

OFFICE OF THE PRESIDENT

R2004/307

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

5 May 2005

Rec'd 25/5/05
f

The Registrar
Australian Industrial Relations Commission
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir

I certify that the attached documents of the Victorian Automobile Chamber of Commerce, provided in accordance with Section 253 of Schedule 1B of the Workplace Relations Act 1996 for the year ended 30 June 2004, are copies of the financial documents that were presented to the Annual General Meeting of members held on Wednesday, 24 November 2004.

Yours faithfully



ANTHONY BLAKE

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
(ABN: 63 009 478 209)
OPERATING REPORT – YEAR ENDED 30 JUNE 2004

I, ANTHONY BLAKE being the designated officer responsible for preparing this Report for the financial year ended 30 June 2004 of the Victorian Automobile Chamber of Commerce report as follows:

Principal Activities:

1. The Victorian Automobile Chamber of Commerce ("VACC") is an employer organisation servicing the needs of the Automotive Industry and represents the interests of its members in providing industrial and technical services to its members in the repair, services and retail and manufacturing sectors.
2. Represents members in industrial matters and disputes, equal opportunity matters and presents submissions to State and Federal Industrial Tribunals.
3. Represents the motor industry in discussions and consultations with Federal and State Governments.
4. Promotes and by every available means protects the motor businesses in Australia to conserve the interests of members.
5. Considers and deals with all questions connected with the motor industry
6. Arranges and promotes the adoption of uniform and equitable forms of contracts, hiring agreements and other documents used in the motor business and encourages and undertakes the settlement of disputes by arbitration and acts as arbitrators on such terms.
7. VACC provides assistance, advice and information in the areas of specialist technical services, industrial relations, human resource management, OH&S and workers' compensation management.
8. Conducts training seminars in Equal Opportunity, Occupational Health and Safety, WorkCover, Workplace Agreements, etc.
9. Operates a group training scheme for apprentices and trainees.
10. Operates the VACC College of Automotive Business Management offering Certificate, Diploma and short courses in automotive business management.
11. Forms a Code of Practice whereby the transactions of business relating to such motor businesses may be simplified and facilitated.
12. Collects and circulates statistics and other information relating to the motor trade.
13. Publishes periodicals for members of the VACC.

Review of Principal Activities

The surplus from ordinary activities for the year ended 30 June 2004 was \$4,965,622. (2003: (\$9,645,526)).

Revenues from ordinary activities was \$30,320,681 (2003: \$21,273,588) and expenses from ordinary activities was \$25,355,059 (2003: \$30,919,114).

Significant Changes

There were no significant changes in the state of affairs of the Association during the financial year.

Manner of Resignation:

Members may resign from the Association in accordance with Rule 16 which reads as follows:

- (1) Any member may resign his membership in accordance with this rule and from the date of such resignation such member shall cease to be a member, but shall nevertheless remain liable for and pay to the Association all moneys which at the time he ceases to be a member may be due by him to the Association, and at once return all badges, certificates, and/or other property of the Association held by him.

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

- (2) The notice of resignation shall be in writing addressed to the Executive Director and shall be delivered to him by -

- (a) Leaving it with him personally; or
- (b) Leaving it in an envelope addressed to him at the registered office of the Association; or
- (c) Posting it in an envelope addressed to him at the registered office of the Association.

- (3) The notice of resignation takes effect:

- (a) where the member ceases to be eligible to become a member of the Association;

- (i) on the day on which the notice is received by the Association; or
- (ii) 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

- (b) in any other case:

- (i) at the end of 2 weeks after the notice is received by the Association; or
- (ii) on the day specified in the notice;

whichever is later.

- (4) A notice delivered to the Executive Director shall be taken to have been received by the Association when it was delivered.

- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed to and delivered to the Executive Director.
- (6) A resignation from membership of the Association is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

Officers or Members holding the position of a trustee of a superannuation entity are as follows:

David Purchase, the Executive Director of VACC and Owen Brown, OAM, Executive Board Member, are Directors of VACC Superannuation Company Pty Ltd, the Trustee for the VACC Staff Superannuation Fund.

David Purchase is also a Director of CARE Super Pty Ltd, the Trustee for the Clerical and Related Employees Industry Superannuation Fund.

Number of Members

The number of persons at 30 June 2004 who were recorded on the Register of Members of the Association was 4875.

Number of Employees

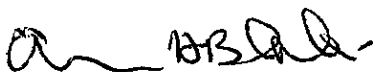
The number of employees of the Association at 30 June 2004 was 105 full time employees and 290 apprentices.

Members of Committee of Management

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

Russell Stuckey	(President)
Tony Blake	(Senior Vice President)
Perce Makin	(Junior Vice President)
John Byford	(Executive Board Member)
Greg Wallace	(Executive Board Member)
John Howes	(Executive Board Member)
Graeme Hill	(Executive Board Member)
Owen Brown	(Executive Board Member)
David Nutter	(Board of Management Member)
Brian Curmi	(Board of Management Member)
Warren Smith	(Board of Management Member)
Dale Imlach	(Board of Management Member)
Ian Thomas	(Board of Management Member)
Tony Barlow	(Board of Management Member)
Laurie Parrot	(Board of Management Member)
Joe Shneider	(Board of Management Member)
Neville Arnott	(Board of Management Member)
David Mackay	(Board of Management Member)

Alan Mead	(Board of Management Member)
Tony Sanchez	(Board of Management Member)
Charles McInerney	(Board of Management Member)
Alan Costello	(Board of Management Member)
Tony Hubbard	(Board of Management Member)
Jeff Watts	(Board of Management Member)
Neil Smith	(Board of Management Member)
Ken Rickard	(Board of Management Member)
Ian Shugg	(Board of Management Member)
Ian Goding	(Board of Management Member)
John Buskes	(Board of Management Member)
John Bacon	(Board of Management Member)
Stuart Wishart	(Board of Management Member)
Tony La Rosa	(Board of Management Member)
Fury Bortolotto	(Board of Management Member)
Richard Kaucic	(Board of Management Member)
Robin Weatherald	(Board of Management Member)
Craig Bromley	(Board of Management Member)
Des Brown	(Board of Management Member)
Doug Grey	(Board of Management Member)
Aslam Kazi	(Board of Management Member)
Sam Manenti	(Board of Management Member)
Marie Pangbourne	(Board of Management Member)
Trevor Oliver	(Board of Management Member)
Peter Savige	(Board of Management Member)
Bob Bowman	(Board of Management Member)
Tony Wylie	(Board of Management Member)
Steve Hall	(Board of Management Member)
Garry Byrne	(Board of Management Member)
Don Arrmstrong	(Board of Management Member)
Max Kirwan	(Board of Management Member)
Wayne Guy	(Board of Management Member)



ANTHONY BLAKE
President

19 May 2005



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7817
Fax: (03) 9654 6672

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

Dear David,

Re: Financial report for year ended 30 June 2004 - FR2004/307
Schedule 1B of the Workplace Relations Act 1996 (RAO Schedule)

Thank you for the financial report of the Victorian Automobile Chamber of Commerce for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 26 November 2004.

I draw your attention to the following comments concerning the above report and the financial reporting obligations under the RAO Schedule. Please note that these matters are generally advised for assistance in the future preparation of financial reports. With the exception of the comments concerning the "Designated Officer's Certificate" and the 'Operating Report', no further action is required in respect of the subject documents.

Your attention to the following matters is requested.

Designated Officer's Certificate (Secretary's Certificate)

It would seem that the covering letter of 25 November 2004 should have been signed by an (authorised) officer of the organisation, as defined under the RAO Schedule. The information provided in that letter is more commonly described as the 'Designated Officer Certificate' and must be made by an officer of the organisation - either the Secretary, President or another officer who is authorised by the rules to sign the certificate - refer s268(c) of the RAO Schedule and regulation 162 of the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003* (the RAO Regulations).

The meaning of 'office' is set out in section 9 of the RAO Schedule. Although the position of Executive Director is filled by election, it does not appear, under the rules of the organisation, to meet the description of office; the functions of which include the participation of the officer as a voting member of a collective body that has power in relation to the implementation and functions set out in section 9. You are requested to provide to the Industrial Registry a fresh certificate signed by an authorised officer. Further, the certificate should mention that the documents lodged have also been provided to members - refer s268(c). A sample certificate for illustrative purposes is at Attachment A.

Operating report

The financial documents lodged did not contain an operating report. The Committee of Management (Executive Board) must as soon as practicable after the end of each financial year cause an operating report to be prepared in relation to the financial year - refer s254 of the RAO Schedule. The operating report must contain the following:

(a) Review of principal activities:

The report must contain a review of the reporting unit's principal activities during the financial year, the results of those activities and any significant changes in the nature of those activities during the year.

(b) Significant changes in financial affairs:

The report must give details of any significant changes in the reporting unit's financial affairs during the year.

(c) Right of members to resign:

Subsection 254(2)(c) requires the operating report to "give details" of the right of members to resign from the reporting unit under s174 of the RAO Schedule. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that Federal subrules 11(b) to (g) and rule 62 of the Organisation's rules is applicable.

(d) Trustees of superannuation entities:

The report must give details (including details of the position held) of any officer or member of the reporting unit who is:

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

(e) Number of members and number of employees:

Subsection 254(2)(f) of the RAO Schedule and regulation 159(a) and (b) of the RAO Regulations require the operating report to contain information pertaining to the number of persons that were members, and the number of persons who were employees, of the reporting unit at the end of the financial year.

(f) Membership of Committee of Management:

The operating report is required to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position - refer regulation 159(c) of the RAO Regulations.

You are requested to arrange for the Executive Board to prepare an operating report addressing the required information for lodgement in the Industrial Registry as soon as possible. The organisation is obliged to also provide a copy to its members. You can, however, undertake to do this after lodging a copy of the operating report in the Industrial Registry. I have attached for your information a mock Operating Report at Attachment B.

General advice in relation to the lodged financial report

The following comments are made to assist you when you next prepare financial reports and you do not need to take any further action in respect of the financial reports already lodged (other than the matters raised above).

Committee of Management Statement

The document lodged under the title "Executive Board's Certificate" and signed by two members of the Board has been prepared pursuant to the former requirements of the Act in relation to the lodgement of a committee of management certificate. Under paragraph 17 of the Industrial Registrar's reporting guidelines, the committee of management's statement must include declarations as to whether in the opinion of the committee of management:

- (a) *the financial statements and notes comply with the Australian Accounting Standards;*
- (b) *the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;*
- (c) *the 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; and*
- (e) *during the financial year to which the GPFR relates and since the end of that year:*
 - (i) *meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and*
 - (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; and*
 - (iii) *the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and*
 - (iv) *where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and*
 - (v) *the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and*
 - (vi) *there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.*

In addition to these requirements, the committee of management's statement must be prepared under a resolution passed by the committee, specifying the date of the resolution and signed by a designated officer (usually the Secretary or President).

I have attached for your information a sample certificate for illustrative purposes is at Attachment C. Could you please ensure that the above declarations are contained in the Committee of Management's Statement on the next occasion the financial reports are prepared and lodged in the Industrial Registry.

Accounting officer's certificate

The report titled "Accounting Officer's Certificate" appears to replicate the accounting officer's certificate previously required under former provisions of the Act. Please note that there is no requirement under the RAO Schedule to lodge an accounting officer's certificate.

General Purpose Financial Report

I draw your attention to the Notes accompanying the Financial Statements, and in particular to item 1 titled 'Information to be provided to Members or Registrar'. Please note the wording of this requirement has changed and the correct references are now s272 (1), (2) and (3) of the RAO Schedule.

Loan, Grant or Donation

I note under Operating Results to the Notes of the Financial Statements that the item 'Donations' totals \$12,076. Section 237 of Schedule 1B requires that an organisation or branch shall, as soon as practicable after the end of the financial year, lodge with the Registrar a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation or branch during the financial year. If any single donation exceeds \$1,000 then the Organisation is required to lodge the relevant particulars set out in subsection 237(6) for each such donation. Obviously, no action is required if any single donation did not exceed \$1,000.

Should you wish to discuss any of the matters raised in this letter, please contact me on (03) 8661 7817 or by email: robert.pfeiffer@air.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Pfeiffer', written in a cursive style.

Robert Pfeiffer
Statutory Services Branch, Melbourne

11 March 2005

FR 2004/307

D A PURCHASE
EXECUTIVE DIRECTOR

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

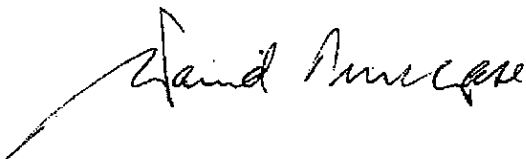
25 November 2004

The Registrar
Australian Industrial Relations Commission
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir

I certify that the attached documents of the Victorian Automobile Chamber of Commerce, provided in accordance with Section 253 of Schedule 1B of the Workplace Relations Act 1996 for the year ended 30 June 2004, are copies of the financial documents that were presented to the Annual General Meeting of members held on Wednesday, 24 November 2004.

Yours faithfully



DAVID PURCHASE

Attach

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
FINANCIAL REPORT

NOTICE OF ANNUAL GENERAL MEETING

THE EIGHTY SIXTH ANNUAL GENERAL MEETING OF THE VICTORIAN AUTOMOBILE
CHAMBER OF COMMERCE (VACC) WILL BE HELD AT VACC HOUSE
ON WEDNESDAY 24 NOVEMBER 2004 AT 12 NOON

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VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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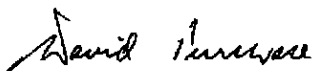
AGENDA

THE EIGHTY SIXTH ANNUAL GENERAL MEETING OF THE VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE (VACC) WILL BE HELD AT VACC HOUSE, LEVEL 7, 464 ST KILDA ROAD, MELBOURNE ON WEDNESDAY, 24 NOVEMBER 2004 AT 12 NOON

BUSINESS OF MEETING

The Business of the Meeting is to:

- A. Confirm the Minutes of the previous Annual General Meeting held on 26 November 2003.
- 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 2004 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 Victorian Automobile Chamber of Commerce.



David A. Purchase
EXECUTIVE DIRECTOR
Dated 11 October 2004
DIRECTORS' DECLARATION

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 Victorian Automobile Chamber of Commerce;
- 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.

On behalf of the Board



Russell N. Stuckey
PRESIDENT



Anthony D. Blake
SENIOR VICE PRESIDENT

Dated 8 September 2004

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 Consolidated Financial Statements and Notes show a true and fair view of the financial affairs of the organisation as at 30 June 2004;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 30 June 2004 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 2004, 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-sections 279(1) and 279(6) of the Workplace Relations Act 1996 in relation to the Consolidated Financial Statements and Notes in respect of the year ended 30 June 2003, and the auditor's report thereon.



Russell N. Stuckey
PRESIDENT



Anthony D. Blake
SENIOR VICE PRESIDENT

Dated 8 September 2004

ACCOUNTING OFFICERS' CERTIFICATE

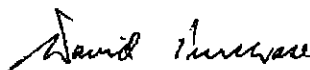
We, Russell Stuckey, President, David Purchase, Executive Director and Iain Pizzey, Finance Manager, being the Officers responsible for keeping the accounting records, do hereby certify that as at 30 June 2004, the number of members of the Victorian Automobile Chamber of Commerce was 4,875.

In accordance with the requirements of the Workplace Relations Act 1996, relating to that Act and Regulations, in our opinion:

- (i) the attached Consolidated Financial Statements and Notes present a true and fair view of the financial affairs of the Victorian Automobile Chamber of Commerce as at 30 June 2004;
- (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 Victorian Automobile Chamber of Commerce;
- (iii) before any expenditure was incurred by the Victorian Automobile Chamber of Commerce, approval of the incurring of the expenditure was obtained in accordance with the rules of the Victorian Automobile Chamber of Commerce;
- (iv) with regard to funds of the Victorian Automobile Chamber of Commerce 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 Victorian Automobile Chamber of Commerce 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

Dated 8 September 2004

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
Revenues from ordinary activities	3	30,320,681	21,273,588	30,909,954	21,936,231
Borrowing costs	3	(29,114)	(14,934)	(11,943)	(12,793)
Other expenses from ordinary activities	3				
Operating result for the year	11	4,965,622	(9,645,526)	4,965,622	(9,645,526)
Increase in asset revaluation reserve	12	51,781	19,974	51,781	19,974
Total changes in Members' funds		5,017,403	(9,625,552)	5,017,403	(9,625,552)

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 2004

	Notes	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
Current assets					
Cash Assets	13	561,834	1,087,475	505,652	817,615
Receivables	4	1,354,291	1,565,192	1,364,642	1,524,537
Prepayments		424,139	473,316	424,139	438,927
Inventories		338,168	217,430	338,168	217,430
Total current assets					
Investments-special capital fund	5				
Non-current assets					
Receivables	4	-	-	-	191,839
Investments	6	29,609,958	29,308,175	29,609,958	29,308,175
Plant and Equipment	7	1,594,090	1,672,729	1,594,090	1,383,402
Total non-current assets					
Total assets					
Current liabilities					
Payables	8	1,370,441	1,916,487	1,324,610	1,812,383
Income in Advance		1,922,753	2,674,515	1,922,753	2,674,515
Interest-Bearing Liabilities	9	120,915	144,979	120,915	52,927
Provisions	10	1,019,484	1,061,019	1,019,484	1,000,639
Total current liabilities					
Non-current liabilities					
Interest-Bearing Liabilities	9	120,546	199,738	120,546	13,882
Provisions	10	131,464	86,572	131,464	86,572
Total non-current liabilities					
Total liabilities					
Net assets		116,361,572	111,344,169	116,361,572	111,344,169
Members funds					
Revenue Accumulation	11	50,743,348	48,410,651	50,743,348	48,410,651
Reserves	12	65,618,224	62,933,518	65,618,224	62,933,518
Total Members funds		116,361,572	111,344,169	116,361,572	111,344,169

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 2004**

	Notes	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
Cash Flows from Operating Activities					
Receipts from members and customers		19,323,125	16,620,785	19,275,305	16,656,042
Dividend and Distributions from Investments		4,086,790	4,514,991	4,086,890	4,514,991
Payments to suppliers and employees		(24,663,206)	(30,009,511)	(24,446,224)	(30,104,245)
Interest received		45,195	35,656	40,997	34,439
Goods and Services Tax refund received/(paid)		(566,892)	89,252	(623,171)	84,746
Interest and finance costs paid		(29,114)	(14,934)	(11,942)	(12,793)
Net cash flows used in Operating Activities					
Cash Flows from Investing Activities					
Distribution from Special Capital Fund		(6,004,000)	8,463,566	(6,004,000)	8,463,566
Realised Income from Special Capital Fund		8,147,549		8,147,549	
Purchase of Plant and Equipment		(426,699)	(596,899)	(716,027)	(275,793)
Proceeds from sales of Plant and Equipment		119,529	164,139	119,529	164,139
Purchase of Other Investments		(301,783)	(250,000)	(301,783)	(500,000)
Net cash flows from Investing Activities					
Cash Flows from Financing Activities					
Repayment of Finance Lease Principal		(256,135)	199,901	120,914	(78,006)
Net cash flows from/(used in) Financing Activities					
Net Increase/(decrease) in cash held		(525,641)	(783,054)	(311,963)	(1,052,914)
Add opening cash brought forward		1,087,475	1,870,529	817,615	1,870,529
Closing cash carried forward	13	561,834	1,087,475	505,652	817,615

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 30 JUNE 2004**

	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
Reconciliation of result with net cash flows used in operating activities				
Operating result for the year	4,965,622	(9,645,526)	4,965,622	(9,645,526)
Depreciation & amortisation of plant & equipment	527,882	761,802	428,741	730,023
Provision for employee entitlements	-	-	(11,203)	-
(Profit)/Loss on disposal of plant and equipment	10,806	(5,398)	10,806	(5,398)
Provision for non-recovery of loan	-	-	2,450,460	2,450,460
Loan Write-Off	-	-	(4,554,581)	-
Provision for diminution of investment	-	-	-	250,000
Unrealised movement in investment	(3,202,900)	680,437	(3,202,900)	680,437
Realised movement in investment	(3,002,182)	-	-	-
Movement of Asset Revaluation Reserve	51,781	-	51,781	-
Intercompany Interest Capitalised	-	-	600,635	-
Changes in assets and liabilities:				
Decrease in Receivables	210,901	36,528	170,246	77,182
Increase in Loan to subsidiary	-	-	(1,306,004)	(2,642,299)
(Increase)/Decrease in Inventories	(120,738)	10,525	(120,738)	10,525
(Increase)/Decrease in Prepayments	49,177	(29,938)	14,788	4,451
Increase/(Decrease) in Payables	(546,046)	270,494	(487,773)	166,390
(Decrease) in Income in Advance	(751,762)	(819,121)	(751,762)	(819,121)
Increase/(Decrease) in Provisions	3,357	(23,564)	63,737	(83,944)
Net cash flows used in operating activities	(1,804,102)	(8,763,761)	(1,678,145)	(8,826,820)

The above Statement of Financial Position 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 2004

1. Information to be provided to Members or Registrar

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 are 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 the Victorian Automobile Chamber of Commerce (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 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 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 reporting 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 at reporting date. 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 2004

2. Summary of Significant Accounting Policies (Cont'd)

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 Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to VACC 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. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Rental Income

Control of the right to receive the rental payment.

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

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

Cash on hand and banks are stated at nominal value. 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) Joint Venture

Interest in the joint venture operation is recognised by including in the respective classifications, the share of revenue earned and expenses incurred.

Interest in the joint venture partnership is carried at cost in the consolidated Financial Statements.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

2. Summary of Significant Accounting Policies (cont'd)

1) 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 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.

	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
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	3,002,182	30,078	3,002,182	30,078
Interest, recognised when due and receivable	10,816	19,459	10,816	19,459
Dividends, recognised when due and receivable	4,086,890	4,465,454	4,086,890	4,465,454
Unrealised changes in net realisable value of components of the Special Capital Fund held at the reporting date.	3,202,900	(680,437)	3,202,900	(680,437)
Member Subscriptions	2,865,893	2,632,272	2,865,893	2,632,272
Melbourne International Motor Show	2,710,940	2,671,240	2,710,940	2,671,240
Stationery Sales	987,477	906,718	987,477	906,718
Rental Income	4,126,720	3,398,208	4,126,720	3,398,208
Interest from Related Party	-	-	600,635	665,859
Bank Interest Income	45,195	35,656	40,997	34,369
Dividend Income	40,000	-	40,000	-
Advertising	284,185	270,757	284,185	270,757
Recovery of Apprentice Wages	5,561,560	5,045,617	5,561,560	5,045,617
Commissions Received	538,727	493,965	538,727	493,965
Employment, Education and Training Income	1,466,661	1,070,879	1,466,661	1,070,879
Proceeds from Sale of Non Current Assets	119,529	164,139	119,529	164,139
Other Income	1,271,006	849,688	1,263,842	849,688
Total Income from Operating Activities	30,320,681	21,273,588	30,909,954	21,936,231

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
 NOTES TO AND FORMING PART OF THE FINANCIAL
 STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
3. Operating Result (Cont'd)				
(b) Expenditure from operating activities				
Subscriptions	660,506	640,565	658,870	638,433
Auditors remuneration in respect of:				
Audit services	44,000	40,000	44,000	40,000
Other services	21,753	38,824	20,493	37,856
Aggregate auditor's remuneration				
Legal fees	154,105	102,063	140,123	99,995
Investment Management Fees	371,797	420,879	371,797	420,879
Amount paid as remuneration to holders of office	429,248	480,189	429,248	480,189
Amount paid as remuneration to employees of the organisation	9,942,609	9,354,973	9,142,523	8,567,802
Amount paid in respect of superannuation	859,104	1,079,390	738,710	988,941
Administrative Expenses	995,865	1,439,579	968,430	1,429,037
Net MICS Expenditure	-	406,797	-	406,797
Net Motor Portal Expenditure	626,896	1,084,211	53,444	-
Provision for Annual Leave	(30,378)	28,537	(22,532)	14,733
Provision for Long Service Leave	33,735	(53,100)	33,735	(53,100)
Provision for Loan Non-Recovery	-	-	(2,450,460)	2,450,460
Loan Write Off	-	-	4,554,932	-
Diminution of Investment	-	-	-	250,000
Donations	12,076	38,192	12,076	38,192
Board of Management and Executive Board Expenses	258,342	279,425	258,342	279,425
Depreciation of Furniture and Fittings	59,646	69,152	59,646	69,152
Depreciation of Plant and Equipment	133,573	418,094	133,573	418,094
Depreciation of Motor Vehicles	181,785	173,692	181,785	173,692
Amortisation of Leased Plant and Equipment	152,878	100,860	53,737	65,724
Bad Debts	1,863	3,747	1,863	3,747
Operating Lease Rentals	83,276	67,075	83,276	67,075
Carrying Amount of Non Current Assets Sold	130,335	158,741	130,335	158,741
Advertising Expenses	849,772	850,647	849,772	850,647
Cost of Inventory Purchases	525,235	374,482	525,235	374,482
Divisions and Membership Expenses	557,309	658,937	557,309	658,937
Employment, Education & Training Expenses	890,064	918,445	890,064	918,445
Government & Public Affairs Expenses	125,354	132,825	125,354	132,825
Industrial Relations Expenses	322,202	300,202	322,202	300,202
Melbourne International Motor Show Costs	2,410,020	2,404,398	2,410,020	2,404,398
MotorTech - Module Development Fees	27,339	101,034	27,339	101,034
Property Expenses	1,370,336	1,268,010	1,370,336	1,268,010
Telephone Expenses	144,982	206,492	136,844	198,297
VACC Brand Name Advertising Campaign	450,900	1,039,158	450,900	1,039,158
VACC House Refurbishment Expenses	890,933	4,923,718	890,933	4,923,718
Other Operating Expenses	1,638,485	1,354,947	1,778,135	1,354,947
Total Operating Expenses Other than Borrowing Costs				

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
3. Operating Result (Cont'd)					
Finance charges on Leased Plant and Equipment		20,890	10,573	3,719	8,432
Interest Paid		8,224	4,361	8,224	4,361
Total Borrowing Costs					
Total Operating Expenses		25,355,059	30,919,114	25,944,332	31,581,757
Net (loss)/gain on disposal of property, plant and equipment		(10,806)	5,398	(10,806)	5,398
4. Receivables					
Current:					
Trade and other Receivables		1,369,291	1,580,192	1,379,642	1,539,537
Provision for Doubtful Debts		(15,000)	(15,000)	(15,000)	(15,000)
		1,354,291	1,565,192	1,364,642	1,524,537
Non Current:					
Loan to Subsidiary		-	-	4,554,932	2,642,299
Provision for Non-Recovery		-	-	(4,554,932)	(2,450,460)
	17	-	-	-	191,839
5. Investments - Special Capital Fund					
Comprises:					
Equities		43,030,159	35,654,743	43,030,159	35,654,743
Units in Property Trust		15,024,644	16,781,338	15,024,644	16,781,338
Fixed Interest		15,865,017	11,090,312	15,865,017	11,090,312
Discount Security and liquidity		13,244,875	19,576,769	13,244,875	19,576,769
		87,164,695	83,103,162	87,164,695	83,103,162
6. Investments					
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	26,000,000
Property - Queens Road Car Park - at fair value (Cost \$1,815,000)		2,300,000	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:					
AADA Dealer Services P/L		2,950	2,950	2,950	2,950
carsales.com.au Limited		500,000	500,000	500,000	500,000
National Freight Conference & Expo		500,000	250,000	500,000	250,000
Motor Network Australia Pty Ltd		-	-	250,000	250,000
Diminution of Investment		-	-	(250,000)	(250,000)
Investment at fair value:					
Units in MTAA House Unit Trust (Cost \$130,861)		307,008	255,225	307,008	255,225
		29,609,958	29,308,175	29,609,958	29,308,175

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
7. Plant and Equipment					
(a) Plant and Equipment					
Furniture and Fittings – cost		489,179	506,412	489,179	506,412
Accumulated Depreciation		(376,282)	(333,480)	(376,282)	(333,480)
Net Book Value	7(b)				
Plant and Equipment – cost		3,277,834	3,282,891	3,277,834	3,282,891
Accumulated Depreciation		(2,835,510)	(2,824,512)	(2,835,510)	(2,824,512)
Net Book Value	7(b)				
Motor Vehicles – cost		1,501,074	1,449,577	1,501,074	1,449,577
Accumulated Depreciation		(706,327)	(760,620)	(706,327)	(760,620)
Net book value	7(b)				
Equipment under finance lease contracts - cost		519,716	475,176	519,716	150,713
Accumulated Amortisation		(275,594)	(122,715)	(275,594)	(87,579)
Written down value	7(b)				
Total net book value		1,594,090	1,672,729	1,594,090	1,383,402
7. Plant and Equipment (Cont'd)					
(b) Reconciliation					
Furniture and Fittings					
Carrying Amount at Beginning		172,932	227,673	172,932	227,673
Additions		1,245	16,452	1,245	16,452
Disposals		(1,634)	(2,042)	(1,634)	(2,042)
Depreciation Expense		(59,646)	(69,151)	(59,646)	(69,151)
Plant and Equipment					
Carrying Amount at Beginning		458,379	860,950	458,379	860,950
Additions		121,186	201,389	121,186	201,389
Disposals		(3,668)	(349,585)	(3,668)	(349,585)
Depreciation Expense		(133,573)	(254,375)	(133,573)	(254,375)
Motor Vehicles					
Carrying Amount at Beginning		688,957	775,532	688,957	775,532
Additions		412,608	198,523	412,608	198,523
Disposals		(125,033)	(111,406)	(125,033)	(111,406)
Depreciation Expense		(181,785)	(173,692)	(181,785)	(173,692)
Equipment Under Lease					
Carrying Amount at Beginning		352,461	132,217	63,134	132,217
Additions		44,539	324,463	234,725	-
Disposals		-	(3,359)	-	(3,359)
Amortisation Expense		(152,878)	(100,860)	(53,737)	(66,724)

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

	iNotes	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
8. Payables					
Trade and Other Creditors		1,370,441	1,916,487	1,324,610	1,812,383
9. Interest-Bearing Liabilities					
Current Lease Liability		120,915	144,979	120,915	52,927
Non Current:					
Lease Liability		120,546	199,738	120,546	13,882
Total Interest Bearing Liabilities	15	241,461	344,717	241,461	66,809
All leases are unsecured leases					
10. Provisions					
Current:					
Provision for Annual Leave		704,213	734,591	704,213	674,211
Provision for Long Service Leave		315,271	326,428	315,271	326,428
		1,019,484	1,061,019	1,019,484	1,000,639
Non Current:					
Provision for Long Service Leave		131,464	86,572	131,464	86,572
Aggregate Employee Entitlement Liability		1,150,948	1,147,591	1,150,948	1,087,211
11. Revenue Accumulation					
Accumulated Surplus:					
Opening Balance		48,410,651	60,839,554	48,410,651	60,839,554
Result for the year		4,965,622	(9,645,526)	4,965,622	(9,645,526)
Transfer to Special Capital Fund Maintenance Reserve		(2,632,925)	(2,783,377)	(2,632,925)	(2,783,377)
		50,743,348	48,410,651	50,743,348	48,410,651
12. Reserves					
Special Capital Fund Maintenance Reserve:					
Opening Balance		46,294,924	43,511,547	46,294,924	43,511,547
Transfer from Accumulated Surplus		2,632,925	2,783,377	2,632,925	2,783,377
Total Special Capital Fund Maintenance Reserve		48,927,849	46,294,924	48,927,849	46,294,924
Asset Revaluation Reserve:					
Opening Balance		16,638,594	16,618,620	16,638,594	16,618,620
Revaluation-Units in MTAA House Unit Trust		51,781	19,974	51,781	19,974
Total Asset Revaluation Reserve		16,690,375	16,638,594	16,690,375	16,638,594
Total Reserves		65,618,224	62,933,518	65,618,224	62,933,518
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 2004

	Note	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
13. Reconciliation of Cash					
Cash assets		561,834	1,087,475	505,652	817,615
14. Interest in Joint Venture Operation					
VACC has a 50% interest in the output of a joint venture operation, called National Freight Conference & Expo, so as to offer the freight logistics industry a quality forum to display and discuss technological advances in the freight and logistics transport segment.					
Trade show/congress revenue		75,876		75,876	
Trade show/congress expenses		(30,525)	(10,075)	(30,525)	(10,075)
Surplus/(deficit)					
There are no capital expenditure commitments and contingent liabilities in respect of the joint venture.					
15. Expenditure Commitments					
Lease expenditure commitments					
Operating Leases (non cancellable)					
Minimum Lease Payments					
Not later than one year		77,553	39,326	77,553	39,326
Later than one year and not later than five years		122,438	111,180	122,438	111,180
Later than five years		-	-	-	-
Aggregate lease expenditure contracted for at balance date		199,991	150,506	199,991	150,506
Aggregate expenditure commitments comprise:					
Amounts not provided for: rental commitments					
Aggregate lease expenditure contracted for at balance date					
Operating leases have an average lease term of 1.7 years and an average implicit interest rate of 6.4%. 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		132,418	105,041	132,418	56,421
Later than one year and not later than five years		124,498	216,040	124,498	14,071
Later than five years		-	-	-	-
Total minimum lease payments					
Less future finance charges		(15,455)	(36,972)	(15,455)	(3,683)
Lease Liability		241,461	344,717	241,461	66,809
Current					
		120,915	144,979	120,915	52,927
Non Current					
		120,546	199,738	120,546	13,882
	9	241,461	344,717	241,461	66,809

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

	2004 Consolidated \$	2003 Consolidated \$	2004 VACC \$	2003 VACC \$
15. Expenditure Commitments (Cont'd)				
Total lease liability accrued for:				
Current				
- finance leases	120,915	144,979	120,915	52,927
Non Current				
- finance leases	120,546	199,738	120,546	13,882
	241,461	344,717	241,461	66,809
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	23,885		23,885	
Total Commitments	23,885	47,500	23,885	47,500

16. 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 reporting 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 reporting date, the outstanding finance lease contracts had an average term of 1.7 years (2003: 1.1 years) and an average implicit discount rate of 6.4% (2003: 8.1%).

(b) Interest rate risk

As at reporting 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 3.9% (2003: 3.4%). As at reporting date, there were no unrecognised derivatives.

(c) Net fair values

The following methods and assumptions are used in determining the net fair values of financial assets and liabilities.

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

The economic entity maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position. Exposure is limited by the economic entity trading with a large number of customers.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

17. Related Party Disclosures

The Members of the Victorian Automobile Chamber of Commerce Executive Board during the financial year were:

A. D. Blake	J. P. Howes
O. C. Brown OAM	P. G. Makin
J. L. Byford	R. N. Stuckey
G. G. Hill	G. T. Wallace

Victorian Automobile Chamber of Commerce has provided loans to a wholly owned subsidiary, aggregating \$4,554,932 (2003: \$2,642,299). During the year, \$1,311,998 (2003: \$1,978,440) was advanced to the company, while no repayments (2003: \$nil) were received. Interest is charged at a commercial floating rate of 7.25% (2003: 6.75%), giving rise to interest income of \$600,635 (2003: \$663,859).

As at reporting date, as the operations of the wholly owned subsidiary have ceased, the loan balance has been written off. There were no transactions with Executive Board members except on commercial terms and conditions.

18. Remuneration of Directors	2004 VACC \$	2003 VACC \$
Amounts paid or payable or otherwise made available to directors	-	-
Number of directors whose income from the Chamber or any related party falls within the following bands:	No.	No.
\$ 0 - 9,999	8	10

19. Segment Information

The economic entity operates predominantly in one industry segment as an Employer Organisation for the automotive industry in Victoria and Tasmania.

20. Impact of Adopting AASB Equivalents to IASB Standards

The economic entity has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). As the economic entity has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the economic entity prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report. At this stage the economic entity has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments (a)

Under AASB 139 Financial Instrument: Recognition and measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on balance sheet. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

21. Subsequent Event

On 3 September 2004, the Victorian Automobile Chamber of Commerce received notice that legal proceedings relating to termination of employment and defamation had been lodged in respect to a previous employee.

Victorian Automobile Chamber of Commerce has denied the liability and is of the opinion that no loss will be incurred.

22. 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 Organisation
- number of employees as at 30 June 2004 was 105
- number of apprentices as at 30 June 2004 was 290

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 2004. 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.

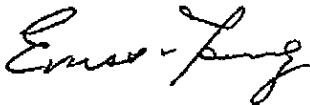
Independence

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 2004 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
8 September 2004