Australian Government
Registered Organisations Commission

17 March 2022

Paul Guerra
Secretary and Chief Executive Officer
Victorian Chamber of Commerce and Industry
Sent via email: info@victorianchamber.com.au
CC: hunderwood@shinewing.com.au

Dear Paul Guerra,

Victorian Chamber of Commerce and Industry

Financial Report for the year ended 30 June 2021 – (FR2021/87)

I acknowledge receipt of the financial report for the year ended 30 June 2021 for the Victorian Chamber of Commerce and Industry (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 15 February 2022. I also acknowledge receipt of the Designated Officer's Certificate on the 28 February 2022 and the amended Committee of Management Statement on the 17 March 2022.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Documents Not Lodged on Time

As you are aware, an organisation is required under the the Fair Work (Registered Organisations) Act 2009 (the **RO Act**) to undertake certain steps in accordance with specified timelines. Information about these timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled 'Financial reporting process' which explains the timeline requirements, and the fact sheet titled 'Summary of financial reporting timeline's' which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met:

<u>Documents must be lodged with ROC within 14 days after general</u>

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the general meeting of members referred to in section 266. The designated officer's certificate indicates that this meeting occurred on the 9 December 2021. We note that the organisation applied for an extension under section 265(5) of the RO Act for the new deadline to be the 31 January 2022. If this is correct the documents should have been lodged with the ROC by 31 January 2022. The full report was not lodged until 15 February 2022.

Rotation of registered auditor

<u>You must rotate your registered auditor</u>

Correspondence was provided to the reporting unit on 11 June 2021, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that Hayley

Underwood was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that Hayley Underwood is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via this link.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (02) 6240 0777 or by email at Madeleine.Hurrell@roc.gov.au.

Yours sincerely

Madeleine Hurrell

Madeleine Hurrell

Registered Organisations Commission

Victorian
Chamber of Commerce
and Industry

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Certificate by Prescribed Designated Officer

Certificate for the year ended 30 June 2021

I *Paul Guerra* being the *Chief Executive Officer* of the *Victorian Chamber of Commerce and Industry* certify:

- that the documents lodged herewith are copies of the full report for the *Victorian Chamber of Commerce* for the period ended 30 June 2021 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on18th November 2021; and

- that the full report was presented to a general meeting of members of the reporting unit on 9th December 2021 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

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Name of prescribed designated officer: **Paul Guerra**

Title of prescribed designated officer: **Chief Executive Officer**

Dated: **28th February 2022**

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Consolidated Financial Statements

For the Year Ended 30 June 2021

Victorian Chamber of Commerce and Industry

Consolidated Financial Statements 30 June 2021

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Victorian Chamber of Commerce and Industry

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Report required under subsection 255(2A)

For the year ended 30 June 2021

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2021.

Categories of expenditures	2021 ($)	2020 ($)
Remuneration and other employment-related costs and expenses – employees	18,504,904	20,514,804
Advertising	806,194	537,383
Operating costs	9,529,815	11,905,703
Donations to political parties	-	-
Legal costs	67,684	70,080

Signature of designated officer:

....

Name and title of designated officer:

Paul Guerra, Chief Executive Office

Dated: 4/11/21

Operating Report

For the Year Ended 30 June 2021

The Committee of Management presents its Operating Report on the Victorian Chamber of Commerce and Industry (Victorian Chamber) for the year ended 30 June 2021.

The Members of Committee of Management

The Members of the Committee of Management (Board of Directors) comprises of elected representatives of the Executive Council of the Victorian Chamber who form the Board of Directors. The Past President of the Victorian Chamber is eligible for election to the Board of Directors in the office of Past President, under rule 22A which came into effect on 18 November 2015.

The Directors present their report together with the financial report of the Victorian Chamber for the year ended 30 June 2021 and the Auditor's Report thereon.

The persons who held office as members of the Board of Directors of the Victorian Chamber during the reporting period were:

Name of Officer	Office Held	Appointed	Resigned
Mr Don Rankin	Director (Immediate Past President)	20.11.2007	
Ms Karyn Sobels	President	22.11.2011	
Mr Adrian Kloeden	Director (Deputy President)	19.11.2013	
Mr Robert van Stokrom	Director	18.11.2014	
Mr Brian Negus	Director	17.11.2016	
Ms Helen Fairclough	Director	04.07.2018	
Mr Paul Guerra	Secretary/Chief Executive	03.02.2020	
Ms Kylie Warne	Director	14.11.2019	
Ms Michelle Winzer	Director	14.11.2019	31.03.2021
Mr Jeremy Blackshaw	Director	14.11.2019	
Ms Carlene Wilson	Director	31.03.2021	

Meetings – Board of Directors

The number of meetings attended by each of the members of the Board of Directors of the Victorian Chamber during the financial year was:

Name of Officer	Number of Meetings Held while in Office	Meetings Attended
Mr Don Rankin	11	11
Ms Karyn Sobels	11	11
Mr Adrian Kloeden	11	11
Mr Robert van Stokrom	11	11
Mr Brian Negus	11	11
Ms Helen Fairclough	11	10
Mr Paul Guerra	11	11
Ms Kylie Warne	11	11
Ms Michelle Winzer	8	8
Mr Jeremy Blackshaw	11	11
Ms Carlene Wilson	3	3

Victorian Chamber of Commerce and Industry

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Operating Report

For the Year Ended 30 June 2021

Remuneration Paid to Officers

The salary ranges of the five highest paid officers of the Victorian Chamber for the year ended 30 June 2021 were:

	Remuneration ($000's)				Non-cash benefits ($000's)	
Name of officer	**0-50**	**51-100**	**101-150**	**451-510**	**0-50**	**51-100**
Ms Karyn Sobels		X				
Mr Adrian Kloeden	X					
Mr Robert van Stokrom	X					
Ms Helen Fairclough	X					
Mr Paul Guerra				X		

Superannuation Trustees

Name of Officer or Member	Position Held	Superannuation Fund	Nominated by Victorian Chamber or other Body
Mr Wayne Kayler-Thomson	Member	VICSuper	Victorian Chamber
Mr Graham Sherry	Member	Vision Super	Victorian Chamber
Mr Jeremy Johnson	Member	CARE Super	Victorian Chamber

Principal Activities

The principal activities of the Victorian Chamber during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving industrial relations, information, advice, networking and value-added professional services. The Victorian Chamber makes a positive difference to Victoria's economy, environment and ultimately the community. There was no significant change in the nature of these activities during the period.

Review and Results of Operations

The Victorian Chamber recorded a consolidated operating profit for the year ended 30 June 2021 of $6,564,613 (2020: loss of $6,210,355). The consolidated net assets at 30 June 2021 totaled $91,563,738 (2020: $84,999,115).

Membership of Victorian Chamber

In the 2021 calendar year the Victorian Chamber continued to embark on a significant support program for Victorian businesses through membership of VCCI. During the COVID-19 health pandemic where hardship and economic impact were experienced, businesses were actively encouraged to join VCCI who provided discounts and fee waivers amounting to $6,292,814 (2020: $6,087,494).

As at 30 June 2021, the Victorian Chamber had 20,549 members (2020: 16,178).

Employees of Victorian Chamber

As at 30 June 2021, the total number of employees was 186 (2020: 180).

Board Committees:

The following Board Committees operated during the reporting period:

Audit and Risk Committee

Karyn Sobels	
Robert van Stokrom	
Don Rankin	
Michelle Winzer	(resigned 31.03.2021)
Kylie Warne	
Carlene Wilson	(appointed 31.03.2021)

Investment Committee

Karyn Sobels

Adrian Kloeden

Brian Negus

Jeremy Blackshaw

HR & Remuneration Committee

Karyn Sobels

Don Rankin

Adrian Kloeden

Helen Fairclough

Events after the Consolidated Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Manner of Resignation

Rule 10 provides for the process of resignations.

(a) (i) A member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary. Such notice shall be taken to have been received by the Organisation when delivered to the Secretary.

(ii) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered to the Secretary.

(iii) A resignation from membership of the Organisation is valid even if it is not effected in accordance with paragraph (i) hereof if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.

(b) A notice of resignation from membership of the Organisation takes effect:

(i) where the member ceases to be eligible to become a member of the Organisation:

1. on the day on which the notice is received by the Organisation; 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 2 weeks after the notice is received by the Organisation; or
2. on the day specified in the notice; whichever is later.

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Operating Report
For the Year Ended 30 June 2021

Manner of Resignation (continued)

(c) If a member ceases to be engaged in or as an employer in the industry the membership of such member may, subject to the member being accorded natural justice, be determined summarily by resolution of the Executive Council, provide however that such determination shall not affect the liability of the member to pay all monies owing by the member to the Organisation.

(d) Any dues payable but not paid by a former member of the Organisation, in relation to a period before the member's resignation or termination from the Organisation took effect, may be sued for and recovered in the name of the Organisation in a court of competent jurisdiction, as a debt due to the Organisation.

(e) If a member becomes unfinancial in accordance with Rule 9 his name may be struck off the Register of Members by Order of the Executive Council. Any member shall cease to be a member of the Organisation as soon as his name shall have been struck off the Register of Members by Order of the Executive Council and not sooner. Provided that where a member has become unfinancial and at least fourteen (14) days before the Executive Council orders that the member be struck off the Register of Members, the Secretary shall advise the person, in writing, that if he fails to pay the outstanding subscriptions within fourteen (14) days of the date of the letter then he will be struck off the Register of Members without further notice. If the person pays the outstanding subscriptions within that time, then he shall not be struck off the Register of Members.

(f) Any member who shall be expelled from the Organisation under the Provisions of Rule 40 hereof shall thereupon cease to be a member.

(g) Members ceasing to be such from any cause whatsoever have no claim of any kind – monetary or otherwise – on the organisation or its assets.

Signed in accordance with a resolution of the Committee of Management.

Paul Guerra
Secretary and Chief Executive at Melbourne, 4th November 2021

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue			
Membership subscriptions	2a,d	4,952,705	8,158,493
Other revenue	2b,d	23,310,682	16,786,082
Other income	2c,d	10,895,159	9,817,679
Total revenue and other income		**39,158,546**	**34,762,254**
Expenses			
Operating expenses		2,426,185	3,047,544
Employee expenses	4	18,504,904	20,514,804
Affiliation fees	3	661,000	661,000
Depreciation and amortisation expense		2,763,196	2,687,756
Donations		-	333
Federal & State Government programs		1,452,479	2,536,453
Occupancy expenses		649,840	810,083
Consultancy fees		1,656,351	1,531,093
Doubtful debts and loan write-off		254,992	495,351
ICT expenses		1,715,235	1,695,319
Interest expense on leased asset		667,148	681,076
Loss on financial assets at fair value through profit or loss		-	4,080,456
Other administration expenses		1,842,603	2,231,341
Total expenditure		**32,593,933**	**40,972,609**
Current year surplus / (deficit) before tax	3	**6,564,613**	**(6,210,355)**
Income tax expense		**-**	**-**
Current year surplus / (deficit) after tax		**6,564,613**	**(6,210,355)**
Total comprehensive income / (loss) for the year, net of tax		-	-
Net current year surplus / (deficit) attributable to members of the entity		**6,564,613**	(6,210,355)
Total comprehensive income / (loss) attributable to members of the entity		**6,564,613**	**(6,210,355)**

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	8,951,088	4,144,787
Trade and other receivables	7	9,107,409	4,884,988
Prepayments		1,153,113	880,075
Financial instruments	8	1,488,729	1,507,253
Total current assets		**20,700,339**	**11,417,103**
Non-current Assets			
Prepayments	7	119,862	-
Financial instruments	8	90,372,754	83,917,758
Intangible assets	9	1,598,701	2,035,954
Property, plant and equipment	10	2,768,218	3,132,909
Right-of-use asset	15(a)	14,367,209	15,927,183
Total non-current assets		**109,226,744**	**105,013,804**
Total assets		**129,927,083**	**116,430,907**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	4,303,088	2,557,575
Contract liabilities	12	12,654,364	5,780,925
Lease liability	15(b)	1,499,334	1,107,837
Short-term provisions	13	2,479,917	3,117,690
Total current liabilities		**20,936,703**	**12,564,027**
Non-current Liabilities			
Long term provisions	13	432,008	508,524
Lease liability	15(b)	16,994,634	18,359,231
Total non-current liabilities		**17,426,642**	**18,867,755**
Total liabilities		**38,363,345**	**31,431,782**
Net assets		**91,563,738**	**84,999,125**
EQUITY			
Retained earnings		91,563,738	84,999,125
Total equity		**91,563,738**	**84,999,125**

Victorian Chamber of Commerce and Industry

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

	Retained earnings	Total
	$	$
Balance at 1 July 2019	**91,209,480**	**91,209,480**
Loss attributable to members of the consolidated group	(6,210,355)	(6,210,355)
Balance at 1 July 2020	**84,999,125**	**84,999,125**
Profit attributable to members of the consolidated group	6,564,613	6,564,613
Balance at 30 June 2021	**91,563,738**	**91,563,738**

Victorian Chamber of Commerce and Industry
ABN 37 650 959 904
Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 (restated) $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and others		16,898,533	22,527,232
Receipts from Federal and State Government programs		12,975,392	8,163,055
Interest received		14,201	34,326
Receipts from other reporting units		-	-
Cash used			
Payments to suppliers and employees		(24,412,340)	(31,487,175)
Payment to other reporting units		-	-
Net cash generated from (used by) operating activities	19	**5,575,786**	**(762,560)**
INVESTING ACTIVITIES			
Cash received			
Receipts from Investment Portfolio		6,380,831	5,596,197
Cash used			
Loan to Non-Controlled Interest		-	-
Reinvestment in Investment portfolio		(4,981,476)	-
Purchase of property, plant, equipment, and intangible assets		(427,342)	(368,119)
Net cash generated from investing activities		**972,013**	**5,228,078**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of lease liability		(1,741,498)	(2,867,414)
Net cash (used by) financing activities		**(1,741,498)**	**(2,867,414)**
Net increase in cash held		**4,806,301**	**1,598,104**
Cash & cash equivalents at the beginning of the reporting period		4,144,787	2,546,683
Cash & cash equivalents at the end of the reporting period	6	**8,951,088**	**4,144,787**

1 Summary of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of the Victorian Chamber of Commerce and Industry and controlled entities ('Consolidated Group' or 'Group').

The consolidated financial statements were authorised for issue on 19 October 2021 by the Board of Directors.

Entity information

The Victorian Chamber is a registered Employer Association under the Fair Work (Registered Organisations) Act 2009, unincorporated and domiciled in Australia. The Victorian Chamber is considered a 'reporting unit' for the purposes of section 242 of the Fair Work (Registered Organisations) Act 2009.

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

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

Information prescribed by the Fair Work (Registered Organisations) Regulations 2009 is available to members on request.

Basis of Preparation

Reporting Basis and Conventions

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general-purpose financial statements, the Victorian Chamber is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events, and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The consolidated financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The consolidated financial statements are presented in Australian dollars and the consolidated financial statements have been rounded to the nearest dollar.

(a) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (Victorian Chamber) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent's controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its power over the entity. The controlling entities contained in the consolidated financial statements are the CCI Victoria Legal Pty Ltd as trustee for the CCI-Victoria Legal Trust (CCI Victoria Legal), VECCI Business Brokers Pty Ltd as trustee for VECCI Business Brokers Trust and VECCI Export Services Pty Ltd.

1. Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the consolidated financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date of control ceases. Intergroup transactions, balances and unrealized gains and losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Income Tax

As a registered Employer Association, the Victorian Chamber is exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

Each class of Leasehold Improvements, Plant and Equipment is carried at cost less any accumulated depreciation, where applicable.

Leasehold Improvements

Leasehold Improvements is measured on the cost basis less depreciation and impairment losses. The carrying amount of leasehold improvements is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. If any impairment indicators exist, 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 are discounted to present values in determining the recoverable amount.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

If any impairment indicators exist, 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 are discounted to present values in determining the recoverable amount.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Useful life
Leasehold Improvements	10 years
Plant and Equipment	4 - 5 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial Assets measured at Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

(a) The asset is held within a business model with the objective of collective the contractual cash flows; and

(b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL) ;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income (note 2k), except for impairment of trade receivables which is presented in provision for doubtful debts.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of ‘hold to collect’ contractual cash flows are accounted for at amortised cost using the effective interest method. The Group’s trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

The Group’s investment in equity instruments are through a managed fund. Under the guidance of AASB the Group do not have the option to irrevocably elect to account for these as Equity FVTOCI (see below) due to the limited life of a managed fund.

1. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Impairment of financial assets

AASB 9's new forward looking impairment model applies to the Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. At 30 June 2021, the Group applies a standardised percentage across all debtors under the expected credit loss model.

(e) Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).The lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification
- The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

1 Summary of Significant Accounting Policies (continued)

(e) Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

(f) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits (as defined in AASB119 Employee Benefits). Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Cash and cash equivalents

Cash and cash equivalents include: cash on hand, deposits held at call with banks, and other short-term highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

1 Summary of Significant Accounting Policies (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Revenue

The Group enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

(i) Revenue from contracts with customers

Where the Group has a contract with a customer, the Group recognises revenue when or as it transfers control of goods or services to the customer. The Group accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

1 Summary of Significant Accounting Policies (continued)

(l) Revenue (continued)

(ii) Membership revenue

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of Group.

Where there is more than one distinct good or service promised in the membership subscription, the Group allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Group charges for that good or service in a standalone sale.

When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, event tickets) or as the service transfers to the customer (for example, member services or training course), the Group recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Group has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Group at their standalone selling price, the Group accounts for those sales as a separate contract with a customer.

(iii) Dividend and interest revenue

Dividends, distribution and interest revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

(iv) Government subsidies

Government subsidies (ie. JobKeeper) are recognised as income when the Group is reasonably assured that it will comply with the conditions attached to it, and the subsidy will be received. The subsidy is recognised as a receivable when the associated wage payments to employees are made.

(v) Federal and State Government program revenue (including grants)

Grants received are accounted for under AASB 15: Revenue from Contracts with Customers when there are enforceable and sufficiently specific performance obligations embedded in the grant arrangement. Revenue is recognised from each grant as the Group satisfies each relevant performance obligation.

Grants that are not recognised under *AASB 15: Revenue from Contracts with Customers* are recognised under *AASB 1058: Income for not-for-profit entities*, whereby consideration is received by the Group to enable the entity to further its objectives. The Group recognises each of these amounts of consideration as income when the consideration is received (which is when the Group obtains control of the cash) because, based on the rights and obligations in each arrangement the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer.

(vi) Other revenue

Training and professional service revenue is for scheduled courses is recognised on an accruals basis when the performance obligation being delivering the course and/or service to the customer has occurred.

Rental income whereby the Group as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

All revenue is stated net of the amount of GST.

1 Summary of Significant Accounting Policies (continued)

(m) Comparative Figures

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

(n) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) ERP/CRM Integrated Solutions

Assets relating to these projects are carried at cost less any accumulated amortisation and impairment losses. The ERP/CRM integrated solution software projects are amortised over 5 years.

(p) Project Costs and System Development

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sale the asset; the entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of the intangible assets over the estimated useful lives. Amortisation commences when the intangible asset is available for use. Other development expenditure is recognised as an expense when incurred.

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(r) Investments

Investments in Associates

An associate is an entity that the Group has significant influence but not control or joint control. Investments in associate companies are recognised in the consolidated financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

1. Summary of Significant Accounting Policies (continued)

Investments in Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to gain benefit from its activities, generally by a shareholding, giving rise to a majority of voting rights. Subsidiaries are consolidated from the date on which control is transferred and deconsolidated from the date control ceases. In preparing the consolidated financial statements transactions, balances and unrealised gains on transactions between groups are eliminated.

(s) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Management is required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

Key judgements – provision for expected credit loss

Included in Note 7, the trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to $8,841,444 (2020: $3,578,945) for the Group. Management have examined doubtful debts provision, which is determined based on the expected credit loss model as defined under AASB 9. This takes into effect the historical losses over the past years on relative debtors, and is then adjusted for current and potential future events.

Key judgements – Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the Group will make. The Group determines the likeliness to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

(t) Prior year classification

At 30 June 2021, the Group has gone through the process of reclassifying the prior period cash flow to align the methodology with the cash flow process used in the current period.

As a result of this process the operating cash flows for the year ended changed from $(2,652,234) to $(762,560), investing cash flows from $5,550,507 to $5,228,078 and financing cash flows from $(1,300,170) to $(2,867,414). There was no change in the net cash movements or closing cash balance as at 30 June 2020.

1. Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards issued, but not effective

AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non- current (applicable to annual reporting periods beginning on or after 1 January 2023)

This Standard defers the mandatory effective date of amendments to AASB 101 that were originally made in AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

This Standard amends AASB 101 Presentation to Financial Statements to clarify the following:

- The classification as a non-current liability should be based on the existence of a 'right' (as opposed to a 'discretion' as it was provided before this amendment) to defer the settlement of the liability for at least twelve months after the reporting period;
- The term 'settlement' includes issue of equity instruments in exchange of extinguishment of a financial liability and such a settlement does not impact the classification of the liability as current or non-current; and
- Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period.

The application of these amendments when effective is retrospective by restatement of prior periods. Earlier application is permitted.

The group has current and non-current liabilities that are classified based on the requirements of AASB101. Adoption of this amendment is not expected to change the group's classification of its liabilities as current or non-current, however, it gives greater clarity to directors in making the assessment regarding what the appropriate classification is.

AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (applicable to annual reporting periods beginning on or after 1 January 2021)

This Standard:

(a) provide Tier 2 reporting requirements for those for-profit entities that will be prohibited from preparing special purpose financial statements (SPFS) when AASB 2020-2 becomes operative, that appropriately balance the needs of users with the costs of moving from SPFS to Tier 2; and

(b) reduce the reporting burden of for-profit and not-for-profit entities using the current Tier 2 reporting requirements for preparing general purpose financial statements.

AASB 1060 does not change:

- which entities are permitted to apply Tier 2 reporting requirements; and
- the recognition and measurement requirements of Tier 2, which are the same as for Tier 1.

The Group already applies full General Purpose Financial Statements under Australian Accounting Standards, an this standard is not expected to impact the Group.

1. Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards issued, but not effective

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (applicable to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted)

This standard amends:

a) AASB 1 First-time Adoption of Australian Accounting Standards to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
b) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;
c) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
d) AASB 116 Property, Plant and Equipment to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
e) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making; and
f) AASB 141 Agriculture to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This standard is not expected to materially impact the consolidated financial statements of the Group.

2. Revenue and Other Income

		2021	2020
		$	$
a. Revenue			
Membership subscriptions	2(d)	**4,952,705**	**8,158,493**

Businesses during COVID-19 health pandemic and the bushfires suffered significant hardship and economic impact and were actively encouraged to join VCCI who provided discounts and fee waivers amounting to $6,292,814 (2020: $6,087,494).

As a result of cessation of arrangement with Victorian Tourism Industry Council, as at 30 September 2020, this saw a reduction of revenue derived year on year from the General Services Arrangement year on year $200,524 (2020: $2,140,385).

		2021	2020
b. Other revenue			
Federal and State Government programs	2(d)	14,712,157	7,367,103
Professional services	2(d)	6,233,499	6,897,872
Training	2(d)	2,365,026	2,521,107
		23,310,682	**16,786,082**
c. Other income			
Income from investments	2(d)	3,248,342	5,401,343
Gain on financial assets at fair value through profit or loss	2(d)	4,605,929	-
Dividends	2(d)	320,535	458,606
Other	2(d)	1,199,782	2,256,301
JobKeeper	2(d)	1,520,571	1,701,429
		10,895,159	**9,817,679**

d. Timing of revenues

	2021	2020
<u>Services transferred to customers</u>		
Over time		
Membership subscriptions	4,952,705	8,158,493
	4,952,705	8,158,493
At a point in time		
Professional services	6,233,499	6,897,872
Federal and State Government programs	14,712,157	7,367,103
Training	2,365,026	2,521,107
Income from investments	3,248,342	5,401,343
Gain on financial assets at fair value through profit or loss	4,605,929	-
Dividends	320,535	458,606
Other	1,199,782	2,256,301
JobKeeper	1,520,571	1,701,429
	34,205,841	26,603,761
	39,158,546	**34,762,254**

2. Revenue and Other Income (continued)

e. Contract balances

Trade receivables	7	8,288,156	3,181,337
Contract liabilities	12	12,654,364	5,780,925

f. Significant performance obligations

Membership subscriptions

There are two performance obligations within each membership subscription.

Firstly the performance obligation attached with granting the member access to membership benefits including price list. This performance obligation is satisfied over time and payment is generally received either in advance or on a monthly basis in line with the membership.

The second performance obligation is surrounding membership entitlement credits granted to each member in the form of either tickets to future events or credits to offset future services. The performance obligation is satisfied upon delivery of the event or future service.

Membership entitlements are fair valued at the end of each reporting period in line with Note 1(s).

Federal and State Government programs (including grants)

Each federal and state government program including any grants that the Group receives is treated according to the performance obligations embedded in each program and/or grant.

Where there are sufficiently specific performance obligations, revenue is allocated and recognised in line with each performance obligation over time.

Where by grants do not contain sufficiently specific performance obligations they are treated under *AASB 1058: Income for not-for-profit entities* and are then accounted in line with Note 1(l)(v).

Professional services

The performance obligation is satisfied upon delivery of the services and payment is generally received either in advance or due within the Group's standard credit terms.

Training

The performance obligation is satisfied upon delivery of the services and payment is generally received either in advance or due within the Group's standard credit terms.

Outstanding performance obligations at year-end

At 30 June 2021 the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied is $12,654,364 (2020: $5,780,925) as per Note 12. The Group expects that these performance obligations will be satisfied and recognised as revenue over the coming 12 months.

3. Surplus / (deficit) before tax

	2021	2020
	$	$
Surplus / (deficit) has been determined after:		
Short term rental costs	157,177	213,889
Affiliation fees paid to ACCI Office	661,000	661,000
Occupancy expenses	649,840	810,083
Consultancy fees	1,656,351	1,531,093
Advertising	806,194	537,383
Donations (< $1,000)	-	333
Legal costs relating to litigation	-	-
Legal costs relating to other legal matters	67,684	70,080
Remuneration of Auditors		
Audit services	114,000	138,113
Other services	11,825	67,196

4. Employee Expenses

	2021	2020
	$	$
Employees other than office holders:		
Wages and salaries	15,770,111	16,332,886
Superannuation	1,337,072	1,402,598
Leave and other entitlements	909,762	635,067
(Writeback)/ cost of separation and redundancies	(430,385)	1,042,253
Subtotal employee expenses holders of office	**17,586,560**	**19,412,804**
Holders of office:		
Wages and salaries	858,309	797,575
Superannuation	60,035	63,887
Leave and other entitlements	-	8,317
Separation and redundancies	-	232,221
Subtotal employee expenses employees other than office holders	**918,344**	**1,102,000**
Total employee expenses	**18,504,904**	**20,514,804**

There were no other employee expenses incurred by the Group for 2021 or 2020.

5. Key Management Personnel Compensation

a. Directors

Total number of Directors	**10**

The following persons were directors of Victorian Chamber during the financial year:

Name of Officer	Office Held	Appointed	Resigned
Ms Karyn Sobels	President/Committee Member	22.11.2011	
Mr Adrian Kloeden	Deputy President/Committee Chair	19.11.2013	
Mr Don Rankin	Director/Committee Chair	20.11.2007	
Mr Robert van Stokrom	Director/Committee Member	18.11.2014	
Mr Brian Negus	Director/Committee Member	17.11.2016	
Ms Helen Fairclough	Director/Committee Chair	04.07.2018	
Mr Paul Guerra	Secretary/Chief Executive	03.02.2020	
Ms Kylie Warne	Director/Committee Member	14.11.2019	
Ms Michelle Winzer	Director/Committee Member	14.11.2019	31.03.2021
Mr Jeremy Blackshaw	Director/Committee Member	14.11.2019	
Ms Carlene Wilson	Director/Committee Member	31.03.2021	

b. Directors and key management personnel compensation

	2021	2020
	$	$
Wages and salaries	858,309	797,575
Superannuation	60,035	63,887
Leave and other entitlements	-	8,317
Separation and redundancy	-	232,221
	918,344	**1,102,000**

6. Cash and Cash Equivalents

Cash at bank	**8,951,088**	**4,144,787**

Cash at bank includes deposits held in trust for the following purposes:

- Carnet deposits: $372,098 (2020: $469,554); and
- Grant funding: $4,404,107 (2020: $194,471)

7. Trade and Other Receivables

CURRENT		
Trade receivables	8,841,443	3,578,945
Less: Provision for expected credit loss	(553,287)	(397,608)
	8,288,156	**3,181,337**
Other receivables:		
Accrued income	695,212	822,088
JobKeeper accrual	-	673,929
Other debtors	124,041	207,634
Receivables from other Reporting Units	-	-
	819,253	**1,703,651**
Amounts receivable from Workplace Assured	1,351,518	1,351,518
Impairment of loan from Workplace Assured	(1,351,518)	(1,351,518)
Total trade and other receivables	**9,107,409**	**4,884,988**

Credit Risk

The main source of credit risk for the Group relates to the loan receivable from Workplace Assured, which has been fully provided for at 30 June 2021. The Group has trade receivable balances with Workplace Assured which have been separately factored into the expected credit loss model. The Group raised invoices totaling $3,180,400 in June related to Federal and State Government Grants, wholly deferred at 30 June 2021. The Group has no other significant concentration of credit risk with respect to any other single counterparty or group of counterparties in relation to its trade and other receivables.

	Gross amount	Past due and impaired	Within initial trade terms (age in days)		Past due but not impaired (age in days)	
			<30	31-60	61-90	>90
	$	$	$	$	$	$
2021						
Trade receivables	8,841,443	553,287	5,839,470	962,877	556,463	929,346
Other receivables	819,253	-	819,253	-	-	-
Amounts receivable from non-controlled entity	1,351,518	1,351,518	-	-	-	-
	11,012,214	**1,904,805**	**6,658,723**	**962,877**	**556,463**	**929,346**
			<30	31-60	61-90	>90
	$	$	$	$	$	$
2020						
Trade receivables	3,578,945	397,608	1,923,953	331,677	285,174	640,533
Other receivables	1,703,651	-	1,703,651	-	-	-
Amounts receivable from non-controlled entity	1,351,518	1,351,518	-	-	-	-
	6,634,114	**1,749,126**	**3,627,604**	**331,677**	**285,174**	**640,533**

7. Trade and Other Receivables (continued)

	Provision for expected credit loss $
Carrying amount at 30 June 2019	**357,283**
Charge for the year	528,913
Amounts written off	(488,588)
Carrying amount at 30 June 2020	**397,608**
Charge for the year	254,992
Amounts written off	(99,313)
Carrying amount at 30 June 2021	**553,287**

8. Financial Instruments

	2021 $	2020 $
CURRENT		
Term deposits (Amortised cost)	**1,488,729**	**1,507,253**
NON-CURRENT		
Managed investments (FVTPL)	90,372,754	83,917,758
Total non-current financial instruments	**90,372,754**	**83,917,758**
Total financial instruments	**91,861,483**	**85,425,011**

During the 2021 financial year the Group, has transitioned all off their financial instruments as classified above through to a Nominee Custody Service. In doing so, the Group are no longer the legal owner of the financial instruments but continue to be the beneficial owner. As such, there is no change to the recognition of financial instruments at year-end or the risks and rewards the Group is exposed too.

9. Intangible Assets

NON-CURRENT		
Software – At cost	424,795	343,463
Project costs and system development – At cost	-	-
Accumulated amortisation	(267,134)	(207,720)
ERP/CRM Integrated Solution	2,369,542	2,348,938
Accumulated amortisation	(928,502)	(448,727)
	1,598,701	**2,035,954**

No impairment has been recognised in either 2021 or 2020.

9. Intangible Assets (Continue)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year. Numbers are not summing up in the below schedule from 2019 to 2020

	Computer software	System development	ERP/CRM Integrated Solution	Total
	$	$	$	$
Carrying amount at 30 June 2019	**148,697**	**1,390**	**2,200,385**	**2,350,472**
Amortisation expense	(54,750)	(1,390)	(448,962)	(505,102)
Additions	-	-	148,788	148,788
Disposals	(1,005,058)	-	-	(1,005,058)
Write back of depreciation	1,046,854	-	-	1,046,854
Carrying amount at 30 June 2020	**135,743**	**-**	**1,900,211**	**2,035,954**
Amortisation expense	(59,414)	-	(479,776)	(539,190)
Additions	81,332	-	20,605	101,937
Disposals	-	-	-	-
Write back of depreciation	-	-	-	-
Carrying amount at 30 June 2021	**157,661**	**-**	**1,441,040**	**1,598,701**

10. Property, Plant and Equipment

	2021	2020
	$	$
Leasehold Improvements		
Leasehold Improvements	5,294,632	5,294,632
Accumulated depreciation	(2,989,145)	(2,462,762)
Total Leasehold Improvements	**2,305,487**	**2,831,870**
Plant and Equipment		
Plant and equipment at cost	1,533,201	1,207,797
Accumulated depreciation	(1,070,470)	(906,758)
Total Plant and Equipment	462,731	301,039
Total Property, Plant and Equipment	**2,768,218**	**3,132,909**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

10. Property, Plant and Equipment (Continued)	Leasehold Improvements	Plant and Equipment	Total
	$	$	$
Consolidated Group			
Carrying amount at 30 June 2019	**3,358,261**	**219,599**	**3,577,860**
Additions	-	219,331	219,331
Depreciation expense	(526,391)	(137,891)	(664,282)
Disposals	-	(690,663)	(690,663)
Write back on depreciation	-	690,663	690,663
Carrying amount at 30 June 2020	**2,831,870**	**301,039**	**3,132,909**
Additions	-	325,404	325,404
Depreciation expense	(526,383)	(163,712)	(690,095)
Disposals	-	-	-
Write back on depreciation	-	-	-
Carrying amount at 30 June 2021	**2,305,487**	**462,731**	**2,768,218**

11. Trade Payables

	2021	2020
	$	$
CURRENT		
Unsecured Liabilities		
Trade Payables	572,574	641,476
Sundry payables and accrued expenses	2,615,835	772,613
Payables to employees	729,218	619,511
Carnet deposits held in trust	385,208	523,975
Payable in respect of legal costs relating to litigation	-	-
Payable in respect of legal costs relating to other legal matters	-	-
	4,302,835	**2,557,575**

12. Contract liability

CURRENT		
Deferred membership revenue	2,541,814	2,457,964
Deferred training revenue	56,811	86,600
Deferred grant revenue	7,179,716	623,745
Other deferred revenue	1,608,541	1,446,872
Provision for membership entitlements	265,381	269,461
Memberships paid in advance	1,002,101	896,283
	12,654,364	**5,780,925**

12. Contract liability (continued)

	Membership revenue $	Training revenue $	Grant revenue $	Other revenue $	Membership entitlements $	Total deferrals $
At 30 June 2019	**3,298,217**	**262,020**	**331,185**	**163,565**	**-**	**4,054,987**
Deferred	7,318,241	2,345,686	594,173	3,168,235	269,461	13,695,796
Released to profit or loss	(8,158,493)	(2,521,106)	(301,613)	(1,884,924)	**-**	(12,866,140)
At 30 June 2020	**2,457,964**	**86,600**	**623,745**	**1,446,872**	**269,461**	**4,884,642**
Deferred	5,036,555	2,335,237	8,203,325	4,805,297	-	20,380,414
Released to profit or loss	(4,952,705)	(2,365,026)	(1,647,354)	(4,643,628)	(4,080)	(13,612,793)
At 30 June 2021	**2,541,814**	**56,811**	**7,179,716**	**1,608,541**	**265,381**	**11,652,263**
Current	**2,541,814**	**56,811**	**7,179,716**	**1,608,541**	**265,381**	**11,652,263**
Non-Current	**-**	**-**	**-**	**-**	**-**	**-**

13. Provisions

	2021 $	2020 $
CURRENT		
Annual leave - employees	942,145	853,830
Annual leave - office bearers	49,579	16,378
Long service leave - employees	1,013,986	981,858
Long service leave - office bearers	-	167
Provision for restructure	126,463	1,095,781
Bonus provisions	347,744	169,676
	2,479,917	**3,117,690**
NON CURRENT		
Provision for make good	353,391	353,391
Long service leave - employees	78,617	155,133
Long service leave - office bearers	-	-
	432,008	**508,524**

Annual Leave

Staff within the Group are entitled to 20 days of Annual leave per year, with unused leave remaining at balance date recognise as a liability to the Group. It is expected the staff will continue to utilise their accrued annual leave in the following 12-month period.

Long Service Leave

Staff within the Chamber are entitled to Long Service leave after 10 years of service within the Group, and a pro rata payment of unused leave should they terminate their employment after 7 years. The group has reviewed their liability in this area and assessed, using probability of service records, a liability that reflects the probable future cash outflow to the Group. A portion has been recognised as non-current to reflect the requirement to reach the minimum 7 years of service.

13. Provisions (continued)

Make Good Provisions

The Group operates several regional offices which have varying degrees of Make Good Provisions built into contractual lease arrangements. It has been assessed that the Group will be likely to incur these liabilities beyond the next 12 months.

Provision for Restructure

The organisation recorded a restructuring provision in 2021. The provision relates principally to the corporate restructure surrounding downsizing staffing requirements. The restructuring plan was drawn up and announced to the employees of before year-end when the provision was recognised in its consolidated financial statements. The restructuring is expected to be completed by 2022.

Bonus Provisions

Within the Group, designated staff has short term incentive arrangements included in their employment agreements. A review of these bonus arrangements has seen the Group recognise a liability which will be discharged fully within the next 12 months.

	Annual Leave	Long Service Leave	Make Good	Restructure	Bonus	Total
As at 30 June 2020	**870,208**	**1,137,158**	**353,391**	**1,095,781**	**169,676**	**3,626,214**
Additional provisions	375,188	192,856	-	-	501,529	1,069,573
Amounts used/ written back	(253,672)	(237,411)	-	(969,318)	(323,461)	(1,783,862)
As at 30 June 2021	**991,724**	**1,092,603**	**353,391**	**126,463**	**347,744**	**2,911,925**
Current	**991,724**	**1,013,986**	**-**	**126,463**	**347,744**	**2,479,917**
Non-Current	**-**	**78,617**	**353,391**	**-**	**-**	**432,008**

14. Reserves and Retained earnings

Restriction of Reserves and Retained earnings

The retained profits and reserves are not available for distribution to members. The retained profits are available for the operations of the Group. In the event of the Group winding up, the retained profits and reserves shall be given or transferred to some other institution or institutions in compliance with Victorian Chamber's rules (rule 48).

15. Leases

a. Right of use assets

	2021 $	2020 $
Net carrying amounts		
Buildings at cost	17,644,144	17,548,687
Accumulated depreciation	(3,276,935)	(1,621,505)
	14,367,209	**15,927,183**

	Buildings $	Total $
Movement during the period		
As at 1 July 2020	**15,927,183**	**15,927,183**
Additions	95,456	95,456
Depreciation expense	(1,655,430)	(1,655,430)
As at 30 June 2021	**14,367,209**	**14,367,209**

b. Lease liabilities

	2021 $	Total $
Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:		
As at 1 July 2020	**19,467,068**	**19,467,068**
Additions	101,250	101,250
Accretion of interest	667,148	667,148
Payments	(1,741,498)	(1,741,498)
As at 30 June 2021	**18,493,968**	**18,493,968**
Total current lease liability	**1,499,334**	**1,499,334**
Total non-current lease liability	**16,994,634**	**16,994,634**

c. The following are the amounts recognised in profit or loss:

	2021 $	2020 $
Depreciation expense of right-of-use assets	1,655,430	1,527,040
Interest expense on lease liabilities	667,148	681,076
Expense relating to short-term leases	165,814	213,889
Expense relating to leases of low-value assets (included in administrative expenses)	-	-
Variable lease payments	-	-
Total amount recognised in profit or loss	**2,488,392**	**2,422,005**

15. Leases (continued)

d. Future minimum lease payments:

Not later than one year	2,123,751	1,776,592
Later than one year and not later than five years	11,244,245	10,830,931
Later than five years	8,453,553	10,848,049
Total current lease payments	**21,821,549**	**23,455,572**

16. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

PITCHER PARTNERS

During the financial year, the Victorian Chamber made payments to Pitcher Partners of $255,904(2020: $297,439) in respect of professional advisory and tax services and portfolio management services performed and received payments from Pitcher Partners of $142,837 (2020: $239,307) in respect of membership, sponsorship, consulting, events and training work performed. Don Rankin (Director) was a consultant (2019: President) at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $36,400 (2020: $nil) was still unpaid in the Groups creditor ledger, and $42,418 (2020: $73,993) was still outstanding in the Groups debtor ledger.

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI) During the financial year, the Victorian Chamber made payments to ACCI of $937,482 (2020: $952,051) in respect of affiliation fees, trade documentation and events and received payments from ACCI of $159,534 (2020: $200,592) in respect of rent, consulting, events and training work performed. Paul Guerra (Chief Executive) and Karyn Sobels (Director) were both Board members of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June $nil (2020: $nil) was still unpaid in the Groups creditor ledger, and $4,400 (2019: $133,306) was outstanding in the Groups debtor ledger.

INTERNATIONAL TRADE MANAGEMENT (ITM)

During the financial year, the Victorian Chamber received payments from ITM of $11,404 (2020: $11,839) in respect of membership subscriptions, consulting and events. Don Rankin (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $1,550 (2020: $nil) was still outstanding in the Groups debtor ledger.

SKS HUB PTY LTD (SKS)

During the financial year, the Victorian Chamber received payments from SKS Hub of $770 (2020: $770) in respect of membership, consulting, events and training work performed. Karyn Sobels (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

TELSTRA LICENSEE ASSOCIATION (TLA)

During the financial year, the Victorian Chamber received payments from TLA of $1,320 (2019: $ nil) in respect of memberships. Karyn Sobels (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2020: $nil) was still outstanding in the Groups debtor ledger.

16. Related Party Transactions (continued)

DFP RECRUITMENT SERVICES (DFP)

During the financial year, the Victorian Chamber received payments from DFP of $70,309 (2019: $15,400 in respect of membership, sponsorship, consulting, events and training work performed. Payments were made of $340,213 (2020: $161,923). Robert van Stokrom (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June $20,355 (2020: $nil) was still unpaid in the Groups creditor ledger.

MELBOURNE CONVENTION AND EXHIBITION CENTRE (MCEC)

During the financial year, the Victorian Chamber made payments to MCEC of $70,915 (2020: $229,148) in respect of events venue hiring, Internship Program and Partnership Program and received payments from MCEC of $40,610 (2020: $14,726) in respect of membership, event and training work performed. Helen Fairclough was a Director at MCEC during the financial year. All services rendered were made in an arm's length commercial basis. At the 30th June, $52,950 (2019: $nil) was outstanding in the Groups creditor ledger.

BRAND BUREAU

During the financial year, the Victorian Chamber received payments from Brand Bureau of $nil (2020: $385) in respect of membership, consulting, events and training work performed. Kylie Warne (Director) was the Director during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2020: $nil) was still outstanding in the Groups debtor ledger.

MINTER ELLISON

During the financial year, the Victorian Chamber made payments to Minter Ellison of $40,231 (2020: $nil) in respect of legal services and received payments from Minter Ellison of $29,700 (2020: $29,905) in respect of membership. Jeremy Blackshaw (Director) was the Managing Partner during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2020: $nil) was still outstanding in the Groups debtor ledger.

MICHELLE WINZER

During the financial year, the Victorian Chamber made payments to Michelle Winzer of $69,385 (2020: $7,500) in respect to an internal project. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2020: $nil) was still outstanding in the Groups creditor ledger.

RELATED PARTY MEMBER TRANSACTIONS

The principal companies of which the Victorian Chamber office holders and Executive Council members are proprietor, partner, director, general manager, manager, or secretary are required to hold a fully paid-up Victorian Chamber membership under Victorian Chamber rules.

17. Interests in Subsidiaries

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Place of Principal/ Place of Business	Ownership Interest Held by the Group	
		2021	2020
		%	%
CCI Victoria Legal Pty Ltd	Melbourne, Australia	100	100
VECCI Business Brokers Pty Ltd	Melbourne, Australia	100	100
VECCI Export Services Pty Ltd	Melbourne, Australia	100	100

b. Significant Restrictions

There are no significant restrictions over subsidiaries

TRANSACTIONS BETWEEN SUBSIDARIES

The Victorian Chamber is the ultimate parent company of CCI Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust and VECCI Export Services Pty Ltd. During the financial year, the Victorian Chamber made payments of $NIL to CCI Victoria Legal Trust (2020: $NIL). During the financial year, the Victorian Chamber received $NIL from CCI Victoria Legal trust (2020: $NIL).

As at 30 June 2021, the Victorian Chamber has outstanding loan balances with CCI Victoria Legal Trust of $NIL (2020: $NIL). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, the total amount for CCI Victoria Legal Trust is impaired.

18. Interests in Associate

a. Information about Associate

Workplace Assured Pty Ltd is a national business offering a complete workplace relations solution for small to medium business. This investment will be accounted for using the equity method.

b. Information about Associate

Name of Associate	Place of Principal Place of Business by the Group	% Ownership interest held	Primary Activities
Workplace Assured Pty Ltd (ACN: 612 651 966)	Sydney, Australia	49%	Employment Insurance

18. Interests in Associate (continued)

c. Summarised financial information about the Associate

	2021	2020
	$	$
Total Assets	1,504,607	2,035,380
Total Liabilities	(6,320,858)	(6,723,427)
Net Assets	**(4,816,251)**	**(4,688,047)**
Revenue	3,561,045	3,435,367
Expenses	(3,689,249)	(4,448,593)
Total Losses	(128,204)	(1,013,226)
Share of Losses	**(62,820)**	**(496,481)**

d. Share of losses in Associate

Unrecognised share of losses at the beginning of the year	**(2,157,518)**	**(1,661,037)**
Unrecognised share of losses for year	(62,820)	(496,481)
Cumulative total of unrecognised share at year-end	**(2,220,338)**	**(2,157,518)**

Associate financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statement.

There are no significant restrictions over the associates.

Transactions between Associates

During the financial year, the Victorian Chamber received payments from Workplace Assured Pty Ltd of $890,110(2020: $1,002,124) in respect of services performed and made an unsecured loan of $1,351,518 (fully impaired) (2020: $1,351,518). Paul Guerra (Chief Executive Officer) has been a Director at Workplace Assured Pty Ltd during the financial year. All services rendered were made on an arm's length commercial basis in accordance to the shareholders' agreement.

19. Cash Flow Information

	2021	2020 (restated)
	$	$
Surplus / (deficit) after income tax	6,564,613	(6,210,355)
Non-cash flows:		
— Depreciation and Amortisation	2,763,196	2,687,756
— Depreciation and Amortisation – applied to Federal and State Government Program	121,520	-
— Provision for Bad Debts / loan impairment	254,992	61,337
— Change in fair value of investments	(6,454,996)	4,080,456
— Investment income reinvested	(1,738,859)	(3,709,190
— Interest income reinvested	(33,342)	(36,974)
— Accretion of interest on lease liabilities	667,148	681,076
Changes in assets and liabilities:		
Increase in receivables and prepayments	(4,473,148)	(995,110)
Increase / (decrease) in payables and contract liabilities	8,618,952	724,132
(Decrease) / increase in provisions	(714,289)	(1,458,960)
CASH FLOWS USED IN OPERATING ACTIVITIES	**5,575,786**	**(762,560)**

20. Financial Risk Management

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments in term-deposits, managed investments portfolios, accounts receivable and payable, loans to and from subsidiaries, and leases. The Group does not speculate in the trading of financial instruments.

Investment Risk Management

The Investment Committee, consisting of directors and executives of the Group, engaged independent external consultants Pitcher Partners and Emerge Capital as its investment managers during the financial year to provide professional advice with respect to the Group's investments. The Committee and investment manager meet on a regular basis to analyze financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimizing potential adverse effects on financial performance. The Investment Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board of Directors on a regular basis.

The current investment strategy is conservative focused on achieving medium to long term investment gains.

(i) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are market risk, interest rate risk, price risk and credit risk.

a. Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the weighted average interest rate for classes of financial assets and financial liabilities (calculated using the applicable interest rates and balances during the financial year), is set out below:

20. Financial Risk Management (continued)

Cash and Interest Rates

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash at bank	0.01	0.250	8,951,088	4,144,787	-	-	-	-	8,951,088	4,144,787
Financial assets- term deposits	0.70	1.725	-	-	1,488,729	1,507,253	-	-	1,488,729	1,507,253
Financial assets- managed investments	-	-	11,481,237	4,232,974	18,928,499	20,410,886	59,962,889	59,273,768	90,372,625	83,917,628
Trade and other receivables	-	-	-	-	-	-	9,107,409	5,184,169	9,107,409	5,184,169
Total Financial Assets	-	-	20,432,325	8,377,761	20,417,228	21,918,139	69,070,298	64,457,937	109,919,851	94,753,837
Financial Liabilities										
Trade and other payables	-	-	-	-	-	-	4,303,088	2,557,574	4,303,088	2,557,574
Total Financial Liabilities	-	-	-	-	-	-	4,303,088	2,557,574	4,303,088	2,557,574

20. Financial Risk Management (continued)

Investment Risk Management

b. Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's fair value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Statement of Financial Position. Refer to the sensitivity analysis below at note 20(f).

c. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities primarily deposits with banks and financial institutions.

Trade receivables and contract assets

Customer credit risk is managed by the Group's finance team dictated by the Group's policies, procedures and controls relating to customer risk management.

An impairment analysis is performed at each reporting date using an expected credit loss model which is applied to all trade receivable and contract asset balances that are subject to credit risk. The Group considers the key revenue streams subject to credit risk being membership, professional service and training revenue. The Group looks at the 5 year rolling average of bad debts written off against these revenue streams adjusted for the following factors when calculating the expected credit loss model:

- Customer receivable balances over 365+ days, and
- Related party receivables whereby they have increased control on recoverability.

Based on this credit risk evaluation, the simplified expected credit loss model implies a loss rate of the revenue streams subject to credit at 30 June 2021 was 4.01% (2020: 2.26 %)

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low.

d. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of $4,303,088 (2020: $2,557,574) which are due for payment within 1 year. With cash equaling $8,951,088 (2020: $4,144,787), and liquid assets of $20,700,340 (2020: $11,417,103) held in financial assets, the Group has sufficient financial and liquid assets available to meet its debts as and when they fall due.

e. Sensitivity Analysis

The Group does not have any borrowings and therefore the main exposure would be in market risk due to price movements of investments. The following table summarizes the sensitivity of the Group's and the Parent's non-interest-bearing financial assets to the movement in the market.

Carrying value of non-current non-interest-bearing financial assets at fair value at 30 June 2021 is $59,962,889 (2020: $59,273,768).

20. Financial Risk Management (continued)

Investment Risk Management (continued)

	Profit $	Equity $
Year ended 30 June 2021		
Fair value on 3% movement	+/- 1,798,887	+/- 1,798,887
Fair value on 5% movement	+/- 2,998,144	+/- 2,998,144
Fair value on 10% movement	+/- 5,996,289	+/- 5,996,289
Year ended 30 June 2020		
Fair value on 3% movement	+/- 1,778,214	+/- 1,778,214
Fair value on 5% movement	+/- 2,963,688	+/- 2,963,688
Fair value on 10% movement	+/- 5,927,377	+/- 5,927,377

Price risk relates to the risk that the fair value of a financial instrument and future cash flows will fluctuate because of changes in market prices of securities held. Such risk is managed through diversification of investments across industries and geographic locations. The Group's managed investments are held in the following financial assets at the end of the reporting period.

	2021	2020
Cash	13%	5%
Fixed Interest	16%	19%
Australian Shares	12%	10%
Overseas Shares	9%	7%
Australian property	-%	-%
Overseas Property	-%	-%
Unlisted Property	38%	46%
Alternatives	7%	7%

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2021		
2% in interest rate	+/- 408,391	+/- 408,391
10% in listed investments	+/- 5,996,289	+/- 5,996,289
Year ended 30 June 2020		
2% in interest rate	+/- 167,555	+/- 167,555
10% in listed investments	+/- 5,927,377	+/- 5,927,377

21. Fair Value Measurements

The Group measures and recognizes the following assets and liabilities at fair value on a recurring basis after initial recognition:

– Financial assets at fair value through profit and loss

The Group does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorizes fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorized into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can assess at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximize, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognized on a recurring basis after initial recognition and their categorization within the fair value hierarchy:

21. Fair Value Measurements (continued)

Recurring Fair Value Measurements

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2021				
Financial assets				
– Managed investments at fair value through profit or loss	90,372,625	-	-	**90,372,625**
2020				
Financial assets				
– Managed investments at fair value through profit or loss	83,917,758	-	-	**83,917,758**

There has been no change in the valuation techniques used to calculate the fair values disclosed in the consolidated financial statements. There has been no transfer between fair value hierarchies during the year.

22. Parent Entity

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2021	2020
	$	$
Statement of Financial Position		
ASSETS		
Current assets	20,690,183	11,406,906
Non-current assets	109,226,744	105,013,804
TOTAL ASSETS	**129,916,927**	**116,420,710**
LIABILITIES		
Current liabilities	20,911,848	12,892,562
Non-current liabilities	17,426,642	18,514,364
TOTAL LIABILITIES	**38,338,490**	**31,406,926**
EQUITY		
Retained earnings	91,578,437	85,013,784
TOTAL EQUITY	**91,578,437**	**85,013,784**
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus / (deficit)	6,564,653	(6,195,686)
Total Comprehensive Income / (Loss) for the year	**6,564,653**	**(6,195,686)**

23. Organisation Details

The registered office and principal place of business of the Victorian Chamber is:

Victorian Chamber of Commerce and Industry (Victorian Chamber)

150 Collins Street

MELBOURNE VIC 3000

The principal activities of the Victorian Chamber during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value-added professional services.

24. Additional Disclosures - S253 of Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

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

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Officer Declaration Statement

For the Year Ended 30 June 2021

I, Paul Guerra, being the Chief Executive Officer of the Group, declare that the following activities did not occur during the reporting period ending 30 June 2021:

The Group did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay a donation that was $1,000 or less
- pay a donation that exceeded $1,000
- receive a donation that exceeded $1,000
- pay other employee expenses to holders of office
- pay other employee expenses to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a separation and redundancy provision in respect of holders of office
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Name: Paul Guerra

Title of office held: Secretary and Chief Executive

Signature

4/11/21

Date

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Committee of Management Statement

For the Year Ended 30 June 2021

On , the Members of the Committee of Management (Board of Directors) of the Victorian Chamber passed the following resolution in relation to the general-purpose financial report (GPFR) for the financial year ended 30 June 2021:

The Board of Directors declares in relation to the general-purpose financial report that in its opinion:

a) The consolidated financial statements and notes comply with the Australian Accounting Standards;

b) The consolidated financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

c) the consolidated financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

e) During the financial year to which the GPFR relates and since the end of that year:

   i. meetings of the board of directors were held in accordance with the rules of the organisation including the rules of a branch concerned;

   ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;

   iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act;

   iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

   v. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner;

   vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Committee of Management.

Name: Paul Guerra
Title of office held: Secretary and Chief Executive

Signature: ....

Date: 4/11/21

Name: Karyn Sobels
Title of office held: President

Signature: ....

Date: 4.11.21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VICTORIAN CHAMBER OF COMMERCE & INDUSTRY

Opinion

We have audited the financial report of the Victorian Chamber of Commerce and Industry ("the Reporting Unit") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Brisbane
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T + 61 3 8635 1800

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Level 25
108 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 8
167 Macquarie Street
Sydney NSW 2000
T + 61 2 8059 6800

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Reporting Unit's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The committee of management of the reporting unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Reporting Unit or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 4 November 2021

Registration number: AA2017/54