

# ANNUAL FINANCIAL REPORT 2017

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Victorian Hospitals' Industrial  
Association  
**VHIA**

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## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

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## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2017**

The Board presents its report on the reporting entity for the financial year ended 30 June 2017.

#### **Principal Activities**

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

- to represent public health sector employers in industry enterprise bargaining negotiations with relevant health industry unions;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in Fair Work Australia;
- to assist and advise members of their own and their employees' industrial obligations under award and certified 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.

#### **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.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2017

- 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).
- 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 34 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.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2017

- 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) Fair Work Australia; 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 14.4 measured on a full-time equivalent basis.

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)
<b>President</b>	Dale Fraser	
<b>Deputy President</b>	John Smith	
Board Member	Mark Garwood	14/10/2016 – 30/06/2017
Board Member	Paula Jeffs	14/10/2016 – 19/01/2017
Board Member	Elizabeth (Cheyne) Chalmers	
Board Member	Vicki Poxon	14/10/2016 – 30/06/2017
Board Member	Zoltan Kokai	
Board Member	Perry Muncaster	
Board Member	Felicity Topp	
Board Member	Sean Curtain	17/02/2017 – 30/06/2017
Board Member	Christine McLoughlin	01/07/2016 – 23/11/2016
Board Member	Amanda Murphy	09/12/2016 – 30/06/2017
Board Member	Andrew Freeman	
Board Member	Peter Faulkner	
Board Member	Graeme Mitchell	
<b>Chief Executive Officer</b>	Alexander Djoneff	01/07/2016 – 9/09/2016
<b>Chief Executive Officer</b>	Stuart McCullough	12/09/2016 – 30/06/2017



Signature:

President

Date: 15 September 2017

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### COMMITTEE OF MANAGEMENT STATEMENT

On the 15<sup>th</sup> September 2017, the Board of the Victorian Hospitals' Industrial Association being the Committee of Management of the organisation, adopted the following resolution in relation to the general purpose financial report for the Association for the financial year ended 30 June 2017.

The Board, having been advised accordingly by the executive director in a letter dated 17th August 2017, declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager, Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position, and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the general purpose financial report 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; and
  - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
  - iii. the financial records of the reporting unit have been managed in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - iv. the organisation has consisted of a single reporting unit; and
  - v. the information sought in any request of a member of the reporting unit or the General Manager of Fair Work Australia made under Section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of Fair Work Australia; and
  - vi. there has been compliance with any order for inspection of financial records made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisations) Act 2009
- (f) the organisation has not undertaken any recovery of wages activity.

This declaration is made in accordance with a resolution of the Committee of Management.

**DESIGNATED OFFICER:**

**TITLE OF OFFICE:** President



SIGNATURE:

DATE: 15 September 2017

# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	3	3,173,710	3,464,232
Employee benefits expense to employees	5	(2,013,544)	(2,127,932)
Depreciation/Amortisation –Tangible Assets	11	(152,907)	(150,311)
Amortisation – Intangible Assets	12	(39,115)	(42,375)
Finance costs	4	-	-
Other expenses	4	<u>(797,444)</u>	<u>(596,089)</u>
<b>Comprehensive Result - Surplus</b>		<u><b>170,700</b></u>	<u><b>547,525</b></u>
<b>Net Result attributable to members of the Association</b>		<u><b>170,700</b></u>	<u><b>547,525</b></u>

The accompanying notes form part of these financial statements.



# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	3,699,476	4,038,777
Trade receivables	8	38,425	43,028
Other receivables	8	21,749	22,377
Other current assets	9	1,000	5,000
<b>TOTAL CURRENT ASSETS</b>		<u>3,760,650</u>	<u>4,109,182</u>
<b>NON-CURRENT ASSETS</b>			
Investment property at fair value	10	112,500	112,500
Property, plant and equipment	11	1,911,175	2,024,082
Intangible Assets	12	3,259	42,374
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,026,934</u>	<u>2,178,956</u>
<b>TOTAL ASSETS</b>		<u>5,787,584</u>	<u>6,288,138</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	2,028,833	2,732,947
Employee provisions	14	595,602	561,769
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,624,435</u>	<u>3,294,716</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee provisions	14	19,396	20,368
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>19,396</u>	<u>20,368</u>
<b>TOTAL LIABILITIES</b>		<u>2,643,831</u>	<u>3,315,084</u>
<b>NET ASSETS</b>		<u>3,143,753</u>	<u>2,973,054</u>
<b>EQUITY</b>			
Accumulated surplus		<u>3,143,753</u>	<u>2,973,054</u>
<b>TOTAL EQUITY</b>		<u>3,143,753</u>	<u>2,973,054</u>

The accompanying notes form part of these financial statements.



# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Surplus	Total
	\$	\$
<b>Balance at 30 June 2015</b>	2,425,528	2,425,528
Comprehensive result for year ended 30 June 2016	547,525	547,525
<b>Balance at 30 June 2016</b>	2,973,053	2,973,053
Comprehensive result for year ended 30 June 2017	170,700	170,700
<b>Balance at 30 June 2017</b>	3,143,753	3,143,753

The accompanying notes form part of these financial statements.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from members		2,777,856	4,587,996
Payments to suppliers and employees		(3,121,472)	(2,901,526)
Interest received		44,315	37,500
<b>Net cash provided by operating activities</b>	<b>17(b)</b>	<u>(299,301)</u>	<u>1,723,940</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(40,000)	(23,174)
Proceeds Sale of Shares in Associates			
Proceeds from sales of property, plant and equipment		-	8,361
<b>Net cash used in investing activities</b>		<u>(40,000)</u>	<u>(14,813)</u>
<b>Cash flows from financing activities</b>			
Proceeds/(Payments) from borrowings		-	-
<b>Net cash used in financing activities</b>		<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash held		(339,301)	1,709,127
Cash at the beginning of the year		4,038,777	2,329,650
Cash at the end of the year	<b>17(a)</b>	<u>3,699,476</u>	<u>4,038,777</u>

The accompanying notes form part of these financial statements.

## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **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, 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**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The Board has decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the Board anticipates that the adoption of AASB 9 may have an impact on the entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.3 New Australian Accounting Standards (continued)

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Board anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2016-4: Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: Intangible Assets, but applies to such assets accounted for under the cost model in those Standards. AASB 2016-4 is not expected to have a significant impact on the entity's financial statements.

- AASB 15 Revenue from Contracts with Customers

The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer (applicable to annual reporting periods beginning on 1 January 2018)

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.3 New Australian Accounting Standards (continued)

The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Although the Board anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2016-4: Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: Intangible Assets, but applies to such assets accounted for under the cost model in those Standards.

AASB 2016-4 is not expected to have a significant impact on the entity's financial statements.

- AASB 15 Revenue from Contracts with Customers

The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer (applicable to annual reporting periods beginning on 1 January 2018)

The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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 impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

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

##### **1.5 Gains on Sale of assets**

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

##### **1.6 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 reporting unit in respect of services provided by employees up to reporting date.

## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **1.7 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.

##### **1.8 Borrowing costs**

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

##### **1.9 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.



## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line in the statement of comprehensive income.

##### Held-to-maturity investments

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

##### Loan and receivables

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

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 Financial assets (continued)

###### Effective interest method

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

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

###### Impairment of financial assets

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 Financial assets (continued)

###### De-recognition of financial assets

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

##### 1.11 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and de-recognised upon 'trade date'.

###### Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 Financial assets (continued)

###### De-recognition of financial assets

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

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A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Other financial liabilities**

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

##### **De-recognition of financial liabilities**

The reporting unit de-recognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

#### **1.12 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.

#### **1.13 Land, Buildings, Plant and Equipment**

##### **Asset Recognition Threshold**

Purchases of land, buildings, plant and equipment costing in excess of \$1500 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.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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:

	2017	2016
Building	25 years	25 years
Building – Fit Out	10 years	10 years
Leasehold Improvements	5 years	5 years
Plant and equipment	5 years	5 years
Motor Vehicles	4 years	4 years
Computer Equipment	2 years	2 years
Furniture and fittings	5 years	5 years

The Building and Building Fit Out commenced to be depreciated from 1 September 2014.

##### Derecognition

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.14 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 de-recognised 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 de-recognition 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 de-recognised.

**1.15 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:

	2017	2016
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.

**1.16 Impairment for non-financial assets**

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



## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.16 Impairment for non-financial assets (continued)

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

##### 1.17 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.

##### 1.18 Taxation

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

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.19 Fair value measurement

Victorian Hospitals' Industrial Association measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16 (c).

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 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.

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, 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.

## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **1.19 Fair value measurement (continued)**

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, 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.

##### **1.20 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.

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 2. Events after the reporting period

There were no events that occurred after 30 June 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Victorian Hospitals' Industrial Association.

	Note	2017 \$	2016 \$
<b>3. REVENUE</b>			
Membership fees		2,767,804	2,819,709
Consultancy fees		283,057	509,065
Training fees		68,514	88,705
Rental revenue		10,020	9,222
Interest received		44,315	37,500
Net fair gain/(loss) on investment property		-	-
Gain on disposal of investment in Associate		-	-
Other income		-	31
Capitation fees		-	-
Donations or grants		-	-
Compulsory Levies		-	-
Financial Support from another reporting unit		-	-
<b>Total Revenue</b>		3,173,710	3,464,232

# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
<b>4. OPERATING SURPLUS/DEFICIT</b>			
External Finance costs		-	-
Other Expenses		-	-
Bad and doubtful debts		-	(956)
Net (Profit)/Loss on disposal of property, plant and equipment		-	(8,362)
Audit fees	6	18,250	18,000
Payroll tax		75,463	79,422
Legal Fees			
Litigation		-	-
Other Legal Matters		31,367	12,901
Motor vehicle expenses		19,846	28,278
Repairs and maintenance		11,396	9,544
Consultants		236,935	191,226
Rent		8,163	4,160
Cleaning		27,794	32,244
Catering		18,242	3,756
Printing and stationary		21,103	34,631
Electricity		10,509	10,871
Travel		19,347	10,209
Investment property expenses		5,860	4,702
Agency staff		52,150	308
Software Maintenance		67,970	13,832
Marketing		28,400	-
Telephone		33,317	36,635
Fees incurred as consideration for employer payroll deductions of membership		-	-
Subscriptions		-	-
Capitation fees		-	-
Compulsory Levies, fees and/or allowances paid to persons in respect to their attendance at conferences or other meetings		-	-
Grants and donations		-	-
Expenses incurred with holding meeting of members or any conferences or meeting of councils, committees, panels or other bodies		-	-
Penalties imposed on the organisation under the RO Act with respect to the conduct of VHIA		-	-
Affiliation fees		-	-
Other		111,332	114,688
		<u>797,444</u>	<u>596,089</u>

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>5. EMPLOYEE BENEFITS</b>			
Wages and salaries		1,767,296	1,792,862
Superannuation		153,096	174,480
Leave and other entitlements		81,884	149,056
Separation and redundancy		-	-
Other employee expenses		11,268	11,534
		<u>2,013,544</u>	<u>2,127,932</u>

No employee benefits paid in respect to holders of office.

### 6. REMUNERATION of AUDITORS

#### Value of services provided

Financial statements audit services – McLean Delmo Bentleys Pty Ltd	18,250	18,000
Other services – McLean Delmo Bentleys Pty Ltd	-	-
	<u>18,250</u>	<u>18,000</u>

No other services were provided by the auditors of the financial statements.

### 7. CASH AND CASH EQUIVALENTS

Petty cash	11	11
Cash at bank – National Australia Bank Ltd	18,088	24,664
Cash at bank – Commonwealth Bank of Australia Ltd	247,481	63,186
MasterCard – Commonwealth Bank of Australia Ltd	10,000	10,000
Term Deposit – Commonwealth Bank of Australia Ltd	-	1,500,000
Term Deposit – National Australia Bank	514,585	255,343
Online Saver – Commonwealth Bank of Australia Ltd	2,909,311	2,185,573
	<u>3,699,476</u>	<u>4,038,777</u>

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>8. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade receivables		38,425	43,028
Less provision for doubtful debts		-	-
		<u>38,425</u>	<u>43,028</u>
Receivables to other reporting units		<u>-</u>	<u>-</u>
<i>Other accounts receivable</i>			
Receivables from other reporting units		-	-
GST receivable from the Australian Taxation Office		16,328	17,280
Interest receivable		<u>5,421</u>	<u>5,097</u>
		<u>21,749</u>	<u>22,377</u>
<b>9. OTHER ASSETS</b>			
<b>Current</b>			
Prepaid expenses		-	-
Other		<u>1,000</u>	<u>5,000</u>
		<u>1,000</u>	<u>5,000</u>
<b>10 INVESTMENT PROPERTY</b>			
<b>Non-Current</b>			
Opening balance		112,500	112,500
Disposals		-	-
Net fair value gain on investment property		-	-
Closing Balance		<u>112,500</u>	<u>112,500</u>

A valuation was performed by Sam Lipshutt AAPI Certified Practicing Valuer on 29<sup>th</sup> June 2017, and is based on active market prices, adjusted for differences in the nature, location or condition of the specific property.



# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>			
Land and buildings at cost		2,166,423	2,140,323
Less accumulated depreciation		<u>(319,509)</u>	<u>(205,405)</u>
<b>Total land and buildings</b>		<u>1,846,914</u>	<u>1,934,918</u>
 Plant and equipment at cost		 49,320	 56,920
Less accumulated depreciation		<u>(25,723)</u>	<u>(39,903)</u>
		<u>23,597</u>	<u>17,017</u>
 Furniture and Fittings at cost		 30,548	 74,349
Less accumulated depreciation		<u>(17,121)</u>	<u>(54,812)</u>
		<u>13,427</u>	<u>19,537</u>
 Motor vehicles at cost		 72,545	 72,545
Less accumulated depreciation		<u>(51,339)</u>	<u>(33,203)</u>
		<u>21,206</u>	<u>39,342</u>
 Computer equipment at cost		 14,474	 30,265
Less accumulated depreciation		<u>(8,443)</u>	<u>(16,997)</u>
		<u>6,031</u>	<u>13,268</u>
 <b>Total plant and equipment</b>		 <u>64,261</u>	 <u>89,164</u>
 <b>Total property, plant and equipment</b>		 <u>1,911,175</u>	 <u>2,024,082</u>

# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 11. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

#### MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment are set out below for the years ended 2016 and 2017.

	Land & Building \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Furniture and fittings \$	Total \$
<b>Carrying amount at 30 June 2016</b>	2,047,463	13,805	63,983	321	25,647	2,151,219
Additions	-	8,700	-	14,474	-	23,174
Disposals	-	-	-	-	-	-
Depreciation expense	(112,545)	(5,488)	(24,641)	(1,527)	(6,110)	(150,311)
<b>Carrying amount at the beginning of the year</b>	1,934,918	17,017	39,342	13,268	19,537	2,024,082
Additions	26,100	13,900	-	-	-	40,000
Disposals	-	-	-	-	-	-
Depreciation expense	(114,104)	(7,320)	(18,136)	(7,237)	(6,110)	(152,907)
<b>Carrying amount at 30 June 2017</b>	1,846,914	23,597	21,206	6,031	13,427	1,911,175

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>12. INTANGIBLES</b>			
<b>Non-Current</b>			
Software – at cost		169,499	169,499
Less amortisation		<u>(166,240)</u>	<u>(127,125)</u>
		3,259	42,374
Opening balance		42,374	84,749
Less amortisation		<u>(39,115)</u>	<u>(42,375)</u>
Closing balance		3,259	42,374
<b>13. TRADE AND OTHER PAYABLES</b>			
<b>Current</b>			
Trade creditors		55,279	68,546
Accrued expenses		38,781	51,649
Fringe benefits liabilities		15,713	21,198
Income invoiced in advance		-	200
Members' fees received in advance		1,919,060	2,591,354
Payables to other reporting units		-	-
Consideration to employees for payroll deductions		-	-
Legal costs		-	-
		<u>2,028,833</u>	<u>2,732,947</u>
<b>14. EMPLOYEE PROVISIONS</b>			
<b>Current</b>			
Employee provisions (other than office holders)			
- Unconditional and expected to be settled within 12 months		331,311	110,077
- Unconditional and expected to be settled after 12 months		<u>264,291</u>	<u>451,692</u>
		595,602	561,769
<b>Non-current</b>			
Conditional and expected to be settled after 12 months		19,396	20,368
		<u>614,998</u>	<u>582,137</u>

## VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 14. EMPLOYEE PROVISIONS (CONTINUED)

	Note	2017 \$	2016 \$
<b>Provision for annual leave:</b>			
Balance at the beginning of the year		231,312	199,064
Movement in provision for year		3,211	32,248
Balance at the end of the year		<u>234,523</u>	<u>231,312</u>
<b>Provision for long service leave:</b>			
Balance at the beginning of the year		350,825	302,307
Movement in provision for year		29,650	48,518
Balance at the end of the year		<u>380,475</u>	<u>350,825</u>

#### 15. Related Party Disclosure

##### (a) Related Party Transactions for the Reporting Period

There were no related party transactions during the reporting period.

##### (b) Key Management Personnel Remuneration for the Reporting Period

Key management personnel include the Chief Executive Officer and Chief Finance Officer.

The aggregate compensation made to key management personnel of the Association is set out below:

Short term employee benefits	448,284	438,036
Post-employment benefits	34,953	38,533
Other long term employee benefits	9,771	15,464
Termination benefits	-	-
Share based payments	-	-
Total	<u>493,008</u>	<u>492,033</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 16. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management

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 2017.

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.

Categorisation of financial instruments	Note	Category	Carrying Amount	Carrying Amount
			2017	2016
<b>Financial assets</b>				
Cash and cash equivalents	7	Cash	3,699,476	4,038,777
Accounts receivable - measured at fair value	8	Loans and receivables	38,425	43,028
Loans - measured at fair value	8	Loans and receivables	-	-
Sundry receivable	8	Loans and receivables	5,421	5,097
Equity investments in unlisted securities - at cost	17	Equity investments	-	-
<b>Financial liabilities</b>				
Accounts payable - measured at fair value	13	Financial liabilities	2,013,120	2,711,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate 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:

	Weighted Average Effective Interest Rate		Interest Bearing		Non-Interest Bearing		Total	
	2017 %	2016 %	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Financial Assets:								
Cash and cash equivalents	0.76%	1.80%	3,423,896	3,940,916	275,580	97,861	3,699,476	4,038,777
Trade receivables	-	-	-	-	38,425	43,028	38,425	43,028
Other receivables	-	-	-	-	5,421	5,097	5,421	5,097
Total Financial Assets			3,423,896	3,940,916	319,426	145,986	3,743,322	4,086,902
Financial Liabilities:								
Trade and other payables	-	-	-	-	2,013,120	2,711,750	2,013,120	2,711,750
Total Financial Liabilities			-	-	2,013,120	2,711,750	2,013,120	2,711,750

All financial liabilities are expected to be settled within 90 days. All non-cash financial assets are expected to be settled within 120 days. Cash and cash equivalents are at floating interest rates and other financial assets are at fixed interest rates.

(c) Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Association intends to hold these assets to maturity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. FINANCIAL INSTRUMENTS (Continued)

(c) Net Fair Values (continued)

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	2017		2016	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Cash and cash equivalents	3,699,476	3,699,476	4,038,777	4,038,777
Trade receivables	38,425	38,425	43,028	43,028
Other receivables	5,421	5,421	5,097	5,097
Financial liabilities				
Trade and other creditors	2,013,120	2,013,120	2,711,750	2,711,750

The Association considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

(d) Liquidity Risk

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Trade and other payables are expected to be settled as follows:

	2017 \$	2016 \$
Less than 3 months	2,013,120	2,711,750

Trade and other receivables are expected to be settled as follows:

	2017 \$	2016 \$
Less than 3 months	43,846	48,125



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. FINANCIAL INSTRUMENTS (Continued)

(e) Sensitivity Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Association believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of +1% and -1% in market interest rates (AUD) from year end rates of 0.76%
- A parallel shift of +1% and -1% in inflation rate from year end rates 1.7%.

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Association at year end as presented to key management personnel, if changes in risk occur.

	Carrying Amount \$	Interest Rate Risk			
		-1% Profit \$	-1% Equity \$	+1% Profit \$	+1% Equity \$
<b>2017</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	3,699,476	(36,995)	(36,995)	36,995	36,995
Other financial assets	43,846	-	-	-	-
<b>2016</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	4,038,777	(40,387)	(40,387)	40,387	40,387
Other financial assets	48,125	-	-	-	-

# VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>17. CASH FLOW INFORMATION</b>			
<b>(a) Reconciliation of Cash</b>			
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand	11		11
Cash at bank		3,699,465	4,038,766
		<u>3,699,476</u>	<u>4,038,777</u>
<b>(b) Reconciliation of the cash flow from operations with the surplus from operations</b>			
Surplus/(Deficit) from comprehensive result	170,700		547,525
<i>Non-cash items in the surplus from comprehensive result:</i>			
Depreciation and amortisation	192,022		192,686
Loss/(gain) on revaluation of investment property	-		-
Loss/(gain) on disposal of investments	-		-
Loss/(gain) on sale of assets	-		(8,362)
<i>Changes in Assets and Liabilities:</i>			
(Increase)/Decrease in receivables	5,230		1,264
(Increase)/Decrease in other assets	4,000		(4,089)
Increase/(Decrease) in payables	(31,820)		90,481
Increase/(Decrease) in provisions	32,861		80,766
Increase/(Decrease) in Income in Advance	(672,294)		823,669
<b>Net cash (used in)/provided by operating activities</b>		<u>(299,301)</u>	<u>1,723,940</u>
There were no cash inflows or outflows from other reporting units			

## **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **18. SECTION 272 of FAIR WORK (REGISTERED ORGANISATION)**

Section 272 of Part 3 of Chapter 8 of Division 7 to the Fair Work (Registered Organisations) Act 2009 provides that:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) The reporting unit must comply with an application made under subsection (1).

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

### **Opinion**

We have audited the financial report of Victorian Hospital's Industrial Association, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Board's statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Victorian Hospital's Industrial Association as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

### **Basis for Opinion**

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

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

### **Information Other than the Financial Report and Auditor's Report Thereon**

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF VICTORIAN HOSPITAL'S INDUSTRIAL ASSOCIATION (CONTINUED)**

**Responsibilities of Board for the Financial Report**

The Board 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 Board determines 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 Board 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 Board either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF VICTORIAN HOSPITAL'S INDUSTRIAL ASSOCIATION (CONTINUED)**

We communicate with the Board 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

The auditor declares that he is an approved auditor who is a member of Chartered Accountants Australia & New Zealand and holds a current Public Practice Certificate.

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

*McLean Delmo Bentleys Audit Pty Ltd.*

**McLean Delmo Bentleys Audit Pty Ltd**



**Rod Hutton**  
**Partner**  
Registration number AA2017/52

**Hawthorn**  
18 September 2017

### **Auditor's Independence Declaration**

#### **To the Members of the Victorian Hospitals' Industrial Association**

As engagement partner for the audit of the Victorian Hospitals' Industrial Association for the year ended 30 June 2017. I declare that, to the best of my knowledge and belief, there have been:

- i. No contraventions of the independence requirements of Australian professional ethical pronouncements in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



**R. H. Hutton  
Partner**

*McLean Delmo Bentleys Audit Pty Ltd*

**McLean Delmo Bentleys Audit Pty Ltd**

Melbourne

18 September 2017