

**AUSTRALIAN INDUSTRIAL REGISTRY**

Level 36, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Our Ref: 191V: FR2002/316

Mr Russell Stuckey
President
Victorian Automobile Chamber of Commerce
VACC House
464 St Kilda Road
MELBOURNE 3004

Dear Mr Stuckey,

**Re: Victorian Automobile Chamber of Commerce
Financial returns for year ended 30 June 2002
(FR2002/316)**

Thank you for forwarding the replacement Secretary's Certificate and statement relating to donations made by the organisation in relation to the financial year ended 30 June 2003. The certificate has been placed with the documents previously lodged. The statement relating to donations made has been placed on a file which is not available to the public.

I request, in future returns, that you please include in the Secretary's Certificate the date documents were supplied to the members. Whilst this is not expressly required by s280 of the Act it can demonstrate compliance with the timescale requirements arising under s279(6).

Workplace Relations (Registration and Accountability of Organisations) Legislation

As you would know the Workplace Relations (Registration and Accountability of Organisations) legislation (the RAO legislation) generally came into operation on 12 May 2003.

The RAO legislation establishes a **Registration and Accountability of Organisations Schedule** (the RAO Schedule) within the *Workplace Relations Act 1996* (the WR Act) pertaining to registered organisations. Many of the provisions relating to registered organisations currently in the WR Act will be replicated in the new RAO Schedule, with some amendments. Other matters will be substantially changed by the RAO Schedule, particularly the financial reporting requirements.

For the assistance of registered organisations and their branches the Registry has prepared a series of 12 fact sheets covering various aspects of the RAO legislation. The fact sheets are available electronically at the web site of the Australian Industrial Relations Commission at http://www.airc.gov.au/fact_sheets/factsheets.html.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, please contact me on (03) 8661-7811 or email: shane.ellard@air.gov.au.

Yours sincerely,

Shane Ellard
Assistant Team Manager - RIA Team 4
Statutory Services Branch (Melbourne)

16 May 2003

OFFICE OF THE PRESIDENT

Your Ref: FR2002/316

VICTORIAN AUTOMOBILE
CHAMBER OF COMMERCE
ABN 63 009 478 209

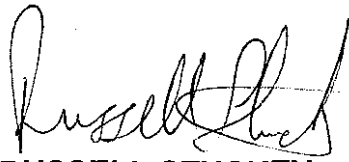
VACC House
464 St Kilda Road
Melbourne 3004

Phone: 03 9829 1111
Fax: 03 9866 6017

Rec'd 16/5/03

8 May 2003

I certify that the attached documents of the Victorian Automobile Chamber of Commerce, provided in accordance with Part IX, Division 11 of the Workplace Relations Act 1996 for the year ended 30 June 2002 are copies of the financial documents that were presented to the Annual General Meeting of members held on Wednesday, 27 November 2002.



RUSSELL STUCKEY



AUSTRALIAN INDUSTRIAL REGISTRY

Level 36, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Our Ref: 191V: FR2002/316

Mr David Purchase
Executive Director
Victorian Automobile Chamber of Commerce
VACC House
464 St Kilda Road,
MELBOURNE 3004

Dear Mr Purchase,

**Re: Victorian Automobile Chamber of Commerce
Financial returns for year ended 30 June 2002
(FR2002/316)**

Receipt is acknowledged of the financial documents of the Victorian Automobile Chamber of Commerce for the year ended 30 June 2002. The documents were lodged in the Industrial Registry on 17 April 2003.

The following matters concerning the financial reporting requirements of the Workplace Relations Act 1996, require your further attention:-

- **Secretary's Certificate**

Not signed by office holder

A certificate prepared under s280(1)(b) of the Act is to be prepared by the Secretary, unless the rules of the organisation provide that another officer should do so. An examination of the rules does not indicate such provision has been made. Accordingly, a member of the Board of Management (preferably the President), rather than the Executive Director, would be the appropriate person to prepare such a certificate. The Executive Director not being an office holder as defined under s4 of the Act.

Date documents supplied to members

Could you also please include in the Secretary's Certificate the date documents were supplied to the members. Whilst this is not expressly required by s280 of the Act it can demonstrate compliance with the timescale requirements arising under s279(6).

Would you please lodge a replacement certificate, in respect of the documents already lodged in the Registry for the year ended 30 June 2002, as soon as possible.

- **Statement of particulars relating to donations**

Not signed by office holder

A statement under s269(1) of the Act should be signed by an officer of the organisation. Accordingly, a member of the Board of Management (preferably the President), rather than the Executive Director, would be the appropriate person to prepare such a statement. The Executive Director not being an office holder as defined under s4 of the Act.

Would you please lodge a replacement statement under s269(1), in respect of the documents already lodged in the Registry for the year ended 30 June 2002, as soon as possible.

The following matters are advised for assistance when preparing future financial documents, no further action is requested in respect of these:

- **Accounting Officer's Certificate**

Not signed by office holder

A certificate prepared under regulation 109(1)(a) is to be prepared by the officer responsible for the keeping of the accounting records - refer regulation 109(4). An examination of the rules of the organisation indicates that a member of the Board of Management, rather the Executive Director or the Finance Manager, is the appropriate person to prepare such a certificate. Neither the Executive Director nor the Finance Manager are office holders as defined under s4 of the Act.

- **Timescale provisions**

Documents not lodged in Registry within 14 days of 2nd meeting

Unless an extension is granted, financial documents should be lodged in the Industrial Registry within 14 days of the meeting at which they were presented - refer subsection 280(1).

- **Auditor's Report**

Consideration of certificates as well as accounts

The auditor gives an opinion on the financial report as set out on pages 5 to 15. It should be noted that the opinion required for the purposes of s276(4)(a)(ii) of the Act should include consideration of the certificates of the accounting officer and committee of management. Such certificates should be contained in accounts prepared in accordance with subsection 273(1) of the Act - refer subsection 273(2) and subregulation 109(1).

Registered company auditor

The signatory to the auditor's report has not indicated whether he is registered as a company auditor - refer regulation 112. It is the attitude of this Office that this fact should be evident to members in the published financial documents.

Powers and duties of auditor

Subsection 276(4)(a)(ii) of the Act requires an auditor to state, whether in the auditor's opinion: *"...the accounts and statements prepared under section 273 in relation to the year were properly drawn up so as to give a true and fair view of..."*

The auditor's report omitted the words underlined above. Would you please draw these matters to your auditor's attention.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, please contact me on (03) 8661-7811 or email: shane.ellard@air.gov.au.

Yours sincerely,



Shane Ellard
Assistant Team Manager - RIA Team 4
Statutory Services Branch (Melbourne)

1 May 2003

D A PURCHASE
EXECUTIVE DIRECTOR
Your Ref: FR2002/316

VICTORIAN AUTOMOBILE
CHAMBER OF COMMERCE
ABN 63 009 478 209

VACC House
464 St Kilda Road
Melbourne 3004

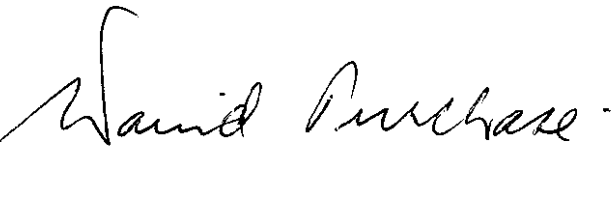
Phone: 03 9829 1103
Fax: 03 9866 6017

Rec'd 27/4/03
to

14 April 2003

FR 2002/316

I certify that the attached documents of the Victorian Automobile Chamber of Commerce, provided in accordance with Part IX, Division 11 of the Workplace Relations Act 1996 for the year ended 30 June 2002 are copies of the financial documents that were presented to the Annual General Meeting of members held on Wednesday, 27 November 2002.


DAVID PURCHASE

	2002	2001
Amounts not provided for		
rental commitments	147,977	121,876
Aggregate lease expenditure contracted for at balance date	147,977	121,876
Finance lease contracts capitalised and included in plant and equipment		
later than one year	201,877	295,626
not later than one year and not later than five years	30,017	231,893
not later than five years		
Minimum lease payments	231,894	527,519
Future finance charges	(13,159)	(46,853)
Liability	218,735	480,666
	189,529	261,931
	29,206	218,735
Liability recognised for	218,735	480,666
	189,529	261,931

Victorian Automobile Chamber of Commerce

Financial Report 2002

Audited Financial Statements for the year end 30 June 2002



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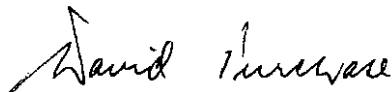
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The Eighty Fourth Annual General Meeting of the
Victorian Automobile Chamber of Commerce ABN 63 009 478 209
will be held at VACC House, Level 7, 464 St Kilda Road Melbourne
on Wednesday 27 November 2002 at 12 noon.

BUSINESS

The Business of the Meeting is to:

- A. Confirm the Minutes of the previous Annual General Meeting held on 21 November 2001.
- B. Consider any business arising out of the Minutes of the previous Meeting.
- C. Receive the President's Report and the Annual Report.
- D. Receive, consider and adopt the Financial Statements for the year ended 30 June 2002 and the Auditor's Report thereon, prepared in accordance with the requirements of the Workplace Relations Act 1996.
- E. Appoint an Auditor.
- F. Consider, and if necessary, take action with reference to any business or motion of which due notice has been given, or which three-fourths of the members present or represented at such meeting, consent thereto; not being inconsistent with the Constitution and Rules of the VACC.



David A. Purchase
EXECUTIVE DIRECTOR

11 September 2002

Directors' Declaration

Board Responsibilities

The Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board ensures that Management's objectives and activities are aligned with the expectations and risks identified by the Board and has a number of mechanisms in place to ensure this is achieved.

These mechanisms include the following:

- Development and approval of initiatives and strategies designed to ensure the continued growth and success of the VACC;
- Approval of operating plans and budgets prepared by Management and Board monitoring of progress against budget;
- Establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

On behalf of the Executive Board



John L. Byford
PRESIDENT

11 September 2002



Russell N. Stuckey
SENIOR VICE PRESIDENT

Executive Board's Certificate

We, John Byford and Russell Stuckey, being two members of the Executive Board of the Victorian Automobile Chamber of Commerce, do state on behalf of the Board and in accordance with a resolution passed by the Board that:

- (i) in the opinion of the Executive Board, the attached financial accounts show a true and fair view of the financial affairs of the organisation as at 30 June 2002;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 30 June 2002 in accordance with the rules of the organisation;
- (iii) to the knowledge of any member of the Board, there have been, during the financial year ended 30 June 2002, no instances where records of the organisation or other documents (not being documents containing information made available to a member of the organisation under sub-section 274 (2) of the Workplace Relations Act 1996), or copies of those records or other documents, or copies of the rules of the organisation, have not been furnished, or made available, to members of the organisation in accordance with the Workplace Relations Act 1996, Regulations thereto, or the rules of the organisation; and
- (iv) the organisation has complied with sub-section 279(1) and (6) of the Workplace Relations Act 1996 in relation to the financial accounts in respect of the year ended 30 June 2001 and the auditor's report thereon.



John L. Byford
PRESIDENT



Russell N. Stuckey
SENIOR VICE PRESIDENT

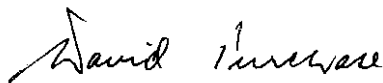
11 September 2002

Accounting Officers' Certificate

We, David Purchase, Executive Director, and Iain Pizzey, Finance Manager, being the Officers responsible for keeping the accounting records of the Victorian Automobile Chamber of Commerce, certify that as at 30 June 2002 the number of members of the organisation was 4,640.

In our opinion:

- (i) the attached financial accounts show a true and fair view of the financial affairs of the organisation as at 30 June 2002;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the organisation;
- (iii) before any expenditure was incurred by the organisation, approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation;
- (iv) with regard to funds of the organisation raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of such funds for purposes other than those for which the funds were operated;
- (v) no loans or other financial benefits granted to persons holding office in the organisation were made other than as authorised in accordance with the rules, and;
- (vi) the register of members of the organisation was maintained in accordance with the Workplace Relations Act 1996.



David A. Purchase
EXECUTIVE DIRECTOR



Iain R. Pizzey CA, FCIS
FINANCE MANAGER

11 September 2002

Victorian Automobile Chamber of Commerce

Statement of Financial Performance for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
Revenues from ordinary activities	3	18,672,467	25,576,395
Borrowing costs	3	(23,476)	(39,326)
Other expenses from ordinary activities	3	(26,642,483)	(28,400,474)
Operating result for the year	11	(7,993,492)	(2,863,405)
Increase in asset revaluation reserve	12	6,354,391	
Total changes in Members' funds		(1,639,101)	(2,863,405)

The above Statement of Financial Performance is to be read in conjunction with the accompanying notes.

Victorian Automobile Chamber Of Commerce

Statement of Financial Position as at 30 June 2002

	Notes	2002 \$	2001 \$
Current assets			
Cash Assets	13	1,870,529	414,275
Receivables	4	1,601,720	1,567,277
Prepayments		443,378	484,717
Inventories		227,955	337,258
Total current assets		4,143,582	2,803,527
Investments-special capital fund	5	92,247,165	99,588,614
Non-current assets			
Investments	6	29,038,201	22,196,986
Plant and Equipment	7	1,996,372	2,867,184
Total non-current assets		31,034,573	25,064,170
Total assets		127,425,320	127,456,311
Current liabilities			
Payables	8	1,645,993	2,032,094
Income in Advance		3,493,636	1,463,953
Interest-Bearing Liabilities	9	78,006	189,529
Provisions	10	1,121,996	1,081,070
Total current liabilities		6,339,631	4,766,646
Non-current liabilities			
Interest-Bearing Liabilities	9	66,809	29,206
Provisions	10	49,159	51,637
Total non-current liabilities		115,968	80,843
Total liabilities		6,455,599	4,847,489
Net assets		120,969,721	122,608,822
Members funds			
Revenue Accumulation	11	104,351,101	112,344,593
Asset Revaluation Reserve	12	16,618,620	10,264,229
Total Members funds		120,969,721	122,608,822

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Victorian Automobile Chamber Of Commerce

Statement of Cash Flows for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
Cash Flows from Operating Activities			
Receipts from members and customers		18,925,458	16,290,175
Payments to suppliers and employees		(25,442,668)	(26,744,032)
Interest received		22,809	52,379
Goods and Services Tax (paid)/refund received		(475,445)	135,890
Interest and finance costs paid		(23,476)	(39,326)
Net cash flows used in Operating Activities		(6,993,322)	(10,304,914)
Cash Flows from Investing Activities			
Distribution from Special Capital Fund		9,354,697	10,363,361
Purchase of Plant and Equipment		(394,307)	(272,843)
Proceeds from sales of Plant and Equipment		46,981	239,785
Purchase of Other Investments		(483,875)	-
Net cash flows from Investing Activities		8,523,496	10,330,303
Cash Flows from Financing Activities			
Repayment of Finance Lease Principal		(73,920)	(261,931)
Net cash flows used in Financing Activities		(73,920)	(261,931)
Net Increase/(decrease) in cash held		1,456,254	(236,542)
Add opening cash brought forward		414,275	650,817
Closing cash carried forward	13	1,870,529	414,275
Reconciliation of result with net cash flows used in operating activities			
Result for the year		(7,993,492)	(2,863,405)
Depreciation & amortisation of plant & equipment		1,114,177	1,301,179
Provision for employee entitlements		38,448	137,438
Result on disposal of plant and equipment		103,961	10,450
Result of Special Capital Fund net of management fees		(2,016,198)	(9,498,360)
Changes in assets and liabilities:			
(Increase) in Receivables		(34,442)	(6,025)
Decrease in Inventories		109,303	111,980
Decrease/(Increase) in Prepayments		41,339	(57,273)
(Decrease) in Accounts Payable		(386,101)	(316,421)
Increase in Income in Advance		2,029,683	875,523
Net cash flows used in operating activities		(6,993,322)	(10,304,914)

Victorian Automobile Chamber of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

1. In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 274, which reads as follows:
 - i) A member of an organisation, or the Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
 - ii) An organisation shall, on application made under subsection (1) by a member of the organisation or the Registrar, make the specified information available to the member or the Registrar in such manner, and within such time, as is prescribed.
 - iii) The Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

2. Summary of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Workplace Relations Act 1996, applicable Accounting Standards and other mandatory professional reporting requirements. The accounting policies adopted are consistent with those of the previous year.

The financial report has been prepared in accordance with the historical cost convention, except for investments in property measured at fair value and investments in the Special Capital Fund measured at net market value.

a) *Non-Current Assets*

Interests in property are shown as investments and the policy of VACC is to regard land and buildings as a unit of property and to regularly obtain independent appraisals of such property which are adopted for the purpose of the accounts. Adjustments resulting from revaluation are taken directly to the asset revaluation reserve in the year of revaluation, except where a decrement on revaluation exceeds previous increments, in which case such amounts are included in the Statement of Financial Performance. Except for land and buildings, plant and equipment is carried at the lower of cost and recoverable amount.

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining the recoverable amount, the expected net cash flows have not been discounted to their present value. Major depreciation methods and periods are: furniture and fittings – straight line method over 5 years, plant and equipment – straight line method between 3-5 years, motor vehicles – diminishing value method over 4 years and leased equipment – straight line method over 4 years.

b) *Investments - Special Capital Fund*

The Special Capital Fund is administered by an Investment Committee. The Investment Committee uses various specialist fund managers in the administration of a range of investments, valued by the managers at net market value. The Special Capital Fund has been recorded in the accounts at net market value. The components of the Special Capital Fund are readily tradeable, however the nature of the Fund is such that it is not expected to be ordinarily consumed or converted into cash within twelve months of the reporting date, although components of the Fund may be so consumed or converted. Accordingly, the Special Capital Fund is considered neither a current nor a non-current asset. The change in the value of the Special Capital Fund during the year has been recorded in the Statement of Financial Performance, together with the aggregate difference between the net market value realised on disposal of Special Capital Fund components and their carrying amount, and other revenue components including interest and dividends (Note 3). In accordance with the Rules relating to the Special Capital Fund an amount has been transferred to the Special Capital Fund Maintenance Reserve to recognise the initial value of the Fund in real terms. (ie. CPI Adjusted).

c) *Inventories*

Inventories, being finished goods, are valued at the lower of cost and net realisable value. Cost is assigned to inventories on a First In First Out (FIFO) basis.

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

Summary of significant accounting policies (Cont'd)

d) Receivables

All receivables are recognised at nominal amounts due, and are due for settlement no more than 30 days from the date of recognition. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off during the period in which they are identified.

e) Accounts Payable

Accounts payable represent liabilities for goods and services provided to VACC and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

f) Employee Entitlements

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be readily measured. Special Fund revenue is recognised as described in Note 2(b). Membership subscriptions are payable annually or in instalments in advance of the membership period. Only those receipts attributable to the current year are recognised as revenue; those received in advance are shown as such in the Statement of Financial Position. Services revenue, which in its various forms comprises the remainder of VACC's revenue, is recognised once control of a right to be compensated for the services has been attained.

h) Tax

Section 23(f) of the Income Tax Assessment Act 1936 exempts VACC from income tax.

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to VACC are capitalised at the present value of the minimum lease payments and disclosed as equipment under lease. A lease liability of equal value is also recognised. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to profit and loss.

j) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

	2002 \$	2001 \$
3. Operating Result		
The operating result has been determined after:		
(a) Income from Operating Activities		
Special Capital Fund surplus		
Realised in respect of:		
Net result on the disposal of components of the Special Capital Fund	2,026,252	4,221,934
Interest, recognised when due and receivable	10,499	
Dividends, recognised when due and receivable	4,995,620	3,020,519
Unrealised changes in net realisable value of components of the Special Capital Fund held at the reporting date	(5,312,930)	2,461,333
	<hr/> 1,719,441	<hr/> 9,703,786
Member Subscriptions	2,386,406	2,336,498
International Motor Show Income	2,294,080	1,966,792
Stationery Sales	740,936	804,972
Rental Income	3,900,210	3,654,903
Interest Income	22,809	52,379
Advertising	213,395	195,789
Recovery of Apprentice Wages	4,849,351	4,304,838
Commissions Received	410,660	356,845
Employment, Education and Training Income	1,053,864	902,095
Proceeds from Sale of Non Current Assets	46,981	239,785
Proceeds from Sale of Investment	75,725	
Other Income	958,609	1,057,713
Total Income from Operating Activities	<hr/> <hr/> 18,672,467	<hr/> <hr/> 25,576,395
(b) Expenditure		
Subscriptions	653,898	664,674
Auditors remuneration in respect of:		
Audit services	44,000	39,000
Other services	28,980	29,542
Aggregate auditor's remuneration	<hr/> 72,980	<hr/> 68,542
Legal fees	161,296	288,760
Investment Management Fees	293,807	270,254
Amount paid as remuneration to holders of office	402,354	351,018
Amount paid as remuneration to employees of the organisation	9,108,188	8,094,482

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

	2002 \$	2001 \$
3. Operating Result (Cont'd)		
Amount paid in respect of superannuation	770,960	638,082
Administrative Expenses	1,034,512	2,192,426
Net MICS Expenditure	267,582	2,084,895
Net Motor Portal Industry Expenditure	2,354,003	2,566,823
Provision for Annual Leave	10,316	125,063
Provision for Long Service Leave	28,131	12,375
Donations	53,702	49,828
Board of Management and Executive Board Expenses	306,200	297,403
Depreciation of Furniture and Fittings	44,327	45,924
Depreciation of Plant and Equipment	795,729	831,715
Depreciation of Motor Vehicles	200,687	239,864
Amortisation of Leased Plant and Equipment	73,434	183,676
Bad Debts	2,030	1,233
Operating Lease Rentals	85,369	93,771
Carrying Amount of Non Current Assets Sold	150,942	229,335
Carrying Amount of Investment Sold	16,125	
Advertising Expenses	731,544	634,717
Cost of Inventory Purchases	373,841	481,402
Divisions and Membership Expenses	790,720	878,131
Employment, Education & Training Expenses	1,022,224	763,287
Government & Public Affairs Expenses	194,226	252,135
Industrial Relations Expenses	271,919	293,465
Motor Show Expenses	2,086,271	1,900,200
MotorTech - Module Development Fees	129,800	
Property Expenses	1,255,572	1,256,110
Telephone Expenses	199,453	135,705
VACC House Refurbishing Expenses	130,894	
Other Operating Expenses	2,569,447	2,475,179
Total Operating Expenses Other than Borrowing Costs	26,642,483	28,400,474
Finance charges on Leased Plant and Equipment	19,560	32,631
Interest Paid	3,916	6,695
Total Borrowing Costs	23,476	39,326
Total Operating Expenses	26,665,959	28,439,800

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

	2002 \$	2001 \$
4. Receivables		
Trade and other Receivables	1,616,720	1,582,277
Provision for Doubtful Debts	(15,000)	(15,000)
	1,601,720	1,567,277
5. Investments - Special Capital Fund		
The Special Capital Fund Comprises:		
Equities	38,114,265	44,030,584
Units in Property Trust	16,730,520	18,387,354
Fixed Interest	29,696,222	28,416,287
Discount Security and liquidity	7,706,158	8,754,389
	92,247,165	99,588,614
6. Investments		
Non Current:		
Property - 464 St Kilda Road - at independent valuation determined by D.J. McCormack as at June 2002 (Cost \$9,970,771)	26,000,000	19,750,000
Property - Queens Road Car Park - at independent valuation determined by B. Kerr as at June 2000. (Cost \$1,815,000)	2,300,000	2,300,000
Investments at cost comprise:		
carsales.com.au Limited	500,000	-
Australian Automobile Dealers Association Dealer Services Pty. Ltd.	2,950	-
Motorcharge Ltd.		16,125
Units in MTAA House Unit Trust		130,861
Investment at revalued amount:		
Units in MTAA House Unit Trust	235,251	-
	29,038,201	22,196,986

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
7. Plant and Equipment			
(a) Plant and Equipment			
Furniture and Fittings - cost		499,510	357,571
Accumulated Depreciation		(271,837)	(232,043)
Net Book Value	7(b)	<u>227,673</u>	<u>125,528</u>
Plant and Equipment - cost		3,410,580	3,666,332
Accumulated Depreciation		(2,549,630)	(2,066,253)
Net Book Value	7(b)	<u>860,950</u>	<u>1,600,079</u>
Motor Vehicles - cost		1,552,043	1,605,588
Accumulated Depreciation		(776,511)	(644,899)
Net book value	7(b)	<u>775,532</u>	<u>960,689</u>
Equipment under finance lease contracts - cost		300,957	402,118
Accumulated Amortisation		(168,740)	(221,230)
Written down value	7(b)	<u>132,217</u>	<u>180,888</u>
Total net book value		<u>1,996,372</u>	<u>2,867,184</u>
(b) Reconciliations			
Furniture and Fittings			
Carrying Amount at Beginning		125,528	214,727
Additions		150,893	37,485
Disposals		(4,421)	(80,760)
Depreciation Expense		(44,327)	(45,924)
		<u>227,673</u>	<u>125,528</u>
Plant and Equipment			
Carrying Amount at Beginning		1,600,079	2,394,803
Additions		358,492	118,380
Disposals		(301,892)	(81,389)
Depreciation Expense		(795,729)	(831,715)
		<u>860,950</u>	<u>1,600,079</u>
Motor Vehicles			
Carrying Amount at Beginning		960,689	1,125,277
Additions		60,859	185,103
Disposals		(45,329)	(109,827)
Depreciation Expense		(200,687)	(239,864)
		<u>775,532</u>	<u>960,689</u>
Equipment Under Lease			
Carrying Amount at Beginning		180,888	410,947
Additions		150,713	
Disposals		(125,950)	(46,383)
Amortisation Expense		(73,434)	(183,676)
		<u>132,217</u>	<u>180,888</u>

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
8. Payables			
Trade and Other Creditors		1,645,993	2,032,094
9. Interest-Bearing Liabilities			
Current:			
Lease Liability		78,006	189,529
Non Current:			
Lease Liability		66,809	29,206
Total Interest Bearing Liabilities	14	144,815	218,735
All leases are unsecured leases			
10. Provisions			
Current:			
Provision for Annual Leave		705,054	694,738
Provision for Long Service Leave		416,942	386,332
		1,121,996	1,081,070
Non Current:			
Provision for Long Service Leave		49,159	51,637
Aggregate Employee Entitlement Liability		1,171,155	1,132,707
11. Revenue Accumulation			
Accumulated Surplus:			
Opening Balance		71,691,650	80,272,263
Result for the year		(7,993,492)	(2,863,405)
Transfer to Special Fund Maintenance Reserve		(2,858,604)	(5,717,208)
		60,839,554	71,691,650
Special Fund Maintenance Reserve:			
Opening Balance		40,652,943	34,935,735
Transfer from Accumulated Surplus		2,858,604	5,717,208
		43,511,547	40,652,943
Revenue Accumulation Total		104,351,101	112,344,593
12. Asset Revaluation Reserve			
Asset Revaluation Reserve:			
Opening Balance		10,264,229	10,264,229
Revaluation - VACC House		6,250,000	
Revaluation - Units in MTAA House Unit Trust		104,391	
Asset Revaluation Reserve Total		16,618,620	10,264,229
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets			
13. Reconciliation of Cash			
Cash on Hand		1,870,529	414,275

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the financial statements for the year ended 30 June 2002

	2002 \$	2001 \$
14. Expenditure Commitments		
Lease expenditure commitments		
Operating Leases (non cancellable)		
Minimum Lease Payments		
- not later than one year	81,859	76,783
- later than one year and not later than five years	78,234	71,194
- later than five years		
- aggregate lease expenditure contracted for at balance date	<u>160,093</u>	<u>147,977</u>
Aggregate expenditure commitments comprise:		
Amounts not provided for:		
- rental commitments	160,093	147,977
Aggregate lease expenditure contracted for at balance date	<u>160,093</u>	<u>147,977</u>
Operating leases have an average lease term of 1.1 years and an average implicit interest rate of 8.1%. Assets subject of operating leases are office equipment.		
Finance lease contracts capitalised and included in plant and equipment		
- not later than one year	86,438	201,877
- later than one year and not later than five years	70,492	30,017
- later than five years		
Total minimum lease payments	<u>156,930</u>	<u>231,894</u>
Less future finance charges	<u>(12,115)</u>	<u>(13,159)</u>
Lease Liability	<u>144,815</u>	<u>218,735</u>
- Current	78,006	189,529
- Non Current	66,809	29,206
	<u>144,815</u>	<u>218,735</u>
Total lease liability accrued for:		
Current		
- finance leases	78,006	189,529
Non Current		
- finance leases	66,809	29,206
	<u>144,815</u>	<u>218,735</u>
Capital Expenditure Commitments:		
Estimated capital expenditure contracted for at balance date, but not provided for, payable:		
not later than one year		
Portal Development		25,591
VACC House Refurbishment	2,479,099	
Total Commitments	<u>2,479,099</u>	<u>25,591</u>

Victorian Automobile Chamber Of Commerce

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

15. Financial Instruments

(a) *Terms, conditions and accounting policies*

Receivables arise from the sale of a range of products and services made on credit, due in 30 days. The total receivable at balance date is shown net of a provision for amounts estimated to be uncollectable. Interest is not charged on outstanding amounts

Details of the terms, conditions and accounting policy associated with Special Capital Fund Investments are set out in Note 2 (b). Investment managers' mandates permit the use of derivatives to cover investment and foreign currency exposure. The use of derivatives is not to exceed the underlying physical investment.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to VACC. Trade accounts payable are normally settled on 30 day terms and no interest is incurred on those accounts.

Included in borrowings are amounts due under finance leases accounted for in accordance with AAS17. As at balance date, the outstanding finance lease contracts had an average term of 1.1 years (2001: 1.3 years) and an average implicit discount rate of 8.1% (2001: 10.6%).

(b) *Interest rate risk*

As at balance date, VACC's exposure to interest rate risk related to finance leases (refer Note (a) above) and cash and deposits whose weighted average effective interest rate is 3.4% (2001: 3.6%).

(c) *Net fair values*

The net fair values of financial instruments, all of which are recognised in the financial statements, approximate the amounts at which they are carried in that statement of financial position.

(d) *Credit risk exposures*

VACC's maximum exposure to credit risk at balance date in respect of receivables is the carrying amount of those assets. Exposure is limited by VACC trading with a large number of customers.

16. Related Party Disclosures

The Members of the Executive Board during the financial year were:

A. D. Blake	R. J. Fairbairn
O. C. Brown OAM	J. P. Howes
J. L. Byford	P. G. Makin
B. A. Curmi	R. N. Stuckey

There were no transactions with Executive Board members except on commercial terms and conditions.

17. Segment Information

VACC operates predominantly in the automotive industry in Victoria and Tasmania.

18. Chamber Information

Victorian Automobile Chamber of Commerce is:

- domiciled in Australia
- incorporated under the Workplace Relations Act 1996
- registered address and principal place of business is VACC House, 464 St Kilda Road, Melbourne, Victoria 3004
- principal activity is that of an Employer Association
- number of employees at 30 June 2002 was 110
- number of apprentices as at 30 June 2002 was 232.

Independent Audit Report

To the Members
Victorian Automobile Chamber of Commerce

Scope

We have audited the financial report of the Victorian Automobile Chamber of Commerce ("VACC") for the year ended 30 June 2002 as set out on pages 5 to 15. The VACC's Executive Board is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

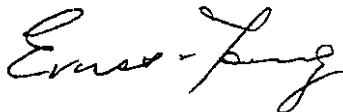
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial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

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

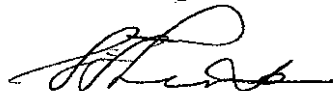
Audit opinion

In our opinion:

- (i) the VACC maintained satisfactory accounting records in relation to the year ended 30 June 2002, detailing the sources and nature of the income of the VACC (including income from members) and the nature and purpose of expenditure; and
- (ii) the financial report presents fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Workplace Relations Act 1996 the financial position of the VACC as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.



Ernst & Young



G I Linton
Partner

Melbourne
11 September 2002