

**VICTORIAN HOSPITALS'
INDUSTRIAL ASSOCIATION**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenue	2	4,013,884	4,985,844
Employee benefits expense to employees	4	(2,612,695)	(2,677,117)
Depreciation/Amorisation –Tangible Assets	10	(99,606)	(71,290)
Amortisation – Intangible Assets	11	(42,375)	-
Finance costs	3	(2,491)	(1,161)
Other expenses	3	<u>(1,372,317)</u>	<u>(1,963,820)</u>
Comprehensive Result –(Deficit)/Surplus		<u>(115,600)</u>	<u>272,456</u>
Net Result attributable to members of the Association		<u>(115,600)</u>	<u>272,456</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,102,109	1,695,587
Trade receivables	7	154,673	277,655
Other receivables	7	5,542	151,880
Other current assets	8	16,089	372,444
TOTAL CURRENT ASSETS		<u>2,278,413</u>	<u>2,497,566</u>
NON-CURRENT ASSETS			
Investment property at fair value	9	105,000	805,000
Investments in associated entities	17	1	3
Property, plant and equipment	10	1,661,733	177,961
Intangible Assets	11	127,124	164,999
TOTAL NON-CURRENT ASSETS		<u>1,893,858</u>	<u>1,147,963</u>
TOTAL ASSETS		<u>4,172,271</u>	<u>3,645,529</u>
CURRENT LIABILITIES			
Trade and other payables	12	2,019,731	1,212,417
Provisions	13	484,270	635,855
TOTAL CURRENT LIABILITIES		<u>2,504,001</u>	<u>1,848,272</u>
NON-CURRENT LIABILITIES			
Provisions	13	23,549	36,936
TOTAL NON-CURRENT LIABILITIES		<u>23,549</u>	<u>36,936</u>
TOTAL LIABILITIES		<u>2,527,550</u>	<u>1,885,208</u>
NET ASSETS		<u>1,644,721</u>	<u>1,760,321</u>
EQUITY			
Accumulated surplus		1,644,721	1,760,321
TOTAL EQUITY		<u>1,644,721</u>	<u>1,760,321</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2014

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2012	1,487,865	1,487,865
Comprehensive result for year ended 30 June 2013	272,456	272,456
Balance at 30 JUNE 2013	1,760,321	1,760,321
Comprehensive result for year ended 30 June 2014	(115,600)	(115,600)
Balance at 30 JUNE 2014	1,644,721	1,644,721

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from members		4,048,203	4,842,971
Payments to suppliers and employees		(3,164,806)	(4,621,457)
Dividends received		-	-
Interest received		30,003	78,996
Net cash provided by operating activities	19(b)	<u>913,400</u>	<u>300,510</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,347,240)	(500,566)
Proceeds Sale of Shares in Associates		150,000	298,083
Proceeds from sales of property, plant and equipment		745,362	-
Payments for Shares in Associates		(55,000)	-
Net cash generated from (used in) investing activities		<u>(506,878)</u>	<u>(202,483)</u>
Cash flows from financing activities			
Proceeds/(Payments) from borrowings		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash held		406,522	98,027
Cash at the beginning of the year		1,695,587	1,597,560
Cash at the end of the year	19(a)	<u>2,102,109</u>	<u>1,695,587</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 2014

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) 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.

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.

Assets valued at less than \$1500 are expensed at the time of purchase.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 plant and equipment, motor vehicles and lease hold improvements, including buildings and capitalised lease assets, are 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. Furniture and office equipment are depreciated on a diminishing value basis.

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	20%-25%
Computer equipment	50%
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.

(c) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Association.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible Assets (continued)

Expenditure on research activities is recognised as an expense in the period on which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(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.

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.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 to balance date. Liabilities for wages and salaries, annual leave, and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because the Association does not have an unconditional right to defer settlements of these liabilities as they will be settled within 12 months. Unconditional LSL is disclosed in the notes to the financial statements as a current liability. Conditional LSL is disclosed as a non-current liability.

(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.

(h) Revenue

Membership revenue is recognised over the membership year to which it relates. Membership received in advance is recognised as deferred income as a current liability.

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').

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(m) Comparative Figures

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

(n) Investment in Associates

At the reporting date, the Association held shares in associated entities. Where the Board has determined that the shareholdings constitutes significant influence in any of the entities the investments in associates are accounted for in the financial statements by applying the equity method of accounting, where by the investment is initially recorded at the cost of acquisition and is adjusted in thereafter for post-acquisition changes in VHIA's share of the net assets of the associate entity. VHIA's share of the financial result of the entity is recognised in the Income Statement. Where the Board has determined that the 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) the shares are valued at cost at the date of allotment to the Association. Details of the interest in the associated entities are shown in Note 17.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 de-recognised 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.

(p) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Association has used valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. It is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Additional disclosure requirements under FairWork Commission reporting guidelines

(i) Going concern

VHIA's ability to continue as a going concern is not reliant on financial support to or from another reporting unit.

(ii) Expenses

All Legal fees relate to Fairwork hearings. No Legal fees have been incurred relating to litigation.

(iii) Statement of Financial Position

VHIA does not have an item or a part of an item in the statement of financial position that has been derived as a result of one or more transactions and/ or past events with another reporting unit of the organisation.

VHIA does not have payables to employers as consideration for the employers making payroll deductions of membership subscriptions or in respect of legal costs and other expenses related to litigation or other legal matters.

There are no employee provisions in respect of holders of offices in VHIA.

(iv) Statement of Cash flows

No other reporting unit and/or controlled entity of the organization is the source of a cash inflow or the application of a cash outflow for VHIA.

(v) Recovery of wages

The Association has not undertaken any recovery of wages activity during the financial year.

(vi) Statement of changes in equity

The Association does not have funds or accounts operating in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit.

There have been no transfers or withdrawals to a fund, account or controlled entity.

The Association does not operate a general fund.

(vii) General Requirements

The Association has not acquired an asset or liability during the financial year as a result of an amalgamation, restructure, and a determination or revocation by the General Manager under the RO Act.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. As at 30 June 2014, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2014. The Association has not and does not intend to adopt these standards early.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on financial statements</i>
AASB 1031 Materiality	AASB 1031 has been withdrawn and therefore all Australian Accounting Standards (including Interpretations) need to remove references to AASB 1031.	1 January 2014	No impact to the financial statements for VHIA.
AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	VHIA does not plan to adopt these standards until their effective date. As such, this amendment will not be adopted until the year ended 30 June 2016.
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2017	<p>The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
2. REVENUE			
Membership fees		2,762,908	2,768,211
Consultancy fees		819,937	1,189,193
Training fees		267,306	525,628
Rental revenue		9,586	67,864
Recovery of costs incurred on behalf of others		51,214	44,600
Interest received		30,003	78,996
Net fair gain/(loss) on investment property		(16,348)	(7,000)
Gain on disposal of investment in Associate		54,998	212,099
Other income		34,280	106,253
Capitation fees		-	-
Donations or grants		-	-
Compulsory Levies		-	-
Financial Support from another reporting unit		-	-
Total Revenue		<u>4,013,884</u>	<u>4,985,844</u>
3. OPERATING SURPLUS/DEFICIT			
External Finance costs:		<u>2,491</u>	<u>1,161</u>
		2,491	1,161
Other Expenses			
Bad and doubtful debts		(11,929)	2,192
Net (Profit)/Loss - disposal non-current assets:			
Property, plant and equipment		(12,941)	(9,727)
Audit fees	5	30,200	19,800
Payroll tax		114,626	121,149
Legal fees		12,735	43,780
Equipment leasing		3,352	23,648
Motor vehicle expenses		46,086	47,225
Marketing and promotion		23,266	18,988
Repairs and maintenance		5,967	6,121
Consultants		429,951	833,543
Rent		215,976	214,117
Cleaning		29,010	34,592
Catering		12,445	19,061
Printing and stationary		32,278	50,772
Electricity		20,128	22,203
Travel		55,818	105,577
Investment property expenses		23,846	13,628
Agency staff		49,547	18,254
Telephone		62,971	75,792
Fees incurred as consideration for employer			
payroll deductions of membership			
subscriptions		-	-
Capitation fees		-	-

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
3. OPERATING SURPLUS/DEFICIT (CONTINUED)			
Compulsory Levies, fees and/or allowances paid to persons in respect to their attendance at conferences or other meetings		-	-
Grants and donations		-	-
Expenses incurred with holding meeting of members or any conferences or meeting of councils, committees, panels or other bodies		-	-
Penalties imposed on the organization under the RO Act with respect to the conduct of VHIA		-	-
Affiliation fees		-	-
Other		228,985	303,105
		<u>1,372,317</u>	<u>1,963,820</u>
 4. EMPLOYEE BENEFITS			
Wages and salaries		2,144,986	2,282,095
Superannuation		202,263	212,261
Leave and other entitlements		8,190	154,353
Separation and redundancy		245,072	17,144
Other employee expenses		12,184	11,264
		<u>2,612,695</u>	<u>2,677,117</u>
No employee benefits paid in respect to holders of office.			
 5. AUDITOR'S REMUNERATION			
<i>Audit services</i>		20,200	19,800
<i>Other services</i>		10,000	-
		<u>30,200</u>	<u>19,800</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
6. CASH AND CASH EQUIVALENTS			
Petty cash	11		11
Cash at bank - National Australia Bank Ltd	6,891		15,990
Cash at bank - Commonwealth Bank of Australia Ltd	673,911		1,341,123
MasterCard - Commonwealth Bank of Australia Ltd	10,000		10,000
Term Deposit - Commonwealth Bank of Australia Ltd	105,544		105,544
Online Saver - Commonwealth Bank of Australia Ltd	1,305,752		222,919
		<u>2,102,109</u>	<u>1,695,587</u>
7. TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables	156,550		291,461
Less provision for doubtful debts	<u>(1,877)</u>		<u>(13,806)</u>
		154,673	277,655
<i>Other accounts receivable</i>			
Balance of Settlement – Sale of Investment in Associate	-		150,000
Other	2,914		-
Interest receivable	<u>2,628</u>		<u>1,880</u>
		5,542	151,880
8. OTHER ASSETS			
Current			
Prepaid expenses	16,089		86,444
Deposit – Property Purchase	<u>-</u>		<u>286,000</u>
		16,089	372,444
9. INVESTMENT PROPERTY			
Non-Current			
Opening balance	805,000		812,000
Disposals	<u>(700,000)</u>		<u>-</u>
Net fair value gain/(loss) on investment property	-		(7,000)
Closing Balance		<u>105,000</u>	<u>805,000</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
10. PROPERTY, PLANT AND EQUIPMENT			
Non-Current			
Leasehold Improvements at cost		103,168	103,168
Less accumulated amortisation		(94,570)	(73,974)
		<u>8,598</u>	<u>29,194</u>
Total leasehold improvements		<u>8,598</u>	<u>29,194</u>
Buildings		<u>1,576,206</u>	<u>-</u>
Total Buildings		<u>1,576,206</u>	<u>-</u>
 Plant and equipment at cost		 48,220	 48,220
Less accumulated depreciation		(27,279)	(18,757)
		<u>20,941</u>	<u>29,463</u>
 Furniture and Fittings at cost		 43,801	 43,801
Less accumulated depreciation		(39,458)	(31,050)
		<u>4,343</u>	<u>12,751</u>
 Motor vehicles at cost		 124,935	 200,205
Less accumulated depreciation		(81,508)	(101,734)
		<u>43,427</u>	<u>98,471</u>
 Computer equipment and software at cost		 15,791	 19,058
Less accumulated depreciation		(7,574)	(10,976)
		<u>8,217</u>	<u>8,082</u>
Total plant and equipment		<u>76,929</u>	<u>148,767</u>
Total property, plant and equipment		<u>1,661,732</u>	<u>177,961</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment are set out below for the years ended 2013 and 2014.

	Building \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Furniture and fittings \$	Total \$
Carrying amount at 30 June 2012	-	41,706	8,691	113,005	66	18,216	181,684
Additions	-	-	26,719	32,766	8,082	-	67,567
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(12,512)	(5,947)	(47,300)	(66)	(5,465)	(71,290)
Carrying amount at the beginning of the year	-	29,194	29,463	98,471	8,082	12,751	177,961
Additions	1,576,206	-	-	40,970	11,563	-	1,628,739
Disposals	-	-	-	(42,070)	(3,292)	-	(45,362)
Depreciation expense	-	(20,596)	(8,522)	(53,942)	(8,136)	(8,408)	(99,605)
Carrying amount at 30 June 2014	1,576,206	8,598	20,941	43,428	8,217	4,343	1,661,732

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
11. INTANGIBLES			
Non-Current			
Software – at cost		169,499	164,999
Less accumulated amortisation		<u>(42,375)</u>	<u>-</u>
		<u>127,124</u>	<u>164,999</u>
 Opening balance		 164,999	 -
Additions		4,500	164,999
Less Accumulated amortisation		<u>(42,375)</u>	<u>-</u>
Closing balance		<u>127,124</u>	<u>164,999</u>
 12. TRADE AND OTHER PAYABLES			
Current			
Trade creditors		156,097	152,914
CBA Overdraft Facility (\$1,000,000 Limit)		10,000	-
Accrued expenses		17,700	57,611
Fringe benefits liabilities		3,636	14,316
Rent concession		5,145	25,725
Income invoiced in advance		14,418	96,188
Members' fees received in advance		<u>1,812,732</u>	<u>865,663</u>
		<u>2,019,728</u>	<u>1,212,417</u>
 13. PROVISIONS			
Current (i)			
Employee Benefits Provisions (other than office holders)			
- Unconditional and expected to be settled within 12 months		95,846	256,116
- Unconditional and expected to be settled after 12 months		<u>388,424</u>	<u>379,739</u>
		<u>484,270</u>	<u>635,855</u>
 Non-current (ii)			
Conditional Employee Benefits entitlements		<u>23,549</u>	<u>36,936</u>
		<u>507,819</u>	<u>672,791</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

13. PROVISIONS (CONTINUED)

	Note	2014 \$	2013 \$
Provision for annual leave:			
Balance at the beginning of the year		354,322	309,399
Change in provision for the current year		(144,994)	44,923
Balance at the end of the year		<u>209,328</u>	<u>354,322</u>
Provision for long service leave:			
Balance at the beginning of the year		318,469	266,353
Change in provision for the current year		(19,978)	52,116
Balance at the end of the year		<u>298,491</u>	<u>318,469</u>

14. 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	62,922	246,641
- between 12 months and 5 years	-	62,922
- greater than 5 years	-	-
	<u>62,922</u>	<u>309,563</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.

Telstra holds a charge over the phone system.

15. Related Party Disclosure

Note 15A. Related Party Transactions for the Reporting Period

There were no related party transactions during the reporting period.

Note 15B. Key Management Personnel Remuneration for the Reporting Period

Alexander Djoneff Robert Bell

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

Short term employee benefits	388,237	406,304
Post-employment benefits	36,009	34,040
Other long term employee benefits	13,404	18,105
Termination benefits	-	-
Any share based payments	-	-
Total	<u>437,650</u>	<u>458,449</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The VHIA's financial instruments consist of deposits with banks, accounts receivable and accounts payable. It has no exposure to foreign currency and has minimal exposure to interest rate risk through its interest bearing current account with its bankers. The VHIA does not have any derivative instruments at 30 June 2014.

The only potential risks the VHIA is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

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

Risk Management

Liquidity Risk

VHIA Board members meet on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. They conduct these processes to maintain sufficient funds to pay trade payables and employee entitlements within commercial trading terms

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The VHIA does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the VHIA.

Interest Rate Risk

The VHIA is not exposed to any material interest rate risk as it has no interest bearing debt and only derives interest from cash balances in its operating bank account and bank term deposits. The rate of interest derived is floating with market rates for the bank account and fixed at the time of lodgement for the term deposits. The VHIA has performed an interest rate sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrated the effect on the current year results and equity which could result from a change in this risk is not material.

Categorisation of financial instruments

	Note(s)	Category	Carrying Amount 2014	Carrying Amount 2013
Financial assets				
Cash and cash equivalents		Cash	2,102,109	1,695,587
Accounts receivable - measured at fair value	7	Loans and receivables	154,673	277,655
Loans - measured at fair value	7	Loans and receivables	-	-
Sundry receivable	7	Loans and receivables	5,542	151,880
Equity investments in unlisted securities - at cost	17	Equity investments	1	3
Financial liabilities				
Accounts payable - measured at fair value	12	Financial liabilities	2,016,092	1,194,417

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16. FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Interest Bearing		Non-Interest Bearing		Total
	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$
Financial Assets:							
Cash and cash equivalents	2.75%	2.75%	1,411,296	328,463	690,813	1,367,124	2,102,109
Receivables			-	-	154,673	429,535	154,462
Other financial assets							429,535
Total Financial Assets			1,411,296	328,463	848,275	2,019,678	2,259,571
Financial Liabilities:							
Trade and other payables			-	-	(2,016,092)	(1,194,417)	(2,016,978)
Total Financial Liabilities			-	-	(2,016,092)	(1,194,417)	(2,016,978)

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

(c) Net Fair Values

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16. FINANCIAL INSTRUMENTS (Continued)

(c) Net Fair Values (continued)

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

	2014		2013	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Cash and cash equivalents	2,102,109	2,102,109	1,695,587	1,695,587
Trade and other receivables	154,673	154,673	429,535	429,535
Other financial assets	-	-	-	-
Financial liabilities				
Trade and other creditors	2,016,092	2,016,092	1,212,417	1,212,417

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

(d) Liquidity Risk

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

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

	2014 \$	2013 \$
Less than 3 months	2,016,092	1,212,417

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

	2014 \$	2013 \$
Less than 3 months	154,673	429,535

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16. FINANCIAL INSTRUMENTS (Continued)

(e) Sensitivity Analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year end rates of 2.75%
- A parallel shift of +1% and -1% in inflation rate from year end rates 2.4%.

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

2014 Financial Assets	Carrying Amount \$	Interest Rate Risk			
		-1% Profit \$	-1% Equity \$	+1% Profit \$	+1% Equity \$
Cash and Cash Equivalents	2,102,109	(21,021)	(21,021)	21,021	21,021
Other financial assets	154,673	(1,547)	(1,547)	1,547	1,547
2013 Financial Assets					
Cash and Cash Equivalents	1,695,587	(16,956)	(16,956)	16,956	15,956
Other financial assets	429,535	(4,295)	(4,295)	4,295	4,295

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
17. INVESTMENTS IN ASSOCIATED ENTITIES			
Non-Current			
(j) Shares at Cost			
At the reporting date the shareholdings in Health Financial Pty Ltd and Workplace Legal Pty Ltd are valued at cost at the date of allotment to the Association.			
Health Financial Pty Ltd - 35% of the issued ordinary shares		1	1
Workplace Legal Pty Ltd - 50% of the issued ordinary shares		-	2
		<u>1</u>	<u>3</u>
(ii) Movement in carrying amount of investments			
Opening Balance		3	235,987
Disposal of Investment in Workplace Legal Pty Ltd		(2)	-
Disposal of Investment in Health Legal		-	(235,984)
Closing Balance		<u>1</u>	<u>3</u>

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
18. CONTINGENT LIABILITIES - Secured			
312 Kings Way, South Melbourne		103,000	103,000
The Association has an overdraft facility with the Commonwealth Bank of Australia. The facility is secured by a cash deposit equal to the amount of the facility. The total amount of the facility is :		103,000	103,000
At the reporting date, the actual liability under the facility was		-	-
Unused amount of the facility at the reporting date		103,000	103,000
19. 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		11	11
Cash at bank		2,102,098	1,695,576
		2,102,109	1,695,587
(b) Reconciliation of the cash flow from operations with the surplus from operations			
Surplus/(Deficit) from comprehensive result		(115,600)	272,456
<i>Non-cash items in the surplus from comprehensive result:</i>			
Depreciation and amortisation		141,981	71,290
Loss/(gain) on revaluation of investment property		-	7,000
Loss/(gain) on investments		(54,998)	(212,099)
<i>Changes in Assets and Liabilities:</i>			
(Increase)/Decrease in receivables		122,982	135,289
(Increase)/Decrease in other assets		176,693	5,933
Increase/(Decrease) in payables		807,314	(76,398)
Increase/(Decrease) in provisions		(164,972)	97,039
Net cash (used in)/provided by operating activities		913,400	300,510

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

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

COMMITTEE OF MANAGEMENT STATEMENT


On the 3 September 2014, the Board of the Victorian Hospitals' Industrial Association being the Committee of Management of the organisation, adopted the following resolution in relation to the general purpose financial report for the Association for the financial year ended 30 June 2014.

- (1) The Board, having been advised accordingly by the executive director in a letter dated 1 September 2014, declares in relation to the general purpose financial report that in its opinion:
- (a) the financial statements and notes comply with the Australian Accounting Standards;
 - (b) the financial statements and notes comply with the reporting guidelines of the General Manager, Fair Work Australia;
 - (c) the financial statements and notes give a true and fair view of the financial performance, financial position, and cash flows of the reporting unit for the financial year to which they relate;
 - (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
 - (e) during the financial year to which the general purpose financial report relates and since the end of that year;
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the reporting unit have been managed in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the organisation has consisted of a single 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:


.....
Dr Brendan Murphy

DATE:

8th September 2014
.....

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 Fair Work Australia;
- to assist and advise members of their own and their employees' industrial obligations under award and certified agreements;
- to represent members in relevant negotiations and liaise with the Victorian Department of 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 130.

Number of Employees

The number of persons who were at the end of the financial year, employees of the Association was 17, measured on a full-time equivalent basis.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 (IF NOT FULL YEAR)
President	Brendan Murphy	
Deputy President	John Smith	
Board Member	Chris Doidge	
Board Member	Christine Fitzherbert	
Board Member	Elisabeth (Cheyne) Chalmers	
Board Member	Mark Quirk	1/7/2013 – 11/10/2013
Board Member	Kathy Huett	
Board Member	Zoltan Kokai	
Board Member	Nigel Fidgeon	
Board Member	Christine McLoughlin	
Board Member	Alan Lilly	11/10/2013 – 30/6/2014
Board Member	Dale Fraser	11/10/2013 – 30/6/2014
Board Member	Andrew Freeman	11/10/2013 – 30/6/2014
Board Member	Peter Faulkner	
Board Member	Graeme Mitchell	
Chief Executive Officer	Alexander Djoneff	

Name: Dr Brendan Murphy

Title: President

Signature:



Date:

8th September

2014

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 2014

- 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.