

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2005**

# **VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

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**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION  
OPERATING REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2005**

**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 the Australian Industrial Relations Commission;
- to assist and advise members of their and their employees industrial obligations under award and certified agreements;
- to represent members in relevant negotiations and liaise with the Victoria Department of 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 forgoing 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 the 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 Association's Financial Affairs**

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Association.

**Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme**

No officer 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 organisations who, at the end of the financial year, were recorded on the Register of Members was 130.

**Number of Employees**

The number of persons who were, at the end of the financial year, employees of the Association was 18 measured on a full time equivalent basis.

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**Members of the Committee of Management**

The persons who held office as members of the Committee of Management of the Association at the beginning of the financial year were:

<b>POSITION</b>	<b>NAME</b>
<b>President</b>	John Stanway
<b>Deputy President</b>	John Krygger
Board Member	(John Stanway)
Board Member	Christopher England
Board Member	John Richardson
Board Member	Dennis Swift
Board Member	Penny Newsome
Board Member	Jon Evans
Board Member	<i>Vacant</i>
Board Member	Jim Fletcher
Board Member	Chris Scott
Board Member	(John Krygger)
Board Member	Merlyn Pritchard
Board Member	John Smith
Board Member	Gary Templeton
Board Member	Jim Pasinas
Chief Executive Officer	Alexander Djoneff

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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**Manner of Resignation**

**TERMINATION OF MEMBERSHIP**

- (a)
  - (i) A member may resign from membership of the Association by written notice addressed and delivered to the General Manager. Such notice shall be taken to have been received by the Association when delivered to the General Manager.
  - (ii) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered to the General Manager.
  - (iii) A resignation from membership of the Association is valid even if it is not effected in accordance with paragraph 8(a)(i) if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.
- (b) A notice of resignation from membership of the Association takes effect:
  - (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 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 unfinancial 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 his/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 unfinancial and at least twenty-eight (28) days before the Board orders that the member be struck off the Register of Members, the General Manager 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 unfinancial then 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.
- (i) Within 28 days after the Association receives from a member a notice of the member's resignation from membership of the Association, the Association will give written notice of the resignation to:
  - (1) the Industrial Registrar; and
  - (2) each organisation of employees that is bound by an award that, when the Association received the notice from the member, bound the member because of membership of the Association.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Revenue from ordinary activities		3,472,400	3,019,848
Changes in inventories of finished goods and work in progress		174,290	78,891
Raw materials and consumables used		(1,154,165)	(779,088)
Employee benefits expense		(1,698,780)	(1,365,205)
Transport costs		(18)	(11,841)
Depreciation and amortisation expenses	2	(135,387)	(141,508)
Advertising		(14,513)	(12,771)
Lease expenses		(27,121)	(59,839)
Other expenses from ordinary activities		(600,096)	(606,482)
Borrowing costs expense	2	(29,549)	(17,624)
<b>Profit from ordinary activities before income tax expense (income tax revenue)</b>		(12,939)	104,381
Income tax revenue (income tax expense) relating to ordinary activities		-	-
<b>Profit from ordinary activities after related income tax expense (income tax revenue)</b>	2	(12,939)	104,381
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		(12,939)	104,381

The accompanying notes form part of these financial statements.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash assets		214,531	227,035
Receivables	3	569,223	780,825
Inventories	4	272,286	97,996
Other	5	<u>26,697</u>	<u>43,866</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,082,737</u>	<u>1,149,722</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	664,069	577,034
Intangible assets	7	<u>16,945</u>	<u>8,658</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>681,014</u>	<u>585,692</u>
<b>TOTAL ASSETS</b>		<u>1,763,751</u>	<u>1,735,414</u>
<b>CURRENT LIABILITIES</b>			
Payables	8	393,951	308,127
Interest-bearing liabilities	9	111,016	47,623
Provisions	10	134,736	108,890
Other		<u>41,599</u>	<u>352,351</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>681,302</u>	<u>816,991</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	9	187,559	87,201
Provisions	10	<u>138,451</u>	<u>61,844</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>326,010</u>	<u>149,045</u>
<b>TOTAL LIABILITIES</b>		<u>1,007,312</u>	<u>966,036</u>
<b>NET ASSETS</b>		<u>756,439</u>	<u>769,378</u>
<b>EQUITY</b>			
Retained profits	11	<u>756,439</u>	<u>769,378</u>
<b>TOTAL EQUITY</b>		<u>756,439</u>	<u>769,378</u>

The accompanying notes form part of these financial statements.



**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from membership and service fees		3,638,743	2,534,542
Payments to suppliers and employees		(3,607,834)	(2,347,559)
Interest received		53,093	35,673
Borrowing costs		<u>(29,549)</u>	<u>(17,624)</u>
Net cash provided by operating activities	13(b)	<u>54,453</u>	<u>205,032</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		206,056	116,363
Payment for property, plant and equipment		<u>(436,765)</u>	<u>(227,555)</u>
Net cash used in investing activities		<u>(230,709)</u>	<u>(111,192)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		<u>178,725</u>	<u>(106,595)</u>
Net cash provided by/(used in) financing activities		<u>178,725</u>	<u>(106,595)</u>
Net increase/(decrease) in cash held		2,469	(12,755)
Cash at beginning of financial year		<u>212,062</u>	<u>224,817</u>
Cash at end of financial year	13 (a)	<u><u>214,531</u></u>	<u><u>212,062</u></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 2005

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act of Victoria.

The financial report is for the entity VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION as an individual entity. VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION is an association incorporated in Victoria under the Workplace Relation Act 1996.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Property, Plant and Equipment**

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

##### *Plant and Equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the association to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

##### *Depreciation*

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset was held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### **(b) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability.

#### **(c) Investments**

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors' to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

#### **(d) Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

# **VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(e) Revenue**

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

All revenue is stated net of the amount of goods and services tax (GST).

#### **(f) Comparative Figures**

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

#### **(g) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The association is preparing and managing the transition to Australian Equivalent of International Financial Reporting Standards (AIFRS) effective for financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the association's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The association's management, have assessed the significance of the expected changes and are preparing for their implementation.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

Note	2005 \$	2004 \$
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<b>NOTE 2: PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit (losses) from ordinary activities before income tax expenses (income tax revenue) has been determined after:		
(a) Expenses		
Cost of sales	979,875	700,197
Borrowing costs:		
- other persons	<u>29,549</u>	<u>17,624</u>
Depreciation of non-current assets		
- Buildings	5,019	5,047
- Leasehold improvements	20,452	19,950
- Motor vehicles	56,063	50,453
- Office Equipment	9,930	17,867
- Furniture, fixtures and fittings	4,844	8,163
- Computer Equipment	18,474	22,610
- Software pool	9,853	6,350
- Low value asset pool	<u>839</u>	<u>642</u>
Total Depreciation	<u>125,474</u>	<u>131,082</u>
Amortisation of non-current assets		
- formation expenses	<u>9,913</u>	<u>10,426</u>
Research and development costs	<u>-</u>	<u>1,471</u>
 <b>NOTE 3: RECEIVABLES</b>		
CURRENT		
Trade debtors	392,532	586,443
Less provision for doubtful debts	<u>(10,000)</u>	<u>(10,000)</u>
	<u>382,532</u>	<u>576,443</u>
Other debtors	<u>186,691</u>	<u>204,382</u>
	<u><u>569,223</u></u>	<u><u>780,825</u></u>
 <b>NOTE 4: INVENTORIES</b>		
CURRENT		
Work in progress at cost	<u>272,286</u>	<u>97,996</u>
 <b>NOTE 5: OTHER ASSETS</b>		
CURRENT		
Prepayments	26,231	42,875
Other current assets	<u>466</u>	<u>991</u>
	<u><u>26,697</u></u>	<u><u>43,866</u></u>

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 6: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>BUILDINGS</b>			
At cost		252,312	252,312
Less accumulated depreciation		<u>(56,590)</u>	<u>(51,571)</u>
		<u>195,722</u>	<u>200,741</u>
<b>LEASEHOLD IMPROVEMENTS</b>			
At cost		110,043	88,156
Less accumulated amortisation		<u>(73,254)</u>	<u>(52,802)</u>
		<u>36,789</u>	<u>35,354</u>
Total land and buildings		<u>232,511</u>	<u>236,095</u>
<b>PLANT AND EQUIPMENT</b>			
(a) Improvements			
At cost		39,480	39,480
Less accumulated depreciation		<u>(39,480)</u>	<u>(39,480)</u>
		<u>-</u>	<u>-</u>
(b) Motor vehicles			
Under lease		350,917	253,562
Less accumulated depreciation		<u>(47,753)</u>	<u>(55,434)</u>
		<u>303,164</u>	<u>198,128</u>
(c) Office equipment			
At cost		75,186	69,082
Less accumulated depreciation		<u>(45,341)</u>	<u>(35,411)</u>
		<u>29,845</u>	<u>33,671</u>
(d) Computer equipment			
At cost		122,069	115,691
Less accumulated depreciation		<u>(93,437)</u>	<u>(74,963)</u>
		<u>28,632</u>	<u>40,728</u>
(e) Furniture, fixtures and fittings			
At cost		72,818	69,566
Less accumulated depreciation		<u>(28,742)</u>	<u>(23,898)</u>
		<u>44,076</u>	<u>45,668</u>
(f) Software pool			
At cost		51,416	38,104
Less accumulated depreciation		<u>(27,691)</u>	<u>(17,838)</u>
		<u>23,725</u>	<u>20,266</u>
(g) Low value asset pool			
At cost		4,317	3,840
Less accumulated depreciation		<u>(2,201)</u>	<u>(1,362)</u>
		<u>2,116</u>	<u>2,478</u>
Total property, plant and equipment		<u>664,069</u>	<u>577,034</u>

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>Note</b>	<b>2005 \$</b>	<b>2004 \$</b>
<b>NOTE 7: INTANGIBLE ASSETS</b>			
Formation costs at cost		<b>31,736</b>	31,736
Less accumulated amortisation		<u>(31,736)</u>	<u>(31,736)</u>
		-	-
Other intangibles at cost		<b>58,455</b>	40,255
Less accumulated amortisation		<u>(41,510)</u>	<u>(31,597)</u>
		<u><b>16,945</b></u>	<u>8,658</u>
<b>NOTE 8: PAYABLES</b>			
<b>CURRENT</b>			
Unsecured liabilities			
Trade creditors		<b>200,048</b>	282,455
Sundry creditors and accruals		<u>226,688</u>	<u>23,897</u>
		<u><b>426,736</b></u>	<u>306,352</u>
Secured liabilities			
Sundry creditors and accruals		<u>(32,785)</u>	<u>1,775</u>
		<u><b>393,951</b></u>	<u>308,127</u>
<b>NOTE 9: INTEREST BEARING LIABILITIES</b>			
<b>CURRENT</b>			
Secured liabilities			
Bank overdrafts		-	14,973
Hire purchase liability	12	<u>111,016</u>	<u>32,650</u>
		<u><b>111,016</b></u>	<u>47,623</u>
<b>NON-CURRENT</b>			
Secured liabilities			
Hire purchase liability	12	<u>187,559</u>	<u>87,201</u>
<b>NOTE 10: PROVISIONS</b>			
<b>CURRENT</b>			
Employee benefits	10(a)	<u>134,736</u>	<u>108,890</u>
<b>NON-CURRENT</b>			
Employee benefits	10(a)	<u>138,451</u>	<u>61,844</u>
(a) Aggregate employee benefits liability		<u><b>273,187</b></u>	<u>170,734</u>
<b>NOTE 11: RETAINED PROFITS</b>			
Retained profits at the beginning of the financial year		<b>769,378</b>	664,997
Net profit (loss) attributable to members of the entity		<u>(12,939)</u>	<u>104,381</u>
Retained profits at the end of the financial year		<u><b>756,439</b></u>	<u>769,378</u>

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 12: CAPITAL AND LEASING COMMITMENTS</b>			
(a) Hire purchase commitments			
Payable			
- not later than one year		133,482	41,470
- later than one year and not later than five years		<u>209,492</u>	<u>103,329</u>
Minimum hire purchase payments		342,974	144,799
Less future finance charges		<u>(44,399)</u>	<u>(24,948)</u>
Total hire purchase liability		<u><u>298,575</u></u>	<u><u>119,851</u></u>
Represented by:			
Current liability	9	111,016	32,650
Non-current liability	9	<u>187,559</u>	<u>87,201</u>
		<u><u>298,575</u></u>	<u><u>119,851</u></u>
(b) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		281,536	329,760
- later than one year and not later than five years		<u>830,250</u>	<u>1,111,786</u>
		<u><u>1,111,786</u></u>	<u><u>1,441,546</u></u>
<b>NOTE 13: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash			
Cash at the end of the 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		1,175	975
Cash at bank		192,452	205,156
At call deposits with financial institutions		20,904	20,904
Bank overdrafts		<u>-</u>	<u>(14,973)</u>
		<u><u>214,531</u></u>	<u><u>212,062</u></u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Surplus (Deficit) from ordinary activities after income tax		(12,939)	104,381
Non-cash flows in profit from ordinary activities			
Amortisation		9,913	10,426
Depreciation		125,474	131,082
Net (gain) / loss on disposal of property, plant and equipment		6,799	14,384
Changes in assets and liabilities			
Increase in receivables		(219,436)	(449,633)
Increase in other assets		(17,169)	(45,703)
(Increase)/decrease in inventories		174,290	(78,891)
Increase/(decrease) in payables		(208,531)	497,065
Increase/(decrease) in provisions		<u>(102,453)</u>	<u>21,920</u>
Cash flows from operations		<u><u>(244,052)</u></u>	<u><u>205,031</u></u>

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

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**NOTE 13: CASH FLOW INFORMATION (Continued)**

**NOTE 14: ASSOCIATION DETAILS**

The principal place of business of the association is:

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

Level 1, 499 St Kilda Road

Melbourne VIC 3004



## **Committee Of Management Statement**

On 14 October 2005 the Committee of Management of the Victorian Hospitals' Industrial Association passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 2005]:

The Committee of Management declares in relation to the GPFR 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 Industrial Registrar;
- (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 association will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - i) meetings of the committee of management were held in accordance with the rules of the association including the rules concerning branches of the association; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the association including the rules concerning branches of the association; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
  - (vi) No orders order for inspection of financial records has been made by the Commission under section 273 of the RAO Schedule.
- (f) VHIA has a realistic expectation that some funds will be forwarded to VHIA by Health Legal in the 2005/6 financial year, based on the current relationship deed between VHIA & Health Legal.

For Committee of Management: John Krygger

Title of Office held: Audit & Risk Management Chair

Signature:

Date:

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**Scope**

We have audited the financial report of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION for the financial year ended 30 June 2005 being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, notes to the Financial Statements and the Statement by Members of the Committee. The committee is responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, Workplace Relations Act 1996, and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the association's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial report of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION presents a true and fair view in accordance with applicable Accounting Standards, Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia, the financial position of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION as at 30 June 2005 and the results of its operations and its cash flows for the financial year then ended.

Sothertons LLP  
Level 6, 468 St Kilda Road  
Melbourne VIC 3004



David Lissauer

Partner

29 September 2005

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**CERTIFICATE BY MEMBER OF THE COMMITTEE**

I, John Stanway (President) of , , and I, John Krygger (Deputy President) of , , certify that:

(a) We are members of the committee of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION.

(b) We are authorised by the attached resolution of the committee to sign this certificate.

(c) This annual statement was submitted to the members of the association at its annual general meeting.

Dated this 29th day of September 2005

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John Stanway (President) (Committee Member)

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John Krygger (Deputy President) (Committee  
Member)

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**DISCLAIMER TO THE MEMBERS OF  
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

The additional financial data presented on pages 19 - 20 is in accordance with the books and records of the association which have been subjected to the auditing procedures applied in our statutory audit of the association for the financial year ended 30 June 2005. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION) in respect of such data, including any errors of omissions therein however caused.

Sothertons  
Level 6, 468 St Kilda Road  
Melbourne VIC 3004

A handwritten signature in black ink, appearing to read 'M Lipson', written in a cursive style.

Mark Lipson

Director

29 September 2005

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT ON THE 2005 FINANCIAL STATEMENTS**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
<b>INCOME</b>		
Sales income	1,911,170	2,513,741
Membership subscriptions	987,293	
Commission received	36,362	26,176
Professional fees	36,381	58,623
Other professional income	168,026	60,653
Interest	53,093	35,673
Rental income	61,984	58,721
Other income	218,091	266,261
<b>TOTAL INCOME</b>	<b>3,472,400</b>	<b>3,019,848</b>
<b>LESS EXPENSES</b>		
Accounting fees	9,342	42,348
Advertising	800	750
Amortisation	9,913	10,426
Bank charges	5,936	4,123
Body corporate and management fees	6,705	11,546
Cleaning	15,422	11,687
Computer expenses	36,891	15,122
Consultancy fees	4,300	41,471
Depreciation	125,474	131,082
Doubtful debts	-	10,000
Employees' amenities	8,690	7,726
Entertainment expenses	33,767	-
Freight and cartage	18	11,841
Fringe benefits	126,196	131,648
General expenses	8,056	6,052
Insurance	51,116	35,792
Interest paid	29,549	17,624
Leasing charges	27,121	59,839
Legal costs	3,673	4,281
Light and power	9,568	5,353
Magazines, journals and periodicals	9,194	5,848
Market research	13,713	12,021
Motor vehicle expenses	40,955	72,608
Office expenses	-	29,512
Operating expenses	-	32,022
Payroll tax	65,875	42,570
Postage	6,516	8,770
Printing and stationery	33,914	27,101
Rates and taxes	9,136	1,756
Recruitment costs	-	15,801
Rent	222,069	118,706
Expenses carried forward	-	-

These financial statements should be read in conjunction with the attached Disclaimer.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT ON THE 2005 FINANCIAL STATEMENTS**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
Expenses brought forward	-	-
Rental outgoings	33,307	31,823
Repairs and maintenance	10,767	6,219
Research and development costs	-	1,471
Salaries and wages	1,359,229	1,054,581
Security costs	-	379
Staff training and welfare	4,514	5,575
Subscriptions	2,780	2,400
Sundry expenses	1,940	10,652
Superannuation	134,277	123,105
Telephone	44,741	53,639
Cost of goods sold	979,875	700,197
<b>TOTAL EXPENSES</b>	<b>3,485,339</b>	<b>2,915,467</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>(12,939)</b>	<b>104,381</b>

These financial statements should be read in conjunction with the attached Disclaimer.