



## AUSTRALIAN INDUSTRIAL REGISTRY

Level 35, Nauru House  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7777  
Fax: (03) 9654 6672

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

Dear Mr. Stuckey,

**Re: Financial documents for year ended 30 June 2003  
FR 2003/528**

Reference is made to the financial documents of the Victorian Automobile Chamber of Commerce for the year ended 30 June 2003 which were lodged in the Industrial Registry on 16 December 2003.

Reference is also made to the statement pursuant to section 269 of the Workplace Relations Act 1996, relating to particulars of donations made by the organisation for the financial year ended 30 June 2003.

The statement has been placed on a file which is not available to the public.

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

### 1. Auditor's Report

Subsection 276(4) of the Act requires an auditor to state, whether in the auditor's opinion:

"(a)(i) there were kept by the organisation in relation to the year satisfactory accounting records, including:

(A) records of the sources and nature of the income of the organisation (including income from members); and

(B) records of the nature and purposes of the expenditure of the organisation; and

(ii) 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:

(A) the financial affairs of the organisation as at the end of the year; and

(B) the income and expenditure, and any surplus or deficit, of the organisation for the year; and

(b) whether all the information and explanations that, under subsection (2), officers or employees of the organisation were required to provide were provided;

and, in addition, the auditor shall state in the report particulars of any deficiency, failure or shortcoming in relation to a matter referred to in paragraph (a) or (b)."

The auditor's report omitted the words underlined above.


Would you please bring this matter to the attention of the auditor.

## 2. Timescale Provisions

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).

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993.

Yours sincerely,



Robert Pfeiffer  
Statutory Services Branch

18 February 2004

L. P.

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

2 December 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 2003 are copies of the financial documents that were presented to the Annual General Meeting of members held on Wednesday, 26 November 2003.



**RUSSELL STUCKEY**

02-03

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

FINANCIAL REPORT 2003



VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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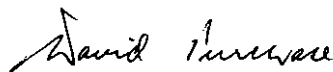
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## BUSINESS

THE EIGHTY FIFTH ANNUAL GENERAL MEETING OF THE  
VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE (VACC) ABN 63 009 478 209  
WILL BE HELD AT VACC HOUSE, 464 ST KILDA ROAD MELBOURNE ON  
WEDNESDAY 26 NOVEMBER 2003 AT 12 NOON

The Business of the Meeting is to:

- A. Confirm the Minutes of the previous Annual General Meeting held on 27 November 2002.
- 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 2003 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

13 October 2003

## DIRECTORS' DECLARATION

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; and,
- Establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

Signed on behalf of the Executive Board,



Russell N. Stuckey  
PRESIDENT



Anthony D. Blake  
SENIOR VICE PRESIDENT

10 September 2003

## EXECUTIVE BOARD'S CERTIFICATE

We, Russell Stuckey and Anthony Blake, 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 Statements and Notes show a true and fair view of the financial affairs of the organisation as at 30 June 2003;
- (ii) In the opinion of the Executive Board, meetings of the Board were held during the year ended 30 June 2003 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 2003, 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 Statements and Notes in respect of the year ended 30 June 2002 and the auditor's report thereon.



Russell N. Stuckey  
PRESIDENT

10 September 2003



Anthony D. Blake  
SENIOR VICE PRESIDENT



## ACCOUNTING OFFICERS' CERTIFICATE

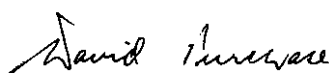
We, Russell Stuckey, President, David Purchase, Executive Director, and Iain Pizzey, Finance Manager, being the Officers responsible for keeping the accounting records of the Victorian Automobile Chamber of Commerce, certify that as at 30 June 2003, the number of members of the organisation was 4,594.

In our opinion:

- (i) The attached Financial Statements and Notes show a true and fair view of the financial affairs of the organisation as at 30 June 2003;
- (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.



Russell N. Stuckey  
PRESIDENT



David A. Purchase  
EXECUTIVE DIRECTOR



Iain R. Pizzey CA, FCIS  
FINANCE MANAGER

10 September 2003

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2003**

**02-03**

	Notes	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
Revenues from ordinary activities	3	21,273,588	21,936,231	18,672,467
Borrowing costs	3	(14,934)	(12,793)	(23,476)
Other expenses from ordinary activities	3	(30,904,180)	(31,568,964)	(26,642,483)
Operating result for the year	11	(9,645,526)	(9,645,526)	(7,993,492)
Increase in asset revaluation reserve	12	19,974	19,974	6,354,391
Total changes in Members' funds		(9,625,552)	(9,625,552)	(1,639,101)

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

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2003**

	Notes	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>CURRENT ASSETS</b>				
Cash assets	13	1,037,475	817,615	1,370,529
Receivables	4	1,365,192	1,524,537	1,601,720
Prepayments		73,316	438,927	43,373
Inventories		217,430	217,430	327,954
<b>TOTAL CURRENT ASSETS</b>		<b>3,343,413</b>	<b>2,998,509</b>	<b>3,144,582</b>
<b>INVESTMENTS-SPECIAL CAPITAL FUND</b>	5	<b>83,103,162</b>	<b>83,103,162</b>	<b>92,277,165</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	4		191,839	
Investments	6	29,308,175	29,308,175	29,038,201
Plant and equipment	7	1,672,729	1,383,402	1,996,372
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,980,904</b>	<b>30,883,416</b>	<b>31,034,573</b>
<b>TOTAL ASSETS</b>		<b>117,427,479</b>	<b>116,985,087</b>	<b>127,425,320</b>
<b>CURRENT LIABILITIES</b>				
Payables	8	1,916,487	1,812,383	1,645,993
Income in advance		2,674,515	2,674,515	3,093,636
Interest-bearing liabilities	9	144,979	52,927	78,006
Provisions	10	1,061,019	1,000,639	1,121,996
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,797,000</b>	<b>5,540,464</b>	<b>6,339,631</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing liabilities	9	199,738	13,882	66,809
Provisions	10	86,572	86,572	49,159
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>286,310</b>	<b>100,454</b>	<b>115,968</b>
<b>TOTAL LIABILITIES</b>		<b>6,083,310</b>	<b>5,640,918</b>	<b>6,455,599</b>
<b>NET ASSETS</b>		<b>111,344,169</b>	<b>111,344,169</b>	<b>120,969,721</b>
<b>MEMBERS' FUNDS</b>				
Revenue accumulation	11	48,410,651	48,410,651	60,839,554
Reserves	12	62,933,518	62,933,518	60,130,167
<b>TOTAL MEMBERS' FUNDS</b>		<b>111,344,169</b>	<b>111,344,169</b>	<b>120,969,721</b>

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 2003**

02-03

	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers	16,620,785	16,656,042	13,925,458
Dividend and Distributions from Investments	4,514,991	4,514,991	
Payments to suppliers and employees	(30,009,511)	(30,104,245)	(25,442,668)
Interest received	33,656	34,439	22,809
Goods and Services Tax refunded (paid)	89,252	84,746	(173,445)
Interest and finance costs paid	(14,934)	(12,793)	(23,476)
Net cash flows used in Operating Activities	(8,763,761)	(8,826,820)	(6,993,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution from Special Capital Fund	8,463,566	8,463,566	9,354,697
Purchase of Plant and Equipment	(696,899)	(275,793)	(394,407)
Proceeds from sales of Plant and Equipment	164,139	164,139	46,981
Purchase of Other Investments	(250,000)	(500,000)	(483,875)
Net cash flows from Investing Activities	7,780,806	7,851,912	8,523,496
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds and Repayment of Finance Lease Principal	199,901	(78,006)	(73,920)
Net cash flows from/(used in) Financing Activities	199,901	(78,006)	(73,920)
Net (decrease)/increase in cash held	(783,054)	(1,052,914)	1,456,254
Add opening cash brought forward	1,870,529	1,870,529	414,275
<b>CLOSING CASH CARRIED FORWARD</b>	<b>1,087,475</b>	<b>817,615</b>	<b>1,870,529</b>
<b>RECONCILIATION OF RESULT WITH NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Operating result for the year	(9,645,526)	(9,645,526)	(7,993,492)
Depreciation & amortisation of plant & equipment	761,802	730,023	1,114,177
Provision for employee entitlements		-	38,448
(Profit)/Loss on disposal of plant and equipment	(5,398)	(5,398)	103,961
Provision for non-recovery of loan		2,450,460	
Provision for diminution of investment		250,000	
Unrealised movement in investment	680,437	680,437	
Result of Special Capital Fund net of Management Fees		-	(2,016,198)
Changes in assets and liabilities:			
Decrease/(Increase) in Receivables	36,528	77,182	(34,442)
Increase in Loan to subsidiary		(2,642,299)	
Decrease in Inventories	10,525	10,525	109,303
(Increase)/Decrease in Prepayments	(29,938)	4,451	41,339
Increase/(Decrease) in Payables	270,494	166,390	(386,101)
(Decrease)/Increase in Income in Advance	(819,121)	(819,121)	2,029,683
Decrease in Provisions	(23,564)	(83,944)	
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(8,763,761)</b>	<b>(8,826,820)</b>	<b>(6,993,322)</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

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:
- A member of an organisation, or the Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
  - An organisation shall, on application made under sub-section (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.
  - The Registrar may only make an application under sub-section (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 Financial Statements. Adjustments resulting from revaluations are taken directly to the asset revaluations 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 Financial Statements 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 (Refer 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, (Refer Note 12).

**Investments - Non Current**

Non current investments are carried at the lower of cost and recoverable amount.

**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.

**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.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

02-03

**f) Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

**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 Capital 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. For the controlled entity, tax effect accounting is applied using the liability method. The income tax expense is calculated on the accounting result after adjusting for permanent differences (if any). The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

**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 the economic entity 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 leased 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.

**k) Principles of Consolidation**

The consolidated Financial Statements are those of the consolidated entity, comprising the Victorian Automobile Chamber of Commerce (the parent) and all entities that the Victorian Automobile Chamber of Commerce controlled from time to time during the year and at reporting date. Information from the Financial Statements of the subsidiary is included from the date the parent obtains control until such time as control ceases.

Where there is loss of control of a subsidiary, the consolidated Financial Statements include the results for the part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The Financial Statements of the subsidiary is prepared for the same reporting period as the parent, using consistent accounting policies.

All inter-related balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>3. OPERATING RESULT</b>			
The operating result has been determined after:			
<b>(a) Income from Operating Activities:</b>			
<b>Special Capital Fund surplus realised in respect of:</b>			
Net result on the disposal of components of the Special Capital Fund	30,078	30,078	2,026,252
Interest, recognised when due and receivable	19,459	19,459	10,489
Dividends, recognised when due and receivable	4,465,454	4,465,454	4,995,620
Unrealised changes in net realisable value of components of the Special Capital Fund held at the reporting date.	(680,437)	(680,437)	(5,312,930)
	<u>3,834,554</u>	<u>3,834,554</u>	<u>1,719,441</u>
Member subscriptions	2,532,272	2,532,272	2,386,406
Melbourne International Motor Show income	2,671,240	2,671,240	2,294,080
Stationery sales	906,718	906,719	740,936
Rental income	3,398,203	3,398,203	3,900,210
Interest income	698,298	698,298	22,809
Advertising	270,757	270,757	214,395
Recovery of apprentice wages	5,045,617	5,045,617	4,849,351
Commissions received	493,965	493,965	410,660
Employment, education and training income	1,070,879	1,070,879	1,053,864
Proceeds from sale of non current assets	164,139	164,139	46,981
Proceeds from sale of investment	-	-	75,725
Other income	849,588	849,588	958,609
<b>Total income from operating activities</b>	<u>21,273,888</u>	<u>21,936,231</u>	<u>18,672,467</u>
<b>(b) Expenditure from Operating Activities:</b>			
Subscriptions	640,565	638,433	653,898
Auditor's remuneration in respect of:			
Audit services	40,000	40,000	44,000
Other services	38,824	37,856	28,980
Aggregate auditor's remuneration	<u>78,752</u>	<u>77,856</u>	<u>72,980</u>
Legal fees	102,063	99,995	161,296
Investment management fees	420,879	420,879	293,807
Amount paid as remuneration to holders of office	480,189	480,189	402,354
Amount paid as remuneration to employees of the organisation	9,354,973	8,567,802	9,108,188

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**02-03**

	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>3. OPERATING RESULT (cont'd)</b>			
Amount paid in respect of superannuation	1,079,390	988,941	740,960
Administrative expenses	1,439,579	1,429,037	1,600,519
Net MICS expenditure	406,797	406,797	577,585
Net Motor Industry Portal expenditure	1,084,211	-	233,900
Provision for annual leave	26,537	14,733	10,316
Provision for long service leave	(631,100)	(53,100)	(38,151)
Provision for loan non-recovery		2,450,460	
Diminution of investment		250,000	
Donations	38,192	38,192	53,702
Board of management and executive board expenses	279,425	279,425	306,200
Depreciation of furniture and fittings	69,152	69,152	46,927
Depreciation of plant and equipment	418,094	418,094	795,729
Depreciation of motor vehicles	173,692	173,692	200,687
Amortisation of leased plant and equipment	100,860	65,724	73,434
Bad debts	3,747	3,747	2,030
Operating lease rentals	67,075	67,075	85,369
Carrying amount of non current assets sold	158,741	158,741	150,942
Carrying amount of investment sold		-	16,125
Advertising expenses	850,647	850,647	741,544
Cost of inventory purchases	374,482	374,482	373,841
Divisions and membership expenses	658,937	658,937	790,720
Employment, education & training expenses	918,445	918,445	1,022,224
Government & public affairs expenses	132,825	132,825	194,226
Industrial relations expenses	300,202	300,202	271,919
Melbourne International Motor Show costs	2,404,398	2,404,398	2,086,271
Motortech – module development fees	101,034	101,034	129,800
Property expenses	1,266,010	1,266,010	1,255,572
Telephone expenses	198,297	198,297	199,453
VACC brand name advertising campaign	1,039,158	1,039,158	
VACC House refurbishment expenses	4,923,718	4,923,718	150,892
Other operating expenses	1,354,947	1,354,947	2,569,447
<b>Total operating expenses other than borrowing costs</b>	<b>30,904,130</b>	<b>31,568,964</b>	<b>26,642,482</b>
Finance charges on leased plant and equipment	8,432	8,432	19,560
Interest paid	4,361	4,361	3,916
<b>Total borrowing costs</b>	<b>12,793</b>	<b>12,793</b>	<b>23,476</b>
<b>Total operating expenses from operating activities</b>	<b>30,916,923</b>	<b>31,581,757</b>	<b>26,665,959</b>
Net gain/(loss) on disposal of property, plant and equipment	5,398	5,398	(103,961)
Net gain on disposal of investment		-	59,600



**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>4. RECEIVABLES</b>			
Current			
Trade and other receivables	1,580,192	1,539,537	1,616,720
Provision for doubtful debts	(15,000)	(15,000)	(15,000)
	<u>1,565,192</u>	<u>1,524,537</u>	<u>1,601,720</u>
Non current			
Loan to subsidiary		2,642,299	
Provision for non-recovery		(2,450,460)	
		<u>191,839</u>	
<b>5. INVESTMENTS - SPECIAL CAPITAL FUND</b>			
The special capital fund comprises:			
Equities	35,654,743	35,654,743	38,714,265
Units in property trust	16,781,338	16,781,338	16,730,520
Fixed interest	11,090,312	11,090,312	10,696,222
Discount security and liquidity	19,576,769	19,576,769	7,706,158
	<u>83,103,162</u>	<u>83,103,162</u>	<u>73,847,165</u>
<b>6. INVESTMENTS</b>			
Non current:			
Property - VACC House 464 St Kilda Road, Melbourne - at fair value (Cost \$9,970,771)	26,000,000	26,000,000	26,000,000
Property - Queens Road Car Park - at fair value (Cost \$1,815,000)	2,300,000	2,300,000	2,300,000

The fair values of freehold land and buildings on freehold land have been determined by reference to director valuations, based upon independent valuations previously obtained. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

**Investments at cost comprise:**

Australian Automobile Dealers Association Dealer Services Pty Ltd  
carsales.com.au Limited  
National Freight Conference

Motor Network Australia Pty Limited  
Diminution of investment

**Investment at fair value:**

Units in MTAA House Unit Trust  
(Cost \$130,861)

	2,950	
	500,000	
	250,000	
	250,000	
	(250,000)	
	-	
	255,225	
	<u>29,308,175</u>	

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**02-03**

	Notes	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>7. PLANT AND EQUIPMENT</b>				
<b>(a) Plant and Equipment</b>				
Furniture and Fittings – cost		506,412	506,412	497,310
Accumulated Depreciation		(333,480)	(333,480)	(318,380)
Net Book Value	7(b)	172,932	172,932	178,930
Plant and Equipment – cost		3,282,891	3,282,891	3,082,210
Accumulated Depreciation		(2,824,512)	(2,824,512)	(2,640,650)
Net Book Value	7(b)	458,379	458,379	441,560
Motor Vehicles - cost		1,449,577	1,449,577	1,365,111
Accumulated Depreciation		(760,620)	(760,620)	(745,511)
Net book value	7(b)	688,957	688,957	619,600
Equipment under finance lease contracts - cost		150,713	150,713	110,354
Accumulated Amortisation		(87,579)	(87,579)	(78,210)
Written down value	7(b)	63,134	63,134	32,144
Total net book value		1,383,402	1,383,402	1,192,574
<b>(b) Reconciliations</b>				
Furniture and Fittings				
Carrying Amount at Beginning		227,673	227,673	227,673
Additions		16,452	16,452	16,452
Disposals		(2,042)	(2,042)	(1,015)
Depreciation Expense		(69,151)	(69,151)	(71,577)
		172,932	172,932	172,533
Plant and Equipment				
Carrying Amount at Beginning		860,950	860,950	1,001,050
Additions		201,389	201,389	158,422
Disposals		(349,585)	(349,585)	(411,352)
Depreciation Expense		(254,375)	(254,375)	(197,220)
		458,379	458,379	360,900
Motor Vehicles				
Carrying Amount at Beginning		775,532	775,532	916,639
Additions		198,523	198,523	208,533
Disposals		(111,406)	(111,406)	(15,329)
Depreciation Expense		(173,692)	(173,692)	(200,337)
		688,957	688,957	799,506
Equipment Under Lease				
Carrying Amount at Beginning		132,217	132,217	130,338
Additions		24,416	-	31,711
Disposals		(3,359)	(3,359)	(12,950)
Amortisation Expense		(100,860)	(65,724)	(24,424)
		63,134	63,134	124,675

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>8. PAYABLES</b>				
Trade and Other Creditors			1,812,383	
<b>9. INTEREST-BEARING LIABILITIES</b>				
Current:				
Lease Liability			52,927	
Non Current:				
Lease Liability			13,882	
Total Interest Bearing Liabilities	14		66,809	
All leases are unsecured leases				
<b>10. PROVISIONS</b>				
Current:				
Provision for Annual Leave			674,211	
Provision for Long Service Leave			326,428	
Non Current:				
Provision for Long Service Leave			86,572	
Aggregate Employee Entitlement Liability			1,087,211	
<b>11. REVENUE ACCUMULATION</b>				
Accumulated Surplus:				
Opening Balance		60,839,554	60,839,554	57,160,660
Result for the year		(9,645,526)	(9,645,526)	(7,993,492)
Transfer to Special Capital Fund Maintenance Reserve		(2,783,377)	(2,783,377)	(2,853,604)
		48,410,651	48,410,651	46,313,564
<b>12. RESERVES</b>				
Special Capital Fund Maintenance Reserve:				
Opening Balance		43,511,547	43,511,547	40,621,943
Transfer from Accumulated Surplus		2,783,377	2,783,377	2,853,604
Total Special Capital Fund Maintenance Reserve		46,294,924	46,294,924	43,475,547
Asset Revaluation Reserve:				
Opening Balance		16,638,620	16,638,620	10,264,229
Revaluation-VACC House		-	-	6,250,000
Revaluation-Units in MTAA House Unit Trust		19,974	19,974	104,391
Total Asset Revaluation Reserve		16,658,594	16,638,594	16,618,620
Total Reserves		62,953,518	62,933,518	60,130,167

The Special Capital Fund Maintenance Reserve is used to record increments of the Fund, to the CPI adjusted initial value of the Fund. The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current assets.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**02-03**

	2003 Consolidated \$	2003 VACC \$	2002 VACC \$
<b>13. RECONCILIATION OF CASH</b>			
Cash assets	1,082,377	<u>817,615</u>	1,270,000
<b>14. EXPENDITURE COMMITMENTS</b>			
Lease expenditure commitments			
Operating Leases (non cancellable)			
Minimum Lease Payments			
- not later than one year	108,276	39,326	33,809
- later than one year and not later than five years	111,180	111,180	8,229
- later than five years	-	-	-
- aggregate lease expenditure contracted for at balance date	<u>219,456</u>	<u>150,506</u>	<u>42,038</u>
Aggregate expenditure commitments comprise:			
Amounts not provided for:			
- rental commitments	150,506	150,506	60,098
Aggregate lease expenditure contracted for at balance date	<u>150,506</u>	<u>150,506</u>	<u>60,098</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 Regional offices and equipment.			
Finance lease contracts capitalised and included in plant and equipment			
- not later than one year	65,644	56,421	6,338
- later than one year and not later than five years	216,088	14,071	7,409
- later than five years	-	-	-
Total minimum lease payments	<u>281,732</u>	<u>70,492</u>	<u>13,747</u>
Less future finance charges	<u>(145,869.72)</u>	<u>(3,683)</u>	<u>(2,115)</u>
Lease Liability	<u>135,862.28</u>	<u>66,809</u>	<u>11,632</u>
Total lease liability accrued for:			
Current			
- finance leases	125,979	52,927	7,006
Non Current			
- finance leases	109,788	13,882	4,626
	<u>235,767</u>	<u>66,809</u>	<u>11,632</u>
Expenditure Commitments:			
Estimated expenditure contracted for at balance date, but not provided for, payable			
- not later than one year			
Software Development and Certification	47,500	47,500	-
VACC House Refurbishment	-	-	2,770,009
Total Commitments	<u>47,500</u>	<u>47,500</u>	<u>2,770,009</u>

# VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2003

#### 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 the economic entity. 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 (2002: 1.1 years) and an average implicit discount rate of 8.1% (2002: 8.1%).

**(b) Interest rate risk**

As at balance date, the economic entity 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% (2002: 3.4%).

**(c) Net fair values**

Methods and assumptions used in determining net fair value. 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 the Statement of Financial Position and in the Notes to the Financial Statements. In relation to an asset, the fair value is calculated after deducting costs expected to be incurred were the asset to be exchanged, and in relation to a liability, the fair value is calculated after adding costs expected to be incurred were the liability to be settled.

**(d) Credit risk exposures**

As at balance date, the economic entity maximum exposure to credit risk in respect of receivables is the carrying amount of those assets. Exposure is limited by the economic entity 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	G. G. Hill	(elected 22 April 2003)	
O. C. Brown OAM	J. P. Howes		
J. L. Byford	P. G. Makin		
B. A. Curmi	(term of office expired)	R. N. Stuckey	
R. J. Fairbairn	(term of office expired)	G. T. Wallace	(elected 22 April 2003)

Victorian Automobile Chamber of Commerce has provided loans to a wholly owned subsidiary, aggregating \$2,642,299 (2002: \$nil). During the year, \$1,978,440 (2002: \$nil) was advanced to the company, while no repayments (2002: \$nil) were received. Interest is charged at a commercial floating rate of 6.75% (2002: nil%), giving rise to interest income of \$663,859 (2002: \$nil).

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

#### 17. SEGMENT INFORMATION

The economic entity 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 as at 30 June 2003 was 110
- number of apprentices as at 30 June 2003 was 249

## **Independent audit report to members of Victorian Automobile Chamber of Commerce**

### **Scope**

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, the Executive Board's certificate and the Accounting Officer's certificate for the Victorian Automobile Chamber of Commerce ("VACC") and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the VACC and the entities it controlled during the year.

The Executive Board of the VACC are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the VACC and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the VACC. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the VACC's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Executive Board.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Executive Board and management of the VACC.

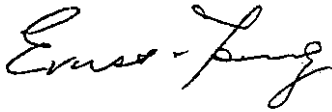
### **Independence**

We are independent of the VACC, and have met the independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act 1996.

**Audit opinion**

In our opinion, the financial report of the VACC is in accordance with:

- (a) the Workplace Relations Act 1996, including:
  - (i) giving a true and fair view of the financial position of the VACC and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



G I Linton  
Partner  
Registered Company Auditor  
Melbourne  
10 September 2003