

**VICTORIAN HOSPITALS INDUSTRIAL  
ASSOCIATION**

**FINANCIAL REPORT**  
FOR THE YEAR ENDED 30 JUNE 2007

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION  
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007**

**Principle Activities**

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

- to represent public health sector employers in industry enterprises bargaining negotiations with relevant health industry union;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in the Australia Industrial Relations Commission;
- 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 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 Principle 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 Associations Financial Affairs**

No matters or circumstances arose during the reporting year which would significantly affect 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 organizations 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.

**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION  
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

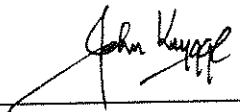
**Members of the Committee of Management**

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	Gary Gray
Board Member	James Fletcher
Board Member	Gary Templeton
Board Member	Christine Fitzherbert
Board Member	Merlyn Pritchard
Board Member	Penny Newsome
Board Member	John Smith
Board Member	Chris Scott
Board Member	Graham Clay
Board Member	Jim Pasinis
Board Member	James Evans
<b>Chief Executive Officer</b>	Alexander Djoneff

Name: JOHN KRYGGER  
\_\_\_\_\_

Title: DEPUTY PRESIDENT  
\_\_\_\_\_

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

Date: 16 November 2007  
\_\_\_\_\_

**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION  
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**Manner of Resignation**

TERMINATION OF MEMBERSHIP

- a)
- i. A member may resign from membership of the Association by written notice 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 if it is not affected in accordance with paragraph 8 (a)(i) if the member is informed by or on behalf of the Association that the resignation has been accepted.
- b) A notice of resignation from membership of the Association takes effect as follows:
- i. Where the member ceases to be eligible to become a member of the Association:
    - 1) on the day on which the notice is received by the Association; or
    - 2) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member,whichever is the later; or
  - ii. in any other case:
    - 1) at the expiration of two (2) weeks after the notice is received by the Association; or
    - 2) on the day specified in the notice.whichever is the 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 which 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(f), 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 be 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 (32) 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 outstanding subscriptions within fourteen (14) days, to show cause why her/she is un-financial within fourteen (14) days of the date of the letter he/she otherwise will 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 received from a member a notice of the member's resignation from the Association, the Association will give written notice of the resignation to:
  - 1) the Industrial Register; 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.

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue	2	4,150,918	4,030,762
Employee benefits expense		(1,748,910)	(1,971,003)
Depreciation and amortisation expenses		(119,278)	(121,414)
Finance costs	3	(40,360)	(24,771)
Other expenses		<u>(2,063,260)</u>	<u>(1,843,408)</u>
<b>Profit from operations</b>		<b><u>179,110</u></b>	<b><u>70,166</u></b>

The accompanying notes form part of these financial statements.

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## BALANCE SHEET

AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	386,466	416,384
Trade and other receivables	7	1,173,353	815,962
Work in Progress	8	270,152	192,946
Other current assets	9	24,070	14,060
<b>TOTAL CURRENT ASSETS</b>		<b>1,854,041</b>	<b>1,439,352</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	922,293	966,364
<b>TOTAL NON-CURRENT ASSETS</b>		<b>922,293</b>	<b>966,364</b>
<b>TOTAL ASSETS</b>		<b>2,776,334</b>	<b>2,405,716</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	820,608	609,653
Financial liabilities	12	83,734	86,061
Short-term provisions	13	161,273	129,344
Other	14	5,377	63,462
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,070,992</b>	<b>888,520</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	12	218,669	146,507
Long-term provisions	13	48,457	176,396
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>267,127</b>	<b>322,903</b>
<b>TOTAL LIABILITIES</b>		<b>1,338,119</b>	<b>1,211,423</b>
<b>NET ASSETS</b>		<b>1,438,215</b>	<b>1,194,293</b>
<b>EQUITY</b>			
Reserves	15	432,500	367,688
Retained profits		1,005,715	826,605
<b>TOTAL EQUITY</b>		<b>1,438,215</b>	<b>1,194,293</b>

The accompanying notes form part of these financial statements.



**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**  
**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**AS AT 30 JUNE 2007**

	Retained Earnings	Asset revaluation reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2005</b>	756,439	367,688	756,439
Profit attributable to equity shareholders	70,166		70,166
Revaluation of freehold land and buildings by Directors		-	367,688
<b>Balance at 30 June 2006</b>	<u>826,605</u>	<u>367,688</u>	<u>1,194,293</u>
Profit attributable to equity shareholders	179,110		179,110
Revaluation of freehold land and buildings by Directors		64,812	64,812
<b>Balance at 30 June 2007</b>	<u><u>1,005,715</u></u>	<u><u>432,500</u></u>	<u><u>1,438,215</u></u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>Cash flows from operating activities</b>			
Receipts from members		3,707,783	3,949,766
Payments to suppliers and employees		(3,384,437)	(3,670,884)
Interest received		75,164	43,259
Borrowing costs		236,141	(24,771)
<b>Net cash provided by operating activities</b>	<b>18</b>	<u>634,651</u>	<u>297,370</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(271,845)	(53,072)
Proceeds from sale of property, plant and equipment		135,500	-
<b>Net cash used in investing activities</b>		<u>(136,345)</u>	<u>(53,072)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		(528,224)	(42,445)
<b>Net cash used in financing activities</b>		<u>(528,224)</u>	<u>(42,445)</u>
Net decrease in cash held		(29,918)	201,853
Cash at beginning of year		416,384	214,531
Cash at end of year	<b>18</b>	<u><u>386,466</u></u>	<u><u>416,384</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 2007

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporations Act Victoria.

The financial report covers Victorian Hospitals Industrial Association as an individual entity. Victorian Hospitals Industrial Association is an association incorporated in Victoria under the Associations Incorporations Act 1981. The financial report of Victorian Hospitals Industrial Association as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The financial report of the company complies with all International Financial Reporting Standards (IFRS) in their entirety.

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.

#### **Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

##### **(a) Income Tax**

Victorian Hospitals Industrials Association is an entity where it's income is exempt from income tax under section 50-15,Item 3.1(b) of the Income Tax Assessment Act (1997) (as Amended)

##### **(b) Work in Progress**

working progress are measured at the lower of cost and net realisable value.

##### **(c) 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 losses.

#### **Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

### **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets are depreciated on a Diminishing Value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates and useful life in years used for each class of depreciable asset are:

Class of Fixed Asset:	
Buildings	2.5%
Plant and equipment	20%
Motor vehicles	15%
Computer equipment & Software	33.3%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **(d) Financial Assets**

#### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### **Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### **Impairment**

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

### **(e) Impairment of assets**

At each reporting date, the association reviews the carrying values of its tangible and intangible 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### **(f) Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

### **(g) Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### **(h) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet.

## VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

**(i) Revenue**

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

Revenue from rental properties is recognised when the association has a right to receive the rent in accordance with the lease agreement.

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

**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(k) Comparative Figures**

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

**Critical accounting estimates and adjustments**

The committee members evaluate estimates and judgements incorporated into the financial report 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 association.

In the current year all accrued liability and asset accounts were reviewed and where applicable written off in the current year. The evaluation of the estimates has resulted in an increase in the current years profit figure.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>2. REVENUE</b>			
Revenue			
Membership Fees		1,728,254	1,578,509
Consulancy Fees		655,712	885,156
Management Fees		694,412	686,442
Training Fees		595,116	400,009
Rental Revenue		65,889	62,444
Dividends Received		83,781	-
Interest received	2(a)	75,164	43,259
Other income		252,591	374,943
Total Revenue		<u>4,150,918</u>	<u>4,030,762</u>
(a) Interest received from:			
Other corporations		<u>75,164</u>	<u>43,259</u>
<b>3. PROFIT BEFORE INCOME TAX</b>			
<b>Expenses:</b>			
Finance costs:			
External		<u>40,360</u>	<u>24,771</u>
Total finance costs		<u>40,360</u>	<u>24,771</u>
Bad and doubtful debts		9,939	35,224
Net loss on disposal of non-current assets:			
Property, plant and equipment		17,339	1,385
<b>4. KEY MANAGEMENT PERSONNEL COMPENSATION</b>			
Short-term benefits		<u>148,606</u>	<u>131,907</u>
Total compensation		<u>148,606</u>	<u>131,907</u>
<b>5. AUDITORS' REMUNERATION</b>			
Auditing		11,896	6,681
Other services provided by related practices of the auditor		17,282	10,275
Due diligence services re potential acquisition		8,472	-
Specialist one off taxation services provided by related practice of auditor		18,619	-
		<u>56,269</u>	<u>16,956</u>

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>6. CASH AND CASH EQUIVALENTS</b>			
Petty cash imprest		9	1,175
Term Deposits		20,904	320,904
Cash at bank - NAB		216,619	26,067
Cash at bank - CBA		148,392	47,696
Cash at bank - Cash Maximiser		542	20,542
		386,466	416,384
<b>7. TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
Trade receivables		406,165	611,799
Less provision for impairment of receivables		(10,000)	(10,000)
		396,165	601,799
<u>Other loans:</u>			
Loan - Health Financial Pty Ltd		342,924	7,438
Loan - Health Legal		317,650	171,691
Loan - Health Communications		116,614	-
Good and services tax		-	538
Other debtors			34,496
		1,173,353	815,962
<b>8. WORK IN PROGRESS</b>			
<b>CURRENT</b>			
<b>At cost:</b>			
Work in progress		270,152	192,947
		270,152	192,947
<b>9. OTHER ASSETS</b>			
<b>CURRENT</b>			
Prepaid expenses		24,070	14,060
		24,070	14,060
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>			
Leasehold land		110,043	110,043
Less accumulated amortisation		(110,043)	(86,802)
		-	23,241
Building improvements		45,300	45,300
Less accumulated depreciation		(45,300)	(39,480)
		-	5,820



# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
Buildings		620,000	620,000
Less accumulated depreciation		<u>(22,963)</u>	<u>(61,608)</u>
		597,037	558,392
<b>Total land and buildings</b>		<u><u>597,037</u></u>	<u><u>587,453</u></u>
Plant and equipment		71,415	69,631
Less accumulated depreciation		<u>(59,271)</u>	<u>(48,211)</u>
		12,144	21,420
Furniture & Fittings		78,001	78,001
Less accumulated depreciation		<u>(38,838)</u>	<u>(33,589)</u>
		39,163	44,412
Computer equipment & Internet		58,455	58,455
Less accumulated depreciation		<u>(52,461)</u>	<u>(47,003)</u>
		5,994	11,452
Motor vehicles		305,783	361,513
Less accumulated depreciation		<u>(67,686)</u>	<u>(97,844)</u>
		238,097	263,669
Computer equipment & Software		194,718	178,121
Less accumulated depreciation		<u>(169,288)</u>	<u>(144,457)</u>
		25,430	33,664
Furniture and fittings		6,124	4,317
Less accumulated depreciation		<u>(3,634)</u>	<u>(3,037)</u>
		2,490	1,280
Mobile Phones		9,256	9,221
Less accumulated depreciation		<u>(7,318)</u>	<u>(6,207)</u>
		1,938	3,014
<b>Total plant and equipment</b>		<u><u>325,256</u></u>	<u><u>378,911</u></u>
<b>Total property, plant and equipment</b>		<u><u>922,293</u></u>	<u><u>966,364</u></u>

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to note 19(a) in the end of this financial report.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>11. TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Trade creditors		640,232	285,553
Accrued Expenses		100,868	-
Other creditors		2,372	4,553
Fringe Benefits liabilities		30,122	278,016
Payroll tax payable		29,417	769
Superannuation Liabilities		17,597	1,491
Pre-received income		-	19,782
Gordan Training Amort Account		-	19,489
		<u>820,608</u>	<u>609,653</u>
<b>12. FINANCIAL LIABILITIES</b>			
<b>CURRENT</b>			
Hire purchase liability		83,734	83,734
Motor Vehicle liability		-	2,327
		<u>83,734</u>	<u>86,061</u>
<b>NON-CURRENT</b>			
Hire purchase liability		<u>218,669</u>	<u>146,507</u>
<b>13. PROVISIONS</b>			
			2007 \$
<b>Employee entitlements:</b>			
Opening balance at 1 July 2006			129,344
Provision for annual leave			<u>31,929</u>
Balance at 30 June 2007			<u>161,273</u>
			2007 \$
<b>Provision for long service leave:</b>			
Opening balance at 1 July 2006			176,395
Additional provisions raised			<u>(127,938)</u>
Balance at 30 June 2007			<u>48,457</u>

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$ Total 2007 \$
<b>Total Provisions:</b>			
Opening balance at 1 July 2006			305,739
Provision for annual leave			(96,009)
Balance at 30 June 2007			209,731

### Analysis of Total Provisions

	2007 \$	2006 \$
Current	161,273	129,772
Non-current	48,458	176,396
	209,731	306,168

## 14. OTHER LIABILITIES

### CURRENT

Income Holding Accounts		62,096
NAB Mastercard	5,377	1,366
	5,377	63,462

## 15. RESERVES

### Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

## 16. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and loans from related parties, bills and leases.

The main purpose of non-derivative instruments is to raise finance for association operations.

The association does not have any derivative instruments at period end.

#### (i) Treasury Risk Management

A finance committee consisting of senior executives of the association meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
(ii) Financial Risk			
The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.			
Interest rate risk			
Interest rate risk is managed with a mixture of fixed and floating rate debt.			
Foreign currency risk			
The association is not exposed to fluctuations in foreign currencies.			
Liquidity risk			
The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.			
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 association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the association.			
Price risk			
The association is not exposed to any material commodity price risk.			

### (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 those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest	
	%	%
<b>Financial Assets</b>		
Financial Assets	5.87	5.10
	Floating Interest Rate Amount	
<b>Financial Assets</b>		
Financial Assets	20,904	320,904
Total Financial Assets	<u>20,904</u>	<u>320,904</u>

# VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
		Non Interest Bearing	
<b>Financial Assets</b>			
Financial Assets		365,562	95,480
Total Financial Assets		365,562	95,480
		Total	
<b>Financial Assets</b>			
Financial Assets		20,904	320,904
Financial Assets		365,562	95,480
Total Financial Assets		386,466	416,384

### 17. ASSOCIATION DETAILS

The registered office of the association is:  
 Victorian Hospitals Industrial Association  
 Level 1 499 St Kilda Road  
 Melbourne VIC 3004

### 18. CASH FLOW INFORMATION

#### (a) Reconciliation of Cash

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	9	1,175	
Cash at Bank	365,553	94,305	
Term deposit	20,904	320,904	
	386,466	416,384	

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>(b) Reconciliation of cash flow from operations with profit from operations</b>			
Profit from ordinary activities after income tax		179,110	70,166
Non-cash flows in profit from ordinary activities:			
Amortisation			5,493
Depreciation		119,278	115,921
Net loss on disposal of PPE		17,339	-
Other non cash items		22,400	-
Changes in Assets & Liabilities:			
(increase)/decrease in receivables		205,634	(204,266)
Decrease in other assets		48,641	22,156
(increase)/Decrease in inventories		(77,206)	79,340
Increase/(Decrease) in payables		115,134	175,580
Increase/(Decrease) in provisions		(96,009)	32,980
Increase/(Decrease) in Accrued expenses		100,868	-
(Increase)/Decrease in GST Refundable		(538)	-
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>		<b>634,651</b>	<b>297,370</b>
		<hr/> <hr/>	<hr/> <hr/>

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2007

19. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Leasehold land \$	Building improvements \$	Buildings \$	Plant and equipment \$	Motor vehicles \$	Computer equipment & Software \$	Furniture and fittings \$
<b>Balance at 1 July 2005</b>	36,789	5,820	563,410	73,922	303,164	52,358	2,117
Additions	-	-	-	20,298	71,357	4,636	-
Disposals	-	-	-	-	(51,587)	-	-
Depreciation Expense	(13,548)	-	(5,018)	(13,923)	(59,265)	(23,330)	(837)
<b>Balance at the beginning of year</b>	23,241	5,820	558,392	80,297	263,669	33,664	1,280
Additions	-	-	42,412	1,819	256,094	16,445	1,807
Disposals	-	-	-	-	(243,371)	-	-
Depreciation Expense	(23,241)	(5,820)	(3,767)	(22,879)	(38,143)	(24,829)	(597)
<b>Carrying amount at 30 June 2007</b>	-	-	597,037	59,237	238,249	25,280	2,490

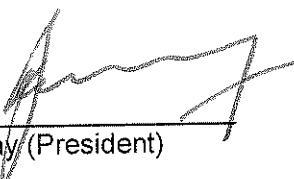
VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

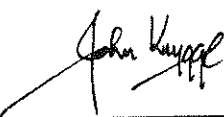
STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the Committee, the Financial Report as set out on pages

1. Presents a true and fair view of the financial position of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION – as at 30 June 2007 and its performance for the year ended on that date in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this Statement, there are reasonable grounds to believe that Victorian Hospitals' Industrial Association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

  
\_\_\_\_\_  
John Stanway (President)

  
\_\_\_\_\_  
John Krygger (Deputy President)

Dated this 16<sup>th</sup> day of November 2007  
\_\_\_\_\_



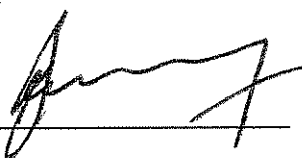
**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

**CERTIFICATE BY MEMBERS OF THE COMMITTEE**

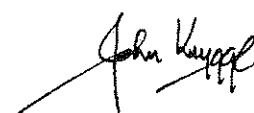
I, John Stanway and I, John Krygger certify that:

- (a) We are members of the committee of the association.
- (b) We attended the annual general meeting of the association.
- (c) We are authorised by the attached resolution of the committee to sign this certificate.
- (d) The annual statement was submitted to the members of the association at its annual general meeting.

Committee Member

  
\_\_\_\_\_  
John Stanway

Committee Member

  
\_\_\_\_\_  
John Krygger

Dated this \_\_ 16th day of November 2007

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

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

D. A. Lissauer B.Com., FCPA  
R. P. Lissauer B.Ec., M.Tax, FCPA, FTIA  
M. R. Lipson B.Bus., B.Ed., At.Arb.A, CA

**Report on the Financial Report**

We have audited the accompanying financial report of Victorian Hospitals Industrial Association (the association) as set out on pages 2 to 24.

*Committee's Responsibility for the Financial Report*

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporations Act 1981 in Victoria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluation the overall presentation of the financial report

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

**Independence**

In conducting our audit, we complied with the independence requirements of Australian professional ethical pronouncements.

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

D. A. Lissauer B.Com., FCPA  
R. P. Lissauer B.Ec., M.Tax, FCPA, FTIA  
M. R. Lipson B.Bus., B.Ed., Al.Arb.A, CA

**Audit Opinion**

In our opinion:

The financial report of Victorian Hospitals Industrial Association is in accordance with the Associations Incorporations Act 1981 in Victoria including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporations Act 1981 in Victoria.

**Sothertons LLP**  
**Chartered Accountants**  
**Level 6 468 St Kilda Road**  
**MELBOURNE, VIC, 3004**



David Lissauer

Dated this 4<sup>th</sup> day of December 2007