HEALTH SERVICES UNION - VICTORIA NO 3 BRANCH
(VICTORIAN HEALTH PROFESSIONALS ASSOCIATION)

ABN 38 106 461 384

ANNUAL FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2013

VICTORIAN HEALTH PROFESSIONALS ASSOCIATION

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

TABLE OF CONTENTS

Operating Report	**1**
Financial Report	
Statement of Profit or Loss and Other Comprehensive Income	**4**
Statement of Financial Position	**5**
Statement of Changes in Equity	**6**
Statement of Cash Flows	**7**
Notes to the Financial Statements	**8 – 28**
Statement by Committee of Management	**29**
Independent Auditor's Report	**30-31**

This financial report covers the Health Services Union Victoria No 3 Branch (Operating as the Victorian Health Professionals Association) as an individual entity. The financial report is presented in the Australian currency.

The Health Services Union Victoria 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:
Health Services Union Victoria No 3 Branch
351 William St
WEST MELBOURNE VIC 3003

The financial report was authorised for issue by the Branch Committee of Management on 27 day of November 2013.

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

OPERATING REPORT

Your Branch Committee of Management present their report on the Health Services Union Victoria No 3 Branch (The Branch) for the financial period from 21 August 2012 to 30 June 2013.

Members of Branch Committee

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

Name	Position	Date elected	Date resigned
Geraldine Brooks	President	28 Nov 2012	21 February 2013
Cheryl O'Connor (formerly Hale)	President	6 March 2013	
	Senior Vice President	28 Nov 2012	6 March 2013
Joanne Ginn	Senior Vice President	6 March 2013	
	Junior Vice President	28 Nov 2012	6 March 2013
Rebecca Barnden	Junior Vice President	6 March 2013	
Bruce Poole	Trustee	28 Nov 2012	
Craig McGregor	Branch Secretary	28 Nov 2012	
Andrew Hewat	Assistant Secretary	28 Nov 2012	
Jenni Bourke	Member	28 Nov 2012	
Anthony D'Amore	Member	28 Nov 2012	
	Interim trustee	6 March 2013	
Julian Ginn	Member	28 Nov 2012	
Michael Hovenden	Member	28 Nov 2012	
Trish Pham	Member	28 Nov 2012	
Sam Tuck	Member	6 March 2013	
	Trustee	28 Nov 2012	6 March 2013
Debra Gibbons	National Council	28 Nov 2012	

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 Victoria No 3 Branch (the Branch) is a specialist Union that promotes and defends the industrial, professional and democratic interests of our members. The Health Services Union Victoria No 3 Branch was formed as a result of the demerger of the HSU East Branch pursuant to a Deed Poll dated 21 August 2012.

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

Union details

The number of full time equivalents employees at 30 June 2013 was 11.6.

The number of financial members at 30 June 2013 was 3,174.

OPERATING REPORT (Continued)

Right of members to resign

Rule 13 sets out the terms under which a member of the Branch may resign.

13 (b) A member may resign from membership of the Union by notice in writing, addressed and delivered to the Secretary of the members branch.

13 (c) A notice of resignation from membership of the Union shall take effect:-

(i) where the member ceases to be eligible to become a member of the Union -

A. on the day upon which the notice is received by the Union, or

B. on the day specified in the notice, which is a day not earlier than the day when the member ceased to be eligible to become a member,

whichever is the later; or

(ii) in any other case -

A. at the end of two weeks after the notice is received by the Union, or

B. on the day specified in the notice,

whichever is the later.

13 (d) 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.

13 (e) A notice resignation that has been received by the Union shall not be invalid because it was not addressed and delivered in accordance with paragraph (b) of this Rule.

13 (f) A resignation from membership of the Union shall be valid even if it is not effected in accordance with the foregoing provisions of this Rule if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

Directorships of Superannuation Fund

To the best of our knowledge and belief, no officers and 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 (Continued)

Directorships of company or a member of a board

Name of Officer	Name of the company or board	Position	Principal activities	Whether position held because nominated for by the reporting unit or by a peak council
Craig McGregor	HSU National	Member of the National Executive and of the National Council	Trade Union activities	Yes
Andrew Hewat	Geelong Trades Hall	Committee Member	Trade Union activities	Yes
	Trail Running Company	Director	Event organising	No
Neil Bowker	Fair Trade Association of Australia and New Zealand Inc	Treasurer	Promote Fair Trade	No
Bruce Poole	St. Michaels Primary School Traralgon	Parents Advisory Committee (school board)	School	No
Patricia Pham	AIR social media working party	Victoria Representative	Event organising	Yes
Danae Bosler	Mercantile Rowing Club	Honorary Secretary	Event organising	No
Anthony D'Amore	ALD Ultrasound Pty Ltd	Director	Contracting	No
Geraldine Brooks	Brimbank Branch, The Australian Greens	Co-secretary	Political party	No
Geraldine Brooks	Ardeer Community Playground Committee	President	Community	No
Geraldine Brooks	West Footscray Primary School Facilities Subcommittee	Member	School	No

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

Signature of designated officer: _____

Name of designated officer: Craig McGregor

Title of designated officer: Secretary VHPIA

Dated: 27/11/13

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	21 Aug 2012 to 30 June 2013 $
Revenue from continuing operations		
Member contributions	4	**1,300,722**
Capitation fees		**-**
Levies		**-**
Other revenue	4	**30,611**
		1,331,333
Expenses		
Administration expenses	5	**(74,867)**
Affiliation, capitation fees and levies	6	**(42,700)**
Communication expenses		**(6,029)**
Computer expenses		**(47,336)**
Depreciation	7	**(9,539)**
Grants and donations	8	**-**
Employee expenses	9	**(633,508)**
Legal & professional fees	10	**(38,908)**
Additional member benefits	11	**(122,834)**
Motor vehicle expenses		**(26,179)**
Travel expenses		**(7,450)**
Occupancy expenses	12	**(17,369)**
Impairment expenses	16	**(101,665)**
Other expenses		**(22,051)**
		(1,150,435)
Surplus attributable to members of the entity		**180,898**
Other comprehensive income		**-**
Total comprehensive income for the year attributable to members		**180,898**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $
ASSETS		
Current assets		
Cash and cash equivalents	13	**404,882**
Trade and other receivables	14	**127,639**
Total current assets		**532,521**
Non-current assets		
Property, plant and equipment	15	**21,153**
Trade and other receivables	16	**208,594**
Total non-current assets		**229,747**
Total assets		**762,268**
LIABILITIES		
Current liabilities		
Trade and other payables	17	**179,088**
Provisions	18	**16,809**
Total current liabilities		**195,897**
Total liabilities		**195,897**
Net assets		**566,371**
MEMBERS' FUND		
Accumulated surplus	19	**566,371**
Total members' fund		**566,371**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

	Accumulated surplus $	Total $
Balance at 21 August 2012	**-**	**-**
Comprehensive income for the year	**180,898**	**180,898**
Net assets acquired on demerger	**385,473**	**385,473**
Balance at 30 June 2013	**566,371**	**566,371**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	21 Aug 2012 to 30 June 2013 $
Cash flows from operating activities		
Membership fees and levies received (inclusive of GST)		**1,469,816**
Receipts from other reporting units		**-**
Receipts from controlled entities		**-**
Sundry receipts (inclusive of GST)		**10,279**
Grant receipts (inclusive of GST)		**-**
Payments to suppliers and employees (inclusive of GST)		**(1,339,284)**
Payments to controlled entities		**-**
Payments to other reporting units		
- National Office (inclusive of GST)		**(44,924)**
- HSU Vic no 1 Branch (inclusive of GST)		**(36,977)**
Interest received		**3,124**
Net cash inflow from operating activities	25	**62,034**
Cash flows from investing activities		
Payment for property, plant and equipment		**(25,690)**
Net cash inflow from investing activities		**(25,690)**
Net increase in cash and cash equivalents		**36,344**
Cash and cash equivalents acquired at demerger		**368,538**
Cash and cash equivalents at end of financial year	13	**404,882**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1: Summary of significant accounting policies

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

The financial report includes the financial statements for the Health Services Union Victoria No 3 Branch (The Branch) as an individual entity.

(a) Basis of preparation

These general purpose financial statements have been prepared on an accruals basis in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the requirements of *the Fair Work (Registered Organisations) Act 2009*. The Health Services Union Victoria No 3 Branch (The Branch) is a not-for-profit entity for the purpose of preparing the financial statements.

Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of full compliance with IFRS cannot be made due to the entity applying the not for profit sector requirements contained in AIFRS.

New and amended standards adopted by the Branch

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the Statement of Profit or Loss and Other Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

Early adoption of standards

The Branch has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

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

1: Summary of significant accounting policies (Continued)

(b) Revenue recognition

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

The Branch recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the branch and specific criteria have been met for each of the Branch's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The Branch bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Membership contributions

Membership contributions are recognised when the right to receive the fee has been established and the receipt of the fee is certain. Membership contributions identifiable as being received in advance for next year and amounts due for the current year are recorded as such in the Statement of Financial Position.

Interest income

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

Other revenue

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

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

(c) Income tax

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

(d) Cash and cash equivalents

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

1: Summary of significant accounting policies (Continued)

(e) Leases

Leases of property, plant and equipment where the Branch, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Branch as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Investment in other financial assets

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

The Branch does not hold any investments in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments.

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

Recognition and derecognition
Regular purchases and sales of investments are recognised on trade-date - the date on which the Branch commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Profit or Loss and Other Comprehensive Income as gains and losses from investment securities.

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

1: Summary of significant accounting policies (Continued)

(f) Investment in other financial assets (Continued)

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

(g) Fair value measurements

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

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

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

(h) Property, plant and equipment

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

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

Class of fixed asset	Depreciation rate	Depreciation basis
Office equipment	50%	Diminishing value
Computer equipment	25-33.3%	Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1: Summary of significant accounting policies (Continued)

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(j) Goods and Service Tax (GST)

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

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

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

(k) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

1: Summary of significant accounting policies (Continued)

(l) Functional and presentation currency

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

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Branch's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures* (effective from 1 January 2015).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Branch's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. This change will not impact the Branch as current accounting for gains and losses on available–for–sale financial assets is consistent with proposed changes.

There will be no impact on the Branch's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Branch does not have any such liabilities. The derecognition rules have been transferred from AASB139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Branch has not yet decided when to adopt AASB 9.

(m) New accounting standards and interpretations (Continued)

(ii) AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures and* AASB 2012-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

In August 2012, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

Proposed changes will not have any impact on the Branch as the Branch does not have a material interest in other entities and is not a part of any joint arrangements.

(iii) AASB 13 *Fair Value Measurement* and AASB 2012-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013).

AASB 13 was released in September 2012. It explains how to measure fair value and aims to enhance fair value disclosures. The branch has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The branch does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 *Employee Benefits,* AASB 2012-10 *Amendments to Australian Accounting Standards arising from* AASB 119 *(September 2012)* and AASB 2012-11 *Amendments to AASB 119 (September 2012) arising from Reduced Disclosure Requirements* (effective 1 January 2013).

In September 2012, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. This standard is not expected to impact the Branch.

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

2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

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

Employee entitlements
Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:
- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service

3: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or the General Manager of Fair Work Commission:

(1) a member of a reporting unit, or the General Manager of Fair Work Commission, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) the application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

4: Revenue

	21 Aug 2012 to 30 June 2013 $
From continuing operations	
- member contributions	**1,300,722**
- capitation fee	**-**
- levies	**-**
Other revenue	
- interest	**3,124**
- donation received	**-**
- grants received	**-**
- financial support from another reporting unit	**-**
- profit on disposal of assets	**17,208**
- other revenue	**10,279**
	30,611
	1,331,333

5: Administration expenses

	21 Aug 2012 to 30 June 2013 $
Bank charges and credit card fees	**13,634**
Compulsory levies	**-**
Conference and meeting expenses	**495**
Conference and meeting allowances	**-**
Consideration to employers for payroll deductions	**-**
Insurances	**17,189**
Telephone and internet	**11,595**
Loss on disposal of assets	**8,376**
HSU Vic No 1 Branch Service fee	**12,524**
Penalties – RO Act or RO Regulations	**-**
Postage and courier	**846**
Printing and stationery	**7,147**
Other expenses	**3,061**
	74,867

6: Affiliation, capitation fees and levies

	21 Aug 2012 to 30 June 2013 $
Affiliation fee	
- Victorian Trades Hall Council	**3,038**
- North East Border Trades & Labour Council	**300**
- South West Trades & Labour Council	**99**
Capitation fee	
- Health Services Union – National Office	**39,263**
	42,700

7: Depreciation

	21 Aug 2012 to 30 June 2013 $
Motor vehicles	**4,502**
Office equipment and furniture	**513**
Computer equipment	**4,524**
	9,539

8: Grants and donations

	21 Aug 2012 to 30 June 2013 $
Grants	**-**
Donations	**-**
	-

9: Employee expenses

	21 Aug 2012 to

		30 June 2013 $
Holders of office:		
Wages and salaries		**102,505**
Superannuation		**9,433**
Leave and other entitlements		**3,299**
Separation and redundancies	**(a)**	**175,050**
Other employee expenses		**-**
		290,287
Employees other than holders of office:		
Wages and salaries		**412,687**
Superannuation		**39,527**
Leave and other entitlements		**47,472**
Separation and redundancies		**141,776**
Other employee expenses		**-**
		641,462
Other staff costs:		
Fringe benefits tax		**9,031**
Payroll tax		**36,332**
Workers compensation		**8,573**
Seminars and training		**5,014**
Staff recruitment and temps		**3,511**
Other		**55**
		62,516
Total		**994,265**
Less: Employee related liabilities assumed as part of demerger now settled:		
- Termination payments assumed as part of demerger		**(190,786)**
- Employee entitlements assumed as part of demerger		**(146,527)**
- On costs assumed as part of demerger		**(23,444)**
		(360,757)
		633,508

(a) This is a termination payment made to former HSU East officials in terms of a Deed Poll distributing assets and liabilities of the former HSU East Branch.

10: Legal & professional fees

	21 Aug 2012 to

	30 June 2013 $
Accounting fees	**3,435**
Auditors remuneration	
Audit of financial report	**19,000**
Legal fees (also refer to Note 11)	
- Litigation	**-**
- Other legal matters	**16,473**
	38,908

11: Additional member benefits

	21 Aug 2012 to 30 June 2013 $
Bereavement payments	**10,000**
Insurance – bereavement	**50,486**
– professional indemnity	**29,135**
– public liability	**5,318**
Member reward cards	**17,275**
Legal fees - members	**10,620**
	122,834

12: Occupancy

	21 Aug 2012 to 30 June 2013 $
Rental expenses on operating leases (minimum lease payments)	
- Other reporting unit – HSU Vic No 1 Branch	**17,165**
Other occupancy expenses	**204**
	17,369

13: Current assets – Cash and cash equivalents

	2013 $
Cash on hand	**506**

Cash at bank	**404,376**
	404,882

14: Current assets – Trade and other receivables

	2013 $
Prepayments	**47,054**
Membership fees due	**20,847**
Receivables from other reporting units	**-**
Other receivables	**59,738**
	127,639

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

	2013 $
Office equipment	
At cost	**317**
Less accumulated depreciation	**(13)**
	304
Computer equipment	
At cost	**25,373**
Less accumulated depreciation	**(4,524)**
	20,849
Total property, plant and equipment	**21,153**

(a) Non-current assets pledged as security

None of the non-current assets are pledged as security.

15: Non-current assets – Property, plant and equipment (continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Motor vehicles	Office equipment	Computer equipment	Total

2013

	$	$	$	$
Opening net book amount				
Acquired due to demerger	39,567	8,876	-	**48,443**
Additions	-	317	25,373	**25,690**
Disposals	(35,065)	(8,376)	-	**(43,441)**
Depreciation	(4,502)	(513)	(4,524)	**(9,539)**
Closing net book amount	-	304	20,849	**21,153**

16: Non-current assets – Trade and other receivables

	2013 $
Rental deposit	**17,380**
Receivable from other reporting units	
- HSU Vic No 1 Branch	**292,879**
Less: Provision for doubtful debts	**(101,665)**
	208,594

17: Current liabilities – Trade and other payables

	2013 $
Unsecured	
Trade creditors and accruals	**80,766**
Consideration to employers for payroll deductions	**-**
Legal fee due	**-**
Payables to other reporting units	
- HSU National Office	**1,880**
	82,646
Net GST payable	**48,199**
Wages and salaries due	
- officeholders	**5,042**
- employees other than officeholders	**14,793**
Membership fees received in advance	**28,408**
	96,442
	179,088

18: Current liabilities – Provisions

Employee Provisions:	**2013 $**
Holders of office:	
Annual leave	**4,420**
Long service leave	**-**

Separations and redundancies	-
Other	-
	4,420
Employees other than holders of office:	
Annual leave	**12,389**
Long service leave	-
Separations and redundancies	-
Other	-
	12,389
	16,809

19: Accumulated surplus

		2013 $
Movements in the accumulated surplus were as follows:		
Net assets acquired as a result of demerger	**19(a)**	**385,473**
Net surplus for the period		**180,898**
Balance 30 June		**566,371**

19(a) Demerger

	2013 $
Assets acquired:	
Cash transferred in	**368,538**
Office equipment taken over at book value	**8,876**
Motor vehicles taken over at book value	**39,567**
Loan receivable from HSU Vic No 1 Branch	**297,788**
Membership contributions due	**31,461**
	746,230
Less: Liabilities assumed	
Termination payments due to officials	**(190,786)**
Employee entitlements	**(146,527)**
On costs on provisions	**(23,444)**
	(360,757)
Net assets acquired	**385,473**

On the 29th of June 2012, the Federal Court ordered the demerger of HSU East into the previously existing branches of the Union (NSW, Victoria Branch 1 and Victoria Branch 3 (VHPA)). An Administrator was appointed and as part of the administration, in terms of a Deed Poll dated 21 August 2012 the assets and liabilities of HSU East were distributed to the 3 entities. The above balances reflect the net assets distributed to the HSU No 3 Branch.

20: Contingencies

There are no known contingent assets or liabilities at 30 June 2013.

21: Events occurring after the reporting date

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

22: Commitments

	2013
Operating lease commitments	**$**
Non-cancellable operating leases contracted for but not capitalised in the financial statements	
Payables	
- not later than one year	**126,047**
- later than one year but not later than five years	**325,086**
	451,133

General description of leasing arrangement:
The leases are related to the rental of office premises, vehicles and office equipment.

23: Other information

(i) Going Concern
The branch's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support
No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

24: Wage recovery activities

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

25: Cash flow information

	21 Aug 2012 to 30 June 2013
Reconciliation of cash flow from operations with surplus for the period	**$**

Surplus for the period	**180,898**
Non-cash flows in surplus	
Depreciation and amortisation	**9,539**
Net (gain) on disposal of property, plant and equipment	**(8,832)**
Impairment of HSU Vic No 1 Branch receivable	**101,665**
Changes in assets and liabilities	
(Increase) in receivables and prepayments	**(56,376)**
Increase in payables	**179,088**
(Decrease) in provisions	**(343,948)**
Cash flows from operations	**62,034**

26: Related party transactions

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

Name	Position	Date elected	Date resigned
Geraldine Brooks	President	28 Nov 2012	21 February 2013
Cheryl O'Connor (formerly Hale)	President	21 February 2013	
	Senior Vice President	28 Nov 2012	21 February 2013
Joanne Ginn	Senior Vice President	21 February 2013	
	Junior Vice President	28 Nov 2012	21 February 2013
Rebecca Barnden	Junior Vice President	6 March 2013	
Bruce Poole	Trustee	28 Nov 2012	
Craig McGregor	Branch Secretary	28 Nov 2012	
Andrew Hewat	Assistant Secretary	28 Nov 2012	
Jenni Bourke	Member	28 Nov 2012	
Anthony D'Amore	Member	28 Nov 2012	
	Interim trustee	6 March 2013	
Julian Ginn	Member	28 Nov 2012	
Michael Hovenden	Member	28 Nov 2012	
Trish Pham	Member	28 Nov 2012	
Sam Tuck	Member	6 March 2013	
	Trustee	28 Nov 2012	6 March 2013
Debra Gibbons	National Council	28 Nov 2012	

26: Related party transactions (Continued)

	21 Aug 2012 to 30 June 2013 $

(b) Key management personnel remuneration

Short-term employee benefits	
Salary (including annual leave taken)	**102,505**
Annual leave accrued	**3,299**
Total short-term employee benefits	**105,804**
Post-employment benefits:	
Superannuation	**9,433**
Total post-employment benefits	**9,433**
Other long-term benefits:	
Long-service leave accrued	**-**
Total other long-term benefits	**-**
Termination benefits	**175,050**
Total	**290,287**

(c) There were no loans between the key management personnel or the committee of management and the branch.

(d) There were no transactions between key management personnel or the committee of management 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. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length

(e) Outstanding balances arising from sales and purchases of goods and services:
These balances are disclosed in the "Trade receivables" and "Trade payables" notes to the accounts.

	21 Aug 2012 to 30 June 2013
(f) Transactions with related parties	**$**
Payments:	
Capitation fee paid to the National Office	**39,263**
Rent paid to HSU Vic No 1 Branch	**17,165**
Service fee paid to HSU Vic No 1 Branch	**12,524**
Other Payments:	
Termination payment made to former HSU East officials in terms of a Deed Poll distributing assets and liabilities of the former HSU East Branch	**175,050**

26: Related party transactions (continued)

	2013
(g) Loans to related parties – HSU Vic No 1 Branch	**$**

Loan made as a result of demerger	**297,788**
Rent, service fees and insurances due to HSU Vic No 1 Branch	**(63,052)**
Insurances and other items paid on behalf of HSU Vic No 1 Branch	**58,143**
	292,879
Less: impairment	**(101,665)**
Balance at 30 June	**191,214**

This loan is interest free. The service fee and other costs and payments have been applied against the loan in line with the Transitional Services Agreement made with HSU Vic No 1 Branch. The amount to be applied is a matter of dispute with HSU Vic No 1 Branch and remains under negotiation. In the interim an allowance for impaired receivables of $101,665 has been charged to the profit and loss statement.

27: 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 aging 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.

(a) Market risk
(i) Foreign exchange risk
The Branch is not exposed to foreign exchange risk.

(ii) Price risk
The Branch is not exposed to commodity price risk.

(iii) 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.

27: Financial risk management(Continued)

(b) 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.

Apart from the loan receivable from the HSU Vic No 1 Branch, 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:

	2013 $
Cash at bank	
AA Rating	**404,376**

The most significant concentration of credit risk at 30 June 2013 is in the Branch loan receivable from HSU Vic No 1 Branch of $292,879 of which $ 101,996 has been recognised through the profit and loss as being potentially impaired.

(c) 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 are detailed below:

2013

	Weighted Avg Int rate %	Floating Interest rate $	1 year or less $	1 to 2 years $	2 to 5 years $	Over 5 years $	Total $
Financial Assets							
Cash on hand	-	-	506	-	-	-	**506**
Cash at bank	2.75	404,376	-	-	-	-	**404,376**
Trade receivables		-	57,500	-	-	-	**57,500**
Other receivables		-	2,238	-	-	-	**2,238**
Security deposits		-	17,380	-	-	-	**17,380**
Related party loan		-	191,214	-	-	-	**191,214**
		404,376	268,838	-	-	-	**673,214**
Financial Liabilities							
Trade and other payables		-	82,646	-	-	-	82,646
		-	82,646	-	-	-	82,646
Net Financial Assets		404,376	186,192	-	-	-	**590,568**

27: Financial risk management (Continued)

(d) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value less impairment provision of trade receivables and 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.

(e) Sensitivity analysis

As at 30 June 2013 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2013
Effect on results:	**$**
Increase of interest rates by 2% - increase surplus by	**8,088**
Decrease of interest rates by 2% - reduce surplus by	**(8,088)**

HEALTH SERVICES UNION VICTORIA NO 3 BRANCH
ABN 38 968 067 748

STATEMENT BY COMMITTEE OF MANAGEMENT

On 27 November 2013 the Committee of Management of the Health Services Union Victoria No 3 Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the period ended 30 June 2013:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Commission;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of Health Services Union Victoria No 3 Branch for the financial period to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end that year:
   a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the Branch concerned; and
   b. the financial affairs of Health Services Union Victoria No 3 Branch have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
   c. the financial records of Health Services Union Victoria No 3 Branch have been kept and maintained in accordance with RO Act; and
   d. where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation ; and
   e. where information has been sought in any request by a member of Health Services Union Victoria No 3 Branch or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
   f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
6. All wage recovery activity has resulted in payments being made directly to members by employers. The branch has not derived any revenue in respect of these activities.

Signature of designated officer: _____

Name of designated officer: Craig McGregor

Title of designated officer: Secretary VHPA

Dated 27/11/13

Health Services Union Victoria No.3 Branch
ABN: 38 968 067 748

Independent Audit Report to the members of Health Services Union Victoria No.3 Branch

Report on the Financial Report

We have audited the accompanying financial report of Health Services Union Victoria No.3 Branch, which comprises the statement of financial position as at 30 June 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 21 August 2012 to 30 June 2013, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Council's, Secretary's and Assistant Secretary's Responsibility for the Financial Report

The Council, Secretary and Assistant Secretary of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the Council, Secretary and Assistant Secretary 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation of the financial report that gives a true and fair view 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 Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, Secretary and Assistant Secretary, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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Health Services Union Victoria No.3 Branch

ABN: 38 968 067 748

Independent Audit Report to the members of Health Services Union Victoria No.3 Branch

Opinion

In our opinion:

In our opinion the financial report of Health Services Union Victoria 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 2013 and of its performance for the period 21 August 2012 to 30 June 2013;

(b) complying with Australian Accounting Standards; and

(c) the use of the going concern assumption in relation to the preparation of the Financial Report is appropriate.

Robert Mayberry
Partner
Registered Company Auditor 185903
Fellow of the Institute of Chartered Accountants in Australia 20369
Holder of a current Certificate of Public Practice

Nexia Court & Co
Chartered Accountants
Sydney

27 November 2013