

# **Australian Healthcare and Hospitals Association**

**A.B.N 49 008 528 470**

## **Financial Statements**

**For the Year Ended 30 June 2019**

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Contents

For the Year Ended 30 June 2019

	Page
<b>Financial Statements</b>	
Auditor's Independence Declaration	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Responsible Persons' Declaration	24
Independent Audit Report	25

**Australian Healthcare and Hospitals Association**

A.B.N 49 008 528 470

**Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of Australian Healthcare and Hospitals Association**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Vincent's Audit Pty Ltd**



**Phillip W Miller CA**  
Director

Canberra

## Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	2,686,855	3,233,395
Employee benefits expense		(1,644,641)	(1,697,208)
Depreciation and amortisation expense		(53,427)	(45,368)
Travel Expenses		(32,666)	(205,983)
Admin and Other Expenses		(381,718)	(395,972)
Consultants		(322,900)	(550,212)
Publications and Printing		(73,868)	(121,217)
Event Expenses		(119,302)	(53,366)
<b>Profit for the year</b>		<b>58,333</b>	<b>164,069</b>
<b>Total comprehensive income for the year</b>		<b>58,333</b>	<b>164,069</b>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

The accompanying notes form part of these financial statements.

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Statement of Financial Position

30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	919,824	1,172,431
Trade and other receivables	8	510,614	519,064
Other assets	9	318,638	1,038,963
TOTAL CURRENT ASSETS		<u>1,749,076</u>	<u>2,730,458</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	843,337	877,795
Intangible assets	11	74,941	32,006
Other asset	9	454,865	-
TOTAL NON-CURRENT ASSETS		<u>1,373,143</u>	<u>909,801</u>
TOTAL ASSETS		<u><u>3,122,219</u></u>	<u><u>3,640,259</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	335,711	415,091
Employee benefits	13	127,499	108,135
Other financial liabilities	14	-	688,819
Other liabilities	15	766,114	889,939
Borrowings	16	63,413	76,343
TOTAL CURRENT LIABILITIES		<u>1,292,737</u>	<u>2,178,327</u>
NON-CURRENT LIABILITIES			
Borrowings	16	309,217	-
TOTAL NON-CURRENT LIABILITIES		<u>309,217</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,601,954</u>	<u>2,178,327</u>
NET ASSETS		<u><u>1,520,265</u></u>	<u><u>1,461,932</u></u>
<b>EQUITY</b>			
Reserves	17	149,522	149,522
Retained earnings		1,370,743	1,312,410
TOTAL EQUITY		<u><u>1,520,265</u></u>	<u><u>1,461,932</u></u>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity**  
For the Year Ended 30 June 2019

	Retained Earnings	Asset Replacement Reserve	Branch Member Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>1,312,410</b>	<b>80,000</b>	<b>30,000</b>	<b>39,522</b>	<b>1,461,932</b>
Profit for the year	58,333	-	-	-	58,333
<b>Balance at 30 June 2019</b>	<b>1,370,743</b>	<b>80,000</b>	<b>30,000</b>	<b>39,522</b>	<b>1,520,265</b>

	Retained Earnings	Asset Replacement Reserve	Branch Member Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>1,148,341</b>	<b>80,000</b>	<b>30,000</b>	<b>39,522</b>	<b>1,297,863</b>
Profit for the year	164,069	-	-	-	164,069
<b>Balance at 30 June 2018</b>	<b>1,312,410</b>	<b>80,000</b>	<b>30,000</b>	<b>39,522</b>	<b>1,461,932</b>

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	3,034,404	3,710,603
Payments to suppliers and employees	(3,518,666)	(3,518,887)
Interest received	11,722	11,404
Finance costs	(14,450)	(7,193)
Net cash provided by/(used in) operating activities	<u>(486,990)</u>	<u>195,927</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(61,904)</u>	<u>(44,911)</u>
Net cash used by investing activities	<u>(61,904)</u>	<u>(44,911)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	350,000	-
Repayment of borrowings	<u>(53,713)</u>	<u>(14,670)</u>
Net cash used by financing activities	<u>296,287</u>	<u>(14,670)</u>
Net increase/(decrease) in cash and cash equivalents held	(252,607)	136,346
Cash and cash equivalents at beginning of year	<u>1,172,431</u>	<u>1,036,085</u>
Cash and cash equivalents at end of financial year	<u>7</u> <u>919,824</u>	<u>1,172,431</u>

The accompanying notes form part of these financial statements.

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

The financial report covers Australian Healthcare and Hospitals Association as an individual entity. Australian Healthcare and Hospitals Association is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Australian Healthcare and Hospitals Association is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

#### 2 Change in Accounting Policy

##### Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

##### Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost

##### Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).



# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

##### Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Reclassific- ation	Re- measurem e-nts	Carrying amount under AASB 9
Note			\$	\$	\$	\$
<b>Financial assets</b>						
Trade and other receivables	Loans and receivables	Amortised cost	519,064	-	-	519,064
Loans to related parties	Loans and receivables	Amortised cost	443,143	-	-	443,143
Cash and cash equivalents	Loans and receivables	Amortised cost	640,326	-	-	640,326
Term deposits (i)	Held to maturity	Amortised cost	532,105	-	-	532,105
<b>Total financial assets</b>			<b>2,134,638</b>	<b>-</b>	<b>-</b>	<b>2,134,638</b>
<b>Financial liabilities</b>						
Trade payables	Other financial liabilities	Other financial liabilities	309,150	-	-	309,150

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

### 3 Summary of Significant Accounting Policies

#### (a) Income Tax

The Australian Healthcare and Hospitals Association is a Health Promotion Charity under section 50-5 of the Income Tax Assessment Act 1997 and is exempt from income tax.

#### (b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they occur.

The Company has made an allowance for 'make good' where required under property lease agreements (non-current provision).

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

#### Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

#### Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

#### Interest revenue

Interest is recognised using the effective interest method.

#### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

#### Rental income

Rental revenue is recognised in the period in which it occurs.

#### Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year. Income received as membership and subscriptions for the subsequent financial year has been recognised as income in advance.

#### Sponsorships

Funding for special purpose projects via sponsorships is recognised as revenue to the extent that the monies have been applied in accordance with the conditions of the funding. Funding for special purpose projects received prior to year end, but unexpended at that date, are recognised as income in advance.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(c) Revenue and other income**

###### **Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

##### **(d) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### **(e) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

###### **Artwork**

Artwork is measured using the revaluation method.

###### **Land and buildings**

Land and buildings are measured using the cost model method.

###### **Plant and equipment**

Plant and equipment are measured using the cost model method.

###### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(e) Property, plant and equipment**

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2.5%
Plant and Equipment	10% - 100%
Furniture, Fixtures and Fittings	10%
Computer Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### **(f) Financial instruments**

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### **Financial assets**

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

###### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

###### **Impairment of Financial Assets**

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

###### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the 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 financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### **Financial assets**

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

###### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flowa are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

##### **(g) Intangibles**

###### **Software**

Intangible assets are recorded at cost and are recognised when their initial cost is greater than \$1,000.

Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight line basis over an estimated useful life of five years, commencing from the time the asset is held ready for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### **(h) Impairment of non-financial assets**

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use, according to AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is recognised in the statement of comprehensive income as an impairment loss.

In the case of loans and receivables, a 'loss event' may indicate that a debtor(s) is experiencing financial difficulty and will default on payment. After having undertaken all economically viable possible measures of recovery, and it is established that the carrying amount cannot be recovered by any means, the amount will be written off. The amount will be charged to either a separate allowance account used to reduce the carrying amount of financial assets impaired by credit losses, or if no impairment account was previously recognised, directly against the carrying amount of the financial asset.

##### **(i) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **3 Summary of Significant Accounting Policies**

#### **(j) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

### **4 Critical Accounting Estimates and Judgements**

The estimates and judgements incorporated into the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### **Key estimates - impairment of property, plant and equipment**

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### **Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 5 Revenue and Other Income

	2019	2018
	\$	\$
- Sponsorship revenue	342,264	204,854
- Conference income	143,514	149,398
- Member subscriptions	622,473	563,228
- Pall Care income	139,007	80,781
- Training	51,377	39,979
- Royalties	9,854	8,566
- Rent and consultancy	9,667	108,573
- Publications	62,318	105,903
- Just Health Benefit revenue	485,474	542,350
- Other income	820,907	1,429,763
<b>Total Revenue</b>	<b>2,686,855</b>	<b>3,233,395</b>

### 6 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

#### Depreciation and Amortisation

- Furniture and fittings	14,204	14,435
- Internet web design	2,740	983
- Computer equipment	3,877	6,964
- Plant and equipment	12,254	2,390
- Buildings	20,352	20,596
Total Depreciation and Amortisation	53,427	45,368

#### Expenses

- Consultants	322,900	550,212
- Publications and printing	73,868	121,217
- Travel expenses	32,666	205,983
- Admin and other expenses	381,718	395,972
- Other expenses	119,302	53,366
	930,454	1,326,750

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 7 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and cash in hand	919,824	1,172,431
	<u>919,824</u>	<u>1,172,431</u>

### 8 Trade and Other Receivables

CURRENT		
Trade receivables	120,421	91,096
Other receivables	390,193	427,968
	<u>510,614</u>	<u>519,064</u>

### 9 Other Assets

CURRENT		
Prepayments	81,232	598,370
Accreditation costs	9,391	9,391
Value Based Healthcare	228,015	431,202
	<u>318,638</u>	<u>1,038,963</u>
NON-CURRENT		
Value Based Healthcare	<u>454,865</u>	-

This asset relates directly to the setup costs for the Australian Centre for Value Based Healthcare. This investment has enabled AHHA to build capacity, relationships and a business model directly related to the Value Based Healthcare and was launched in Melbourne on 11th June 2019. The asset represents expenses that have been capitalised to recognise the Centre setup and official launch and is aligned with a 3 year grant which is to commence on 1st July 2019. The cost will be amortised across that period in order to write off the capitalised balance.

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10 Property, plant and equipment

	2019	2018
	\$	\$
Building		
At cost	814,445	814,445
Accumulated depreciation	(123,263)	(102,911)
	<u>691,182</u>	<u>711,534</u>
Plant and equipment		
At cost	31,464	26,149
Accumulated depreciation	(17,231)	(11,783)
	<u>14,233</u>	<u>14,366</u>
Furniture, fixtures and fittings		
At cost	146,526	146,526
Accumulated depreciation	(77,861)	(63,657)
Total furniture, fixtures and fittings	<u>68,665</u>	<u>82,869</u>
Computer equipment		
At cost	146,483	146,289
Accumulated depreciation	(139,474)	(135,597)
	<u>7,009</u>	<u>10,692</u>
Computer software		
At fair value	-	-
At cost	14,178	14,178
Accumulated depreciation	(7,084)	(1,413)
Total computer software	<u>7,094</u>	<u>12,765</u>
Leasehold Improvements		
At cost	15,867	5,147
Accumulated amortisation	(1,391)	(256)
Total leasehold improvements	<u>14,476</u>	<u>4,891</u>
Artworks		
At fair value	40,678	40,678
	<u>40,678</u>	<u>40,678</u>
<b>Total property, plant and equipment</b>	<u><u>843,337</u></u>	<u><u>877,795</u></u>

## Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 10 Property, plant and equipment

##### (a) Movements in carrying amounts of property, plant and equipment

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

	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Computer Equipment	Computer Licenses	Leasehold Improvements	Art Works	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2019</b>								
Balance at the beginning of year	711,534	14,366	82,869	10,692	12,765	4,891	40,678	877,795
Additions at cost	-	5,315	-	194	-	10,720	-	16,229
Disposals	-	-	-	-	-	-	-	-
Depreciation Expense	(20,352)	(5,448)	(14,204)	(3,877)	(5,671)	(1,135)	-	(50,687)
<b>Balance at the end of the year</b>	<b>691,182</b>	<b>14,233</b>	<b>68,665</b>	<b>7,009</b>	<b>7,094</b>	<b>14,476</b>	<b>40,678</b>	<b>843,337</b>

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 11 Intangible Assets

	2019	2018
	\$	\$
Web design		
At cost	237,367	191,692
Accumulated amortisation and impairment	(162,426)	(159,686)
<b>Total Intangibles</b>	<b>74,941</b>	<b>32,006</b>

#### (a) Movements in carrying amounts of intangible assets

	Web Design	Total
	\$	\$
<b>Year ended 30 June 2019</b>		
Balance at the beginning of the year	32,006	32,006
Additions	45,675	45,675
Amortisation	(2,740)	(2,740)
<b>Closing value at 30 June 2019</b>	<b>74,941</b>	<b>74,941</b>

### 12 Trade and Other Payables

Current		
Trade payables	255,432	309,150
Accrued expenses	24,649	53,830
Accrued wages and superannuation	55,630	52,111
	<b>335,711</b>	<b>415,091</b>

### 13 Employee Benefits

Current liabilities		
Annual leave	127,499	108,135
	<b>127,499</b>	<b>108,135</b>

### 14 Other Financial Liabilities

CURRENT		
Deferred income for Events - World Hospital Congress	-	688,819
	<b>-</b>	<b>688,819</b>

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Other Liabilities

	2019	2018
	\$	\$
CURRENT		
Membership subscriptions received in advance	723,163	710,868
Deferred income for events	42,951	179,071
	<u>766,114</u>	<u>889,939</u>

### 16 Borrowings

CURRENT		
Secured liabilities:		
Bank Loans	63,413	76,343
	<u>63,413</u>	<u>76,343</u>
NON-CURRENT		
Secured liabilities:		
Bank loans	309,217	-
	<u>309,217</u>	<u>-</u>
<b>Total borrowings</b>	<u><b>372,630</b></u>	<u><b>76,343</b></u>

#### (a) Bank and mortgage loans

The bank and mortgage loans are secured by a first registered mortgage over Unit 8, 2 Phipps Close, Deakin ACT 2600.

### 17 Reserves

<b>Asset Replacement Reserve</b>		
Opening Balance	80,000	80,000
Closing Balance	<u>80,000</u>	<u>80,000</u>
<b>Asset Revaluation Reserve</b>		
Opening Balance	39,522	39,522
Closing Balance	<u>39,522</u>	<u>39,522</u>
<b>Branch Member Development Reserve</b>		
Opening Balance	30,000	30,000
Closing Balance	<u>30,000</u>	<u>30,000</u>
	<u><b>149,522</b></u>	<u><b>149,522</b></u>

#### (a) Asset Replacement Reserves

The asset replacement reserve is monies set aside for future capital expenses.

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 17 Reserves

#### (b) Branch Member Reserve

The branch member reserve is for the development of membership in Queensland.

#### (c) Asset Revaluation Reserve

The reserve records the revaluations of non-current assets.

### 18 Members' Guarantee

The company is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is a company limited by guarantee. If the company is wound up, the Memorandum of Association States that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company.

### 19 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 1,216,595 (2018: \$ 1,131,301).

### 20 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Artworks

### 21 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).



# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 22 Related Parties

(a) **The Company's main related parties are as follows:**

Key management personnel - refer to Note 19.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Board of Directors

The names of persons who comprised the Board of Directors during the year ended 30 June 2019 are:

- Deborah Cole
- Nigel Fidgeon
- Adrian Pennington
- Walter Kmet
- Paul Dugdale
- Michael Brydon
- Paul Burgess
- Gaylene Coulton
- Joy Savage

No Director, or parties related to them, received any remuneration from the Company during the year other than for reimbursement of expenses incurred.

### 23 Subsequent Events

The financial report was authorised for issue on the date of signing by those charged with governance.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 24 Statutory Information

The registered office of the company is:

Australian Healthcare and Hospitals Association  
Unit 8  
2 Phipps Close  
Deakin ACT 2600

# Australian Healthcare and Hospitals Association

A.B.N 49 008 528 470

## Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Deborah Cole .....  
Director



Nigel Fidgeon  
Director

Dated this nineteenth day of August 2019

## **Independent Audit Report to the members of The Australian Healthcare and Hospitals Association Australia**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of The Australian Healthcare and Hospitals Australia (the registered entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the financial report of The Australian Healthcare and Hospitals Australia has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### **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 registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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.

#### **Responsibilities of Responsible Entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.



## Auditor's Responsibilities 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 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness 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 registered entity'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 registered entity 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.

We communicate with those charged with governance 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.

Vincent's Audit Pty Ltd

Phillip Miller

Director

Canberra,

Dated 19 August 2019