



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7799
Fax: (03) 9654 6672

Mr Anthony D Blake
President
Victorian Automobile Chamber of Commerce
7th Floor, VACC House
464 St Kilda Road
MELBOURNE VIC 3004

Dear Mr Blake,

Re: Financial Documents for year ended 30 June 2005 - FR2005/275
Schedule 1B - Workplace Relations Act 1996 (RAO Schedule)

I acknowledge receipt of the financial reports of the Victorian Automobile Chamber of Commerce for the year ended 30 June 2005. The documents were lodged in the Registry on 5 December 2005 under s268 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996.

This is the second lodgment by the organisation of its audited financial reports under the *Registration and Accountability of Organisations (RAO) Schedule* which commenced on 12 May 2003. Such financial accounts are also required to comply with the Industrial Registrar's *Reporting Guidelines* issued under s253 of the RAO Schedule.

The documents have been filed.

While the documents have been filed, the following matter requires your further attention by Friday 27 January 2006:

Donations

As the accounts disclosed an amount for donations of \$42,514 the organisation should provide information regarding any donation made in excess of \$1,000 in accordance with s237 of the RAO Schedule. A form is enclosed for this purpose.

If you have any queries regarding the above please contact me on (03) 8661 7799.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Andrew Schultz', written over a horizontal line.

Andrew Schultz
Statutory Services Branch

4 January 2006

OFFICE OF THE PRESIDENT

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

1 December 2005

Rec'd 5/12/05

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

FR 2005/275

Dear Sir

I certify that the attached Financial Report 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 2005 was supplied to members on 25 October 2005, and presented to the Annual General Meeting of members held on Wednesday, 30 November 2005.

Yours faithfully



ANTHONY D BLAKE

attach

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VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

2005

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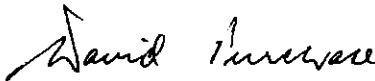
AGENDA

THE EIGHTY-SEVENTH 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, 30 NOVEMBER 2005 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 24 November 2004.
- 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 2005 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 OAM
EXECUTIVE DIRECTOR
Date: 10 October 2005

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

| | Notes | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|---|-------|----------------------------|----------------------------|--------------------|--------------------|
| Revenues from ordinary activities | 3 | 34,998,436 | 30,498,820 | 34,998,436 | 31,088,093 |
| Borrowing costs | 3 | (23,271) | (29,114) | (23,271) | (11,943) |
| Other expenses from ordinary activities | 3 | (26,840,030) | (25,504,084) | (26,840,030) | (26,110,528) |
| Operating result for the year | 11 | 8,135,135 | 4,965,622 | 8,135,135 | 4,965,622 |
| Increase in asset revaluation reserve | 12 | 1,020,322 | 51,781 | 1,020,322 | 51,781 |
| Total changes in Members' funds | | 9,155,457 | 5,017,403 | 9,155,457 | 5,017,403 |

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 2005

| | Notes | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|---|-------|----------------------------|----------------------------|--------------------|--------------------|
| Current assets | | | | | |
| Cash Assets | 13 | 1,077,753 | 561,834 | 1,077,753 | 505,652 |
| Receivables | 4 | 2,348,100 | 1,354,291 | 2,348,100 | 1,364,642 |
| Prepayments | | 489,579 | 424,139 | 489,579 | 424,139 |
| Inventories | | 243,603 | 338,168 | 243,603 | 338,168 |
| Total current assets | | | | | |
| Investments – Special Capital Fund | 5 | | | | |
| Non-current assets | | | | | |
| Investments | 6 | 30,630,280 | 29,609,958 | 30,630,280 | 29,609,958 |
| Plant and Equipment | 7 | 1,309,629 | 1,594,090 | 1,309,629 | 1,594,090 |
| Total non-current assets | | | | | |
| Total assets | | | | | |
| Current liabilities | | | | | |
| Payables | 8 | 1,753,653 | 1,370,441 | 1,753,653 | 1,324,610 |
| Income in Advance | | 2,072,178 | 1,922,753 | 2,072,178 | 1,922,753 |
| Interest-Bearing Liabilities | 9 | 95,673 | 120,915 | 95,673 | 120,915 |
| Provisions | 10 | 1,117,987 | 1,019,484 | 1,117,987 | 1,019,484 |
| Total current liabilities | | | | | |
| Non-current liabilities | | | | | |
| Interest-Bearing Liabilities | 9 | 24,873 | 120,546 | 24,873 | 120,546 |
| Provisions | 10 | 235,634 | 131,464 | 235,634 | 131,464 |
| Total non-current liabilities | | | | | |
| Total liabilities | | | | | |
| Net assets | | 125,517,029 | 116,361,572 | 125,517,029 | 116,361,572 |
| Members' funds: | | | | | |
| Revenue Accumulation | 11 | 56,170,332 | 50,743,348 | 56,170,332 | 50,743,348 |
| Reserves | 12 | 69,346,697 | 65,618,224 | 69,346,697 | 65,618,224 |
| Total Members' funds | | 125,517,029 | 116,361,572 | 125,517,029 | 116,361,572 |

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 2005**

| | Notes | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|-----------|----------------------------|----------------------------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | | | |
| Receipts from members and customers | | 20,963,096 | 19,323,125 | 20,963,096 | 19,275,305 |
| Dividend and Distributions from Investments | | 43,465 | 4,086,790 | 43,465 | 4,086,890 |
| Payments to suppliers and employees | | (24,796,368) | (24,663,206) | (24,740,186) | (24,446,224) |
| Interest received | | 42,817 | 45,195 | 42,817 | 40,997 |
| Goods and Services Tax refund received/(paid) | | (729,517) | (566,892) | (729,517) | (623,171) |
| Interest and finance costs paid | | (11,501) | (29,114) | (11,501) | (11,942) |
| Net cash flows used in Operating Activities | | (4,988,008) | (1,407,002) | (4,988,008) | (1,407,002) |
| Cash Flows from Investing Activities | | | | | |
| Distribution from Special Capital Fund | | 7,340,000 | (6,004,000) | 7,340,000 | (6,004,000) |
| Realised Income from Special Capital Fund | | - | 8,147,549 | - | 8,147,549 |
| Contributions to Special Capital Fund | | (2,000,000) | - | (2,000,000) | - |
| Purchase of Plant and Equipment | | (311,111) | (426,699) | (311,111) | (716,027) |
| Proceeds from sales of Plant and Equipment | | 95,953 | 119,529 | 95,953 | 119,529 |
| Purchase of Other Investments | | - | (301,783) | - | (301,783) |
| Net cash flows from Investing Activities | | 5,124,842 | 1,535,676 | 5,124,842 | 1,535,676 |
| Cash Flows from Financing Activities | | | | | |
| Repayment of Finance Lease Principal | | (120,915) | (256,135) | (120,915) | 120,914 |
| Net cash flows from/(used in) Financing Activities | | (120,915) | (256,135) | (120,915) | 120,914 |
| Net Increase/(decrease) in cash held | | 515,919 | (525,641) | 572,101 | (311,963) |
| Add opening cash brought forward | | 561,834 | 1,087,475 | 505,652 | 817,615 |
| Closing cash carried forward | 13 | 1,077,753 | 561,834 | 1,077,753 | 505,652 |

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2005

| | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|----------------------------|----------------------------|--------------------|--------------------|
| Reconciliation of result with net cash flows used in operating activities | | | | |
| Operating result for the year | 8,135,135 | 4,965,622 | 8,135,135 | 4,965,622 |
| Depreciation & amortisation of plant & equipment | 477,400 | 527,882 | 477,400 | 428,741 |
| Provision for employee entitlements | - | - | - | (11,203) |
| Loss on disposal of plant and equipment | 22,220 | 10,806 | 22,220 | 10,806 |
| Bad debts | 6,900 | - | 6,900 | - |
| Stock write-down | 51,465 | - | 51,465 | - |
| Provision for non-recovery of loan | - | - | - | 2,450,460 |
| Loan write-off | - | - | - | (4,554,581) |
| Unrealised movement in investments | (10,158) | (3,202,900) | (10,158) | (3,202,900) |
| Realised movement in investments net of management fees | (12,941,596) | (3,002,182) | (12,941,596) | - |
| Movement of Asset Revaluation Reserve | - | 51,781 | - | 51,781 |
| Intercompany Interest Capitalised | - | - | - | 600,635 |
| Changes in assets and liabilities: | | | | |
| Decrease in Receivables | (993,809) | 210,901 | (983,458) | 170,246 |
| Increase in Loan to subsidiary | - | - | - | (1,306,004) |
| (Increase)/Decrease in Inventories | 94,565 | (120,738) | 94,565 | (120,738) |
| (Increase)/Decrease in Prepayments | (65,440) | 49,177 | (65,440) | 14,788 |
| Increase/(Decrease) in Payables | 383,212 | (546,046) | 429,043 | (487,773) |
| (Decrease) in Income in Advance | 149,425 | (751,762) | 149,425 | (751,762) |
| Increase/(Decrease) in Provisions | 202,673 | 3,357 | 202,673 | 63,737 |
| Net cash flows used in operating activities | (4,488,008) | (1,804,102) | (4,431,826) | (1,678,145) |

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 2005

1. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of Section 272 (5) of Schedule 1B of the Workplace Relations Act 1996, the attention of Members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272, which read 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

(a) Basis of Accounting

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.

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

(c) 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.

(d) 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 tradable, 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, i.e. CPI Adjusted, (Refer Note 12).

Non-Current Investments

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

(e) 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.

(f) Receivables

The terms of trade are 30 days from the date of invoice. Collectability of receivables is reviewed on an ongoing basis. A provision for doubtful debts is raised where doubt as to collection exists and debts, which are known to be uncollectible, are written off.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Payables

Payables 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.

(h) Employee Entitlements

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.

(i) 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. Fees and subscriptions receipts relating to periods beyond the current financial year are shown in the Statements of Financial Position as income in advance under the heading of Current Liabilities. 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.

(j) Taxes

Income Taxes

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.

Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- Receivables and Payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 leased item, are recognised as an expenses on a straight line basis.

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.

(l) Cash and Cash Equivalents

Cash on hand and in 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.

(m) 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.

(n) 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.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 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 | 7,482,903 | 3,002,182 | 7,482,903 | 3,002,182 |
| Interest, recognised when due and receivable | 37,270 | 10,816 | 37,270 | 10,816 |
| Dividends, recognised when due and receivable | 5,784,150 | 4,086,890 | 5,784,150 | 4,086,890 |
| Unrealised changes in net realisable value of components of the Special Capital Fund held at the reporting date. | 10,158 | 3,202,900 | 10,158 | 3,202,900 |
| | | | | |
| Member Subscriptions | 3,046,452 | 2,865,893 | 3,046,452 | 2,865,893 |
| Events Activity | 2,823,218 | 2,889,079 | 2,823,218 | 2,889,079 |
| Stationery Sales | 931,726 | 987,477 | 931,726 | 987,477 |
| Rental Income | 4,438,088 | 4,126,720 | 4,438,088 | 4,126,720 |
| Interest from Related Party | - | - | - | 600,635 |
| Bank Interest Income | 42,817 | 45,195 | 42,817 | 40,997 |
| Dividend Income | 43,465 | 40,000 | 43,465 | 40,000 |
| Advertising | 222,784 | 284,185 | 222,784 | 284,185 |
| Recovery of Apprentice Wages | 6,635,863 | 5,561,560 | 6,635,863 | 5,561,560 |
| Commissions Received | 862,953 | 538,727 | 862,953 | 538,727 |
| Employment, Education and Training Income | 1,011,918 | 1,466,661 | 1,011,918 | 1,466,661 |
| Proceeds from Sale of Non Current Assets | 95,953 | 119,529 | 95,953 | 119,529 |
| Other Income | 1,528,718 | 1,271,006 | 1,528,718 | 1,263,842 |
| Total Income from Operating Activities | 34,998,436 | 30,498,820 | 34,998,436 | 31,088,093 |
| | | | | |
| (b) Expenditure from Operating Activities: | | | | |
| Auditors remuneration in respect of: | | | | |
| Audit services | 46,000 | 44,000 | 46,000 | 44,000 |
| Other services | 44,000 | 21,753 | 44,000 | 20,493 |
| Aggregate auditor's remuneration | 90,000 | 65,753 | 90,000 | 64,493 |

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|----------------------------|----------------------------|--------------------|--------------------|
| 3. Operating Result (Cont'd) | | | | |
| Legal fees | 294,679 | 154,105 | 294,679 | 140,123 |
| Subscriptions | 682,745 | 660,506 | 682,745 | 658,870 |
| Investment Management Fees | 447,289 | 371,797 | 447,289 | 371,797 |
| Amount paid as remuneration to holders of office | 428,130 | 429,248 | 428,130 | 429,248 |
| Amount paid as remuneration to employees of the organisation | 10,539,009 | 9,942,609 | 10,539,009 | 9,142,523 |
| Amount paid in respect of superannuation | 986,730 | 859,104 | 986,730 | 738,710 |
| Administrative Expenses | 959,609 | 1,041,216 | 959,609 | 1,013,781 |
| Net Motor Portal Expenditure | - | 626,896 | - | 53,444 |
| Provision for Annual Leave | 99,624 | (30,378) | 99,624 | (22,532) |
| Provision for Long Service Leave | 103,049 | 33,735 | 103,049 | 33,735 |
| Provision for Loan Non-Recovery | - | - | - | (2,450,460) |
| Loan Write Off | - | - | - | 4,554,932 |
| Donations | 42,514 | 12,076 | 42,514 | 12,076 |
| Board of Management and Executive Board Expenses | 245,034 | 202,417 | 245,034 | 202,417 |
| Depreciation of Furniture and Fittings | 56,247 | 59,646 | 56,247 | 59,646 |
| Depreciation of Plant and Equipment | 103,439 | 133,573 | 103,439 | 133,573 |
| Depreciation of Motor Vehicles | 185,317 | 181,785 | 185,317 | 181,785 |
| Amortisation of Leased Plant and Equipment | 132,397 | 152,878 | 132,397 | 53,737 |
| Bad Debts | 6,900 | 1,863 | 6,900 | 1,863 |
| Stock Write-down | 51,465 | 6,536 | 51,465 | 6,536 |
| Operating Lease Rentals | 117,647 | 83,276 | 117,647 | 83,276 |
| Carrying Amount of Non Current Assets Sold | 118,173 | 130,335 | 118,173 | 130,335 |
| Advertising Expenses | 847,792 | 849,772 | 847,792 | 849,772 |
| Cost of Inventory Purchases | 552,353 | 525,235 | 552,353 | 525,235 |
| Divisions and Membership Expenses | 629,919 | 562,543 | 629,919 | 562,543 |
| Employment, Education & Training Expenses | 884,602 | 890,064 | 884,602 | 890,064 |
| Government & Public Affairs Expenses | 75,498 | 125,354 | 75,498 | 125,354 |
| Industrial Relations Expenses | 350,414 | 322,202 | 350,414 | 322,202 |
| Events Activity | 2,630,398 | 2,593,499 | 2,630,398 | 2,593,499 |
| MotorTech – Module Development Fees | - | 27,339 | - | 27,339 |
| Property Expenses | 1,267,777 | 1,370,336 | 1,267,777 | 1,370,336 |
| Telephone Expenses | 138,026 | 144,982 | 138,026 | 136,844 |
| VACC Brand Name Advertising Campaign | 756,429 | 450,900 | 756,429 | 450,900 |
| VACC House Refurbishment Expenses | 258,817 | 890,933 | 258,817 | 890,933 |
| New Apprentices in Retail Motor Industry | 539,202 | - | 539,202 | - |
| Other Operating Expenses | 2,218,806 | 1,631,949 | 2,218,806 | 1,771,599 |
| Total Operating Expenses Other than Borrowing Costs | 26,010,140 | 25,000,000 | 26,010,140 | 25,000,000 |

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | Note | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|------|----------------------------|----------------------------|--------------------|--------------------|
| 3. Operating Result (Continued) | | | | | |
| Finance charges on Leased Plant and Equipment | | 11,501 | 20,890 | 11,501 | 3,719 |
| Interest Paid | | 11,770 | 8,224 | 11,770 | 8,224 |
| Total Borrowing Costs | | 23,271 | 29,114 | 23,271 | 11,943 |
| Total Operating Expenses | | 26,863,301 | 25,533,198 | 26,863,301 | 26,122,471 |
| Net (loss)/gain on disposal of property, plant and equipment | | (21,029) | (10,806) | (21,029) | (10,806) |
| 4. Receivables | | | | | |
| Current: | | | | | |
| Trade and other Receivables | | 2,363,100 | 1,369,291 | 2,363,100 | 1,379,642 |
| Provision for Doubtful Debts | | (15,000) | (15,000) | (15,000) | (15,000) |
| | | 2,348,100 | 1,354,291 | 2,348,100 | 1,364,642 |
| 5. Investments - Special Capital Fund Comprises: | | | | | |
| Equities | | 44,683,894 | 43,030,159 | 44,683,894 | 43,030,159 |
| Units in Property Trust | | 15,247,324 | 15,024,644 | 15,247,324 | 15,024,644 |
| Fixed Interest | | 13,136,982 | 15,865,017 | 13,136,982 | 15,865,017 |
| Discount Security and liquidity | | 21,649,883 | 13,244,875 | 21,649,883 | 13,244,875 |
| | | 94,718,083 | 87,164,695 | 94,718,083 | 87,164,695 |
| 6. Investments | | | | | |
| Non Current: | | | | | |
| Property – VACC House, 464 St Kilda Road, Melbourne - at fair value (Cost \$9,970,771) | | 27,000,000 | 26,000,000 | 27,000,000 | 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 *1 | | 2,950 | 2,950 | 2,950 | 2,950 |
| carsales.com.au Limited *2 | | 500,000 | 500,000 | 500,000 | 500,000 |
| National Freight Conference & Expo | 14 | 500,000 | 500,000 | 500,000 | 500,000 |
| Motor Network Australia Pty Ltd | | - | - | - | 250,000 |
| Diminution of Investment | | - | - | - | (250,000) |
| Investment at fair value: | | | | | |
| Units in MTAA House Unit Trust (Cost \$130,861) *3 | | 327,330 | 307,008 | 327,330 | 307,008 |
| | | 30,630,280 | 29,609,958 | 30,630,280 | 29,609,958 |

*1 The operating activity of the company is to develop commercial opportunities for the provision of services to those in the automotive industry. VACC holds a 29.5% ownership interest in AADA Dealer Services Pty. Ltd.

*2 The operating activity of the company is internet automotive classified advertising and sales and maintenance of software and websites to support the automotive industry. VACC holds 1.9% ownership interest in carsales.com.au Ltd.

*3 The operating activity of the trust is to own and manage MTAA House. VACC holds a 2.6% ownership interest in MTAA House Unit Trust.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | Notes | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|-------|----------------------------|----------------------------|--------------------|--------------------|
| 7. Plant and Equipment | | | | | |
| (a) Plant and Equipment: | | | | | |
| Furniture and Fittings – cost | | 500,538 | 489,179 | 500,538 | 489,179 |
| Accumulated Depreciation | | (420,664) | (376,282) | (420,664) | (376,282) |
| Net Book Value | 7(b) | 79,874 | 112,897 | 79,874 | 112,897 |
| Plant and Equipment – cost | | 3,128,966 | 3,277,834 | 3,128,966 | 3,277,834 |
| Accumulated Depreciation | | (2,753,655) | (2,835,510) | (2,753,655) | (2,835,510) |
| Net Book Value | 7(b) | 375,311 | 442,324 | 375,311 | 442,324 |
| Motor Vehicles - cost | | 1,434,360 | 1,501,074 | 1,434,360 | 1,501,074 |
| Accumulated Depreciation | | (691,640) | (706,327) | (691,640) | (706,327) |
| Net book value | 7(b) | 742,720 | 794,747 | 742,720 | 794,747 |
| Equipment under finance lease contracts - cost | | 369,002 | 519,716 | 369,002 | 519,716 |
| Accumulated Amortisation | | (257,278) | (275,594) | (257,278) | (275,594) |
| Written down value | 7(b) | 111,724 | 244,122 | 111,724 | 244,122 |
| Total net book value | | 1,309,629 | 1,594,090 | 1,309,629 | 1,594,090 |
| (b) Reconciliations: | | | | | |
| Furniture and Fittings | | | | | |
| Carrying Amount at Beginning | | 112,897 | 172,932 | 112,897 | 172,932 |
| Additions | | 25,677 | 1,245 | 25,677 | 1,245 |
| Disposals | | (2,453) | (1,634) | (2,453) | (1,634) |
| Depreciation Expense | | (56,247) | (59,646) | (56,247) | (59,646) |
| | | 79,874 | 112,897 | 79,874 | 112,897 |
| Plant and Equipment: | | | | | |
| Carrying Amount at Beginning | | 442,324 | 458,379 | 442,324 | 458,379 |
| Additions | | 61,401 | 121,186 | 61,401 | 121,186 |
| Disposals | | (24,975) | (3,668) | (24,975) | (3,668) |
| Depreciation Expense | | (103,439) | (133,573) | (103,439) | (133,573) |
| | | 375,311 | 442,324 | 375,311 | 442,324 |
| Motor Vehicles: | | | | | |
| Carrying Amount at Beginning | | 794,747 | 688,957 | 794,747 | 688,957 |
| Additions | | 249,060 | 412,608 | 249,060 | 412,608 |
| Disposals | | (115,720) | (125,033) | (115,720) | (125,033) |
| Depreciation Expense | | (185,367) | (181,785) | (185,367) | (181,785) |
| | | 742,720 | 794,747 | 742,720 | 794,747 |
| Equipment Under Lease: | | | | | |
| Carrying Amount at Beginning | | 244,122 | 352,461 | 244,122 | 352,461 |
| Additions | | - | 44,539 | - | 44,539 |
| Disposals | | - | - | - | - |
| Amortisation Expense | | (132,398) | (152,878) | (132,398) | (152,878) |
| | | 111,724 | 244,122 | 111,724 | 244,122 |

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | Notes | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|---|-------|----------------------------|----------------------------|--------------------|--------------------|
| 8. Payables | | | | | |
| Trade and Other Creditors | | 1,753,653 | 1,370,441 | 1,753,653 | 1,324,610 |
| 9. Interest-Bearing Liabilities | | | | | |
| Current: | | | | | |
| Lease Liability | | 95,673 | 120,915 | 95,673 | 120,915 |
| Non Current: | | | | | |
| Lease Liability | | 24,873 | 120,546 | 24,873 | 120,546 |
| | | | | | |
| Total Interest Bearing Liabilities | 15 | 120,546 | 241,461 | 120,546 | 241,461 |
| All leases are unsecured leases | | | | | |
| 10. Provisions | | | | | |
| Current: | | | | | |
| Provision for Annual Leave | | 803,837 | 704,213 | 803,837 | 704,213 |
| Provision for Long Service Leave | | 314,150 | 315,271 | 314,150 | 315,271 |
| | | 1,117,987 | 1,019,484 | 1,117,987 | 1,019,484 |
| Non Current: | | | | | |
| Provision for Long Service Leave | | 235,634 | 131,464 | 235,634 | 131,464 |
| | | | | | |
| Aggregate Employee Entitlement Liability | | 1,353,621 | 1,150,948 | 1,353,621 | 1,150,948 |
| 11. Revenue Accumulation | | | | | |
| Accumulated Surplus: | | | | | |
| Opening Balance | | 50,743,348 | 48,410,651 | 50,743,348 | 48,410,651 |
| Result for the year | | 8,135,135 | 4,965,622 | 8,135,135 | 4,965,622 |
| Transfer to Special Capital Fund Maintenance Reserve | | (2,708,151) | (2,632,925) | (2,708,151) | (2,632,925) |
| | | 56,170,332 | 50,743,348 | 56,170,332 | 50,743,348 |
| 12. Reserves | | | | | |
| Special Capital Fund Maintenance Reserve: | | | | | |
| Opening Balance | | 48,927,849 | 46,294,924 | 48,927,849 | 46,294,924 |
| Transfer from Accumulated Surplus | | 2,708,151 | 2,632,925 | 2,708,151 | 2,632,925 |
| Total Special Capital Fund Maintenance Reserve | | | | | |
| Asset Revaluation Reserve: | | | | | |
| Opening Balance | | 16,690,375 | 16,638,594 | 16,690,375 | 16,638,594 |
| Revaluation – VACC House | | 1,000,000 | - | 1,000,000 | - |
| Revaluation – Units in MTAA House Unit Trust | | 20,322 | 51,781 | 20,322 | 51,781 |
| Total Asset Revaluation Reserve | | | | | |
| Total Reserves | | 69,346,697 | 65,618,224 | 69,346,697 | 65,618,224 |
| 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 2005**

| | Note | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|--|------|----------------------------|----------------------------|--------------------|--------------------|
| 13. Reconciliation of Cash | | | | | |
| Cash assets | | 1,077,753 | 561,834 | 1,077,753 | 505,652 |
| 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) | - | (30,525) |
| Surplus/(deficit) | | | 45,351 | | 45,351 |
| There are no capital expenditure commitments and contingent liabilities in respect of the joint venture. | | | | | |
| 15. Expenditure Commitments | | | | | |
| a) Lease expenditure commitments: | | | | | |
| (i) Operating Leases (non cancellable): | | | | | |
| Minimum Lease Payments | | | | | |
| • Not later than one year | | 78,204 | 77,553 | 78,204 | 77,553 |
| • Later than one year and not later than five years | | 131,790 | 122,438 | 131,790 | 122,438 |
| • Later than five years | | - | - | - | - |
| Aggregate lease expenditure contracted for at balance date | | 209,994 | 199,991 | 209,994 | 199,991 |
| Aggregate expenditure commitments comprise: | | | | | |
| Amounts not provided for: rental commitments | | 209,994 | 199,991 | 209,994 | 199,991 |
| Aggregate lease expenditure contracted for at balance date | | 209,994 | 199,991 | 209,994 | 199,991 |
| Operating leases have an average lease term of 2.45 years. Items subject to operating leases are TACC office and office equipment. | | | | | |
| (ii) Finance lease contracts capitalised and included in plant and equipment: | | | | | |
| • Not later than one year | | 98,985 | 132,418 | 98,985 | 132,418 |
| • Later than one year and not later than five years | | 25,515 | 124,498 | 25,515 | 124,498 |
| • Later than five years | | - | - | - | - |
| Total minimum lease payments | | 124,500 | 256,916 | 124,500 | 256,916 |
| Less future finance charges | | (3,954) | (15,455) | (3,954) | (15,455) |
| Lease Liability | | 120,546 | 241,461 | 120,546 | 241,461 |
| | | | | | |
| Current | | 95,673 | 120,915 | 95,673 | 120,915 |
| Non Current | | 24,873 | 120,546 | 24,873 | 120,546 |
| | 9 | 120,546 | 241,461 | 120,546 | 241,461 |

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | 2005 Consolidated \$ | 2004 Consolidated \$ | 2005 VACC \$ | 2004 VACC \$ |
|---|----------------------------|----------------------------|--------------------|--------------------|
| 15. Expenditure Commitments (Continued) | | | | |
| Total lease liability accrued for: | | | | |
| Current | | | | |
| - finance leases | 95,673 | 120,915 | 95,673 | 120,915 |
| Non Current | | | | |
| - finance leases | 24,873 | 120,546 | 24,873 | 120,546 |
| | 120,546 | 241,461 | 120,546 | 241,461 |
| b) Capital expenditure commitments: | | | | |
| Estimated expenditure contracted for at balance date, but not provided for, payable not later than one year | | | | |
| VACC House Refurbishment | 476,255 | 23,885 | 476,255 | 23,885 |
| Total Commitments | 476,255 | 23,885 | 476,255 | 23,885 |

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 (d). 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 0.9 years (2004 : 1.7 years) and an average implicit discount rate of 5.8% (2004 : 6.4%).

(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 4.15% (2004 : 3.9%). 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 2005

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 (term of office expired 10 April 2005) |
| O. C. Brown OAM | A. La Rosa (elected 11 April 2005) |
| J. J. Buskes (elected 11 April 2005) | P. G. Makin |
| J. L. Byford (term of office expired 10 April 2005) | R. N. Stuckey |
| G. G. Hill | G. T. Wallace (term of office expired 10 April 2005) |

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

| 18. REMUNERATION OF DIRECTORS | 2005 VACC \$ | 2004 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 | 10 | 8 |

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. SUBSEQUENT EVENT

There have been no subsequent events to 30 June 2005 that may significantly effect the economic entity.

21. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

The Australian Accounting Standards Board (AASB) adopted the Australian equivalents of the International Financial Reporting Standards (AIFRS) for application to reporting periods beginning on or after 1 January 2005. The adoption of Australian equivalents to AIFRS will therefore be first reflected in the economic entity's financial statements for the year ending 30 June 2006.

The economic entity has commenced transitioning its accounting policies and financial reporting from current Australian Accounting Standards to AIFRS. 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 2005. 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.

- Under AASB 119 *Employee Benefits*, a distinction is made between short term and long term employee benefits. AASB 119 Employee Benefits requires liabilities for short term employee benefits to be measured at nominal amounts and liabilities for long term employee benefits to be measured at present value. Short term employee benefits are defined as employee benefits that fall due wholly within 12 months after the end of the period. Therefore, liabilities for employee benefits such as wages and salaries, and annual leave are required to be measured at present value where they are not expected to be settled within 12 months of the reporting date.
- Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The entity's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

- (c) 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 Statement of Financial Position.
- (d) Under AASB 140 *Investment Properties*, are measured using the fair value model, under which an investment property is measured, after initial measurement, at fair value with changes in fair value recognised as an increment or decrement to the Asset Revaluation Reserve.

Impact on 30 June 2005 Reported Results

The changes in accounting policies described above are not expected to have a material impact on the entity's Net Asset position to 30 June 2005 and the Net Surplus for the year ended 30 June 2005.

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 2005 was 99
- number of apprentices as at 30 June 2005 was 350.

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.

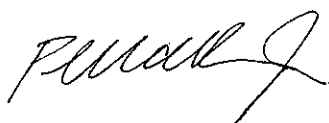
These mechanisms include the following:

- 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



Anthony D. Blake
PRESIDENT



Percival G. Makin
SENIOR VICE PRESIDENT

Date: 14 September 2005

EXECUTIVE BOARD'S CERTIFICATE

On 14 September 2005 the Executive Board of the Victorian Automobile Chamber of Commerce passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2005:

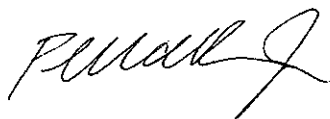
The Executive Board declares in relation to the GPFR that in its opinion:

- (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;
- (e) During the financial year to which the GPFR relates and since the end of that year:
 - (i) Meetings of the Executive Board were held in accordance with the Rules of the Organisation; and,
 - (ii) The financial affairs of the reporting unit have been managed in accordance with the Rules of the Organisation; 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) 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,
 - (v) No orders have been made by the Commission under Section 273 of the RAO Schedule during the period.

On behalf of the Board



Anthony D. Blake
PRESIDENT



Percival G. Makin
SENIOR VICE PRESIDENT

Date: 14 September 2005

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2005

I, ANTHONY BLAKE, being the designated officer responsible for preparing this Report for the financial year ended 30 June 2005 of the Victorian Automobile Chamber of Commerce report as follows:

Principal Activities:

1. The Victorian Automobile Chamber of Commerce ("VACC") is an employer organisation, which provides various services to members operating in the retail automotive industry.
2. Representing members in industrial matters and disputes, equal opportunity matters and presenting submissions to industrial and other tribunals.
3. Representing the retail automotive industry in discussions and consultations with Federal and State Governments.
4. Promoting retail automotive businesses in Victoria.
5. Arranging and promoting the adoption of uniform and equitable forms of contracts, hiring agreements and other documents used in retail automotive businesses.
6. Providing assistance, advice and information in the areas of specialist technical services, industrial relations, human resource management, OH&S and workers' compensation management.
7. Conducting training seminars in equal opportunity, occupational health and safety, WorkCover, and workplace agreements, etc.
8. Operating a group training scheme for apprentices and trainees.
9. Operating the VACC College of Automotive Business Management, offering certificate, diploma and short courses in automotive business management.
10. Development of Codes of Practice.
11. Collecting and circulation of statistics and other information relating to the retail automotive trade.
12. Publishing periodicals.

Review of Principal Activities

The consolidated surplus from ordinary activities for the year ended 30 June 2005 was \$8,135,135 (2004: \$4,965,622).

Consolidated revenues from ordinary activities were \$34,998,436 (2004: \$30,498,820) and expenses from ordinary activities were \$26,863,301 (2004: \$25,533,198).

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.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2005

- (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 OAM, 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 OAM 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 2005 who were recorded on the Register of Members of the Association was 5,092.

Number of Employees

The number of employees of the Association at 30 June 2005 was 99 full time employees and 350 apprentices.

**VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
OPERATING REPORT FOR THE YEAR ENDED
30 JUNE 2005**

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:

| | |
|--|---|
| Don Armstrong AM | Neville Arnott (term of office expired 20 February 2005) |
| Mark Awramenko (elected 21 February 2005) | John Bacon |
| Tony Barlow | Bob Bowman (term of office expired 20 February 2005) |
| Fury Bortolotto | Anthony Blake |
| Craig Bromley | Des Brown |
| Owen Brown OAM | John Buskes |
| Garry Byrne | John Byrne (elected 21 February 2005) |
| John Byford (term of office expired 20 February 2005) | Alan Costello |
| Morry Corvasce (elected 12 April 2005) | Brian Curmi |
| Colin Doherty (elected 21 February 2005) | John Forza (elected 21 February 2005) |
| Ian Goding | Doug Grey |
| Wayne Guy (term of office expired 20 February 2005) | Steve Hall |
| Graeme Hill | Rodney Howell (elected 21 February 2005) |
| John Howes | Tony Hubbard (term of office expired 20 February 2005) |
| Dale Imlach (term of office expired 20 February 2005) | Richard Kaucic |
| Aslam Kazi (term of office expired 20 February 2005) | Max Kirwan OAM |
| James Lamb (elected 21 February 2005) | Bill La Rocca (elected 21 February 2005) |
| Tony La Rosa | David Mackay |
| Perce Makin | Sam Manenti |
| Graeme McIlwaine (elected 21 February 2005) | Charles McInerney (term of office expired 20 February 2005) |
| Gary McKendry (elected 21 February 2005) | Alan Mead (term of office expired 20 February 2005) |
| David Nutter | Trevor Oliver |
| Marie Pangbourne (term of office expired 20 February 2005) | Laurie Parrot |
| Gerry Raleigh (elected 12 April 2005) | Ken Rickard (term of office expired 20 February 2005) |
| Sandy Richards (elected 21 February 2005) | Tony Sanchez |
| Peter Savige | Joe Shneider |
| Ian Shugg (term of office expired 20 February 2005) | Neil Smith |
| Warren Smith | Russell Stuckey |
| Ian Thomas | Bruce Thompson (elected 21 February 2005) |
| Greg Wallace | Jeff Watts |
| Colin Waugh (elected 21 February 2005) | Stuart Wishart (term of office expired 20 February 2005) |
| Robin Weatherald | Tony Wylie |

On behalf of the Board



Anthony D. Blake
PRESIDENT

Date: 14 September 2005

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, and the Executive Board's certificate for the Victorian Automobile Chamber of Commerce ("VACC) and the consolidated entity, for the year ended 30 June 2005. 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 presents fairly 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 Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the VACC 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 directors 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 presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the VACC and the consolidated entity's financial position as at 30 June 2005, and of their performance as represented by the results of their operations and cash flows for the year then ended.

A handwritten signature in black ink, appearing to read 'D J Thorn'.

D J Thorn
Partner
Ernst & Young
Melbourne
Date: 14 September 2005