



Australian Government
Australian Industrial Registry

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Telephone: (03) 8661 7993
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Mr John Stanway
President
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

Dear Mr Stanway

**Re: Schedule 1B of the Workplace Relations Act 1996 (Schedule 1B)
Financial reports for year ended 30 June 2005 - FR 2005/402**

Reference is made to the financial reports of the Victorian Hospitals' Industrial Association for the year ended 30 June 2005. The documents were lodged in the Industrial Registry on 15 October 2005.

The financial documents have been filed.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under the RAO Schedule. Please note that these matters are advised for assistance in the future preparation of financial reports. No further action is required in respect of the subject documents.

1. Operating Report

Membership of Committee of Management:

I note that the operating report provides the names of the persons who were members of the committee of management of the Association at the beginning of the financial year.

The operating report is required to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position - refer regulation 159(c) of the RAO Regulations.

2. Timescale Requirements

Financial reports should be prepared, audited, supplied to members, presented to a meeting and lodged in the Industrial Registry within certain timescale requirements.

From the information available, the reports were provided to members on 7 October 2005 and presented to a committee of management meeting on 14 October 2005.

Given that the operating report and committee of management statement are both dated 14 October 2005 it would appear that the operating report and committee of management statement supplied to members were unsigned and undated.

Would you please ensure in future when supplying members with financial documents as required by subsection 265(5) of the RAO Schedule that such documents are signed and dated.

3. Auditor's Report

Auditor's Qualifications

It is not clear from the Report whether or not the Auditor is an approved auditor. In this regard I draw your attention to the definition of approved auditor in regulation 4 of the RAO Regulations. In all likelihood the Auditor is such a person however, it is our preference that this is made explicit in the Report. I recommend you draw this comment to the attention of your Auditors.

4. Income and Expenditure Statement

I note that the financial documents contain a document named "Disclaimer to the members of Victorian Hospitals Industrial Association" which precedes the reporting unit's Income and Expenditure Statement.

The disclaimer states:

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

Section 252 of Schedule 1B of the RAO Schedule requires that a reporting unit must cause a general purpose financial report to be prepared. Such report must consist of, among other things, financial statements containing a profit and loss statement.

The accounts and other statements should contain certain disclosures (as prescribed by the Industrial Registrar's Reporting Guidelines).

As the information contained in the detailed Statement of Income and Expenditure does not appear to form part of the audited "accounts and statements" the financial documents as lodged do not satisfy the requirements of s253 of Schedule 1B.

So as to ensure compliance with subsection 253, future documents should include a Statement of Income and Expenditure setting out particulars of all relevant disclosure requirements of the Industrial Registrar's Guidelines

5. Notice to members

There should be included in the full set of financial documents a notice drawing attention to provisions of the Act that prescribed information is available to members on request and which sets out a copy of subsections 272(1), (2) and (3) - refer subsection 272(5) of the Act and regulation 161(f).

It should be noted that the Industrial Registrar attaches importance to reporting units both fully satisfying the obligations under Schedule 1B and to those obligations being discharged within the requisite timeframes. Your reporting unit should therefore ensure that future financial returns fully satisfy the above obligations.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@air.gov.au.

Electronic Lodgement

I encourage you to take advantage of the electronic lodgement service provided by the Registry for future lodgements. You may register as a user and then lodge your documents via the Electronic Lodgement page of the AIRC website at www.airc.gov.au. Alternatively, you may send an email with the documents attached to riateam3@air.gov.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Powell'.

Larry Powell
Statutory Services Branch

21 February 2006



Certificate of Secretary or other Authorised Officer

Form s268 of Schedule 1B of the Workplace Relations Act

Date: 14 October 2005

I, John Krygger being the Audit & Risk Committee Chair, of the Victorian Hospitals Industrial Association certify:

- That the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule;
- That the full report was provided to members on 7 October 2005; and
- That the full report was presented to a meeting of the committee of management of the reporting unit on 14 October 2005, in accordance with section 266 of the RAO Schedule.

Signature _____

A handwritten signature in black ink, which appears to read "John Krygger", is written over a horizontal line.

Name: _____

JOHN KRYGGER

Date: _____

14 October 2005

Acting President's Report
Annual General Meeting of Members 14 October 2005

On behalf of President John Stanway who is an apology today, it gives me great pleasure to report on another year of significant achievement for the Victorian Hospitals Industrial Association.

As stated in last year's report, 2004/05 was to be one of consolidation, demonstrating that members are getting value for money and that core member services were not just to be maintained, but to be further strengthened.

On behalf of the board, I am satisfied that these objectives have been met and I am pleased to highlight the establishment of a senior industrial relations team with the appointment of Brian Sullivan and Robert Burrows.

The desire to provide an increasing range of services to the membership has led to a review of membership subscriptions that are levied on an annual basis.

This has led to the establishment of an equitable formula that is transparent and predictable which gives both VHIA and its members certainty.

The end of year financial result of a small operating deficit of \$13,000 was accepted by the board on the basis that a substantial unbudgeted cost of \$66,000 for legal fees associated with some industrial agreements had to be met.

The performance of Health Legal has been an unqualified success and VHIA takes continuing pride in its role of creating Health Legal in conjunction with Natalie Franks as a major service benefit to members and its continuing share ownership on behalf of members.

The VHIA Board has functioned in a highly cohesive manner under the Chairmanship of John Stanway and I would add that it is a delight to be part of such a united and supportive group.

I would particularly like to congratulate our CEO Alec Djoneff for the way he has led the organisation and the way that the rest of the staff have supported him. We truly do appreciate your efforts Alec, and request that you pass on the board's gratitude to your staff.

I thank you for your attendance here today and we look forward to continuing to provide a valued service to the membership.

John Krygger
Acting President
Victorian Hospitals Industrial Association

Chief Executive Officer's Report
Annual General Meeting of Members 14 October 2005

VHIA consciously set out this year to significantly strengthen our public sector industrial relations capacity to meet new demands arising from the enterprise bargaining system that prevails in this sector.

The appointment of Brian Sullivan in 2004, to a new position of Manager, Industrial Relations Services, and Robert Burrows in early 2005 were the most tangible and welcome expression of this commitment. The appointments were universally well received by members and the benefits of this increased firepower are substantial. It has enabled VHIA to assume a stronger leadership role in the enterprise bargaining processes that seem to consume so much of our time and energy.

The future shape of the federal industrial relations system is looming as a major political event in late 2005. The general thrust of the federal government's mooted changes will, to an unknown degree, alter the power relationships in the enterprise bargaining processes. The policy position of the State government in respect of public sector agencies in the face of the mooted changes is yet to become clear, but it is likely that the commitment to collective bargaining will be sought to be maintained.

The Health Industry unions are pressing claims for commitments that all current industrial entitlements be retained beyond the operative date of the changed industrial legislation. A final state government position on this question is imminent.

At this stage it seems clear that the "Registered Employer Association" status that VHIA enjoys will be retained.

The membership and client base of VHIA is steadily growing and this has placed additional demands on our consulting services and the training /education services. VHIA has formed an alliance with the Gordon Institute for the provision of management training (Diploma courses) and demand has exceeded expectation by a considerable margin.

Our Management Services unit has, and still is, undertaking major management effectiveness consultancies in various NSW Area Health Services, identifying substantial savings and revenue opportunities and we fully intend to make these available for our Victorian members during 2005, 2006 and beyond.

As in past years, I am highly appreciative of the efforts and commitment of the VHIA staff and the ongoing support and wisdom of John Stanway and the VHIA Board members.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

TABLE OF CONTENTS

Committee's Report	1 - 4
Financial Report	
Statement of Financial Performance	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 14
Statement by Members of the Committee	15
Independent Audit Report	16
Certificate by Member of Committee	17
Additional Information	18 - 20

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

Principal Activities

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

- to represent public health sector employers in industry enterprise bargaining negotiations with relevant health industry unions;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in the Australian Industrial Relations Commission;
- to assist and advise members of their and their employees industrial obligations under award and certified agreements;
- to represent members in relevant negotiations and liaise with the Victoria Department of Human Services having regard to their obligations under diverse government policies;
- to encourage and foster sound consultative arrangements designed to prevent disputation and facilitate resolution of potential or actual disputes.

Results of Principal Activities

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

Significant Changes in the Nature of Principal Activities

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

Significant Changes in Association's Financial Affairs

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

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

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

Number of Members

The number of organisations who, at the end of the financial year, were recorded on the Register of Members was 130.

Number of Employees

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

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

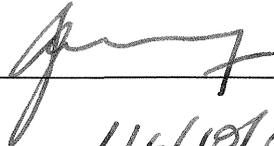
Members of the Committee of Management

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

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

Name: John Stanway

Title: President

Signature: 

Date: 14/10/05

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

Manner of Resignation

TERMINATION OF MEMBERSHIP

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

where a member has become unfinancial and at least twenty-eight (28) days before the Board orders that the member be struck off the Register of Members, the General Manager shall advise the member, in writing, that if he/she fails to pay the outstanding subscriptions and is unable within fourteen (14) days to show cause why they are unfinancial then within fourteen (14) days of the date of the letter then he/she will be struck off the Register of Members without further notice. If the member pays the outstanding subscriptions within that time then he/she shall not be struck off the Register of Members.

- (g) Any member who shall be expelled from the Association under the provisions of Rule 34 shall thereupon cease to be a member.
- (h) Members ceasing to be such from any cause whatsoever shall have no claim of any kind monetary or otherwise on the Association or its assets.
- (i) Within 28 days after the Association receives from a member a notice of the member's resignation from membership of the Association, the Association will give written notice of the resignation to:
 - (1) the Industrial Registrar; and
 - (2) each organisation of employees that is bound by an award that, when the Association received the notice from the member, bound the member because of membership of the Association.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

(b) Leases

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

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

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

(c) Investments

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

(d) Employee Benefits

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue

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

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

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

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

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

(f) Comparative Figures

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

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

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

NOTE 13: CASH FLOW INFORMATION (Continued)

NOTE 14: ASSOCIATION DETAILS

The principal place of business of the association is:
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
Level 1, 499 St Kilda Road
Melbourne VIC 3004

Committee Of Management Statement

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

The Committee of Management declares in relation to the GPFR that in its opinion;

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

For Committee of Management: John Krygger

Title of Office held: Audit & Risk Management Chair

Signature:



Date:

14 October 2005

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

Scope

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

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

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

Audit Opinion

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

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



David Lissauer

Partner

29 September 2005

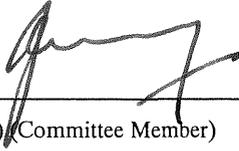
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

CERTIFICATE BY MEMBER OF THE COMMITTEE

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

- (a) We are members of the committee of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION.
- (b) We are authorised by the attached resolution of the committee to sign this certificate.
- (c) This annual statement was submitted to the members of the association at its annual general meeting.

Dated this 29th day of September 2005



John Stanway (President) (Committee Member)

John Krygger (Deputy President) (Committee Member)

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

Sothertons
Level 6, 468 St Kilda Road
Melbourne VIC 3004

A handwritten signature in black ink, appearing to read 'M Lipson', with a long, sweeping horizontal line extending to the right.

Mark Lipson
Director

29 September 2005

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

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

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

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

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

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