



# IHEA

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA  
SUPPORTING HEALTH FACILITIES MANAGEMENT

## ANNUAL REPORT

2005 - 2006



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## **Meet your directors**

### **John Dransfield - President**

John has 21 years experience in Health Facility Management, eleven years in senior management positions: Maintenance Manager, Operations Manager, Campus Facility Manager and currently Manager of Physical Resources, Women's and Children's Health Service, Western Australia.

### **Henk de Deugd - Vice President**

Henk's focus in the last twelve months has been a strategic approach to the enrichment of professional development activities. Henk is Principal Engineer at the Royal Children's Hospital, Melbourne.

### **Mike Ellis - Secretary**

Mike has been 15 years in the health industry. He currently holds the role of Manager, Site & Asset Services at Noarlunga Health Services in South Australia. Mike has a background in electrical engineering and has been on the National Board since 2001 as South Australian representative. Mike's role as National Secretary expires at the AGM in 2006.

### **Kevin Moon - Treasurer**

Kevin's work in the past twelve months has been the final consolidation of the financial management systems and fine tuning of the major changes undertaken over the last three years. Kevin's role as National Treasurer expires at the AGM in 2006.

### **Michael McCambridge - Board Member/Immediate Past President**

Michael's work on the board over the past twelve months has been related to membership, including database upgrade, renewal cards/calendars and its interconnection to the secretariat/financial systems. He has also been assessing our current and future insurance needs in relation to our activities, AssetMark, professional development, website, and conferences.

### **Geoff Johnston - Membership Registrar**

Geoff was employed at Nepean Hospital, Penrith, NSW, for 28 years prior to his retirement in July 2002. His role before retirement was Chief Engineer of the Wentworth Area Health Service with Fire Officer's duties. Geoff's term as Hon. Membership Registrar expires at the AGM in 2006.

### **Stuart Hentschel - Board Member**

Stuart represents the Queensland branch on the board and provides assistance to other portfolios as required. His vision is to see the board work towards creating professional development opportunities on a national level for all members to take advantage of.

### **Cliff Pollock - Board Member**

Cliff is currently employed as the Engineering Services Manager at the St. George Hospital in Sydney. Prior to this he was the Engineering Operations Manager at the John Hunter Hospital in Newcastle. Cliff has been employed in the health engineering & facilities management industry for the past 16 years and has an electrical engineering background both here and overseas.

### **John Wilson - Board Member**

John has held various roles in health engineering in Sydney for 30 years, and has been a member of the NSW Committee of Management constantly for 28 of those years. He currently holds the position of Engineer, Building Services at Royal North Shore Hospital and Community Health Services – Northern Sydney / Central Coast Health. John's background has been in mechanical/steam engineering, and has enjoyed the last three year term as a Director and Historian which expires at the AGM in 2006.

### **Bruce Gilpin - Board Member**

Bruce represents the Vic/Tas branch on the board and has been responsible for the co-ordination of communications. Bruce is Project Engineer at the Royal Melbourne Hospital.

### **Len Mumme - Board Member**

Len has a background in RAN Marine Engineering. He has been 17 years in the WA health industry and currently holds the position of Manager, Physical Resources in the WACHS Wheat Belt – Southern, based at Narrogin Regional Hospital in Western Australia. Len is the WA Branch President and has been on the National Board since 2004 as a Western Australian representative.

# President's Report and Executive Review

*The demand for statutory compliance and sustainability of the Institute continues to be the focus for the board.*

Our continuing focus has been the review of our business rules and internal management processes. This has built on last year's work to ensure compliance with ASIC and ATO requirements including full compliance with the provisions of the Corporations Act 2001.

The board has also concentrated on improving service to members with enhancements made to both the website and the journal. Professional development seminars have been held in most states and we are making the procedures available either in the journal or on the website. Members are advised of PD seminars via the web and our recently commissioned e-newsletter.

The year has been a challenging one both personally and for your board, we are aware that the increase in fees caused some membership concern, but we need to ensure that the Institute remains in a sound financial position allowing us to provide and improve our service to members. We could not continue running down our surplus, this is not sustainable nor sound business practice.

It is clear that we have the opportunity to build on the work done by the previous boards and I firmly believe that the board is moving towards being able to concentrate on service to members as we have clarity in our business practices and the legal reporting requirements.

Governance:- management consultants have been engaged to review our Articles of Association, these no longer meet the requirements of the Corporations Act 2001. They are being redrafted as the Institute's Constitution and will be presented to the Annual General Meeting for membership approval, the consultant will be available to take questions on the constitution and the need for change. Whilst this may not appear to be core business for the Institute, we are required to comply and to do otherwise or to ignore professional advice regarding this would be illegal and cannot be endorsed by the board.

Additionally all board members have attended directors' training, and this will be offered to all future board members. This ensures that all new directors are aware of their personal and legal responsibilities in being a company director. An immediate benefit has been the reduction in board meeting times as the operating business of the Institute can be handled outside of the meeting allowing us to concentrate on more strategic issues. Finally, we have restructured the board meetings to four hours held at the Melbourne Airport with most directors flying in and out on the same day, this has significantly reduced the board's operating costs.

## Finance

The Institute is on a sound financial footing. The national and state treasurers have done an immense amount of work in preparing budgets and working in compliance with both the Finance and Delegation manuals. The board has increased budgets for member scholarships, and members are encouraged to apply for scholarship funds for study, research or to attend professional development.

## Membership

Membership has remained relatively static overall but we have experienced an increase in some states and the Corporate Membership category has been popular with those not directly employed within the healthcare field.

## Website

The board has reviewed and sought assistance in seeking third party organisations to manage the website, this was not pursued due to cost considerations. It was determined that with appropriate training we could handle this inhouse with assistance from the Victorian secretariat acting as webmaster. I urge you all to visit the updated website; it is more user friendly and has useful and important information for your use.

## Journal

The journal is now published by AIRAH, and as part of our agreement with AIRAH, a reader survey was recently undertaken and the results published in the summer edition. Generally the feedback was positive and the board have taken on board your comments for future changes regarding what you wish to see in the journal.

## AssetMark

Len Mumme continues to work with our consultants in developing and marketing AssetMark. We will shortly begin a revitalised campaign to market AssetMark, based on feedback from the phone survey carried out both with AssetMark users and potential users.

## **Corporate/Strategic Plan**

The strategic plan has been reviewed and updated to set a clear direction for the IHEA 2005 to 2009. Objectives have been set for 2005/2006 and the whole plan has been published in the journal, with a follow up strategic planning session to be held during the upcoming national conference during which we seek your feedback and comment.

## **Rules**

All proposed draft changes to the rules have been deferred pending changes to the Articles of Association and the agreement on the Institute's new constitution.

## **Collaboration**

The memorandum of understanding signed with AIRAH to provide secretarial and member services is working well, albeit there have been some changes to the original scope of works. The MOU is closely monitored and my executive continue to meet with AIRAH Offices prior to each board meeting so that we continue to develop and modify the scope to ensure that our requirements continue to be met.

I was honoured to represent the Institute at the IFHE Congress in Capetown, South Africa held in May. I will present a brief overview during the AGM.

On behalf of the Institute, I acknowledge my executive and board members for their support, and for being candid and open at meetings. They all do an immense amount of work in their own time and do so with a passion and commitment that we should applaud. I personally offer my thanks to those board members standing down at this years AGM - Kevin Moon, Treasurer; Mike Ellis, Secretary; and Geoff Johnston as Membership Registrar.

In closing, I recognise that we have made some hard decisions during the last year. They were not taken lightly but always our main thrust is to improve service to you, the members, parallel with the need to comply with all of our legal obligations as a corporation under the Corporations Act.

The Institute is well placed to address the challenges ahead but I urge members to become involved in the management of your Institute either at state or national level. The board needs committed members to step up and seek to become part of the management so that we can continue to grow and prosper.

**John K Dransfield**

**National President 2005/2006**

## **National Vice President's Report**

The IHEA continues to be revitalised as it forges ahead to develop best practice in the health engineering field. Our renewed focus, generated by our recently published strategic direction, has enabled us to deliver more effective services to members through the integration of networking opportunities, site tours, technical workshops and seminars, conferences and the strengthening of industry alliances.

This is further supported by the increased membership response to branch activities, particularly those activities with substantial technical content, sharing opportunities, site inspections and the opportunities to build industry networks. All states have recorded an improvement in meeting attendance by members and non-members and an increased interest in membership.

It is evident that the health industry is expecting more from its staff these days with members finding it difficult to leave their workplace to attend IHEA events. Consequently members are becoming more selective in their choice of work related meetings and activities; not withstanding this, support for our professional development program continues to grow.

This year, the IHEA has introduced new ways to assist its members to develop interpersonal, organisational and communication skills, as well as an increased awareness of new technical knowledge and skills required to optimally operate and maintain health facilities.

**Henk de Deugd**  
**National Vice-President**

## **National Treasurer's Report**

Well, we have finished the financial year staying on track as a year of consolidation. We have generated a larger than anticipated surplus and this is mainly due to conservative spending all round. It is most pleasing to see that there has been a substantial change in culture over the past three years with a sharper focus on member services whilst minimising waste. This year's surplus puts us in a great position for the coming year when anticipated expenditure is set to increase and the forecast surplus is almost break-even. Some of the large fiscal management and expenditure items the board will focus on will be:

- lower than usual income from the conference as we settle into running with professional organisers
- web site update
- new membership database
- increased administration costs that reflect increased professional development activity
- reinvestment in AssetMark

The accounting function and systems have continued to mature during 2005-06. Over the past 12 months, membership accounting has been undertaken in one system for the first time resulting in increased accuracy both from an accounting and management point of view. The Institute now employs an advanced financial tracking system whereby almost all accounting transactions are handled electronically, from completing a Financial Transaction Voucher and emailing it by the various state treasurers, through to electronic payment of accounts by the Bookkeeper with the National Treasurer providing final authorisation. As a national organisation, this means of transacting business has kept us at the forefront of professional bodies.

I would like to thank the state treasurers and committees of management for their support over the last three years. I know at times it has been difficult but I think you will all agree it has been worth it. I step down as National Treasurer in September and will be replaced by Steve Jones who is the Victorian State Treasurer. I know Steve will do a great job and continue to improve things whilst maintaining the focus on regulatory compliance.

**Kevin Moon**  
**National Treasurer 2003-2006**

# **National Secretary's Report**

This financial year has seen the advent of further developments in the fields of electronically communicating to members, professional development activities and outsourcing of some services to provide an efficient, professional service to IHEA.

## **Communications**

The website continues to develop with the new web site manager appointed. Enhancements include new links to conferences, professional development activities, interesting articles and papers, on line registrations, various contacts, our mission, 'about the Institute' and other professional activities and information. Much of the information requires membership passwords to gain access to the members' section of the website. E-news is monthly electronic newsletter or email advising all members of up and coming events or news relating to IHEA activities. Contact info@ihea.com.au if you have forgotten your password or you are not receiving e-newsletters. Alternatively, update your own details via the website at www.ihea.com.au

## **Professional Development**

Professional development seminars are starting to roll out within and across states with encouragement from the board. Further information can be sourced via the e-news or the website, under 'conferences'. The board has also provided some funding for those members wishing to pursue a scholarship in a selected IHEA field; contact a board member for further information.

## **Conferences**

It is great to see all states have had at least one mini conference this year. Besides the knowledge sharing and professional development that we achieve at these conferences, it is a great social activity for members, sponsors and partners. Our major national conference this year is in Adelaide on 5th – 7th September 2006, with the theme being 'Engineering in Health Facilities'. Event Planners was awarded a 3 year contract to fully facilitate the national conference and to date have been doing an excellent job.

Other information this year includes Kevin Moon being the ANZEX delegate to NZ. He will have a difficult task in maintaining the standard set by Jim Cozens last year.

AIRAH continues to provide our secretariat services as well as supporting us to produce a quality journal.

This year will see some new blood to the board, with the standing down of Kevin Moon as National Treasurer, Geoff Johnston as Membership Registrar and myself as National Secretary. Geoff and Kevin have been instrumental in wholesale changes to the Institute as they basically had to start their roles from scratch.

Finally in closing, I believe the board has the Institute in great shape (financially and ASIC compliant), and has the nucleus to seek additional members and to develop into a truly professional body to meet its members' needs.

**Mike Ellis**

**National Secretary 2003-2006**

# **Web Site Coordinator's Report**

A new webmaster was sought to improve the timeliness & integrity of the website. After searching for an appropriate webmaster, the management and maintenance has been shifted in-house. All works are now being carried out by the Vic/Tas Secretariat, Heidi Moon. This has led to huge improvements in the website's look and status (updates now take place several times a week). The new-look website has made for easier navigation through the various levels in the web data-base repositories, with enhancements taking place constantly. For up-to-date information on the Institute I encourage all members to logon.

**Bruce Gilpin**

**Web Coordinator**

## **Membership Registrar's Report**

My term expires this year and I have enjoyed the role allotted to me over the past four years. There have been several major changes during my time in office, some for the better. It has been a pleasure to work alongside my other board members and I thank them all for the assistance given to me during this sometimes hectic transition period. The process of maintaining the extensive database is a never ending problem of ensuring that the information is up to date, this can only be achieved by constant surveillance and feed back from members. I wish to convey my best wishes to the new board members for the future betterment of the Institute. I will be standing again as the NSW Branch Treasurer as long as I am needed and to keep me semi sane. Thank you.

**Geoff Johnston**

**Membership Registrar**

## **AssetMark Coordinator's Report**

The "Preview" brochure describing the development of AssetMark and detailing its processes has been revised. It is now easily available on the IHEA website.

A letter mailout was conducted with approximately twenty city and rural secondary hospitals – public and private in each state. The correspondence provided a letter on the benefits of participating in AssetMark and the "Preview" brochure. The letter included contact references for interested parties to seek first-hand information on the benefits they will derive from participating in AssetMark and an example of a benchmarking reporting to demonstrate the information they will receive from their benchmarking exercise.

A market research project has been undertaken for the board by the Small Business Marketing Services. The project brief was to determine that AssetMark was correctly valued at its current price and its awareness in the health industry. The report's findings conveyed that the pricing was appropriate to the content value of the program but disclosed a shortfall in the awareness of the benchmarking program. The National Board is further addressing the recommendations from the report to promote the product and provide more support to the clients.

A sliding fee structure was developed and approved by the board, to give consideration to clients participating with multiple sites, eg. health areas or regions where several sites within the one region and managed by the same Facilities Manager may be benchmarked, as well as the comparison made to similar/like sites across Australia.

Inquiries on AssetMark continue to be received from public and private facilities on a regular basis from across Australia. The emphasis on accreditation by the public and private health industry has raised interest in benchmarking in Criterion 5.1.2 (EQuIP3) - "...Performance indicators to be measured and compared internally, and with external systems, and improvements made, as required." For the financial year 2005/2006 six questionnaires have been processed of which three were repeat surveys and three were first event surveys.

**Len Mumme**

**Asset Mark Coordinator**

## **Journal Coordinator's Report**

The new documents trail from the Editor to the Proof Reader and the Publisher has been implemented and all parties are satisfied with the outcome. The Winter issue did not look promising until the I.F.H.E. Congress papers arrived (thanks to Bruce Nosedá ). It is getting more and more difficult to obtain front cover articles and front cover pictures. If we cannot supply these items, perhaps we should consider marketing the front cover to Industry (I don't like this idea). Journal articles are posted on the IHEA website with the cooperation of Heidi Moon. It is a pity that apart from WA, which always deliver, the other branches are remiss in supplying branch news items for the members

**Sergio Adofaci**

**Editor**

# **FINANCIAL STATEMENTS**

**2005 - 2006**

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

**SPECIAL PURPOSE FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2006**

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# INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

## DIRECTORS' REPORT

Your directors present their report on the Institute for the financial year ended 30 June 2006.

### 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:

<i>Directors</i>	<i>Date Appointed</i>	<i>Experience</i>
John Dransfield (President)	16/10/2003	20 years in Health Facility Management. 10 years in Senior Management positions, Maintenance Manager, Operations Manager, Campus Facilities Manager and Manager Physical Resources.
Henk DeDeugd – Vic/Tas (Vice-President)	13/10/2004	20 yrs experience in health related industry. Director of Engineering Women's & Children's Health (Melb); Consulting Engineer
Michael Ellis - SA (Secretary)	17/10/2001	13 years in Health Engineering & Management – Electrical Technician, Supervisor, Manager of Asset Services Noarlunga Health Services
Kevin Moon – Vic/Tas (Treasurer)	17/10/2001	15 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 McCambridge – Vic/Tas (Immediate Past President)	19/10/2000	26 years Director of Building & Engineering Services, Director of Facilities Management in major teaching hospitals.
Ken Liddell - Qld	20/10/2005	
Geoff Johnston – NSW	17/10/2001	28 years in Health Engineering & Management, 5 years Maintenance Supervisor, 5 years Area Engineer, 18 years Chief Engineer Nepean Hospital.
Cliff Pollock - NSW	20/10/2005	
John Wilson - NSW	13/10/2004	28 yrs Health Engineering, 13 yrs Deputy Engineer, 3 yrs Building Engineer, 12 yrs Chief Engineer.
Len Mumme - WA	13/10/2004	14 yrs Health Engineering, 5 yrs Service Engineer in Industrial, Mining and Transport Power Drive / transmission systems, 20 yrs RAN marine engineering.
Bruce Gilpin – Vic/Tas	20/10/2005	

# **INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA**

**ABN 51 004 313 142**

## **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 profit of the Institute after providing for income tax was \$66,017.

### **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 2006 of the Institute was \$337,696 compared to \$329,150 for the previous financial year. The operating profit before income tax of \$74,391 compares favourably with the small profit of \$3,947 incurred in the previous year and shows a positive trend going forward.

### **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  
Institute.

### **DIRECTORS INTEREST IN SHARES AND OPTIONS**

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

# INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

## 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 2006, and the number of meetings attended by each director were:

	<b>Meetings attended</b>	<b>Number of eligible meetings</b>
John Dransfield (President)	Oct, Feb, April & July	4
Henk DeDeugd (Vice-president)	Oct, Feb, April & July	4
Kevin Moon (Treasurer)	Oct, Feb, April & July	4
Michael Ellis (Secretary)	Oct, Feb, April & July	4
Michael McCambridge (Immediate Past President)	Oct, Feb, April & July	4
Geoff Johnston (Membership Registrar)	Oct, Feb, April & July	4
Len Mumme	Oct, Feb, April & July	4
Cliff Pollock	Oct, Feb, April & July	4
John Wilson	Oct, Feb, April & July	4
Bruce Gilpin	Oct, Feb & April	3
Ken Liddell	Oct & Feb	2

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 1st day of August 2006

**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 2006, as set out on pages 6 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.

**Audit Opinion**

In our opinion, 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 2006 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 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

**ALKEMADE & ASSOCIATES**

**Certified Practising Accountants**



**DONALD ALKEMADE  
Melbourne**

**Date: 1st day of August 2006**

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

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 2006, 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 1st day of August 2006

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	<b>2(b)</b>	337,696	329,150
Other expenses from ordinary activities	<b>2(e)</b>	<u>(263,305)</u>	<u>(325,203)</u>
Profit / (loss) from ordinary activities before income tax expenses		74,391	3,947
Income tax expense relating to ordinary activities		<u>8,374</u>	<u>(1,570)</u>
Net profit / (loss) from ordinary activities after income tax expense		<u><u>66,017</u></u>	<u><u>2,377</u></u>

The accompanying notes form part of these financial statements.

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

**BALANCE SHEET  
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash assets	3	301,767	237,360
Receivables	4	20,580	10,599
Inventories		-	-
<b>Total Current Assets</b>		322,347	247,959
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2977	4,962
<b>Total Assets</b>		325,324	252,921
<i>CURRENT LIABILITIES</i>			
Payables	6	925	2,913
Tax liabilities	7	8,228	(146)
<b>Total Current Liabilities</b>		9,153	2,767
Total Liabilities		9,153	2,767
<b>Net Assets</b>		316,171	250,154
<i>EQUITY</i>			
Retained profits	8	316,171	250,154
<b>Total Equity</b>		316,171	250,154

The accompanying notes form part of these financial statements.

INSTITUTE OF HOSPITAL ENGINEERING, AUSTRALIA

ABN 51 004 313 142

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		300,115	195,078
Payments to suppliers		(248,685)	(208,394)
Interest received		12,977	15,467
Income tax received/(paid)		-	642
Net cash provided by (used in) operating activities	<b>10</b>	64,407	2,793
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		-	(454)
Net cash used in investing activities		-	(454)
<b>Net increase/(decrease) in cash held</b>		64,407	2,339
<b>Cash at the beginning of the financial year</b>		237,360	235,021
<b>Cash at the end of financial year</b>	<b>3</b>	301,767	237,360

The accompanying notes form part of these financial statements.

## 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 110:	Events After The Balance Sheet Date
AASB 101:	Presentation Of Financial Statements
AASB 107:	Cash Flow Statements
AASB 1031:	Materiality

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.

## NOTE 2: PROFIT FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax has been determined after:

	2006 \$	2005 \$
<b>(a) Expenses</b>		
Bad and doubtful debts	-	2
Depreciation of property, plant and equipment	<u>1,985</u>	<u>3,576</u>
Remuneration of auditor:		
- audit or review	7,050	8,540
- other services	<u>7,050</u>	<u>8,540</u>

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Revenue</b>		
Conference and function fees	196,044	196,433
Membership revenue	99,485	97,752
Interest received	12,977	15,467
Other income	42,190	19,498
	<u>337,696</u>	<u>329,150</u>
<b>(c) Other expenses from ordinary activities</b>		
Conference costs	152,964	167,945
Honoraria	10,800	10,650
Travel and Accommodation expenses	-	-
Other expenses	99,541	146,608
	<u>263,305</u>	<u>325,203</u>
<b>NOTE 3: CASH ASSETS</b>		
Cash at bank	301,767	237,360
Short-term deposits	-	-
	<u>301,767</u>	<u>237,360</u>
<b>NOTE 4: RECEIVABLES</b>		
Trade debtors	10,085	10,599
Prepayments	10,495	
	<u>20,580</u>	<u>10,599</u>
<b>NOTE 5: PROPERTY, PLANT AND EQUIPMENT</b>		
Office equipment – at cost	24,641	24,641
Less: Accumulated depreciation	21,664	19,679
	2,977	4,962
<b>NOTE 6: PAYABLES</b>		
Trade creditors and accrued liabilities	925	2,913
	<u>925</u>	<u>2,913</u>
<b>NOTE 7: TAX LIABILITY</b>		
Provision for income tax	8,228	(146)
	<u>8,228</u>	<u>(146)</u>
<b>NOTE 8: RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	250,154	247,777
Net profit / (loss) for the period	66,017	2,377
Retained profits at the end of the financial year	<u>316,171</u>	<u>250,154</u>
<b>NOTE 9: MEMBERS GUARANTEE</b>		

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.

<b>NOTE 10: CASH FLOW INFORMATION</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash flow from operations with Operating profit (loss) after income tax</b>		
Operating profit/(loss) after income tax	66,017	2,377
Non-cash flows in operating profit:		
- depreciation of non-current assets	1,985	3,576
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,818)	(8,949)
- (increase)/decrease in inventories	-	-
- (decrease)/increase in payables	849	4,221
- (decrease)/increase in tax liability	8,374	1,568
Net cash inflow/(outflow) from operating activities	<u>64,407</u>	<u>2,793</u>

**NOTE 11: COMPANY DETAILS**

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

321A Koornang Road  
Carnegie VIC 3163

