



VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue	2	3,894,299	3,747,565
Employee benefits expense		(1,922,257)	(1,907,410)
Depreciation and amortisation expenses	18	(79,431)	(98,076)
Finance costs	3	(4,477)	(8,489)
Other expenses	3	<u>(1,415,517)</u>	<u>(1,612,226)</u>
Comprehensive Result – Surplus/(Deficit)		<u>472,617</u>	<u>121,364</u>
Net Result attributable to members of the Association		<u>472,617</u>	<u>121,364</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	214,190	534,764
Trade and other receivables	6	258,636	210,697
Loans receivable - unsecured	6	-	116,630
Loans receivable - secured	6	34,638	54,638
Work in progress	7	4,360	4,375
Investments in associated entities	8	38	38
Other Current Assets	8	30,426	-
TOTAL CURRENT ASSETS		<u>542,288</u>	<u>921,142</u>
NON-CURRENT ASSETS			
Investment Property at fair Value	9	788,000	572,237
Property, plant and equipment	10	286,684	79,815
TOTAL NON-CURRENT ASSETS		<u>1,074,684</u>	<u>652,052</u>
TOTAL ASSETS		<u><u>1,616,972</u></u>	<u><u>1,573,194</u></u>
CURRENT LIABILITIES			
Trade and other payables	11	385,400	854,033
Provisions	12	439,636	402,696
TOTAL CURRENT LIABILITIES		<u>825,036</u>	<u>1,256,729</u>
NON-CURRENT LIABILITIES			
Provisions	12	23,626	20,772
TOTAL NON-CURRENT LIABILITIES		<u>23,626</u>	<u>20,772</u>
TOTAL LIABILITIES		<u>848,662</u>	<u>1,277,501</u>
NET ASSETS		<u><u>768,310</u></u>	<u><u>295,693</u></u>
EQUITY			
Accumulated Surplus/(Deficit)		768,310	295,693
TOTAL EQUITY		<u><u>768,310</u></u>	<u><u>295,693</u></u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2010

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2008	174,329	174,329
Comprehensive result for 2008-09	121,364	121,364
Balance at 30 JUNE 2009	295,693	295,693
Comprehensive result for 2009-10	472,617	472,617
Balance at 30 JUNE 2010	768,310	768,310

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from members		3,561,391	3,893,701
Payments to suppliers and employees		(3,774,058)	(3,622,041)
Interest received		41,763	53,606
Net cash (used in)/provided by operating activities	17(b)	<u>(170,904)</u>	<u>325,266</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(294,145)	(62,398)
Proceeds from sales of motor vehicles		7,845	43,712
Net cash generated from (used in) investing activities		<u>(286,300)</u>	<u>(18,686)</u>
Cash flows from financing activities			
Repayment of hire purchase loans on motor vehicles		-	(137,547)
Proceeds/(Payments) from borrowings		136,630	179,349
Net cash used in financing activities		<u>136,630</u>	<u>41,802</u>
Net Increase/(decrease) in cash held		(320,574)	348,382
Cash at the beginning of the year		534,764	186,382
Cash at the end of the year	17(a)	<u><u>214,190</u></u>	<u><u>534,764</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 2010

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 Fair Work (Registered Organisations) Act 2009.

This financial report covers Victorian Hospitals' Industrial Association as an individual entity. Victorian Hospitals' Industrial Association is an association incorporated under The Fair Work (Registered Organisations) Act 2009.

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

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis using historical costs modified by the evaluation 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 whose 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

Work in progress is measured at fair value based on time charged in relation to contracted prices for work undertaken.

(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 Board of Management's Finance 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.

Costs of construction and/or installation are included in a non-current 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.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, Plant and Equipment (continued)

All other costs of work done on a non-current asset are treated as repairs and maintenance or other specific operating costs which are included in the operating statement for the reporting period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve in equity. Decreases that offset previous increases for the same asset are charged directly against the revaluation reserve in equity; all other decreases are charged to the operating statement.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of Fixed Asset:</i>	<i>Depreciable Rate</i>
Leasehold improvements	20%
Plant and equipment	20%
Motor vehicles	25%
Computer equipment and mobile phones	50%
Computer software	25%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(d) Financial Assets

Recognition

Financial instruments are initially measured at cost on the trade date, which includes transaction 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. Receivables are stated at fair value and loans are measured at amortised cost using the effective interest rate method.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Assets (continued)

Financial liabilities

Non-derivative financial liabilities for loans are recognised at amortised cost, comprising original debt less principal payments and amortisation up to the reporting date. Financial liabilities for trade and other payables are measured at fair value which is usually the contracted amount of the debt.

Derivative instruments

The Association's policy is not to acquire or dispose of any derivative financial instruments.

Fair value

Fair value is determined based on contracted prices for receivables, payables and loans. At the reporting date, unlisted equity investments were valued at fair value, in the light of the minority nature of the holdings.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of accounts receivable and loans the prospects of on-time collection are evaluated and an allowance is made for impairment if required. Impairment losses are recognised in the operating statement.

(e) Impairment of assets

At each reporting date, the association reviews the carrying values of its 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 reliably from market data, 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 up to the reporting 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.

(g) 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 up to three months. The bank overdraft is shown within financial liabilities and in current liabilities on the balance sheet.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

Membership revenue is recognised on an earnings basis whereby revenue is billed and is deferred and recognized over the membership year to which it relates.

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 confirmed.

Revenue from the rendering of a service is recognised upon the delivery of the service to the member or other recipient.

Revenue from the Association's rental property is recognised when the Association has a right to receive the rent in accordance with the lease agreement.

All revenue is stated net of Goods and Services Tax ('GST').

(i) Goods and Services Tax (GST)

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

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

(j) Going Concern Assumption

The carrying amounts of the Association's assets and liabilities in this financial report are based on the continuing operation of the Association in accordance with its Rules. The Board has chosen to adopt the going concern assumption to underpin the carrying amounts in this report on the basis of strong net cash inflows from operations, positive budgeted results for and major strengthening of previous accounting systems and financial management skills available.

(k) Critical accounting estimates and adjustments

Board members evaluate estimates and judgements incorporated into the financial report based on historical knowledge, experience and the best available current information. Estimates rely on expert advice, assume reasonable forecasts of future events and are based on current trends and economic data, obtained both externally and within the Association.

(l) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and hire purchase charges.

(m) Comparative Figures

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

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Adoption of New and Revised Accounting Standards

During the current year, the association has adopted all of new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of The Victorian Hospitals' Industrial Association.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the association's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The association's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods and which the association has decided not to early adopt. A discussion of those future requirements and their impact on the association is as follows:

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New Accounting Standards for Application in Future Periods (continued)

• AASB 9: *Financial Instruments* and AASB 2009-11: *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 136, 139, 1023 & 1038 AND Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The association has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based.

• AASB 2009-4: *Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009)* and AASB 2009-5: *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)*

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the association.

• AASB 2009-12: *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1062] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the association.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New Accounting Standards for Application in Future Periods (continued)

• AASB 2009-13: *Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)*

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the association.

AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2010).

Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the association.

The association does not anticipate early adoption of any of the above Australian Accounting Standards.

(p) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
2. REVENUE			
Membership fees		2,324,121	2,105,947
Consultancy fees		466,524	572,216
Management Services' fees		18,000	14,980
Training fees		643,476	621,836
Rental revenue		76,920	67,197
Recovery of costs incurred on behalf of others		70,764	211,562
Dividends received		-	70,000
Interest received	2(a)	41,763	53,606
Change in fair value of investment property		215,763	-
Other income		36,968	30,221
Total Revenue		3,894,299	3,747,565
(a) Interest received from:			
Associated entities		11,336	26,989
Other corporations		30,427	26,617
		41,763	53,606
3. OPERATING SURPLUS/DEFICIT			
External Finance costs:		4,477	8,489
		4,477	8,489
Bad and doubtful debts		(5,451)	20,812
Net Profit/(Loss) - disposal non-current assets:			
Property, plant and equipment		3,064	20,886
Audit Fees	4	30,770	10,830
Payroll Tax		48,785	99,889
Legal Fees		11,322	11,130
Equipment Leasing		21,737	27,333
Motor Vehicle expenses		24,594	26,614
Marketing and promotion		30,116	46,483
Repairs and maintenance		29,688	3,327
Consultants		488,054	574,178
Rent		310,946	284,197
Travel		98,773	145,722
Investment Property expenses		11,386	15,645
Agency Staff		19,030	4,372
Telephone		50,012	58,672
Other		242,691	262,136
		1,415,517	1,612,226

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
4. AUDITOR'S REMUNERATION			
Auditing – 2007/08		-	10,830
Auditing – 2008/09		14,770	-
Auditing – 2009/10		16,000	-
		<u>30,770</u>	<u>10,830</u>
5. CASH AND CASH EQUIVALENTS			
Petty cash		200	200
Cash at bank - National Australia Bank Ltd		14,386	23,921
Cash at bank - Commonwealth Bank of Australia Ltd		69,085	159,793
OnLine Saver - Commonwealth Bank of Australia Ltd		130,519	350,850
		<u>214,190</u>	<u>534,764</u>
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		270,868	250,697
Less provision for doubtful debts		<u>(12,232)</u>	<u>(40,000)</u>
		258,636	210,697
<i>Other accounts receivable</i>			
Loan - Health Legal Pty Ltd – secured*		34,638	54,638
Loan - Health Financial Pty Ltd - unsecured		-	116,630
		<u>34,638</u>	<u>171,268</u>
* The loan to Health Legal Pty Ltd is secured by a Mortgage Debenture over the assets of the business.			
7. WORK IN PROGRESS			
CURRENT			
Work in progress - at fair value		<u>4,360</u>	<u>4,375</u>
8. OTHER ASSETS			
CURRENT			
Prepaid expenses		30,426	-
Investments in associated entities	15	38	38
		<u>30,464</u>	<u>38</u>
9. INVESTMENT PROPERTY			
150 Albert Road, South Melbourne		<u>788,000</u>	<u>572,237</u>
Investment property is carried at fair value which has been determined based on the council rate notices at June 2010.			

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
10. PROPERTY, PLANT AND EQUIPMENT			
Leasehold Improvements		103,168	-
<i>Less accumulated amortisation</i>		<u>(18,054)</u>	<u>-</u>
		85,114	-
Total land and buildings		<u>85,114</u>	<u>-</u>
Plant and equipment		21,500	-
<i>Less accumulated depreciation</i>		<u>(3,762)</u>	<u>-</u>
		17,738	-
Furniture & Fittings		43,801	-
<i>Less accumulated depreciation</i>		<u>(6,627)</u>	<u>-</u>
		37,174	-
Motor vehicles		180,332	161,025
<i>Less accumulated depreciation</i>		<u>(44,474)</u>	<u>(102,769)</u>
		135,858	58,256
Computer equipment and software		28,994	29,853
<i>Less accumulated depreciation</i>		<u>(18,194)</u>	<u>(8,294)</u>
		10,800	21,559
Total plant and equipment		<u>201,570</u>	<u>79,815</u>
Total property, plant and equipment		<u>286,684</u>	<u>79,815</u>

Movements in carrying amounts:

For disclosure of the movements in these carrying amounts please refer to Note 18 later in this financial report.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
11. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		95,777	128,720
Accrued expenses		16,000	45,852
Fringe benefits liabilities		15,000	-
Superannuation liabilities		-	2,125
Rent Concession		87,465	-
Income invoiced in advance		18,468	4,200
Members' fees received in advance		152,690	673,136
		<u>385,400</u>	<u>854,033</u>
12. PROVISIONS			
Employee entitlements:			
Current (i)			
Annual Leave		247,764	218,857
Long Service Leave		191,872	183,839
		<u>439,636</u>	<u>402,696</u>
Non-current (ii)			
Long Service Leave		23,626	20,772
		<u>463,262</u>	<u>423,468</u>
 (i) Current			
All Annual Leave and, Long Service Leave entitlements, representing seven (7) or more years of continuous service.			
 (ii) Non-current			
The amount of Long Service Leave expected to be settled within 12 months after the reporting date is \$6,560			

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12. PROVISIONS (CONTINUED)

	Note	2010 \$	2009 \$
Provision for annual leave:			
Balance at the beginning of the year		218,857	201,673
Additional provision raised for the current year		28,907	17,184
Balance at the end of the year		<u>247,764</u>	<u>218,857</u>
Provision for long service leave:			
Balance at the beginning of the year		204,611	217,627
Movement in provision raised for the current year		10,887	(13,016)
Balance at the end of the year		<u>215,498</u>	<u>204,611</u>

13. OPERATING LEASES

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable — minimum lease payments:

- not later than 12 months	241,456	264,333
- between 12 months and 5 years	821,799	806,501
- greater than 5 years	-	46,305
	<u>1,063,255</u>	<u>1,117,139</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years.

Ricoh Pty Ltd holds a charge over the assets of the association for the finance lease on the photocopier.

Telstra holds a charge over the phone system.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

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

(b) Categories of the Association's Financial Instruments

The Association's financial instruments comprise non-derivative deposits and advances from banks, local money market instruments, short-term investments, accounts receivable and payable, secured and unsecured loans to related parties and hire purchase and lease liabilities. The main purpose of the Association's financial instruments is to fund its operating activities and to fund new initiatives within the Association's Rules. The Association did not hold or utilise any derivative financial instruments during the reporting period or at the end of that period.

Financial assets	Note(s)	Category	Carrying Amount 2010	Carrying Amount 2009
Cash and cash equivalents	5 and 17	Cash	214,190	534,764
Accounts receivable - measured at fair value	6	Loans and receivables	258,636	210,697
Loans - measured at fair value	6	Loans and receivables	34,638	171,268
Equity investments in unlisted securities - at cost	15	Equity investments	38	38
Financial liabilities				
Accounts payable - measured at fair value	11	Financial liabilities	385,400	854,033

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(i) *Credit Risk*

Credit risk arises during the Association's operating cycle from providing credit to members and associated entities for voluntary membership, contracted consulting fees and training fees and recovery of costs of co-location with associated entities based on service agreements. These transactions are conducted on credit and invoices are due for payment at no more than thirty-day intervals. Risks arise where member organisations may not renew their membership, cancel their attendance at training courses, cannot be located or where members merge or experience financial distress. The Association considers, based on past experience and a reasonably close connection with its members' senior personnel in many cases, that this risk is low but an allowance is made for impaired collection where required. The criteria for assessing the allowance are known collection issues with long overdue receivables, capacity to negotiate for payment and the Association's ability to continue to contact the debtor. Any bad debts written off are reviewed and approved by the Association's Finance Committee. Any disputed debts are negotiated and expensed if no other option remains. In very rare cases, services may be withheld until a long overdue debt is paid.

The Association has a material credit risk exposure to secured and unsecured loans receivable from two associated entities. This exposure is managed using formal loan agreements, agreed repayment schedules and market interest rates. A registered mortgage debenture secures a fixed and floating charge over the assets and operations of Health Legal Pty Ltd. This loan has been repaid in July 2010. The Association holds a minority equity interest in the capital of the company and a member of the Association's Board of Management is a director of that company. These processes ensure continuing flow of information to that Board member about the collectability of the loan account balance. The Association actively manages credit risk by regularly reviewing its aged debtors' balances and monitoring the timeliness of loan account principal and interest payments. Credit risk is measured by applying an overall assessment of the collectability of debts outstanding for more than sixty days plus any amounts that are known to be uncollectible.

The amount that best represents the Association's maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements, 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.

All short-term cash investments are made with a major local bank which offers AAA-rated deposits at call and for fixed periods at market interest rates.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(i) Credit Risk (Continued)

The following table shows an analysis of the loans and receivables that are either past due or impaired.

2010 Financial Assets	Past Due But Not Impaired					Impaired Financial Assets
	Carrying Amount	Not Past Due and Not Impaired	Less than one month	1-3 Months	3 Months to One Year	1-5 Years
Receivables	270,868	223,510	11,581	15,980	7,565	-
Loans	34,638	34,638				12,232
	305,506	258,148	11,581	15,980	7,565	-
						12,232

2009 Financial Assets	Past Due But Not Impaired					Impaired Financial Assets
	Carrying Amount	Not Past Due and Not Impaired	Less than one month	1-3 Months	3 Months to One Year	1-5 Years
Receivables	250,697	67,981	84,800	26,600	31,316	-
Loans	171,268	171,268	-	-	-	-
	421,965	239,249	84,800	26,600	31,316	-
						40,000

The Association does not consider it necessary to hold collateral or other credit enhancements as security for the receivables amount above.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(ii) *Liquidity Risk*

The Association views liquidity risk as factors which may adversely affect its ability to fund its payment obligations over successive operating cycles and obtain an optimal return on funds not required immediately. A corollary of this view is that the Association will manage liquidity risk so as to pay its debts as and when they fall due.

The principal liquidity risk arises from the heavily skewed cash inflows from members' fees almost all of which occur in the first quarter of the financial year. This position offers both opportunities and risks which are managed in accordance with relevant budgets and cash flow forecasts. Other fee revenue, rents and cost recoveries occur more evenly and provide a significant level of current cash inflow throughout the year. At the reporting date, the maximum liquidity risk is the total of the carrying amounts of the liabilities shown in the balance sheet.

The policies and processes used to achieve the above objectives and manage liquidity risk include monthly budgeting and cash flow forecasting, maintaining unused borrowing facilities in case of need and setting a base level of cash to be available at all times to meet payments to employees, suppliers and statutory authorities or their agents. In addition, cash that is not required immediately is invested in interest-bearing bank deposits with an appropriate maturity profile in terms of the forecast cash requirements. The Association maintains an investment policy that sets an acceptable risk profile and mandates a narrow class of low risk investments with a maturity profile that meets the Association's needs.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(ii) Liquidity Risk (Continued)

The following table sets out the interest rate and maturity profile of the Association's financial assets and liabilities

Financial Assets	2010	Interest Rate Exposure				
		Weighted Average Effective Interest Rate (%)	Carrying Amount	Fixed Interest Rate	Floating Interest Rate	Non-Interest Bearing
Cash at bank			214,190		214,190	
Receivables		Nil	270,868			270,868
Loans		10%	34,638	34,638		
			519,696	34,638	214,190	270,868

Note: There are no financial assets that have had their terms renegotiated so as to prevent them from falling due or being impaired.

Financial Assets	2009	Interest Rate Exposure				
		Weighted Average Effective Interest Rate (%)	Carrying Amount	Fixed Interest Rate	Floating Interest Rate	Non-Interest Bearing
Cash at bank			534,764	-	534,764	-
Receivables		Nil	250,697	-	-	250,697
Loans		9.8%	171,268	171,268	-	-
			956,729	171,268	534,764	250,697

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(iii) *Market Risk*

Market risk is the risk that future cash flows from our financial instruments or their fair values will fluctuate as a result of changes in market prices, especially interest rates. The Association is exposed to market risk through interest rates being the price of funds it invests or the cost of funds it borrows. The Association is not exposed to other market risks arising from foreign currency, publicly traded securities, hedging, derivatives or speculative transactions.

The Association works to limit its interest rate risk by investing selectively and only borrowing from large, mainstream institutions providing loans that meet the Association's needs specifically. The interest-bearing loans in financial assets and borrowings from banks and non-bank financial institutions are the subject of fixed interest rate agreements where the applicable rates are set to achieve an effective return over the period of the loan based on present interest rate expectations, inflation forecasts and predicted performance of the securities and money markets. A detailed business case is required before an investment is made in an unlisted security or an asset where selling opportunities are limited by a market that is narrow or shallow. Comprehensive criteria are applied in evaluating this type of investment. The following sensitivity analysis shows that two interest rate changes that are considered to be reasonably possible in the next financial year will have a limited impact on the Association's operating results and net assets.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(iv) Market Risk (Continued)

Sensitivity Analysis - Interest Rate Exposure

	Current Rate at Reporting Date	Carrying Amount	Approximate Current Return*	If Interest Rates were to Fall by ...		
				1%	Annual Return	Possible Effect on the Operating Statement
2010	2.8%	214,190	5,997	3,855	1,714	(4,283)
	Nil	270,868	-	-	-	-
	10.0%	34,638	3,468	3,108	2,763	(695)
		519,696	9,465	6,963	4,477	(4,978)

	Current Rate at Reporting Date	Carrying Amount	Approximate Current Return*	If Interest Rates were to Fall by ..		
				1%	Annual Return	Possible Effect on the Operating Statement
2009	2.8%	534,764	14,706	9,358	4,011	(10,695)
	Nil	250,697	-	-	-	-
	10.0%	171,268	17,127	15,414	13,701	(3,426)
		956,729	31,833	24,772	17,712	(14,121)

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
15. INVESTMENTS IN ASSOCIATED ENTITIES			
At the reporting date, the Association held shares in the following associated entities. The shares are valued at cost at the date of allotment to the Association.			
Health Financial Pty Ltd - 35% of the issued ordinary shares		1	1
Health Legal Pty Ltd - 35% of the issued ordinary shares		35	35
Workplace Legal Pty Ltd - 50% of the issued ordinary shares		2	2
		<u>38</u>	<u>38</u>
The Board has determined that the above shareholdings do not constitute significant influence in any of the entities as the Board considers that they do not have the power to participate in the financial and operating policy decisions of the investees.			
16. CONTINGENT LIABILITIES - Secured			
The Commonwealth Bank of Australia executed a bank guarantee in favour of the landlord of the Association's leased offices. The guarantee may be enforced by the landlord in the event of the Association defaulting in paying the rent due under its lease for an amount up to :			
499 St Kilda Road, Melbourne		-	101,250
312 Kings Way, South Melbourne		<u>103,000</u>	<u>-</u>
On 22 April 2009 the Commonwealth Bank of Australia provided a bank overdraft facility to the Association. The facility is secured by a registered first mortgage over the Association's property at 150 Albert Road, South Melbourne. The total amount of the facility is :			
		235,000	300,000
At the reporting date, the actual liability under the facility was :		-	-
Unused amount of the facility at the reporting date		<u>235,000</u>	<u>300,000</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
17. 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 on hand		200	200
Cash at bank		213,990	534,564
		<u>214,190</u>	<u>534,764</u>
(b) Reconciliation of the cash flow from operations with the deficit from operations			
Surplus/(Deficit) from ordinary activities		472,617	121,364
<i>Non-cash items in the Deficit from Ordinary Activities:</i>			
Depreciation and amortisation		79,431	98,076
Gain on Revaluation of Investment Property		(215,763)	
<i>Changes in Assets and Liabilities:</i>			
(Increase)/Decrease in receivables		(47,939)	144,460
(Increase)/Decrease in other assets		(30,426)	33,333
(Increase)/Decrease in work in progress inventory		15	41,949
(Increase)/Decrease in loans to associated entities			
Increase/(Decrease) in payables		(468,633)	(118,084)
Increase/(Decrease) in financial liabilities			
Increase/(Decrease) in provisions		39,794	4,168
Net cash (used in)/provided by operating activities		<u>(170,904)</u>	<u>325,266</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

18. MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment are set out below for the years ended 2009 and 2010.

	Building improvements \$	Plant and equipment \$	Motor vehicles \$	Computer equipment & Software \$	Furniture and fittings \$	Total \$
Carrying amount at 1 July 2008	5,511	7,648	84,684	30,000	31,362	159,205
Additions	-	750	35,731	25,917	-	62,398
Disposals	-	-	(43,712)	-	-	(43,712)
Depreciation Expense	(5,511)	(8,398)	(18,447)	(34,358)	(31,362)	(98,076)
Carrying amount at the beginning of the year	-	-	58,256	21,559	-	79,815
Additions	103,168	21,500	116,285	9,391	43,801	294,145
Disposals	-	-	(7,845)	-	-	(7,845)
Depreciation Expense	(18,054)	(3,762)	(30,838)	(20,150)	(6,627)	(79,431)
Carrying amount at 30 June 2010	85,114	17,738	135,858	10,800	37,174	286,684

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

Members' access to financial records – Information to be provided to members or Registrar

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

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

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

COMMITTEE OF MANAGEMENT STATEMENT

On the 10th September 2010 the Executive Committee of the Victorian Hospitals's Industrial Association being the committee of management of the organisation, adopted the following resolution in relation to the general purpose financial report for the Association for the financial year ended 30 June 2010.

1. The Executive Committee, having been advised accordingly by the executive director in a letter dated 6th September 2010, declares in relation to the general purpose financial report that in its opinion:
 - (a) the financial statements and notes comply with the Australian Accounting Standards;
 - (b) the financial statements and notes comply with the reporting guidelines of the 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 reporting unit will be able to pay its debts as and when they become due and payable;
 - (e) during the financial year to which the general purpose financial report relates and since the end of that year;
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the reporting unit have been managed in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the organisation has consisted of a single report unit; and
 - (v) the information sought in any request of a member of the reporting unit or the General Manager of Fair Work Australia made under Section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of Fair Work Australia; and
 - (vi) there has been compliance with any order for inspection of financial records made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisations) Act 2009
 - (f) the organisation has not undertaken any recovery of wages activity.

DESIGNATED OFFICER:

TITLE OF OFFICE: President

SIGNATURE:



10/9/10

DATE:

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2010

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 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 Principal Activities

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

Significant Changes in Nature of Principal Activities

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

Significant Changes in the Association's Financial Affairs

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

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

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

Number of Members

The number of organizations who at the end of the financial year were recorded on the Register of Members was 133.

Number of Employees

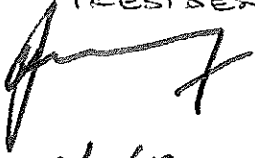
The number of persons who were at the end of the financial year, employees of the Association was 18, measured on a full-time equivalent basis.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2010

MEMBERS OF THE COMMITTEE OF MANAGEMENT ('THE BOARD')

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

POSITION	NAME	PERIOD
President	John Stanway	
Deputy President	Chris Scott	
Board Member	Glenis Beaumont	22/09/2009 – 30/06/2010
Board Member	Ann Clark	
Board Member	Chris Doidge	
Board Member	Christine Fitzherbert	
Board Member	John Krygger	01/07/2009 – 11/12/2009
Board Member	Philip Moran	
Board Member	Penny Newsome	01/07/2009 – 23/10/2009
Board Member	Fiona Prestedge	01/07/2009 – 28/08/2009
Board Member	Mark Quirk	
Board Member	Edward Rayment	22/09/2009 – 30/06/2010
Board Member	John Smith	
Board Member	Wayne Sullivan	22/09/2009 – 30/06/2010
Board Member	Gary Templeton	
Board Member	Lis Wilson	01/07/2009 – 28/08/2009
Chief Executive Officer	Alexander Djoneff	

Name: JOHN STANWAY
 Title: PRESIDENT
 Signature: 
 Date: 10/9/10 2010

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2010

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

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2010

- f) If a member becomes un-financial in accordance with sub-rule 8(e), his/her name may be struck off the Register of Members by order of the Board. Any member shall cease to be a member of the Association as soon as her/her name shall have been struck off the Register of Members by order of the Board and not sooner. Provided that where a member has become un-financial, and at least twenty eight (28) days before the Board orders that the member be struck off the Register of Members, the Chief Executive Officer shall advise the member in writing, that if he/she fails to pay the outstanding subscriptions and is unable within fourteen (14) days to show cause why they are un-financial within fourteen (14) days of the date of the letter then he/she will be struck off the Register of Members without further notice. If the member pays the outstanding subscriptions within that time then he/she shall not be struck off the Register of Members.
- g) Any member who shall be expelled from the Association under the provisions of Rule 34 shall thereupon cease to be a member.
- h) Members ceasing to be such from any cause whatsoever shall have no claim of any kind monetary or otherwise on the Association or its assets.
- i) Within 28 days after the Association received from a member a notice of the member's resignation from the Association, the Association will give written notice of the resignation to:
 - 1) Fair Work Australia; and
 - 2) each organization of employees that is bound by an award when the Association receives the notice from the member, bound the member as a result of membership of the Association.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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

Report on the Financial Report

We have audited the accompanying general purpose financial report of Victorian Hospitals' Industrial Association (the Association), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the Board.

Boards' Responsibility for the Financial Report

The Board of 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 requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 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. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from 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 from 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board, as well as evaluating 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 have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion the general purpose financial report of the Victorian Hospitals' Industrial Association is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and other mandatory professional reporting requirements in Australia.

DFK Collins

DFK COLLINS
CHARTERED ACCOUNTANTS

Robert Wernli

Robert Wernli
Partner

Melbourne
10 September 2010

Registered Company Auditor
No.16278