



28 November 2018

Mr Craig McGregor
Branch Secretary
Health Services Union-Victoria No. 3 Branch

By e-mail: info@vahpa.asn.au

CC: Jsantangelo@nexiasydney.com.au

Dear Mr McGregor,

**Health Services Union-Victoria No. 3 Branch
Financial Report for the year ended 30 June 2018 - [FR2018/149]**

I acknowledge receipt of the financial report of the Health Services Union-Victoria No. 3 Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 31 October 2018.

The financial report has now been filed.

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

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

You are not required to take any further action in respect of the report lodged, except where I have indicated under the sub-heading *Difference in figure reporting in LGD statement and financial report*. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

1. General Purpose Financial Report

Difference in figure reporting in LGD statement and financial report

A loans, grants and donations statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 6 August 2018. A figure for donations that exceeded \$1,000 was also disclosed in the financial report, however this figure for donations is different to the total of the figures disclosed in the loans, grants and donations statement.

Please provide an explanation for the difference in the figure reported. If items reported in the loans, grants and donations statement are incorrect or incomplete please lodge an amended statement.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines (**RGs**) states that if any activities identified within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes.

- “Nil agreement to receive financial support from another reporting unit to continue as a going concern” and “ nil agreement to provide financial support to another reporting unit to ensure they continue as going concern” were disclosed in both the officer's declaration statement and Note 1S of the financial report.
- “Receiving capitation fees from another reporting unit” was disclosed in the Statement of Comprehensive Income, Note 3A and the officer's declaration statement.
- “Receiving revenue via compulsory levies” was disclosed in the Statement of Comprehensive Income, Note 3B and the officer's declaration statement.
- “Receiving donations or grants” was disclosed in the Statement of Comprehensive Income, Note 3C and the officer's declaration statement.
- “Receiving revenue from undertaking recovery of wages activity” was disclosed in the Statement of Comprehensive Income, Note 16 and the officer's declaration statement.
- “Incurring fees as consideration for employers making payroll deductions of membership subscriptions”; “paying compulsory levies”; “ paying to a person fees or allowances to attend conferences or meetings” and “paying a penalty imposed under the RO Act or the *Fair Work Act 2009*” were disclosed in both Note 4C and the officer's declaration statement.
- “Paying a grant that was \$1,000 or less” and “paying a grant that exceeded \$1,000” were disclosed in both Note 4D and the officer's declaration statement.
- “Paying legal costs relating to litigation” was disclosed in both Note 4F and the officer's declaration statement.
- “Having a receivable with another reporting unit” was disclosed in both Note 5B and the officer's declaration statement.
- “Having a payable to employer as consideration for that employer making payroll deductions of membership subscriptions”; “ having a payable in respect of legal costs relating to litigation and to other legal matters” were disclosed in both Note 7B and the officer's declaration statement.
- “Transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity” was disclosed in both Note 8B and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

2. Auditor's statement

Audit scope to include subsection 255(2A) report

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

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

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

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

Audit scope to include officer's declaration statement

Where nil activity disclosures are contained in an officer's declaration statement, in accordance with reporting guideline 21, the officer's declaration statement also forms part of a general purpose financial report prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act.)

Please also note that an officer's declaration statement must, where one is prepared, be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

An officer's declaration statement was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Registered auditor's details

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number.

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

Reporting Requirements

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

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely



Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

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

for the year ended 30 June 2018

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 31 October 2018; 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 30 October 2018 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: 31 October 2018

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 2018



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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 2017/18 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 30 October 2018.

INTRODUCTION

for the year ended 30 June 2018

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 2018.

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.

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

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

for the year ended 30 June 2018

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 31 October 2018; 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 30 October 2018 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: 31 October 2018

REPORT REQUIRED UNDER SUBSECTION 255(2A)

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

for the year ended 30 June 2018

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 2018.

Categories of expenditures	2018	2017
	\$	\$
Remuneration and other employment-related costs and expenses - employees	1,588,613	1,412,898
Advertising	14,756	28,505
Operating costs	448,967	460,206
Donations to political parties	12,895	3,000
Legal costs	12,789	5,847

Signature of designated officer:



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

Date: 30 October 2018

OPERATING REPORT

for the year ended 30 June 2018

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 2017 to 30 June 2018.

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 2018

Number of members

The number of financial members at 30 June 2018 was 4,549 (2017: 4,451).


Number of employees

The number of full time equivalent employees at 30 June 2018 was 12.4 (2017: 14.6)

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	
Marni Jackson	Junior Vice President	11 Oct 2016	
Scott Plowman	Trustee	12 July 2016	
Bernarda Cavka	Member	12 July 2016	
Kim Vien	Member	05 Jun 2014	
Sandra McCallum	Member	04 Dec 2015	02 May 2018
Tracey Maughan	Member	15 Nov 2016	18 Oct 2017
Cecilia Judge	Member	28 Nov 2017	14 May 2018
Kerri Felemonow	Member	14 Mar 2017	

Signature of designated officer:

 . 30/10/2018

Name of designated officer: Craig McGregor

Title of designated officer: Branch Secretary

BRANCH COMMITTEE OF MANAGEMENT STATEMENT

for the year ended 30 June 2018

On 30 October 2018 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 2018:

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: 30 October 2018

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Revenue			
Membership subscriptions		2,435,273	2,336,473
Capitation fees	3A	-	-
Levies	3B	-	-
Gifts and donations	3C	-	-
Interest		16,745	10,985
Revenue from recovery of wages activity		-	-
Other revenue	3D	37,692	562
Total revenue		2,489,710	2,348,020
Expenses			
Employee expenses	4A	1,588,613	1,412,898
Affiliation, capitation fees and levies	4B	155,671	143,698
Administration expenses	4C	185,946	164,990
Audit fees	13	25,028	19,829
Communication expenses		79,177	88,678
Computer expenses		-	-
Grants and donations	4D	20,478	5,000
Legal and professional fees	4E	12,789	5,847
Additional member benefits	4F	63,388	56,399
Motor vehicle expenses		74,172	78,249
Travel expenses		4,792	14,039
Occupancy expenses	4G	105,417	106,087
Delegate and BCOM expenses		14,219	10,992
Depreciation and amortisation	4H	32,588	50,895
Total expenses		2,362,278	2,157,601
Surplus for the year		127,432	190,419
Other comprehensive income		-	-
Total comprehensive income for the year		127,432	190,419

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	717,568	630,308
Trade and other receivables	5B	8,457	-
Prepayments		36,449	76,836
Held-to-maturity investments	5C	491,677	311,677
Inventories		-	-
Total current assets		<u>1,254,151</u>	<u>1,018,821</u>
Non-Current Assets			
Property, plant and equipment	6A	34,376	52,388
Trade and other receivables	6B	18,852	18,832
Total non-current assets		<u>53,228</u>	<u>71,220</u>
Total assets		<u>1,307,379</u>	<u>1,090,041</u>
LIABILITIES			
Current Liabilities			
Trade payables	7A	60,992	71,095
Other payables	7B	262,562	249,054
Employee Provisions	7C	117,032	117,033
Total current liabilities		<u>440,586</u>	<u>437,182</u>
Non-Current Liabilities			
Employee Provisions	7C	86,502	-
Total current liabilities		<u>86,502</u>	<u>-</u>
Total Liabilities		<u>527,088</u>	<u>437,182</u>
Net assets		<u>780,291</u>	<u>652,859</u>
Equity			
Retained Earnings	8	780,291	652,859
Total members' funds		<u>780,291</u>	<u>652,859</u>

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Note	Accumulated Surplus \$	Total \$
Balance as at 1 July 2016		462,440	462,440
Surplus for the year		190,419	190,419
Other comprehensive income		-	-
Closing balance as at 30 June 2017		<u>652,859</u>	<u>652,859</u>
Balance as at 1 July 2017		652,859	652,859
Surplus for the year		127,432	127,432
Other comprehensive income		-	-
Closing balance as at 30 June 2018		<u>780,291</u>	<u>780,291</u>

STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Note	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Membership fees received		2,717,464	2,565,259
Receipts from other reporting units	9B	42,898	6,722
Interest received		16,745	10,985
Other receipts		-	562
Cash used			
Payments to employees		(1,588,613)	(1,412,898)
Payments to suppliers		(726,241)	(713,556)
Payments to other reporting units	9C	(180,338)	(147,976)
Net cash inflow (outflow) from operating activities	9A	<u>281,915</u>	<u>309,098</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(14,655)	(9,820)
Purchase of held-to-maturity investments		(180,000)	-
Net cash inflow (outflow) from investing activities		<u>(194,655)</u>	<u>(9,820)</u>
Net increase (decrease) in cash and cash equivalents			
		87,260	299,278
Cash and cash equivalents at the beginning of the reporting period			
		<u>630,308</u>	<u>331,030</u>
Cash and cash equivalents at the end of the reporting period	5A	<u>717,568</u>	<u>630,308</u>

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for the year ended 30 June 2018

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Australian Accounting Standard requirements

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

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these standards. The following table summarises those future requirements, and their impacts on the union.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2016-2 – Amendments to Australian Accounting Standards – Disclosure initiative:	30 June 2018	This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	The impact of this is expected to be minimal.
AASB 2016-3 - Amendments to Australian Accounting Standards – Clarifications to AASB 15	30 June 2019	This Standard amends AASB 15 Revenue from Contracts with Customers to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.	The impact of this standard has not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<p>AASB 15 - Revenue from Contracts with Customers</p>	<p>30 June 19</p>	<p>AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:</p> <ul style="list-style-type: none"> a) identify the contract with a customer; b) identify the separate performance obligations in the contract; c) determine the transaction price; d) allocate the transaction price to the separate performance obligations in the contract; and e) recognise revenue when (or as) the entity satisfies a performance obligation. <p>Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.</p>	<p>The impact of this standard has not yet been determined.</p>
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 9 Financial Instruments	30 June 19	<p>AASB 9 (2014) includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test. AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:</p> <p>a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</p> <p>ii) The remaining change is presented in profit or loss.</p> <p>AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8.</p>	<p>The impact of AASB 9 has not yet been determined as the entire standard has not been released. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.</p>
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16 - Leases	30 June 19	AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment).	The impact of this standard is expected to be minimal.
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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 impairment allowance account. 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 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 includes 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 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Branch derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Note 1M: 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 1N: 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:

<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%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 1O: 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

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, 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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 2018, 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 2018

NOTE 3: REVENUE

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 3A: Capitation fees		
Capitation fees	-	-
Total capitation fees	<u>-</u>	<u>-</u>
	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 3B: Levies		
Levies	-	-
Total levies	<u>-</u>	<u>-</u>
	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 3C: Grants and donations received		
Grants received	-	-
Donations received	-	-
Total grants and donations received	<u>-</u>	<u>-</u>
	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 3D: Other revenue		
Other revenue	37,692	562
Total other revenue	<u>37,692</u>	<u>562</u>

NOTE 4: EXPENSES

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 4A: Employee expenses		
Holders of office		
Wages and salaries	225,979	217,536
Superannuation	21,122	25,681
Leave and other entitlements	50,295	23,894
Separation and redundancies	-	-
Other employee expenses	-	-
Total holders of office	297,266	267,111
Employees other than holders of office		
Wages and salaries	879,660	813,181
Superannuation	95,039	82,394
Leave and other entitlements	175,268	126,061
Separation and redundancies	30,417	6,734
Other employee expenses	-	41
Total employees other than holders of office	1,180,384	1,028,411
Other staff costs		
Fringe benefits tax	18,732	19,040
Payroll tax	65,216	63,417
Workers compensation	17,104	20,992
Seminars and training	3,312	10,110
Staff recruitment & Temps	1,491	260
Other	4,978	3,557
Total other staff costs	110,833	117,376
Total employee expenses	1,588,613	1,412,899
Note 4B: Affiliation, capitation fees and levies		
	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Affiliation fees		
Geelong Trades Hall Council	748	735
Ballarat Regional Trades and Labour Council	303	404
Victorian Trades Hall Council	19,278	18,826
Climate and Health Alliance	455	-
Health Services Union – National Office (ACTU)	28,739	19,982
Capitation fees		
Health Services Union – National Office	106,148	103,751
Total affiliation, capitation fees and levies	155,671	143,698

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 4C: Administration Expenses		
Bank charges and fees	36,929	38,753
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Conference and meeting expenses	2,113	1,896
Conference and meeting allowances	-	-
Consideration to employers for payroll deductions	-	-
Insurance - general	8,913	7,922
Telephone and internet	38,066	37,791
Penalties – RO Act or RO Regulations	-	-
Postage and courier	8,117	11,327
Printing and stationery	14,271	16,491
Other expenses	77,537	50,810
Total administration expenses	<u>185,946</u>	<u>164,990</u>

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 4D: Grants and donations		
Grants		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations		
Total paid that were \$1,000 or less	528	500
Total paid that exceeded \$1,000	19,950	4,500
Total grants or donations	<u>20,478</u>	<u>5,000</u>

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 4E: Legal and professional fees		
Accounting fees	-	-
Legal fees (refer also to Note 4F)		
Litigation	-	-
Other legal matters	12,789	5,847
Total legal and professional fees	<u>12,789</u>	<u>5,847</u>

Note 4F: Additional member benefits

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Insurance		
Professional indemnity & public liability	55,115	52,869
Legal fees - members		
Litigation	-	-
Other legal matters	-	-
Other	8,273	3,530
Total additional member benefits	63,388	56,399

Note 4G: Occupancy

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Rental expenses on operating lease	94,440	94,357
Other occupancy expenses	10,977	11,730
Total occupancy	105,417	106,087

Note 4H: Depreciation and amortisation

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Furniture and fixtures	14,216	18,555
Office equipment	4,464	8,695
Computer equipment	4,164	9,310
Computer software	9,744	14,335
Total depreciation and amortisation	32,588	50,895

NOTE 5: CURRENT ASSETS

	2018	2017
Note 5A: Cash and cash equivalents	\$	\$
Cash on hand	142	560
Cash at bank	717,726	629,748
Total cash and cash equivalents	717,568	630,308
Note 5B: Trade and other receivables (current)	\$	\$
Membership fees due	-	-
Receivables from other reporting units	-	-
Interest receivable	5,298	-
Trade receivables	3,159	-
Provision for doubtful debt	-	-
Total trade and other receivables	8,457	-
Note 5C: Held-to-maturity investments	\$	\$
ME Bank term deposit	491,677	311,677
Total held-to-maturity investments	491,677	311,677

NOTE 6: NON-CURRENT ASSETS

Note 6A: Property, plant and equipment	2018 \$	2017 \$
Furniture and fixtures		
At cost	77,416	76,600
Less accumulated depreciation	<u>(69,530)</u>	<u>(55,314)</u>
	7,886	21,286
Office equipment		
At cost	23,869	19,004
Less accumulated depreciation	<u>(18,448)</u>	<u>(13,984)</u>
	5,421	5,020
Computer equipment		
At cost	116,849	107,954
Less accumulated depreciation	<u>(103,894)</u>	<u>(99,730)</u>
	12,955	8,224
Software		
At cost	46,133	46,133
Less accumulated depreciation	<u>(38,019)</u>	<u>(28,275)</u>
	8,114	17,858
Total property, plant and equipment	<u>34,376</u>	<u>52,388</u>

Movements in Carrying Amounts

	Furniture and fixtures	Office equipment	Computer equipment	Software	Total
2017					
Opening net book amount	38,796	10,706	11,768	32,193	93,463
Additions	1,045	3,010	5,766	-	9,820
Disposals	-	-	-	-	-
Depreciation	<u>(18,555)</u>	<u>(8,696)</u>	<u>(9,310)</u>	<u>(14,335)</u>	<u>(50,895)</u>
Closing net book amount	<u>21,286</u>	<u>5,020</u>	<u>8,224</u>	<u>17,858</u>	<u>52,388</u>
2018					
Opening net book amount	21,286	5,020	8,224	17,858	52,388
Additions	816	4,944	8,895	-	14,655
Disposals	-	-	-	-	-
Depreciation	<u>(14,216)</u>	<u>(4,464)</u>	<u>(4,164)</u>	<u>(9,744)</u>	<u>(32,588)</u>
Closing net book amount	<u>7,886</u>	<u>5,421</u>	<u>12,955</u>	<u>8,114</u>	<u>34,376</u>

Property, plant and equipment pledged as security

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

	2018	2017
	\$	\$
Note 6B: Trade and other receivables (non-current)		
Rental deposit	18,852	18,832
Total trade and other receivables	<u>18,852</u>	<u>18,832</u>

NOTE 7: CURRENT LIABILITIES

	2018	2017
	\$	\$
Note 7A: Trade payables		
Trade creditors and accruals	60,992	71,095
Wages and salaries due		
Officeholders	-	-
Employees other than officeholders	-	-
Total trade and other payables	<u>60,992</u>	<u>71,095</u>

	2018	2017
	\$	\$
Note 7B: Other payables		
Consideration to employers for payroll deductions	-	-
Legal fees due	-	-
Payables to other reporting units	-	-
Net GST payable	55,159	47,321
Membership fees received in advance	207,403	201,733
Total trade and other payables	<u>262,562</u>	<u>249,054</u>

	2018	2017
	\$	\$
Note 7C: Employee provisions		
Holdings of office:		
Annual leave	24,963	20,742
Long service leave	25,332	-
Separations and redundancies	-	-
Other	-	-
	<u>50,295</u>	<u>20,742</u>
Employees other than holders of office:		
Annual leave	92,069	96,291
Long service leave	61,170	-
Separations and redundancies	-	-
Other	-	-
	<u>153,239</u>	<u>96,291</u>
Total employee provisions	<u>203,534</u>	<u>117,033</u>
Current	117,032	117,033
Non-Current	86,502	-
Total employee provisions	<u>203,534</u>	<u>117,033</u>

NOTE 8A: RETAINED EARNINGS

	2018 \$	2017 \$
Balance at start of year	652,859	462,440
Net surplus for the year	127,432	190,419
Net assets at end of year	<u>780,291</u>	<u>652,859</u>

NOTE 8B: Other Specific Disclosures - Funds

	2018 \$	2017 \$
Compulsory levy/voluntary contribution fund	-	-
Other fund(s) required by rules		
Balance as at start of year	-	-
Surplus (deficit) for the year	-	-
Balance as at end of year	<u>-</u>	<u>-</u>

NOTE 9: CASH FLOW

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 9A: Cash flow reconciliation		
Reconciliation of cash flow from operations with surplus for the period		
Surplus for the period	127,432	190,419
Non-cash flows in surplus		
Depreciation and amortisation	32,588	50,895
Other non-cash items	176	-
Changes in assets and liabilities		
Decrease in inventories	-	10,983
Increase in receivables and prepayments	31,910	(9,340)
(Increase) / decrease in Held-to-Maturity Assets	-	-
Increase in payables	3,406	44,383
Increase in provisions	86,403	21,758
Cash flows from operations	<u>281,915</u>	<u>309,098</u>

Note 9B: Receipts from other reporting units

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
HSU National Office	42,898	5,105
HSU Victoria No 2 Branch	-	129
HSU Victoria No 4 Branch	-	620
HSU NSW Branch	-	868
Total receipts from other reporting units	<u>42,898</u>	<u>6,722</u>

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Note 9C: Payments to other reporting units		
HSU National Office	180,338	147,836
HSU Victoria No 2 Branch	-	140
HSU NSW Branch	-	-
Total payments to other reporting units	180,338	147,976

NOTE 10: CONTINGENCIES

There are no known contingent assets or liabilities at 30 June 2018.

NOTE 11: COMMITMENTS

	2018 \$	2017 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payables		
- not later than one year	122,710	56,946
- later than one year but not later than five years	79,202	66,436
Total commitments	201,912	123,382

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 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Receipts from HSU National Office Admin expense recovered	42,898	5,105
Receipts from HSU Vic No 2 Branch Admin expense recovered	-	129
Receipts from HSU Vic No 4 Branch Admin expense recovered	-	620
Receipts from HSU NSW Branch Membership fees recovered	-	868
Payments to HSU National Office Capitation fee	155,671	147,836
Admin expense recovered	-	-
	155,671	147,836
Payments to HSU NSW Branch Admin expense recovered	-	-

Note 12B: Key management personnel remuneration for the reporting period	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Short-term employee benefits:		
Salary	225,979	219,637
Annual leave	24,963	(1,192)
Total short-term employee benefits	250,942	218,445
Post-employment benefits:		
Superannuation	21,122	20,581
Total post-employment benefits	21,122	20,581

Note 12B: Key management personnel remuneration for the reporting period (continued)

	1 July 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Other long-term benefits		
Long-service leave accrued	25,332	-
Total other long-term benefits	<u>25,332</u>	<u>-</u>
Termination benefits	-	-
Total key management personnel remuneration for the reporting period	<u>297,396</u>	<u>239,026</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 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Related party transaction	-	-
Total	<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	\$145,006	\$13,588	\$4,498	-
Branch Assistant Secretary	Andrew Hewat	\$80,973	\$7,534	-	-

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 2017 to 30 June 2018 \$	1 July 2016 to 30 June 2017 \$
Financial statement audit services	25,028	19,829
Other services	-	-
Total remuneration of auditors	25,028	19,829

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:

	2018	2017
	\$	\$
Cash at bank		
AA rating	506,495	416,697
A rating	211,072	213,611
Held to maturity investments		
A rating	491,677	311,677

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash on hand	142	560	-	-	-	-	-	-	142	560
Cash at bank	717,425	629,748	-	-	-	-	-	-	717,425	629,748
Held to maturity investments	-	-	491,677	311,677	-	-	-	-	491,677	311,677
Trade receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	39,608	76,864	-	-	-	-	39,608	76,864
Security deposits	-	-	18,852	18,843	-	-	-	-	18,852	18,843
	<u>717,567</u>	<u>630,308</u>	<u>550,137</u>	<u>407,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,251,937</u>	<u>1,037,692</u>
Financial Liabilities										
Trade and other payables	-	-	(235,648)		(148,296)		-	-		(431,265)
Net Financial Assets	<u>717,567</u>	<u>630,308</u>		<u>171,736</u>	<u>(148,296)</u>		<u>-</u>	<u>-</u>		<u>639,972</u>

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 2018 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2018	2017
	\$	\$
Increase of interest rates by 2% - increase surplus by	24,559	19,205
Decrease of interest rates by 2% - decrease surplus by	(24,559)	(19,205)

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 2018

I, Craig McGregor, being the officer of the Branch, declare that the following activities did not occur during the reporting period ending 30 June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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
- receive capitation fees from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- 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: _____

Craig McGregor
30/10/2018

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 2018, the statement of profit or loss and other 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 Operating Report and the Committee of Management Statement.

In our opinion,

- (i) the accompanying financial report of Health Services Union Vic No. 3 Branch is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:
 - (a) giving a true and fair view of the Union's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - (b) complying with Australian Accounting Standards; and
- (ii) the use of the going concern assumption in relation to the preparation of the Financial Report 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 entity 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 comprises the information in Health Services Union Vic No. 3 Branch annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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.

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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 Branch are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Fair Work (Registered Organisations) Act 2009* and is appropriate to meet the needs of the members. The Branch Committee of Management, Secretary and Assistant Secretary are also responsible for such internal control as the Branch Committee of Management, Secretary and Assistant Secretary determine is necessary to enable the preparation of the financial report that 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 entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

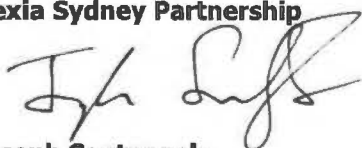
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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



Joseph Santangelo

Partner

Registered Company Auditor 405702

Member of the Institute of Chartered Accountants in Australia 46731

Holds of a current Certificate of Public Practice

Dated: 30.10.18
Sydney



25 September 2018

Mr Craig McGregor
National Trustee; Victoria No. 3 Branch Secretary
Health Services Union-Victoria No. 3 Branch

By Email: info@vahpa.asn.au

Dear Mr McGregor,

**Re: Lodgement of Financial Report - [FR2018/149]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Health Services Union-Victoria No. 3 Branch (the reporting unit) ended on 30 June 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations (FS 009)* summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines (FS 008)* summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,



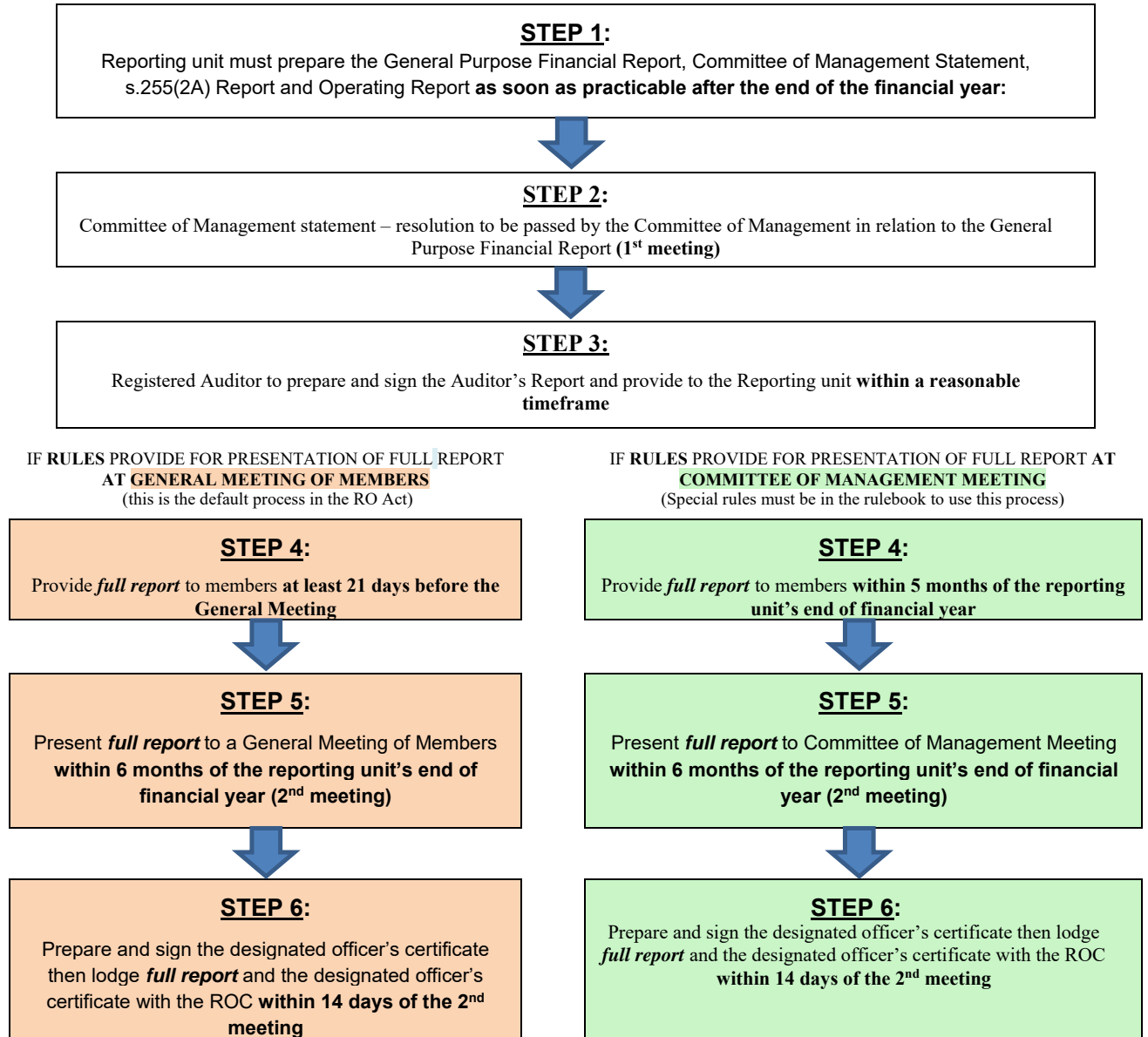
Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Fact sheet



Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.





The Loans, Grants & Donations Statement



Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL. Common misconceptions Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants OR donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au