527,088</b>
<b>Net assets</b>		<b>960,915</b>	<b>780,291</b>
<b>Equity</b>			
Retained Earnings	8A	960,915	780,291
<b>Total members' funds</b>		<b>960,915</b>	<b>780,291</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

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	Accumulated Surplus \$	Total \$
<b>Balance as at 1 July 2017</b>	652,859	652,859
Surplus for the year	127,432	127,432
Other comprehensive income	-	-
<b>Closing balance as at 30 June 2018</b>	<b>780,291</b>	<b>780,291</b>
<b>Balance as at 1 July 2018</b>	780,291	780,291
Surplus for the year	180,624	180,624
Other comprehensive income	-	-
<b>Closing balance as at 30 June 2019</b>	<b>960,915</b>	<b>960,915</b>

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Note	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received			
Membership fees received		2,725,944	2,717,464
Receipts from other reporting units	9B	5,062	42,898
Interest received		19,760	16,745
Other receipts		-	-
Cash used			
Payments to employees		(1,609,517)	(1,588,613)
Payments to suppliers		(695,500)	(726,241)
Payments to other reporting units	9C	(157,793)	(180,338)
<b>Net cash inflow (outflow) from operating activities</b>	9A	<b>287,956</b>	<b>281,915</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(11,945)	(14,655)
Purchase of financial assets as amortised cost investments		(13,367)	(180,000)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(25,312)</b>	<b>(194,655)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>262,644</b>	<b>87,260</b>
Cash and cash equivalents at the beginning of the reporting period		717,568	630,308
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>980,212</b>	<b>717,568</b>

## INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Note 1A: Basis of preparation of the financial statements

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

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

#### Note 1B: Comparative amounts

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

#### Note 1C: Significant accounting judgements and estimates

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.

##### *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.

##### *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.

#### Note 1D: New Australian Accounting Standards

##### *Adoption of New Accounting Standard requirements*

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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The impact of applying this standard is discussed further below.

- AASB Interpretation 22 Foreign Currency Transactions and Advance Considerations, which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

The adoption of this amendment did not have an impact on the Health Services Union.

(a) Impact on adoption of AASB 9

Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Branch has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Branch has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. There were no differences arising from the adoption of AASB 9

i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Branch's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Branch's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Branch.

- Trade receivables previously classified as receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are measured at amortised cost similar to previous years.
- Financial assets previously classified as held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment which has been the same accounting treatment in previous years.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Branch has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Branch's financial liabilities.

#### (ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Branch's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Branch to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Upon adoption of AASB 9 the Health Services Union did not recognise any additional impairment on trade receivables.

#### Future Australian Accounting Standards Requirements

##### *AASB 16 Leases (AASB 16)*

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Branch include:

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.

For NFP (not for profit) entities, AASB 16 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 116. The Branch plans to adopt AASB 16 on the required effective date 1 July 2019 of using the modified retrospective method.

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 date 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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During the financial year ended 30 June 2019, the Branch performed a preliminary assessment of AASB 16 and concluded there may be some impact. Please also refer to Note 11 Commitments.

#### *AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)*

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.

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 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, the Branch performed a preliminary assessment of AASB 1058 and 15 and the impact is not expected to be significant.

#### Note 1E: Revenue

Revenue is measured at the fair value of the consideration received or receivable.

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

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

#### Note 1F: Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

#### Note 1G: Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Branch recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

#### Note 1H: Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

#### Note 1I: Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### Note 1J: Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

#### Note 1K: Financial instruments

Financial assets and financial liabilities are recognised when the Branch becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Note 1L: 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 Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Branch 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 the 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

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

The Branch's financial assets at amortised cost includes trade receivables and investments previously classified as held-to-maturity.

#### *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.

#### Note 1M: Financial Liabilities

##### *Initial recognition and measurement*

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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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.

#### *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.

#### Note 1N: 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.

#### Note 1O: Property, Plant and Equipment

##### *Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

##### *Depreciation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are:

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Office equipment	25-50%
Computer equipment	20-33.3%
Furniture and fixtures	20-33.3%
Computer software	20-33.3%

#### *Derecognition*

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

#### Note 1P: Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Note 1Q: 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).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

#### Note 1R: Fair value measurement

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, financial asset as at fair value through the profit and loss, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

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 Branch. 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 [reporting unit] 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 Branch 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.

#### Note 1S: Going concern



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

### NOTE 2: EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

## OFFICER DECLARATION STATEMENT

for the year ended 30 June 2019

### NOTE 3: REVENUE

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 3A: Capitation fees</b>		
Capitation fees	-	-
<b>Total capitation fees</b>	<u>-</u>	<u>-</u>
<b>Note 3B: Levies</b>		
Levies	-	-
<b>Total levies</b>	<u>-</u>	<u>-</u>
<b>Note 3C: Grants and donations received</b>		
Grants received	-	-
Donations received	1,848	-
<b>Total grants and donations received</b>	<u>1,848</u>	<u>-</u>
<b>Note 3D: Other revenue</b>		
Other revenue	5,062	562
<b>Total other revenue</b>	<u>5,062</u>	<u>562</u>

## NOTE 4: EXPENSES

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4A: Employee expenses</b>		
<b>Holders of office</b>		
Wages and salaries	301,654	225,979
Superannuation	27,312	21,122
Leave and other entitlements	36,359	50,295
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Total holders of office</b>	<b>365,325</b>	<b>297,266</b>
<b>Employees other than holders of office</b>		
Wages and salaries	842,009	879,660
Superannuation	93,515	95,039
Leave and other entitlements	201,285	175,268
Separation and redundancies	-	30,417
Other employee expenses	-	-
<b>Total employees other than holders of office</b>	<b>1,136,809</b>	<b>1,180,384</b>
<b>Other staff costs</b>		
Fringe benefits tax	17,420	18,732
Payroll tax	69,655	65,216
Workers compensation	15,136	17,104
Seminars and training	3,625	3,312
Staff recruitment & Temps	-	1,491
Other	1,547	4,978
<b>Total other staff costs</b>	<b>107,383</b>	<b>110,833</b>
<b>Total employee expenses</b>	<b>1,609,517</b>	<b>1,588,613</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4B: Affiliation, capitation fees and levies</b>		
<b>Affiliation fees</b>		
Geelong Trades Hall Council	764	748
Ballarat Regional Trades and Labour Council	404	303
Gippsland Trades and Labour Council	398	-
Victorian Trades Hall Council	19,640	19,278
Climate and Health Alliance	2,000	455
<b>Capitation fees</b>		
Health Services Union – National Office	92,481	106,148
Health Services Union – National Office (ACTU)	27,761	28,739
<b>Total affiliation, capitation fees and levies</b>	<b>143,448</b>	<b>155,671</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4C: Administration Expenses</b>		
Bank charges and fees	39,855	36,929
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Conference and meeting expenses	1,407	2,113
Fees/allowances – meeting and conference	-	-
Consideration to employers for payroll deductions	-	-
Insurance - general	6,922	8,913
Telephone and internet	41,625	38,066
Penalties – RO Act / RO Regulations / FW Act 2009	-	-
Postage and courier	2,538	8,117
Printing and stationery	14,957	14,271
Other expenses	44,645	77,537
<b>Total administration expenses</b>	<b>151,949</b>	<b>185,946</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4D: Grants and donations</b>		
Grants		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations		
Total expensed that were \$1,000 or less	1,177	528
Total expensed that exceeded \$1,000	20,270	19,950
<b>Total grants or donations</b>	<b>21,447</b>	<b>20,478</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4E: Legal and professional fees</b>		
Accounting fees	-	-
Consultant fees	17,160	-
Legal fees (refer also to Note 4F)		
Litigation	-	-
Other legal matters	65,968	12,789
<b>Total legal and professional fees</b>	<b>83,128</b>	<b>12,789</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4F: Additional member benefits</b>		
Insurance		
Professional indemnity & public liability	62,249	55,115
Legal fees - members		
Litigation	-	-
Other legal matters	-	-
Other	144	8,273
<b>Total additional member benefits</b>	<b>62,393</b>	<b>63,388</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4G: Occupancy</b>		
Rental expenses on operating lease	105,025	94,440
Other occupancy expenses	11,250	10,977
<b>Total occupancy</b>	<b>116,275</b>	<b>105,417</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 4H: Depreciation and amortisation</b>		
Furniture and fixtures	4,352	14,216
Office equipment	3,035	4,464
Computer equipment	6,274	4,164
Computer software	8,618	9,744
<b>Total depreciation and amortisation</b>	<b>22,279</b>	<b>32,588</b>

## NOTE 5: CURRENT ASSETS

	2019	2018
<b>Note 5A: Cash and cash equivalents</b>	<b>\$</b>	<b>\$</b>
Cash on hand	156	142
Cash at bank	980,056	717,726
<b>Total cash and cash equivalents</b>	<b>980,212</b>	<b>717,568</b>

	2019	2018
<b>Note 5B: Trade and other receivables (current)</b>	<b>\$</b>	<b>\$</b>
Membership fees due	-	-
Receivables from other reporting units	-	-
Interest receivable	7,012	5,298
Trade Receivables	3,160	3,159
Less allowance for expected credit losses	-	-
<b>Total trade and other receivables</b>	<b>10,172</b>	<b>8,457</b>

	2019	2018
<b>Note 5C: Financial asset at amortised cost</b>	<b>\$</b>	<b>\$</b>
ME Bank term deposit	505,044	491,677
<b>Total financial assets at amortised cost</b>	<b>505,044</b>	<b>491,677</b>

## NOTE 6: NON-CURRENT ASSETS

	2019	2018
	\$	\$
<b>Note 6A: Property, plant and equipment</b>		
Furniture and fixtures		
At cost	79,170	77,416
Less accumulated depreciation	<u>(73,882)</u>	<u>(69,530)</u>
	5,288	7,886
Office equipment		
At cost	24,411	23,869
Less accumulated depreciation	<u>(21,483)</u>	<u>(18,448)</u>
	2,928	5,421
Computer equipment		
At cost	121,924	116,849
Less accumulated depreciation	<u>(110,167)</u>	<u>(103,894)</u>
	11,757	12,955
Software		
At cost	50,706	46,133
Less accumulated depreciation	<u>(46,637)</u>	<u>(38,019)</u>
	4,069	8,114
<b>Total property, plant and equipment</b>	<b><u>24,042</u></b>	<b><u>34,376</u></b>

### Movements in Carrying Amounts

	Furniture and fixtures	Office equipment	Computer equipment	Software	Total
<b>2018</b>					
Opening net book amount	21,286	5,020	8,224	17,858	52,388
Additions	816	4,944	8,895	-	14,655
Disposals	-	-	-	-	-
Depreciation	(14,216)	(4,464)	(4,164)	(9,744)	(32,588)
<b>Closing net book amount</b>	<b><u>7,886</u></b>	<b><u>5,421</u></b>	<b><u>12,955</u></b>	<b><u>8,114</u></b>	<b><u>34,376</u></b>
<b>2019</b>					
Opening net book amount	7,886	5,421	12,955	8,114	34,376
Additions	1,754	542	5,076	4,573	11,945
Disposals	-	-	-	-	-
Depreciation	(4,352)	(3,035)	(6,274)	(8,618)	(22,279)
<b>Closing net book amount</b>	<b><u>5,288</u></b>	<b><u>2,928</u></b>	<b><u>11,757</u></b>	<b><u>4,069</u></b>	<b><u>24,042</u></b>

### Property, plant and equipment pledged as security

None of the property, plant and equipment is pledged as security

	2019 \$	2018 \$
<b>Note 6B: Trade and other receivables (non-current)</b>		
Rental deposit	18,861	18,852
<b>Total trade and other receivables</b>	<u>18,861</u>	<u>18,852</u>

## NOTE 7: CURRENT LIABILITIES

	2019 \$	2018 \$
<b>Note 7A: Trade payables</b>		
Trade creditors and accruals	85,253	60,992
Wages and salaries due		
Officeholders	-	-
Employees other than officeholders	-	-
<b>Total trade and other payables</b>	<u>85,253</u>	<u>60,992</u>

	2019 \$	2018 \$
<b>Note 7B: Other payables</b>		
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal cost	-	-
Litigation	-	-
Other legal costs	-	-
Payables to other reporting units	-	-
Net GST payable	48,444	55,159
Membership fees received in advance	229,301	207,403
<b>Total trade and other payables</b>	<u>277,745</u>	<u>262,562</u>

	2019 \$	2018 \$
<b>Note 7C: Employee provisions</b>		
Holdings of office:		
Annual leave	17,653	24,963
Long service leave	45,902	25,332
Separations and redundancies	-	-
Other	-	-
	<u>63,555</u>	<u>50,295</u>
Employees other than holders of office:		
Annual leave	117,966	92,069
Long service leave	103,358	61,170
Separations and redundancies	-	-
Other	-	-
	<u>221,324</u>	<u>153,239</u>
<b>Total employee provisions</b>	<u>284,879</u>	<u>203,534</u>
Current	135,619	117,032
Non-Current	149,260	86,502
<b>Total employee provisions</b>	<u>284,879</u>	<u>203,534</u>



## NOTE 8: RETAINED EARNINGS

### Note 8A: Retained earnings

	2019 \$	2018 \$
Balance at start of year	780,291	652,859
Net surplus for the year	180,624	127,432
<b>Net assets at end of year</b>	<b>960,915</b>	<b>780,291</b>

### NOTE 8B: Other Specific Disclosures - Funds

	2019 \$	2018 \$
Compulsory levy/voluntary contribution fund – if invested in assets	-	-
Other fund(s) required by rules	-	-
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	<b>-</b>	<b>-</b>

## NOTE 9: CASH FLOW

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 9A: Cash flow reconciliation</b>		
Reconciliation of cash flow from operations with surplus for the period		
Surplus for the period	180,624	127,432
Non-cash flows in surplus		
Depreciation and amortisation	22,279	32,588
Other non-cash items	-	176
Changes in assets and liabilities		
Decrease in inventories	-	-
Increase in receivables and prepayments	(35,736)	31,910
(Increase) / decrease in financial assets at amortised cost	-	-
Increase in payables	39,444	3,406
Increase in provisions	81,345	86,403
<b>Cash flows from operations</b>	<b>287,956</b>	<b>281,915</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 9B: Receipts from other reporting units</b>		
Cash inflow		
HSU National Office	5,062	42,898
HSU Victoria No 2 Branch	-	-
HSU Victoria No 4 Branch	-	-
HSU NSW Branch	-	-
<b>Total cash inflow from other reporting units</b>	<b>5,062</b>	<b>42,898</b>

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Note 9C: Payments to other reporting units</b>		
Cash outflow		
HSU National Office	150,216	180,338
HSU Victoria No 2 Branch	-	-
HSU NSW Branch	-	-
<b>Total cash outflow to other reporting units</b>	<b>150,216</b>	<b>180,338</b>

#### NOTE 10: CONTINGENCIES

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

#### NOTE 11: COMMITMENTS

	2019 \$	2018 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payables		
- not later than one year	92,283	122,710
- later than one year but not later than five years	28,038	79,202
<b>Total commitments</b>	<b>120,321</b>	<b>201,912</b>

#### *General description of leasing arrangement:*

The leases are related to the rental of vehicles and office equipment

## NOTE 12: RELATED PARTY DISCLOSURES

Note 12A: Related party transactions for the reporting period	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
Receipts from HSU National Office Admin expense recovered	5,062	42,898
Receipts from HSU Vic No 2 Branch Admin expense recovered	-	-
Receipts from HSU Vic No 4 Branch Admin expense recovered	-	-
Receipts from HSU NSW Branch Membership fees recovered	-	-
Payments to HSU National Office Capitation and affiliation fee	120,242	155,671
Admin expense recovered	33,769	-
	<b>154,011</b>	<b>155,671</b>
Payments to HSU NSW Branch Admin expense recovered	-	-

Note 12B: Key management personnel remuneration for the reporting period	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Short-term employee benefits:</b>		
Salary	301,654	225,979
Annual leave accrued	17,653	24,963
Allowance	3,872	-
<b>Total short-term employee benefits</b>	<b>323,179</b>	<b>250,942</b>
<b>Post-employment benefits:</b>		
Superannuation	27,312	21,122
<b>Total post-employment benefits</b>	<b>27,312</b>	<b>21,122</b>

<b>Note 12B: Key management personnel remuneration for the reporting period (continued)</b>	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
<b>Other long-term benefits</b>		
Long-service leave accrued	45,902	25,332
<b>Total other long-term benefits</b>	<u>45,902</u>	<u>25,332</u>
Termination benefits	-	-
<b>Total key management personnel remuneration for the reporting period</b>	<u>396,393</u>	<u>297,396</u>

**Note 12C: Transactions with key management personnel and their close family members**

*Loans to / from key management personnel and their close family members*

There were no loans between the key management personnel of the committee of management or their close family members and the Branch.

*Other transactions with key management personnel and their close family members*

Transactions between key management personnel, the committee of management or their close family members and the Branch other than those relating to their membership of the Branch and reimbursement by the Branch in respect of expenses incurred by them in the performance of their duties are listed below. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
Related party transaction	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

Note 12D: Disclosure of remuneration and non-cash benefits by Officers

Position	Name	Organisation / Board	Remuneration
-	-	-	-

Note 12E: Disclosure of remuneration paid to the highest paid Officers

Position	Name	Salary	Non-cash benefit: Superannuation	Non-cash benefit: Vehicle	Board payment
Branch Secretary	Craig McGregor	\$149,507	\$14,007	\$6,632	-
Branch Assistant Secretary	Andrew Hewat	\$87,102	\$8,147	-	-
Staff – Organiser	Sarah Hathway	\$68,916	\$5,158		

Note 12F: Disclosure of material personal interests

There is no disclosure for material persons of interests to the committee of management in the current year.

Note 12G: Disclosure of payments

No payments were made to material persons of interest in the current year.

NOTE 13: REMUNERATION OF AUDITORS

	1 July 2018 to 30 June 2019 \$	1 July 2017 to 30 June 2018 \$
Financial statement audit services	22,447	25,028
Other services	-	-
<b>Total remuneration of auditors</b>	<b>22,447</b>	<b>25,028</b>

NOTE 14: FINANCIAL RISK MANAGEMENT

The Branch's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Branch's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Branch. The Branch uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit risk.

Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

#### Note 14A: Market risk

##### *Foreign exchange risk*

The Branch is not exposed to foreign exchange risk.

##### *Price risk*

The Branch is not exposed to commodity price risk.

##### *Cash flow and fair value interest rate risk*

The Branch is not exposed to interest rate risk on liabilities. The Branch has investments in a variety of interest-bearing assets which have fixed interest rate and therefore not subject to interest rate volatility.

#### Note 14B: Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The Branch has no significant concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2019	2018
	\$	\$
Cash at bank		
AA rating	667,591	506,495
A rating	312,621	211,072
Held to maturity investments		
A rating	505,044	491,677

#### Note 14C: Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

##### *Maturity profile of financial instruments*

The maturity profile of financial assets and liabilities held is detailed below:

	On demand		1 year or less		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash on hand	156	142	-	-	-	-	-	-	156	142
Cash at bank	980,056	717,425	-	-	-	-	-	-	980,056	717,425
Held to maturity investments	-	-	505,044	491,677	-	-	-	-	505,044	491,677
Trade receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	10,172	8,457	-	-	-	-	10,172	8,457
Security deposits	-	-	-	18,852	18,861	-	-	-	18,861	18,852
	980,212	717,567	515,216	518,986	18,861	-	-	-	1,514,289	1,236,553
Financial Liabilities										
Trade and other payables			(85,253)	(60,992)	-	-	-	-	(85,253)	(60,992)
Net Financial Assets	980,212	717,567	429,963	457,994	-	-	-	-	1,429,036	1,175,561

#### Note 14D: Fair value estimation

The carrying value of cash, trade receivables, and trade payables are assumed to approximate their fair values due to their short-term nature.

The Branch does not have any financial instruments included in Level 1, Level 2, and Level 3.

#### Note 14E: Sensitivity analysis

As at 30 June 2019 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2019	2018
	\$	\$
Increase of interest rates by 2% - increase surplus by	29,702	24,559
Decrease of interest rates by 2% - decrease surplus by	(29,702)	(24,559)

#### NOTE 15: 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 reads as follows:

Information to be provided to members or the 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).

#### NOTE 16: WAGE RECOVERY ACTIVITIES

No revenue has been derived from undertaking recovery of wages activity during the reporting period.



## OFFICER DECLARATION STATEMENT

for the year ended 30 June 2019

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I, Craig McGregor, being the officer of the Branch, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit 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 an organisation, a determination or revocation by the General Manager, Fair Work Commission.
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer:



Dated:

29/10/2019

## Independent Auditor's Report to the Members of Health Services Union Vic No. 3 Branch

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Health Services Union Vic No. 3 Branch (the 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 then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Health Services Union Vic No. 3 Branch as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit 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 are independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

The Branch Committee of Management are 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 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 the other information we are required to report that fact. We have nothing to report in this regard.

#### Sydney Office

Level 16, 1 Market Street  
Sydney NSW 2000  
PO Box H195

Australia Square NSW 1215

**p** +61 2 9251 4600

**f** +61 2 9251 7138

**e** [info@nexiasydney.com.au](mailto:info@nexiasydney.com.au)

**w** [nexia.com.au](http://nexia.com.au)

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### **Branch Committee of Management's, Secretary's and Assistant Secretary/Treasurer's responsibility for the financial report**

The Branch Committee of Management, Secretary and Assistant Secretary of the reporting unit 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 Branch Committee of Management, Secretary and Assistant Secretary of the Branch 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 Branch Committee of Management, Secretary and Assistant Secretary are responsible for assessing the reporting unit'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 Branch Committee of Management, Secretary and Assistant Secretary either intend to liquidate the reporting unit or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibility for the audit of the financial report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the



audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We communicate with the Branch Committee of Management, Secretary and Assistant Secretary 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.

We declare the signing auditor below is an auditor registered under the RO Act and a member of a firm where at least one member is a registered auditor.

We also provide the Branch Committee of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Nexia*

**Nexia Sydney Partnership**

*JS Santangelo*

**Joseph Santangelo**  
*Partner*

Registration number: AA2017/198

Dated: 29.10.19

Sydney



