

ANNUAL REPORT

2019



**VICTORIAN HOSPITALS'
INDUSTRIAL ASSOCIATION**

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Financial Statements 2018–19

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VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

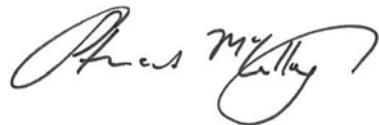
s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate by prescribed designated officer¹

Certificate for the year ended 30 June 2019

I *Stuart McCullough* being the *Chief Executive Officer* of the *Victorian Hospitals' Industrial Association* certify:

- that the documents lodged herewith are copies of the full report for the *Victorian Hospitals' Industrial Association* for the period ended 30 June 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the Victorian Hospitals' Industrial Association on 19th September 2019 and
- that the full report was presented to a *general meeting of members* on 11 October 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Signature of prescribed designated officer:

Name of prescribed designated officer: Stuart McCullough

Title of prescribed designated officer: Chief Executive Officer

Dated: 13 September 2019



Victorian Hospitals' Industrial Association

AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF THE VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that appears to read "Nexia".

A handwritten signature in black ink that appears to read "Andrew S. Wehrens".

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Registered Auditor Number AA2017/56
Fellow of Chartered Accountants
Australia and New Zealand -79117
Holder of a Current Certificate of Public Practice

Dated: this 13th day of September 2019

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VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

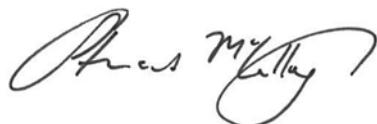
Report required under subsection 255(2A)

for the year ended 30 June 2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the Victorian Hospitals' Industrial Association for the year ended 30 June 2019.

Descriptive form

Categories of expenditures	2019 (\$)	2018 (\$)
Remuneration and other employment-related costs and expenses – employees	2,175,430	2,013,642
Advertising	-	-
Operating costs	704,006	571,718
Donations to political parties	-	-
Legal costs	5,234	15,193



Signature of designated officer:

Name and title of designated officer: Stuart McCullough, Chief Executive Officer

Dated: 13 September 2019

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Operating report

for the year ended 30 June 2019

The Board presents its report on the reporting entity for the financial year ended 30 June 2019.

Principal Activities

The principal activities of the Association during the financial year were:

- To represent the industrial relations interests of public health sector and community health centre employers, including through preparation for bargaining and bargaining with relevant health industry unions;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in the Fair Work Commission;
- to assist and advise members of their own and their employee's industrial obligations under award and enterprise agreements;
- to represent members in relevant negotiations and liaise with the Victorian Department of Health and Human Services having regard to their obligations under diverse government policies;
- to encourage and foster sound consultative arrangements designed to prevent disputation and facilitate resolution of potential or actual disputes.

Results of Principal Activities

The foregoing activities of the Association resulted in fair and reasonable industrial agreements, the minimization of industrial disputes and the fostering of a stable and fair industrial relations environment in the Victorian public health sector.

Significant Changes in Nature of Principal Activities

There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant Changes in the Association's Financial Affairs

No matters or circumstances arose during the reporting year which would significantly affect the financial affairs of the Association except as set out in the accompanying general purpose financial report.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019

Right of members to resign

- a)
 - i. A member may resign from membership of the Association by written notice addressed and delivered to the Chief Executive Officer. Such notice shall be taken to have been received by the Association when delivered to the Chief Executive Officer.
 - ii. A Notice of Resignation that has been received by the Association is not invalid because it was not addressed and delivered to the Chief Executive Officer.
 - iii. A resignation from membership of the Association is valid even if it is not effected in accordance with paragraph 8 (a)(i) if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.
- b) A notice of resignation from membership of the Association takes effect as follows:
 - i. where the member ceases to be eligible to become a member of the Association:
 - 1) on the day on which the notice is received by the Association; or
 - 2) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member,
whichever is the later; or
 - ii. in any other case:
 - 1) at the expiration of two (2) weeks after the notice is received by the Association;
or
 - 2) on the day specified in the notice;
whichever is later.
- c) If a member ceases to be engaged in or as an employer in the industry, the membership of such member may be determined summarily by resolution of the Board, provided however, that such determination shall not affect the liability of the member to pay all monies owing by the member to the Association.
- d) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation or termination from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- e) Any member who has not paid any subscription within three (3) months from the date on which such subscription became due or payable shall be disqualified from taking part in any proceedings of the Association and may be struck off the roll of membership by order of the Board in accordance with sub-rule 8(f).

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019

- f) If a member becomes un-financial in accordance with sub-rule 8(e), his/her name may be struck off the Register of Members by order of the Board. Any member shall cease to be a member of the Association as soon as her/her name shall have been struck off the Register of Members by order of the Board and not sooner. Provided that where a member has become un-financial, and at least twenty eight (28) days before the Board orders that the member be struck off the Register of Members, the Chief Executive Officer shall advise the member in writing, that if he/she fails to pay the outstanding subscriptions and is unable within fourteen (14) days to show cause why they are un-financial within fourteen (14) days of the date of the letter then he/she will be struck off the Register of Members without further notice. If the member pays the outstanding subscriptions within that time then he/she shall not be struck off the Register of Members.
- g) Any member who shall be expelled from the Association under the provisions of Rule 39 shall thereupon cease to be a member.
- h) Members ceasing to be such from any cause whatsoever shall have no claim of any kind monetary or otherwise on the Association or its assets.
- i) Within 28 days after the Association received from a member a notice of the member's resignation from the Association, the Association will give written notice of the resignation to:
 - 1) The Fair Work Commission; and
 - 2) each organization of employees that is bound by an award when the Association receives the notice from the member, bound the member as a result of membership of the Association.

Trustee or Director of a Trustee Company of a superannuation entity or an exempt Public Sector Superannuation Scheme

No officer or member of the Association was a Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme.

Number of Members

The number of organizations who at the end of the financial year were recorded on the Register of Members was 121.

Number of Employees

The number of persons who were at the end of the financial year, employees of the Association was 15.21 measured on a full-time equivalent basis.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019

The persons who held office as members of the Board of the Association during the financial year were:

POSITION	NAME	PERIOD (IF NOT FULL YEAR)
President	Dale Fraser	
Deputy President	Felicity Topp	
Board Member	Mark Garwood	
Board Member	Elizabeth (Cheyne) Chalmers	
Board Member	Vicki Poxon	1/7/2018 – 12/10/2018
Board Member	Zoltan Kokai	1/7/2018 – 12/10/2018
Board Member	Perry Muncaster	
Board Member	Michelle Fenwick	
Board Member	Sean Curtain	
Board Member	Amanda Murphy	
Board Member	Peter Faulkner	
Board Member	Graeme Mitchell	
Board Member	Jacque Phillips	
Board Member	Jan Child	
Chief Executive Officer	Stuart McCullough	

Signature:



Felicity Topp – Deputy President

Date: 13 September 2019

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Committee of management statement

On the 13th September 2019 the Board of the Victorian Hospitals' Industrial Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019:

The Board declares that in its opinion:

- a. the financial statements and notes comply with the 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 Victorian Hospitals' Industrial Association for the financial year to which they relate;
- d. there are reasonable grounds to believe that the Victorian Hospitals' Industrial Association 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 of that year:
 - i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) the financial affairs of the Victorian Hospitals' Industrial Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) the financial records of the Victorian Hospitals' Industrial Association have been kept and maintained in accordance with the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the Victorian Hospitals' Industrial Association 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.

DESIGNATED OFFICER: Mr Dale Fraser

TITLE OF OFFICE: President



SIGNATURE:

Date: 13 September 2019

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Statement of comprehensive income

for the year ended 30 June 2019

	Notes	2019	2018
		\$	\$
Revenue			
Membership subscription		2,790,920	2,844,818
Investment income	3A	67,116	58,316
Rental revenue	3B	8,338	10,805
Other revenue		550,033	146,953
Total revenue		3,416,407	3,060,892
Other Income			
Net gains from sale of assets	3C	-	16,416
Total other income		-	16,416
Total income		3,416,407	3,077,308
Expenses			
Employee expenses	4A	2,175,430	2,013,642
Administration expenses	4B	686,156	554,718
Depreciation and amortisation	4C	142,172	158,752
Legal costs	4D	5,234	15,193
Audit fees	12	17,850	17,000
Total expenses		3,026,842	2,759,305
Surplus (deficit) for the year		389,565	318,003
Total comprehensive income for the year		389,565	318,003

The above statement should be read in conjunction with the notes.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Statement of financial position

as at 30 June 2019

	Notes	2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	5,234,082	2,361,567
Trade and other receivables*	5B	68,814	31,799
Other current assets	5C	-	2,020,822
Total current assets		5,302,896	4,414,188
Non-current Assets			
Land and buildings	6A	2,200,000	2,200,000
Plant and equipment	6B	34,064	73,127
Investment property	6C	120,000	120,000
Total non-current assets		2,354,064	2,393,127
Total assets		7,656,960	6,807,315
LIABILITIES			
Current Liabilities			
Trade payables*	7A	33,479	33,355
Other payables*	7B	2,784,292	2,294,816
Employee provisions	8A	380,926	522,770
Total current liabilities		3,198,697	2,850,941
Non-current Liabilities			
Employee provisions	8A	48,355	27,131
Total non-current liabilities		48,355	27,131
Total liabilities		3,247,052	2,878,072
Net assets		4,409,908	3,929,243
EQUITY			
General funds		3,851,321	3,461,756
Reserves	9A	558,587	467,487
Retained earnings (accumulated deficit)		-	3,929,243
Total equity		4,409,908	3,929,243

The above statement should be read in conjunction with the notes.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Statement of changes in equity

for the year ended 30 June 2019

	Notes	General funds /reserves	\$	Retained earnings	\$	Total equity	\$
Balance as at 1 July 2017			-	3,143,753	3,143,753		
Surplus / (deficit)			-	318,003	318,003		
Transfer to/from Asset Revaluation Reserve	9A	467,487		-	467,487		
Closing balance as at 30 June 2018			467,487	3,461,756	3,929,243		
Surplus / (deficit)			-	389,565	389,565		
Transfer to/from Asset Revaluation Reserve	9A	91,100		-	91,100		
Transfer from retained earnings			-	-	-		
Closing balance as at 30 June 2019			558,587	3,851,321	4,409,908		

The above statement should be read in conjunction with the notes.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Statement of cash flows

for the year ended 30 June 2019

	2019 \$	2018 \$
Notes		
OPERATING ACTIVITIES		
Cash received		
Interest	67,116	58,316
Other	<u>3,844,482</u>	<u>3,656,014</u>
Cash used		
Employees	2,296,050	2,078,739
Suppliers	751,846	919,135
Net cash from (used by) operating activities	10A	<u>863,702</u>
		716,456
INVESTING ACTIVITIES		
Cash received		
Proceeds from sale of plant and equipment	26,162	26,545
Term Deposit	<u>2,020,822</u>	
Cash used		
Purchase of plant and equipment	38,171	60,088
Term Deposit	-	2,020,822
Net cash from (used by) investing activities		<u>38,171</u>
		2,054,365
Net increase (decrease) in cash held		<u>2,872,515</u>
Cash & cash equivalents at the beginning of the reporting period	<u>2,361,567</u>	3,699,476
Cash & cash equivalents at the end of the reporting period	5A	<u>5,234,082</u>
		2,361,567

The above statement should be read in conjunction with the notes.

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- Note 4 Expenses
- Note 5 Current assets
- Note 6 Non-current assets
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- Note 15 Section 272 *Fair Work (Registered Organisations) Act 2009*

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Note 1 Summary of significant accounting policies

1.1 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 Victorian Hospitals' Industrial Association 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.

1.2 Comparative amounts

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

1.3 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.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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

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

[The impact of applying this standard is discussed further below]
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and other amendments, which clarify certain requirements in:
 - AASB 12 Disclosure of Interests in Other Entities – clarification of scope
 - AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value
 - AASB 140 Investment Property – change in use

This amendment did not have an impact on the Victorian Hospitals' Industrial Association.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Impact on adoption of AASB 9

(a) Initial application

AASB 9 *Financial Instruments (AASB 9)* replaces AASB139 *Financial Instruments: Recognition and Measurement (AASB 139)* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Victorian Hospitals' Industrial Association has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. Victorian Hospitals' Industrial Association has not restated the comparative information, which continues to be reported under AASB 139.² Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

Impact on the statement of financial position (increase/(decrease)):

	Ref adjustments	1 July 2018 \$
Classification and measurement	(i)	-
Impairment	(ii)	-
Other adjustments	(iii)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

	Ref adjustments	1 July 2018 \$
Assets		
Trade and other receivables	(ii)	-
Investments in associates	(iii)	-
Other non-current assets	(ii)	-
Total assets		
Total adjustments on equity		
Retained earnings	(i), (ii) (iii)	-
Other components of equity	(i), (ii) (iii)	-

The nature of these adjustments are described below.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

(i) Classification and measurement

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

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

The classification and measurement requirements of AASB 9 did not have a significant impact to the Victorian Hospitals' Industrial Association

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Quoted debt instruments previously classified as available-for-sale (AFS) financial assets are now classified and measured as debt instruments at fair value through OCI as they failed the SPPI test.
- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVTOCI. The Victorian Hospitals' Industrial Association elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of the Victorian Hospitals' Industrial Association listed equity investments, the AFS reserve of \$0 related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018. The remaining amount of available for sale reserve of \$0 was renamed to the fair value reserve for financial assets at FVTOCI.

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

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Future Australian Accounting Standards Requirements

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

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (**NFP**) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Victorian Hospitals' Industrial Association plans to adopt AASB 15 on the required effective date 1st July 2019 of using full retrospective method.

During the financial year ended 30 June 2019, the Victorian Hospitals' Industrial Association performed a preliminary assessment of AASB 1058 and 15.

Victorian Hospitals' Industrial Association does not consider that the implementation of either AASB 1058 or AASB 15 will have any material effect on our accounts moving forward.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments are not expected to have a material impact on the financial operations of the Victorian Hospitals' Industrial Association

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement

The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the Victorian Hospitals' Industrial Association

AASB 2017-7 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

The amendments clarify that an entity applies AASB 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in AASB 9 applies to such long-term interests.

The amendments apply retrospectively and are effective from 1 January 2019, with early application permitted.

As The Victorian Hospitals' Industrial Association does not presently have such long-term interests in associates or joint ventures, these amendments are unlikely to have a material impact on our financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

These improvements include:

- **AASB 11 Joint Arrangements**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

Amendment applies to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments are currently not applicable to the Group but may apply to future transactions.

- **AASB 123 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Amendment applies for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Victorian Hospitals' Industrial Association does not have any current borrowing costs, however this may apply to future transactions.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

1.4 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.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.5 Government grants³

Government grants are not recognised until there is reasonable assurance that the Victorian Hospitals' Industrial Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Victorian Hospitals' Industrial Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Victorian Hospitals' Industrial Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Victorian Hospitals' Industrial Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

³ Policy relevant for for-profit reporting units. Not-for-profit reporting units must comply with AASB 1004 Contributions.

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1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 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.

1.8 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.

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 Victorian Hospitals' Industrial Association 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 Victorian Hospitals' Industrial Association 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.

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1.9 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.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10 Borrowing costs

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

1.11 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 statement of financial position.

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1.12 Financial instruments

Financial assets and financial liabilities are recognised when a Victorian Hospitals' Industrial Association entity becomes a party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income

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

Financial assets at amortised cost

The Victorian Hospitals' Industrial Association measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Victorian Hospitals' Industrial Association's financial assets at amortised cost includes trade receivables and loans to related parties.

Financial assets at fair value through other comprehensive income

The Victorian Hospitals' Industrial Association measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Victorian Hospitals' Industrial Association's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

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Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Victorian Hospitals' Industrial Association can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Victorian Hospitals' Industrial Association benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Victorian Hospitals' Industrial Association elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Victorian Hospitals' Industrial Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Victorian Hospitals' Industrial Association has transferred substantially all the risks and rewards of the asset, or
 - b) the Victorian Hospitals' Industrial Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting

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

Impairment

(i) Trade receivables

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

Therefore, the Victorian Hospitals' Industrial Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Victorian Hospitals' Industrial Association has established a

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provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

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

1.13 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Victorian Hospitals' Industrial Association's financial liabilities include trade and other payables.

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Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Financial liabilities at amortised cost

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

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

Derecognition

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

1.14 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.

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1.15 Land, buildings, plant and equipment

Asset Recognition Threshold

Purchases of land, buildings, 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.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

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 based on the following useful lives:

	2019	2018
Buildings	25 years	25 years
Plant and equipment	2 to 5 years	2 to 5 years

Derecognition

An item of land, buildings, 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

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is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.16 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.17 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of Victorian Hospitals' Industrial Association intangible assets are:

	2019	2018
Intangibles	4 years	4 years

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

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1.18 Impairment of 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 Victorian Hospitals' Industrial Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.20 Taxation

The Victorian Hospitals' Industrial Association 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 statement of cash flows 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.

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1.21 Fair value measurement

The Victorian Hospitals' Industrial Association measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 13A.

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

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

The principal or the most advantageous market must be accessible by the Victorian Hospitals' Industrial Association. 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 Victorian Hospitals' Industrial Association 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

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Victorian Hospitals' Industrial Association 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 Victorian Hospitals' Industrial Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.22 Going concern

Victorian Hospitals' Industrial Association is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis:

Victorian Hospitals' Industrial Association has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis:

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Note 2 Events after the reporting period

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

	2019	2018
	\$	\$

Note 3 Income

Note 3A: Investment income

Interest		
Deposits	67,116	58,316
Total investment income	67,116	58,316

Note 3B: Rental revenue

Properties	8,338	10,805
Total rental revenue	8,338	10,805

Note 3C: Net gains from sale of assets

Plant and equipment	-	16,416
Total net gain from sale of assets	-	16,416

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	2019	2018
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<hr/>	<hr/>
	-	-
Employees other than office holders:		
Wages and salaries	2,064,384	1,759,403
Superannuation	176,958	162,451
Leave and other entitlements	(74,966)	79,622
Separation and redundancies	-	-
Other employee expenses	9,054	12,166
Subtotal employee expenses employees other than office holders	<hr/> 2,175,430	2,013,642
Total employee expenses	<hr/> 2,175,430	2,013,642
	<hr/>	<hr/>
Note 4B: Administration expenses		
Total paid to employers for payroll deductions of	-	-
Membership subscriptions	-	-
Compulsory levies	-	-
NIL	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	14,647	21,903
Contractors/consultants	254,302	83,211
Property expenses	24,172	18,660
Office expenses	65,333	67,442
Information communications technology	6,099	37,578
Other	321,603	325,924
Total administration expense	<hr/> 686,156	554,718

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	2019 \$	2018 \$
Note 4C: Depreciation and amortisation		
Depreciation		
Land & buildings	119,040	114,401
Property, plant and equipment	23,132	41,092
Total depreciation	142,172	155,493
Amortisation		
Intangibles	-	3,259
Total amortisation	-	3,259
Total depreciation and amortisation	142,172	158,752

Note 4D: Legal costs

Litigation	-	-
Other legal costs	5,234	15,193
Total legal costs	5,234	15,193

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	2019	2018
	\$	\$
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	5,234,082	1,355,396
Cash on hand	-	11
Short term deposits	-	1,006,160
Total Cash and cash equivalents	5,234,082	2,361,567

Note 5B: Trade and other receivables

Trade receivables	57,235	19,683
Less provision for Doubtful Debts	-	(2,743)

Other receivables:

GST receivable	11,091	11,761
Other	488	3,098
Total other receivables	11,579	14,859
Total trade and other receivables (net)	68,814	31,799

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 July	2,743	-
Provision for expected credit losses	(2,743)	2,743
Write-off	-	-
At 30 June	-	2,743

Note 5C: Other Current Assets

Term Deposits - CBA	-	2,020,822
Total Other Current Assets	-	2,020,822

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	2019	2018
	\$	\$
Note 6 Non-current Assets		
Note 6A: Land and buildings		
Land and buildings:		
Fair value	2,661,851	2,633,910
Accumulated depreciation	(461,851)	(433,910)
Total land and buildings	2,200,000	2,200,000

Reconciliation of opening and closing balances of land and buildings

As at 1 July		
Gross book value	2,633,910	2,166,423
Accumulated depreciation and impairment	(433,910)	(319,509)
Net book value 1 July	2,200,000	1,846,914
Additions:		
By purchase	27,940	-
From acquisition of entities (including restructuring)	-	-
Revaluations	91,100	467,487
Impairments	-	-
Depreciation expense	(119,040)	(114,401)
Net book value 30 June	2,200,000	2,200,000
Net book value as of 30 June represented by:		
Gross book value	2,752,951	2,633,910
Accumulated depreciation and impairment	(552,951)	(433,910)
Net book value 30 June	2,200,000	2,200,000

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. As at the date of revaluation 25th June 2019, the properties' fair values are based on valuations performed by Michael Jackson of JacX Property an accredited independent valuer.

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2019

2018

	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	100,586	189,576
accumulated depreciation	(66,522)	(116,449)
Total plant and equipment	34,064	73,127

Reconciliation of opening and closing balances of plant and equipment

As at 1 July

Gross book value	189,576	166,887
Accumulated depreciation and impairment	(116,449)	(102,626)
Net book value 1 July	73,127	64,261

Additions:

By purchase	10,231	60,088
From acquisition of entities (including restructuring)	-	-

Impairments

Depreciation expense	(23,132)	(41,092)
Other movement [give details below]	-	-

Disposals:

From disposal of entities (including restructuring)	-	-
Other	(26,162)	(10,130)

Net book value 30 June	34,064	73,127
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Net book value as of 30 June represented by:

Gross book value	100,586	189,576
Accumulated depreciation and impairment	(66,522)	(116,449)
Net book value 30 June	34,064	73,127

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	2019	2018
	\$	\$
Note 6C: Investment property		
Opening balance as at 1 July	120,000	112,500
Additions	-	-
Net gain from fair value adjustment	-	7,500
Closing balance as at 30 June	120,000	120,000

The valuation on the 24th June 2019 was performed by Michael Jackson of Jacx Property an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (**IVS**), as set out by the International Valuation Standards Council (**IVSC**). In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The highest and best use of the investment property is not considered to be different from its current use.

Rental income earned and received from the investment property during the year was [\$8,338] (2018: [\$10,805]).

Direct expenses incurred in relation to the investment property that generated rental income during the year was [\$6,855] (2018: [\$5,930]). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Victorian Hospitals' Industrial Association does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The fair value of investment property is determined by Michael Jackson using recognised valuation techniques. These techniques comprise both the Discounted Cash Flow (**DCF**) method and Income Capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019	2018
	\$	\$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	33,479	33,355
Subtotal trade creditors	33,479	33,355
Total trade payables	33,479	33,355

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	18,130	15,120
Superannuation	53	-
Prepayments received/unearned revenue	2,703,923	2,252,086
GST payable	9,299	3,757
Other	52,887	23,853
Total other payables	2,784,292	2,294,816

Total other payables are expected to be settled in:

No more than 12 months	2,784,292	2,294,816
More than 12 months	-	-
Total other payables	2,784,292	2,294,816

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019 \$	2018 \$
Note 8 Provisions		
Note 8A: Employee provisions		
Office holders:		
Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
<i>Subtotal employee provisions—office holders</i>	-	-
Employees other than office holders:		
Annual leave	195,277	209,169
Long service leave	234,004	340,732
<i>Subtotal employee provisions—employees other than office holders</i>	429,281	549,901
Total employee provisions	429,281	549,901
 Current	 380,926	 522,770
Non-current	48,355	27,131
Total employee provisions	429,281	549,901

Note 9 Equity

Note 9A: General funds

Asset Revaluation Reserve		
Balance as at start of year	467,487	-
Transferred to reserve	91,100	467,487
Transferred out of reserve	-	-
Balance as at end of year	558,587	467,487
Total reserves	558,587	467,487

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019	2018
	\$	\$

Note 10 Cash Flow

Note 10A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	5,234,082	2,361,567
Balance sheet	5,234,082	2,361,567
Difference	-	-

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	389,565	318,003
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Adjustments for non-cash items

Depreciation/amortisation	142,172	158,752
Fair value movements in investment property	-	(7,500)
Gain on disposal of assets	-	(16,416)

Changes in assets/liabilities

(Increase)/decrease in net receivables	(37,015)	28,375
(Increase)/decrease in other assets	-	1,000
Increase/(decrease) in supplier payables	124	(33,688)
Increase/(decrease) in other payables	489,476	333,026
Increase/(decrease) in employee provisions	(120,620)	(65,097)
Net cash from (used by) operating activities	863,702	716,458

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019	2018
	\$	\$

Note 11 Related Party Disclosures

Note 11A: Key management personnel remuneration for the reporting period

Short-term employee benefits

Salary (including annual leave taken)	440,014	430,414
Annual leave accrued	(3,919)	(2,380)
Total short-term employee benefits	436,095	428,034

Post-employment benefits:

Superannuation	37,810	34,251
Total post-employment benefits	37,810	34,251

Other long-term benefits:

Long-service leave	17,524	9,262
Total other long-term benefits	17,524	9,262

Termination benefits

Total	491,429	471,547
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Note 12 Remuneration of Auditors

Value of the services provided

Financial statement audit services	17,850	17,000
Total remuneration of auditors	17,850	17,000

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Note 13 Financial Instruments

The VHIA's financial instruments consist of deposits with banks, accounts receivable and accounts payable. It has no exposure to foreign currency and has minimal exposure to interest rate risk through its interest bearing current account with its bankers. The VHIA does not have any derivative instruments at 30 June 2019.

The only potential risks the VHIA is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement, and basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Risk Management

Liquidity Risk

VHIA Board members meet on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. They conduct these processes to maintain sufficient funds to pay trade payables and employee entitlements within commercial trading terms

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The VHIA does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the VHIA.

Interest Rate Risk

The VHIA is not exposed to any material interest rate risk as it has no interest bearing debt and only derives interest from cash balances in its operating bank account and bank term deposits. The rate of interest derived is floating with market rates for the bank account and fixed at the time of lodgement for the term deposits. The VHIA has performed an interest rate sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrated the effect on the current year results and equity which could result from a change in this risk is not material.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019	2018
	\$	\$
Note 13A: Categories of Financial Instruments		
<i>Financial assets</i>		
Fair value through profit or loss:		
Cash and Cash equivalents	5,234,082	4,382,389
Total	5,234,082	4,382,389
Carrying amount of financial assets	5,234,082	4,382,389

Financial liabilities

Fair value through profit or loss:		
Accounts Payable	33,479	59,867
Total	33,479	59,867
Carrying amount of financial liabilities	33,479	59,867

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

	2019	2018
	\$	\$
Note 13B: Net income and expense from financial assets		
Interest revenue	67,116	58,316
Net gain/(loss)	67,116	58,316
Net income/(expense) from financial assets	67,116	58,316

Note 13C: Credit risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial assets		
Cash and Cash Equivalents	5,234,082	4,382,389
Trade Receivables	57,235	16,940
Other Receivables	11,579	3,098
Total	5,302,896	4,402,427
Financial liabilities		
Accounts Payable	33,479	59,867
Total	33,479	59,867

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2019	Trade and other receivables					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	\$
Estimate total gross carrying amount at default	0	0	0	0	0	0
Expected credit loss	0	0	0	0	0	0

30 June 2018	Trade and other receivables					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	\$
Estimate total gross carrying amount at default	0	0	0	0	2,743	2,743
Expected credit loss	0	0	0	0	2,743	2,743

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

The Victorian Hospitals' Industrial Association's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 13C.

Note 13D: Liquidity risk

VHIA Board members meet on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. They conduct these processes to maintain sufficient funds to pay trade payables and employee entitlements within commercial trading terms

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
Accounts Payable	-	33,479	-	-	-	33,479
Total	-	33,479	-	-	-	33,479

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
Accounts Payable	-	59,867	-	-	-	59,867
Total	-	59,867	-	-	-	59,867

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Note 14 Fair Value Measurement

Note 14A: Financial assets and liabilities

Management of the Victorian Hospitals' Industrial Association assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Victorian Hospitals' Industrial Association's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Victorian Hospitals' Industrial Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Victorian Hospitals' Industrial Association financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
Financial assets				
Cash and Cash Equivalents	5,234,082	5,234,082	4,382,389	4,382,389
Trade Receivables	57,235	57,235	16,940	16,940
Other Receivables	11,579	11,579	3,098	3,098
Total	5,302,896	5,302,896	4,402,427	4,402,427
Financial liabilities				
Trade Payable	33,479	33,479	59,867	59,867
Total	33,479	33,479	59,867	59,867

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Note 14B: Financial and non-financial assets and liabilities fair value hierarchy

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

Fair value hierarchy – 30 June 2019

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Footscray Building	25 June 2019	-	-	2,200,000
Car Parks	24 June 2019	-	-	120,000
Total		-	-	2,320,000

Fair value hierarchy – 30 June 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Footscray Building	25 May 2018	-	-	2,200,000
Car Parks	28 June 2018	-	-	120,000
Total		-	-	2,320,000

Note 14C: Description of significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Carparks	DCF Method	\$300 per carpark per month	
Footscray Office	DCF Method	<ul style="list-style-type: none"> Estimated rental value per sqm per month ⁽³⁾ 	\$3,500-\$3,800 psm p.a.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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 (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- 1) A member of a Victorian Hospitals' Industrial Association, or the Commissioner, may apply to the Victorian Hospitals' Industrial Association for specified prescribed information in relation to the Victorian Hospitals' Industrial Association 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 Victorian Hospitals' Industrial Association.
- 3) A Victorian Hospitals' Industrial Association must comply with an application made under subsection (1).

Officer declaration statement

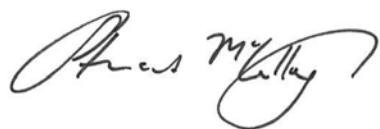
I, Stuart McCullough being the [Chief Executive Officer] of the VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION, declare that the following activities did not occur during the reporting period ending 30 JUNE 2019.

The Victorian Hospitals' Industrial Association 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 or any other revenue amount 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 capitation fees or any other expense to another reporting unit
- pay affiliation fees to another reporting unit
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay to a person fees or allowances to attend conferences or meetings as a representative of the Victorian Hospitals' Industrial Association
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

- 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 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
- have an annual leave provision in respect of holders of office
- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting unit and/or controlled entity
- have another reporting unit administer the financial affairs of the Victorian Hospitals' Industrial Association
- make a payment to a former related party of the Victorian Hospitals' Industrial Association



Signed by the officer:

Dated: 13 September 2019

Independent Auditors' Report To the Members of Victorian Hospitals' Industrial Association

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victorian Hospitals' Industrial Association (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Victorian Hospitals' Industrial Association as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to the audit of the financial report in Australia. We have also fulfilled the 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.

Information Other than the Financial Report and Auditor's report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report To the Members of Victorian Hospitals' Industrial Association

Report on the Audit of the Financial Report

Responsibilities of Committee of Management for the financial report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

**Independent Auditor's Report
To the Members of Victorian Hospitals' Industrial Association**

Report on the Audit of the Financial Report

Auditor's responsibility for the audit of the financial report continued...

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

We communicate with those charged with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia

Andrew S. Wehrens

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Registered Auditor Number AA2017/56
Fellow of Chartered Accountants
Australia and New Zealand -79117
Holder of a Current Certificate of Public Practice

Dated: this 13th day of September 2019