

HEALTH SERVICES UNION - SA BRANCH
ABN 35 898 865 510

FINANCIAL REPORT
FOR THE YEAR ENDED
30TH JUNE, 2016

HEALTH SERVICES UNION - SA BRANCH
ABN 35 898 865 510

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Statement of Comprehensive Income for the Year Ended 30 June 2016

	Note	This Year	Last Year
Revenue			
Capitation Fees	3A	-	-
Levies	3B	-	-
Grants/Donations	3C	-	-
Member Subscriptions		402,741	365,801
Interest Received	3D	4,195	4,348
Total Income		<u>406,936</u>	<u>370,149</u>
Expenses			
Employee Expenses	4A	223,715	227,784
Capitation Fees	4B	23,628	18,300
Affiliation Fees	4C	2,551	10,708
Administration Expenses	4D	141,761	105,827
Depreciation	4E	10,325	11,746
Legal Costs	4F	-	6,201
Other Expenses	4G	-	-
Loss on Sale of Non-Current Asset	4H	-	295
		<u>401,980</u>	<u>380,861</u>
Surplus for the Year (2015 Deficit)		<u>\$ 4,956</u>	<u>(\$ 10,712)</u>

To be read in conjunction with the accompanying notes

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Statement of Financial Position at 30 June 2016

	Note	This Year	Last Year
Accumulated Surplus		<u>\$ 263,698</u>	<u>\$ 258,742</u>
Represented by:			
Current Assets			
Cash and Equivalents	5A	397,064	393,499
Receivables	5B	-	-
Other Current Assets	5C	<u>29,068</u>	<u>12,292</u>
Total Current Assets		426,132	405,791
Non-Current Assets			
Office Furniture & Equipment - At Cost		20,678	19,316
<u>Less: Accumulated Depreciation</u>		<u>(10,874)</u>	<u>(6,720)</u>
		<u>9,804</u>	<u>12,596</u>
Motor Vehicles - At Cost		56,835	56,835
<u>Less: Accumulated Depreciation</u>		<u>(38,322)</u>	<u>(32,151)</u>
		<u>18,513</u>	<u>24,684</u>
Total Non-Current Assets		<u>28,317</u>	<u>37,280</u>
Total Assets		<u>454,449</u>	<u>443,071</u>
<u>Less: Current Liabilities</u>			
Trade Payables	7A	3,912	15,318
Other Payables	7B	42,056	45,407
Provisions	8A	<u>144,783</u>	<u>123,604</u>
		<u>190,751</u>	<u>184,329</u>
Net Assets		<u>\$ 263,698</u>	<u>\$ 258,742</u>

To be read in conjunction with the accompanying notes

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Statement of Change in Equity as at 30 June 2016

	This Year	Last Year
Balance at 1 July 2015	258,742	269,454
Surplus for the year (2015 Deficit)	4,956	(10,712)
Balance at 30 June 2016	<u>\$ 263,698</u>	<u>\$ 258,742</u>

To be read in conjunction with the accompanying notes

Health Services Union - SA Branch
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Statement of Cash Flows for the Year Ended 30 June 2016

	This Year	Last Year
Cash Flows from Operating Activities		
Recovery of Wages Activity	-	-
Receipts from Members	402,741	353,509
Interest Received	4,195	4,348
Payments to Employees	(208,276)	(214,540)
Payments to Suppliers	(165,928)	(69,214)
Payments to Associated Entities		
- Health Services Union	(25,254)	(18,300)
- ALP	(298)	(2,080)
- Unions SA	(2,053)	(8,428)
- SA May Day	(200)	(200)
Net Cash from Operations	4,927	45,095
Cash Flows from Investing Activities		
Acquisition of Plant & Equipment	(1,362)	(14,212)
Net Cash from Investing	(1,362)	(14,212)
Increase in Cash	3,565	30,883
Cash at 1 July 2015	393,499	362,616
Cash at 30 June 2016	\$ 397,064	\$ 393,499

Reconciliation of surplus to net cash from Operating Activities

Operating Surplus	4,956	(10,712)
Non-Cash Items		
Depreciation	10,325	12,070
Employee Entitlements Provision	21,179	13,393
Changes in assets/liabilities		
Increase in prepayments	(16,776)	(12,292)
Increase in GST	1,220	(3,495)
Decrease in payables	(15,977)	46,131
	\$ 4,927	\$ 45,095

To be read in conjunction with the accompanying notes

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 1 Basis of Preparation

The financial report is a general purpose financial report which has 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 financial report, the Health Services Union - SA Branch (HSUSA) is a not for profit entity.

The financial report has been prepared on an accrual basis in accordance with historical cost. Historical cost is generally based on the consideration given at the time to acquire an asset. Fair value is an estimated market value of an item and it is adopted when the fair value varies significantly from the historical cost. Any assets or liabilities measured at fair value will be noted separately. Unless otherwise indicated, no allowance is made for the effect of changing costs on the operating result or the financial position of the HSUSA. The currency is Australian dollars.

Comparatives

The presentation of the non-cash benefits made available to key management personnel has been changed and the comparative figures have been adjusted accordingly.

Expenses Related to Previous Period

A number of entries were processed by the auditors in 2015 and a number of entries were omitted that related to the 2015 year, which resulted in carrying balances in the assets or liabilities that did not change during the current year. Despite being immaterial, these amounts have been written off to avoid carrying them forward indefinitely.

Accounting judgements and estimates

No accounting judgements or estimates have been identified that would risk causing a material adjustment to the carrying amounts of assets and liabilities within the next

New Accounting Standards

No standard is adopted earlier than the application date stated in the standard.

The policies are consistent with those of the previous financial year except for those that came into effect this year.

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments

Parts A & B are consequential or editorial amendments that have no impact on the financial report.

Part C is not required to be adopted before 1 January 2017.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality is simply a cosmetic deletion of references that have no impact on the financial report.

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

AASB 2015-4 *Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent* has not been adopted as HSUSA does not have a foreign parent.

Stand Alone Entity

HSUSA is a stand alone entity with no investments in associates, joint arrangements, business combinations or amalgamations.

Revenue

Revenue is recognised at the cash value received.

Subscriptions are accounted for on a cash basis and recognised when they are received. The vast majority of subscriptions are paid via payroll deduction or periodic payments by direct debit or credit card charge. Invoices are generally not issued and there is no obligation on the part of the member to renew their membership. Members who are not financial cannot vote or partake in the benefits of being a member.

Interest is recognised on an accrual basis.

Employee Entitlements

Employee entitlements in respect of wages and salaries, annual leave, long service leave and termination of employment are accrued when it is probable that payment will be required and the amount can be measured reliably.

Short term entitlements that are payable within twelve months of the end of the reporting period are measured using rates that are applicable at balance date.

Long term entitlements expected to be paid after twelve months apply present values in respect of entitlements up to the reporting date because the actual payment date is unknown and the liability is recorded at balance date.

Superannuation payments to defined benefit plans are recognised when the employee has rendered services entitling them to the contribution.

Cash

Cash is recognised at face value and includes cash on hand, at call bank deposits, other short term (90 day) highly liquid investments that are readily convertible to known cash values.

Financial Liabilities

Trade and other payables are initially recognised at cash value. There are no long term financial liabilities other than Employee Entitlements, which may be paid after twelve months and are referred to above.

Contingencies

The Committee of Management is not aware of any contingencies at balance date.

Plant and Equipment

Acquisitions are recognised initially at cost in the Statement of Financial Position. Where applicable an estimate of the cost of dismantling and removing the item and restoring the site will be included.

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Depreciation

Depreciable assets are written off over their estimated useful life using the diminishing value method. Rates are reviewed at reporting date and adjusted where necessary in the relevant and future reporting periods. Current rates for plant and equipment are based on a useful life of 10 years.

Any gain or loss on disposal or scrapping of an item is determined as the difference between any sale proceeds and the carrying value of the asset and is recognised in the operating statement.

Financial Instruments

Financial Instruments are initially designated at fair value through profit and loss and are recognised when the entity becomes a party to the contractual provisions of the instrument.

Impairment - Non Current Assets

HSUSA's non-current assets are not primarily dependent on their ability to generate future cash flows and they would be replaced if useage was no longer available. Under those circumstances, the value is taken to be equal to its depreciated cost.

Taxation

HSUSA is exempt from income tax under S50.1 of the Income Tax Assessment Act 1997 however still has obligations for FBT and GST.

Revenue and expenditure are recognised net of GST unless:

the GST is not recoverable from the Australian Taxation Office; and

the GST is included in the balance of receivables and payables.

Cash flows in the cash flow statement are gross of GST. GST arising from investing and financing activities which is recoverable from or payable to the ATO is classified within the statement.

The Secretary receives non-cash benefits that are below the reportable threshold for FBT established by the ATO. These benefits are disclosed separately in this financial report in the notes for Employee Benefits, but do not use the grossed up method used by the ATO, but are calculated on an estimated value basis.

Going Concern

HSUSA is not reliant on financial support of another reporting unit to continue as a going concern and has not agree to provide financial support to another reporting unit to ensure they can continue as a going concern.

Note 2 Events After Balance Date

The Committee of Management are not aware of any events that occurred after 30 June 2016, and prior to the signing of the financial statements that would affect the ongoing structure and financial activities of HSUSA.

Note 3	Income	2016	2015
Note 3A	Capitation Fees	-	-
Note 3B	Levies	-	-
Note 3C	Grants/Donations	-	-
Note 3D	Interest		
	Bank	4,195	4,348

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 4	Expenses		
Note 4A	Employee Expenses		
	Office holders		
	Wages and salaries	99,669	100,319
	Superannuation	10,622	9,901
	Leave and other entitlements	-	3,906
	Separation & redundancies	-	-
	Other	15,438	13,244
	Office holders employee expenses	<u>125,729</u>	<u>127,370</u>
	Non office holders		
	Wages and salaries	77,013	81,546
	Superannuation	9,469	10,760
	Leave and other entitlements	11,504	8,108
	Separation & redundancies	-	-
	Other	-	-
	Non office holders employee expenses	<u>97,986</u>	<u>100,414</u>
	Total employee expenses	<u>223,715</u>	<u>227,784</u>
Note 4B	Capitation Fees		
	HSU	<u>23,628</u>	<u>18,300</u>
Note 4C	Affiliation Fees		
	- ALP	298	2,080
	- SA Unions	2,053	8,428
	- Other	200	200
	Total Affiliation Fees	<u>2,551</u>	<u>10,708</u>
Note 4D	Administration Expenses		
	Consideration for payroll deductions	-	-
	Compulsory levies	-	-
	Allowances - meeting and conferences	-	-
	Meetings expenses	1,676	3,394
	Contract data processing	6,252	1,268
	Contracting related party	9,220	11,219
	Property expenses	18,907	17,372
	Office expenses	5,791	3,728
	Information communications technology	13,465	10,069
	Other	86,450	58,777
	Total administration expenses	<u>141,761</u>	<u>105,827</u>

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 4E Grants/Donations	-	-
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Note 4F Depreciation		
Depreciation plant and equipment	10,325	11,746
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Note 4G Legal Costs		
Other matters	-	6,201
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Note 4H Other Expenses		
Penalties - RO Act or Regulations	-	-
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Note 4I Loss on Sale of Asset		
Plant and equipment	-	295
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Note 5 Current Assets		
Note 5A Cash and Equivalents		
Cash at bank	395,062	391,461
Cash on hand	-	36
Short term deposits	2,000	2,000
Other	2	2
Total cash and equivalents	397,064	393,499
<hr style="border-top: 3px double #000;"/>		
Note 5B Receivables		
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Receivables from other reporting units	-	-
<hr style="border-top: 3px double #000;"/>		
Note 5C Other Current Assets		
Prepayments		
Visa	2,173	-
Amex	1,929	-
Insurance	18,644	12,292
Capitation Fees Health Services Union	4,929	-
Admin Expenses	1,393	-
Total Other Current Assets	29,068	12,292
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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 6 Non-Current Assets

Note 6A Plant and Equipment Reconciliation

Book Value 1 July 2015	76,151	72,224
Accumulated Depreciation	(38,871)	(37,086)
Net book value 1 July 2015	37,280	35,138
Assets Purchases	1,363	13,888
Depreciation	(10,326)	(11,746)
Net book value 30 June 2016	28,317	37,280
represented by		
Book Value 30 June 2016	77,513	76,151
Accumulated Depreciation	(49,196)	(38,871)
Net book value 30 June 2016	28,317	37,280

Note 7 Current Liabilities

Note 7 A Trade Payables

Trade Creditors and Accruals	3,912	15,318
Payables to other reporting units		
Reporting Units	-	-
Total trade payables	3,912	15,318

Note 7 B Other payables

Superannuation	18,654	18,545
Payroll deductions	-	-
Legal costs	-	-
GST	5,813	4,593
Credit cards	-	85
Reimbursements	(521)	(1,292)
ABN Withholding	4,728	5,217
Wages and salaries - PAYG	13,382	18,259
Total Other Payables	42,056	45,407

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 8 Provisions

Note 8A Employee Provisions

Office Holder

Annual leave includes loading	54,335	34,500
Long service leave	72,364	63,538
Separations and redundancies	-	-
Back pay	13,000	13,000
Office holder's provisions	139,699	111,038

Non office holder

Annual leave includes loading	5,084	12,566
Long service leave	-	-
Separations and redundancies	-	-
Non office holder provisions	5,084	12,566
Total employee provisions	144,783	123,604
Current	72,419	60,066
Non Current	72,364	63,538
Total employee provisions	144,783	123,604

Note 9 Equity

Note 9A Other Specific Disclosures - Funds

Compulsory levy/voluntary	-	-
Balance at start of year	-	-
Balance at end of year	-	-

Note 10 Cash Flow

Note 10A Cash Flow Reconciliation

Reconciliation of Cash and Equivalents to Cash

Flow Statement

Cash Flow Statement	397,064	393,499
Statement of Financial Position	397,064	393,499
Difference	-	-

Note 10B Cash Flow Information

Cash inflows

HSU	140,135	61,991
Total inflows	140,135	61,991

Cash outflows

HSU	26,647	29,168
Total Outflows	26,647	29,168

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 11 Related Party Disclosures

Note 11A Transactions for the Reporting Period

Revenue received from related party

HSU Membership Contributions	140,135	61,991
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Expenses paid to related parties

HSU - Capitation Fees	23,628	20,740
- IT	19	-
- Training	491	-
	24,138	20,740

Amounts owed by related parties	-	-
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Amounts owed to related parties	-	-
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There are no loans with related parties and no asset transfers took place during the reporting period.

Commercial basis of related party transactions

Transactions with related parties are on arm's length commercial terms. Unpaid amounts are unsecured and interest free until settled. No guarantees of payment have been provided. At 30 June 2016 HSUSA does not consider there is any impairment to receivables (2015 Nil) from related parties or declared persons or bodies.

Note 11B Key Management Personnel Remuneration for the Reporting Period

Short term benefits

Salary (including annual leave taken)	99,669	104,225
Annual leave accrued	9,766	5,859
Vehicle benefit - estimated value	3,185	3,050
Total short term benefits	112,620	113,134

Employer contribution to post employment benefits

Superannuation	10,622	9,901
Total Post Employment benefits	10,622	9,901

Other long term benefits

Long service leave entitlement	72,363	63,538
Total long term benefits	93,607	83,340

Termination benefits	-	-
Total	206,227	196,474

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 11C	Transactions with close family member of key management personnel		
	Other transactions		
	Juanita Navas - daughter of the secretary		
	Contract clerical and administrative work at an hourly rate.	9,220	10,169
Note 12	Remuneration of Auditors		
	Services provided		
	Financial statement audit services	8,060	15,383
	Other services	6,140	-
	Total remuneration	14,200	15,383
Note13	Financial Instruments		
Note 13A	Categories of Financial Instruments		
	Designated fair value through profit or loss	426,132	405,791
	Carrying amount of financial assets	426,132	405,791
	Financial Liabilities		
	Designated fair value through profit or loss		
	Payables	45,968	60,725
	Total	45,968	60,725
	Other financial liabilities		
	Employee entitlements	144,783	123,604
	Total	144,783	123,604
	Carrying amount of financial liabilities	190,751	184,329
Note 13B	Net income and expense from financial assets		
	Designated as fair value through profit and loss		
	Interest revenue	4,195	4,348
	Change in fair value	-	-
	Total designated as fair value through profit and loss	-	-
Note 13C	Net income and expense from financial assets		
	Designated as fair value through profit and loss		
	Interest expense	-	-
	Change in fair value	-	-
	Total designated as fair value through profit and loss	-	-

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note13D Credit Risk

Financial Assets		
Designated as fair value through profit and loss	426,132	405,791
Financial Liabilities		
Designated as fair value through profit and loss		
Credit quality of financial instruments not past due or impaired		
Designated as fair value through profit and loss	426,132	405,791

Financial assets consist entirely of cash or equivalents and prepayments, so no credit risk is considered to apply.

Note 13E Liquidity Risk

Contractual maturities for financial liabilities		
Designated as fair value through profit and loss	36,269	60,725

All non-derivative financial liabilities are on demand

Note 13F Market Risk

The entity is exposed to interest rate risk, however with no borrowings and interest rates at historic lows and no sign of any significant change in the foreseeable future, any change in interest rates is unlikely to impact on operations.

Note 14 Fair Value Measurement

Management has assessed that cash and equivalents, payables and other current liabilities equate their carrying value because of the short term nature of these arrangements.

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 subsections 91) to (3) of section 272, which says:

- (i) A member or General Manager 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.
- (ii) The application must be in writing and must specify the period and manner in which the information is to be made available. The period must not be less than fourteen (14) days after the application is given to the reporting unit.
- (iii) A reporting unit must comply with an application made under this section.

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Notes to an Forming Part of the Financial Report for the Year Ended 30 June 2016

Note 16 Disclosures Required Under Rules 85-88

Remuneration and Non-Cash Benefits for Officers during the year ended 30 June 2016

No remuneration was paid to an officer because of membership of, or a position on a board or committee or holding an office of the Union nor was any nominated, proposed, recommended or suggested for membership of, or position on the Board by the Union, Branch or a peak council or any related party of the Union, in connection with the performance of that person's duties as an officer.

Remuneration of Highest Paid Officer

Office	Officer	Type	Cash or Benefit	Amount
Branch Secretary	Jorge Navas	Wages	Cash	99,669
Member National Executive		Superannuation	Cash	9,469
National Councillor		Private Use of Motor Vehicle	Benefit	3,185

Material Personal Interests during the year ended 30 June 2016

Office	Officer	Details of Material Personal Interest
Branch Secretary	Jorge Navas	Mr Navas' daughter provides clerical support on an occasional and casual basis for the SA Branch when workload demands and is paid for her services on an hourly rate.
Member National Executive		
National Councillor		

Disclosure of Payments during the year ended 30 June 2016

No payments were made to a related party of the Union or branch of the Union or a declared person or party of the Union that has not been disclosed in the Financial Report.

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OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

The operating report has been prepared by the designated officer, Jorge Navas.

The principal activities of the union during the year were to improve the rights of members, maintain reasonable working conditions including fair wages and industrial conditions for the members.

There were no significant changes to the principal activities during the year.

The results of the reporting unit were impacted by several items that related to previous years that had not been recorded at the time.

Resignation Rules

- (1) A member may resign from the Branch by written notice addressed and delivered to the Branch Secretary or a Branch of the Union;
- (2) Such notice takes effect
 - (a) Where the member becomes ineligible to be a member of the Union
 - (i) On the day in which the notice is received by the organisation; or
 - (ii) On the day specified in the notice and not earlier than the day of ineligibility, whichever is later; or
 - (b) In any other case
 - (i) At the end of two weeks after the notice is received by the Union; or
 - (ii) The day specified in the notice whichever is the later.
- (3) Any member resigning shall be liable for payment of all subscriptions, fines and levies owing to the Union under the Rules at the date of leaving, and such monies may be sued for and recovered by the Union.
- (4) A notice delivered in person to the Branch Secretary is taken to have been received by the Union when it was delivered.
- (5) A notice of resignation is not invalid because it was not addressed and delivered in accordance with subsection (1).
- (6) A resignation is valid even if it is not affected in accordance with these provisions if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted by the Union.

The number of members at the end of the financial year was 1,138 and there were 2 full time equivalent employees at that time.

Committee of Management

The following persons were members of the Committee of Management during the year. All positions were held for the full twelve months, unless otherwise stated:

Anthony Newman; Bruno Sonza; John Hristopoulous; Karryn Sampson; Lesley Dummin; Thomas Di Santo; Mark Panes; Riccardo Ianella; Jorge Navas; Tony Hewitt (1 July 2015 - 22 February 2016); John Drysdale (1 July 2015 - 22 February 2016); Sandra Alston (1 July 2015 - 22 February 2016); Chi-Wing

Sung (22 February 2016 – 30 June 2016); Lida Sam (22 February, 2016 – 30 June, 2016) and Catherine Painter (22 February – 30 June, 2016).

Superannuation Trustees

No officer, employee, official of the reporting unit held has been a trustee or director of a corporate trustee of any superannuation entity where such position is dependent upon them being a member of the Union.



Branch Secretary

Health Services Union SA NT Branch

Date: 14/11/2016

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COMMITTEE OF MANAGEMENT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

The Committee of Management (Committee) hereby passes the following resolution pertaining to the general purpose financial report and notes for the year ended 30 June 2016.

In the opinion of the Committee:

- (a) The financial report and notes thereto comply with the Australian Accounting Standards;
- (b) The financial report and notes thereto comply with the reporting guidelines of the General Manager;
- (c) The financial report and notes thereto give a true and fair view of the financial performance, financial position and cash flow for the branch for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the branch will be able to pay its debts as and when they become due and payable; and;
- (e) During the year and since the end of that financial year;
 - (i) meetings of committee of management were held in accordance with the rules of the organisation and branch; and
 - (ii) the financial affairs of the union have been managed in accordance with the rules of the organisation and branch; and
 - (iii) the financial records of the branch have been kept and maintained in accordance with the RO Act unless otherwise stated; and
 - (iv) there is only one reporting unit; and
 - (v) any information sought by a member of the branch or General Manager under S272 of the RO Act has been provided to the person making the request; and
 - (vi) there has been no order for inspection.
- (f) No revenue has been derived from undertaking recovery of wages activity during the year.

Signed in accordance with the resolution of the Committee of 7th November 2016

Branch Secretary.....
Jorge Navas

Health Services Union SA NT Branch

Date: 14/11/2016

MICHAEL D. MACKENROTH

CHARTERED ACCOUNTANT

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West Lakes SA 5021
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Independent Auditor's Report

P.O. Box 7254
WEST LAKES SA 5021

Scope

This report has been prepared for the members of the Health Services Union – SA and NT Branch (HSUSA) and covers the general purpose financial report for the year ended 30 June 2016 and includes the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity, the Statement of Cash Flows, the Notes to and Forming Part of the Financial Report and the Committee of Management Statement in order to meet its obligation to lodge it with the Australian Fair Work Commission (the Commission) in accordance with the requirements of the *Fair Work (Registered Organisations) Act* (the RO Act). This report contains the information and matters required by the RO Act. I disclaim any assumption of responsibility for any reliance on this report to any person other than:

- the members,
- the Commission, or
- a person who has received my written consent to use the report.

In any event these parties may only rely on this report for the purpose for which it was prepared.

Internal Procedures

To the extent of its obligations under the RO Act, the Committee of Management of the HSUSA (the Committee) is responsible for establishing and maintaining effective internal controls in relation to compliance with the requirements of the RO Act. Because of the inherent limitations of any internal control structure it is possible that errors or irregularities may occur and not be detected. I have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of noncompliance with the RO Act or the financial conditions of the HSUSA as it is not performed continuously throughout the period and the tests performed are on a sample basis having regard to the nature and size of the HSUSA.

My procedures have been conducted in accordance with Australian Auditing Standards, and accordingly included such tests and procedures that I considered necessary in the circumstances, based on my assessment of the risk of material misstatement of the financial report, whether due to fraud or error. Any projection of the evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Committee's Responsibility

The Committee is responsible for the preparation and fair presentation of the general purpose financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I believe I have obtained sufficient and appropriate audit evidence to allow me to form an audit opinion.

Going Concern

The financial report has been prepared on a going concern basis. The HSUSA is not reliant on financial support from any associated entity, has not pledged financial support to any associated entity and has no external borrowings. I see no reason to suggest that the going concern approach is not appropriate in these circumstances.

"Your Business is Our Business"

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Independence Declaration

To the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit of the HSUSA for the period.

I have not audited and pass no opinion on any transactions or matters that occurred prior to 1 July 2015.

Opinion

In my opinion, the financial report of the HSUSA is prepared in accordance with the RO Act, including:

- a) Giving a true and fair view of the HSUSA's financial position as at 30 June 2016 and its financial performance for the year ended on that date; and
- b) Complying with the Australian Accounting Standards and Interpretations and the requirements of the RO Act.



Michael Mackenroth
Registered Auditor 5371

14. 11. 2016