



IHEA

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

SUPPORTING HEALTH FACILITIES MANAGEMENT



ANNUAL REPORT 2004

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

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Presidents Report and Executive Review

Our focus for the past year has been compliance. We have set a course to ensure we totally comply with ASIC and ATO laws, whilst maintaining transparency. We have also spent considerable effort focusing on the corporate plan and the marketing of IHEA.

These approaches have ensured a successful and eventful year for the Institute of Hospital Engineering, Australia, with membership held steady and moving towards a slight increase.

2003/2004 was a challenging and exciting year in which to be President.

Looking back on this time, I have a better understanding of the work and direction of my predecessors in shaping the Institute over the past fifty-five plus years.

Secretarial / Governance: to ensure we are adequately protected against litigation we have taken out product, public liability & directors' insurance, and we have established a calendar of key compliance dates. The number of board meetings has been reduced to decrease costs.

Financial / Governance: changes to the financial structure include a budget for '04 / '05, increase in membership fees, one financial account, branches to run to a profit & loss report, adoption of the treasurer's manual including delegations manual, creation of a scholarship scheme for all states

Membership: membership numbers have been maintained over the past twelve months, with changes to the cost of membership deemed necessary to align the income of the institute with the expenses

Website: a new website has been established with modern features such as document repository for relevant papers, and an up to date calendar of events, it is well worth a visit.

Hospital Engineer Journal: the Journal to be placed on the website each quarter.

Benchmarking / Assetmark: new Key Performance Indicators linked to DHS / User / ACHS needs, Assetmark follow up to CEO's and prospective participants.

Corporate Plan / Marketing: new livery, including tie design, and medallions. Also a direct mailing campaign to potential members and new member's handbook.

ANZEX Delegates: new guidelines for setting the program for participating members.

History: all Journal articles from the first edition to current to be burnt to compact disc.

Rules: review and update rules / policies, develop new Board guidelines to enhance and simplify rules.

Standards Australia: a set of guidelines has been developed for any member representing the Institute.

Professional Development: further development of the database has taken place' thanks largely to the work of the West Australian Branch, and in particular Fred Jamieson. Compact disc version of the database will soon be ready for distribution to members who are interested.

Industry representation: interaction with government agencies has gone from strength-to-strength, with the Hero report being a joint IHEA / Vic Department of Health project, which led to the development of the Energy section on the website.

Collaboration: recognising that we are not alone in the services we offer to our members, we are looking to partner with like organisations, with the first step being to ensure we do not compromise our Institute. We have been working towards negotiating a memorandum of understanding with Australian Institute of Refrigeration Air-conditioning & Heating (AIRAH) and Facilities Management Australia (FMA)

I feel honored to have been President at a time when we have moved quickly and decisively on a number of issues that will further enhance IHEA's relevance as the peak body in health engineering.

I would like to personally thank all of the Directors for their assistance and support in the past twelve months.



Michael McCambridge
National President

Treasurers Report

The 2003 – 2004 financial year was dominated by significant restructuring of IHEA business practices aimed at corporate accountability, compliance and transparency. These changes will bring the institute in line with accepted business practices. The area of greatest change has been in the area of accountability. These changes have been driven by another year of losses, (\$41,000) and increased company audit requirements. Institute business practices are now underpinned, for the first time, by comprehensive budgets, a finance manual, delegations manual and a number of finance policies. It was also necessary to apply controls to member subsidies to improve accountability by creating a scholarship scheme.

A cost reduction strategy was instigated to halt the institute's continuing losses. This included increasing annual membership fees from \$180.00 to \$250.00, reducing the number of board meetings to three and a number of budget cuts to administrative areas. An investment policy, now in place, has enabled our reserve funds to be put good use in a high interest investment account.

All branch accounts have been consolidated into the one financial system. This will mean there will be one national balance sheet so that all branches, including the Council, will no longer have a bank balance. Reporting will be on a profit and loss basis, by branch. The institute now operates an EFTPOS terminal for credit card payments and internet banking, all at a new bank.

The year has been a difficult time for all state treasurers with many changes being implemented at a rapid pace, often several in a week. I would like to thank all state treasurers for their co-operation and support for what has been at times major paradigm shifts. Further consolidation of our income accounting procedures are still needed along with further training on the new systems.



Kevin Moon
National Treasurer

DIRECTORS' REPORT

Your directors present their report on the Institute for the financial year ended 30 June 2004.

DIRECTORS

The names and particulars of the National Council of the Institute, in office at the date of this report, are set out below together with their qualifications and experience. No director has a special responsibility:

Directors	Date Appointed	Experience
Michael McCambridge (President)	16/10/03	19 years in Health Engineering – Maintenance Manager, Maintenance Engineer & Deputy Director – Infrastructure – Melbourne Health
John Dransfield (Vice-President)	16/10/03	20 years in Health Facility Management. 10 years in Senior Management positions, Maintenance Manager, Operations Manager, Campus Facilities Manager and Manager Physical Resources.
Kevin Moon (Treasurer)	16/10/03	16 years in Health Engineering & Management. 3 years Asst. Eng. Mt. Royal Hospital, 10 years Senior Projects Engineer Austin Hospital, 1 year Project Manager NW Health, Facilities Engineering Consultant
Michael Ellis (Secretary)	16/10/03	13 years in Health Engineering & Management – Electrical Technician, Supervisor, Manager of Asset Services Noarlunga Health Services
Sergio Adofaci – Vic/Tas	16/10/03	21 years as Director of Engineering P.A.N.C.H. Hospital Melbourne, 10 years Consulting Engineer in Health Facilities.
Geoff Johnston – NSW	16/10/03	28 years in Health Engineering & Management, 5 years Maintenance Supervisor, 5 years Area Engineer, 18 years Chief Engineer Nepean Hospital.
Stuart Hentschel - Qld	16/10/03	9 years Health Engineering & Management, 20 years Royal Australian Navy, 3 years Local Council.
Hank DeDeugd – Vic/Tas	16/10/03	20 yrs experience in health related industry. Director of Engineering Women's & Children's Health (Melb); Consulting Engineer
Steven Butt - NSW	16/10/03	16 yrs Health Engineering & Management. Manager Asset Management, Greater Murray Area health Service.
John Wilson - NSW	16/10/03	28 yrs Health Engineering, 13 yrs Deputy Engineer, 3 yrs Building Engineer, 12 yrs Chief Engineer.
Octo Moniz - WA	16/10/03	12 yrs Healthcare Engineering & management / 13 yrs Merchant Marine – 3 yrs as Technical Superintendent and 8 yrs Chief Engineer.
Len Mumme - WA	16/10/03	14 yrs Health Engineering, 5 yrs Service Engineer in Industrial, Mining and Transport Power Drive / transmission systems, 20 yrs RAN marine engineering.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Institute during the financial year were the promotion, training and cultivation of persons engaged in the design, construction and maintenance of health care facilities.

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

OPERATING RESULT

The operating loss of the Institute after providing for income tax was \$41,841.

DIVIDENDS PAID OR RECOMMENDED

In accordance with the Institute's Rules, no dividend can be paid or declared.

REVIEW OF OPERATIONS

The income for the year ended 30 June 2004 of the Institute was \$177,773 compared to \$244,369 for the previous financial year. The operating loss before income tax of \$42,187 compares unfavourably with the profit of \$28,981 incurred in the previous year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Institute other than that referred to in the accounts or notes thereto.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Institute, the results of those operations, or the state of affairs of the Institute in financial years subsequent to this financial year.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Institute and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Institute.

DIRECTORS INTEREST IN SHARES AND OPTIONS

The Institute is a company limited by guarantee. Accordingly, there are no shares or options on issue.

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES

The Institute is not subject to significant environmental regulations under the law of the Commonwealth and State.

INDEMNIFYING OFFICERS OR AUDITOR

The Institute has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Institute or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

MEETING OF DIRECTORS

The number of meetings of the Institute's board of directors held during the year ended 30 June 2004, and the number of meetings attended by each director were:

	Meetings Attended	Number of Eligible Meetings
Michael McCambridge (President)	4	4
John Dransfield (Vice-president)	4	4
Kevin Moon (Treasurer)	4	4
Michael Ellis (Secretary)	4	4
Steven Butt (Website Coord)	4	4
Sergio Adofaci (Journal Coord)	4	4
Stuart Hentschel (Anzex Coord)	4	4
Octo Moniz (Asset Mark)	4	4
Hank DeDeugd (Marketing)	4	4
John Wilson (Historian)	4	4
Geoff Johnston (Membership Registrar)	4	4
Len Mumme (AS Coord)	3	4

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No person has applied for leave of Court to bring proceedings on behalf of the Institute or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Institute for all or any part of these proceedings.

The Institute was not a party of any such proceedings during the year.

Signed in accordance with the resolution of the Board of Directors.

On behalf of the Directors

Kevin Moon
Treasurer

Dated this 17th day of September 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

We have audited the attached financial report, being a special purpose financial report of Institute of Hospital Engineering, Australia for the year ended 30 June 2004, as set out on pages 5 to 13. The Institute's Directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Institute. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of 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 the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the Institute's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

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

Qualification

As is common for organisations of this type, it is not practical for Institute of Hospital Engineering, Australia to maintain an effective system of internal control over its income activities until their initial entry in the accounting records. Accordingly, our audit in relation to income was limited to amounts recorded.

Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of Institute of Hospital Engineering, Australia is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Institute's financial position as at 30 June 2004 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (b) complying with Accounting Standards, comprising AASB 1025: Application of the Reporting Entity Concept and Other Amendments and other Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
2. other mandatory professional reporting requirements to the extent described in Note 1.

Campbell Wallis Moule & Co
Certified Practising Accountants



Donald Alkemade
Melbourne

Date: 17th day of September 2004

DIRECTORS' DECLARATION

The Directors have determined that the Institute is not a reporting entity. The Directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements:

The Directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 6 to 13, presents fairly the financial position of Institute of Hospital Engineering, Australia as at 30 June 2004, and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' opinion there are reasonable grounds to believe that the Institute of Hospital Engineering, Australia will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors signed on behalf of the Institute by:



Kevin Moon
Treasurer

Dated this 17th day of September 2004

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
Revenue from ordinary activities	2(b)	177,773	244,369
Other expenses from ordinary activities	2(c)	(219,960)	(215,388)
		<hr/>	<hr/>
Profit / (loss) from ordinary activities before income tax expenses		(42,187)	28,981
Income tax expense relating to ordinary activities		346	(5,846)
		<hr/>	<hr/>
Net profit / (loss) from ordinary activities after income tax expense		<u>(41,841)</u>	<u>23,135</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	3	235,021	294,407
Receivables	4	1,650	-
Inventories	5	-	-
Total Current Assets		<u>236,671</u>	<u>294,407</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>8,085</u>	<u>9,273</u>
Total Assets		<u>244,755</u>	<u>303,680</u>
CURRENT LIABILITIES			
Payables	7	(1,319)	9,482
Tax liabilities	8	(1,703)	4,580
Total Current Liabilities		<u>(3,022)</u>	<u>14,062</u>
Total Liabilities		<u>(3,022)</u>	<u>14,062</u>
Net Assets		<u>247,777</u>	<u>289,618</u>
EQUITY			
Retained profits	9	<u>247,777</u>	<u>289,618</u>
Total Equity		<u>247,777</u>	<u>289,618</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		173,223	235,792
Payments to suppliers		(231,127)	(208,262)
Interest received		2,901	2,277
Income tax received/(paid)		938	21,160
Net cash provided by (used in) operating activities	11	(54,231)	50,967
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(5,155)	(6,862)
Net cash used in investing activities		(5,155)	(6,862)
Net increase/(decrease) in cash held		(59,386)	44,105
Cash at the beginning of the financial year		294,407	250,302
Cash at the end of financial year	3	235,021	294,407

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Corporations Act 2001. The Council has determined that the Institute is not a reporting entity.

The report has been prepared in accordance with the requirements the following Accounting Standards:

AASB 1002: Events Occurring After Reporting Date

AASB 1018: Statement of Financial Performance

AASB 1025: Application of the Reporting Entity Concept and Other Amendments

AASB 1031: Materiality

AASB 1034: Financial Report Presentation and Disclosures

AASB 1040: Statement of Financial Position

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

This report is also prepared on an accruals basis and is based on historical cost, and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous year, unless otherwise stated, have been adopted in the preparation of these statements:

(a) Income Tax

The Institute adopts the liability method of tax effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Non-member income of the Institute is only assessable for income tax as member income is excluded for income tax purposes due to the principal of mutuality.

(b) Revenue

Revenue from the rendering of services and the sale of goods to members is recognised on a cash receipts basis.

Receipts for services not performed at balance date are recognised as unearned income.

Interest revenue is recognised on a cash receipts basis.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(d) Property, plant and equipment

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

All assets are depreciated on a straight line basis over their useful lives to the Institute.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 \$	2003 \$
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES		
Profit/(loss) from ordinary activities before income tax has been determined after:		
(a) Expenses		
Bad and doubtful debts	207	8,315
Depreciation of property, plant and equipment	4,359	3,421
Remuneration of auditor:		
- audit or review	5,325	3,900
- other services	-	-
	5,325	3,900
(b) Revenue		
Conference and function fees	95,311	157,531
Membership revenue	58,668	64,183
Interest received	2,900	2,277
Other income	20,894	20,378
	177,773	244,369
(c) Other expenses from ordinary activities		
Conference costs	107,571	72,307
Honoraria	10,950	10,450
Travel and Accommodation expenses	13,129	19,044
Other expenses	88,310	102,020
	219,960	215,388
NOTE 3: CASH ASSETS		
Cash at bank	85,021	294,407
Short-term deposits	150,000	-
	235,021	294,407

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 \$	2003 \$
NOTE 4: RECEIVABLES		
Trade debtors	1,650	-
	<u>1,650</u>	<u>-</u>
NOTE 5: INVENTORIES		
Stock on hand – at cost	-	-
	<u>-</u>	<u>-</u>
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Office equipment – at cost	60,799	66,576
Less: Accumulated depreciation	52,715	57,303
	<u>8,084</u>	<u>9,273</u>
NOTE 7: PAYABLES		
Trade creditors and accrued liabilities	(1,319)	7,497
	<u>(1,319)</u>	<u>7,497</u>
NOTE 8: TAX LIABILITY		
Provision for income tax	(1,703)	4,580
	<u>(1,703)</u>	<u>4,580</u>
NOTE 9: RETAINED PROFITS		
Retained profits at the beginning of the financial year	289,618	266,483
Net profit / (loss) for the period	(41,841)	23,135
	<u>247,777</u>	<u>289,618</u>

NOTE 10: MEMBERS GUARANTEE

The Institute is incorporated under the Corporations Act 2001 as a company limited by guarantee and, as such does not have a share capital.

If the Institute is wound up, the Articles of Association state each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Institute.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
NOTE 11: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with		
Operating profit (loss) after income tax		
Operating profit/(loss) after income tax	(41,841)	23,135
Non-cash flows in operating profit:		
- depreciation of non-current assets	4,359	3,421
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,650)	2,015
- (increase)/decrease in inventories	-	670
- (decrease)/increase in payables	(8,816)	(5,281)
- (decrease)/increase in tax liability	(6,283)	27,007
Net cash inflow/(outflow) from operating activities	54,231	50,967

NOTE 12: COMPANY DETAILS

The registered office and place of business of the company is:

21 Summit Crescent,
North Ringwood VIC 3134
Treasury (Current)

Macquarie Business Centre
Level 1, Colonial Arcade, Hay Street
Business Address (Current)
(P.O. Box 1405)
Port Macquarie NSW 2444

