Australian Government
Australian Industrial Registry

Level 5, 11 Exhibition St, Melbourne Vic 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7990
Fax: (03) 9655 0410

Mr Perce Makin
Senior Vice President
Victorian Automobile Chamber of Commerce
VACC House
464 St Kilda Road
MELBOURNE VIC 3004

Dear Mr Makin,

Re: Financial Reports for Year Ended 30 June 2006 - FR2006/444
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)

I have received the financial reports for the Victorian Automobile Chamber of Commerce for the year ended 30 June 2006. The documents were lodged in the Registry on 6 December 2006.

The documents have been filed.

While the documents have been filed, the following matter requires your attention:

Donations

The accounts disclosed an amount for donations of $22,715. If any individual donations were made in excess of $1,000 then the organisation must lodge a statement setting out the relevant particulars of the donations in accordance with s237 of the RAO Schedule. A form is enclosed for this purpose.

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

A copy of the financial report has been placed on the website maintained by the Industrial Registry at http://www.e-airc.gov.au/191v.

Yours sincerely,

for
Robert Pfeiffer
Assistant Team Manager
Statutory Services Branch, Melbourne

7 February 2007

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

5 December 2006

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

Dear Sir

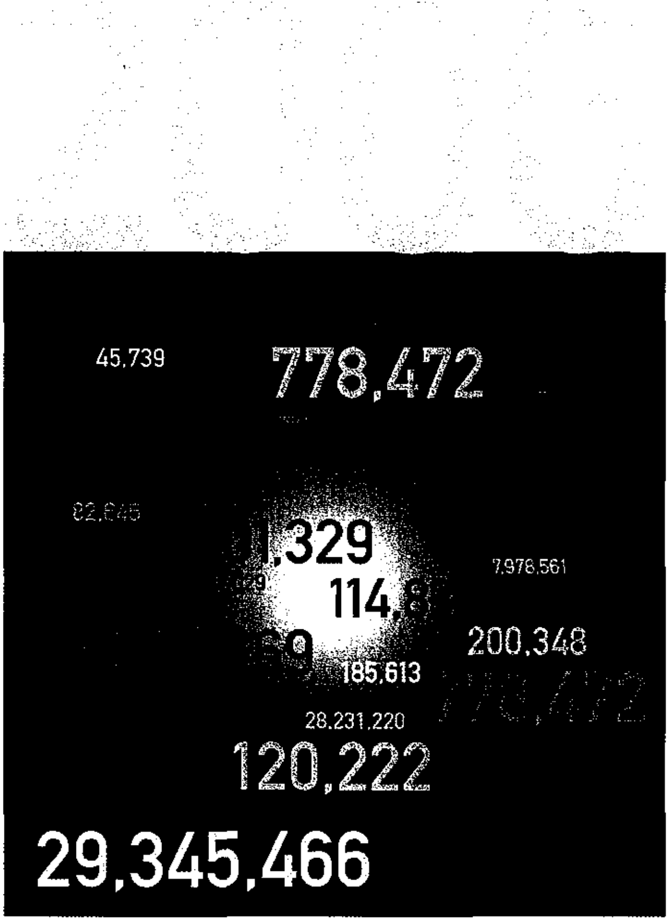
I certify that the attached Financial Report of the Victorian Automobile Chamber of Commerce provided in accordance with Section 253 of Schedule 1 of the Workplace Relations Act 1996, for the year ended 30 June 2006 was supplied to members on 25 October 2006, and presented to the Annual General Meeting of members held on Wednesday, 29 November 2006.

Yours faithfully

PERCE MAKIN

Attach

2006 Financial Report



INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 $	2005 $
Revenues from Operating Activities	4	28,231,220	28,023,955
Borrowing Costs	4	(3,311)	(11,501)
Other expenses from Operating Activities	4	(29,345,466)	(26,851,800)
Operating Result for the Year	13	(1,117,557)	1,160,654

The above Income Statement should be read in conjunction with the accompanying notes.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 $	2005 $
CURRENT ASSETS			
Cash Assets	15	834,160	1,077,753
Receivables	5	4,807,251	2,348,100
Inventories		242,504	243,603
Prepayments		288,113	489,579
TOTAL CURRENT ASSETS		6,172,028	4,159,035
INVESTMENTS – SPECIAL CAPITAL FUND	6	104,468,574	94,718,083
NON-CURRENT ASSETS			
Investments	7	1,314,016	1,330,280
Property	8	28,440,000	29,300,000
Plant and Equipment	9	1,244,998	1,309,629
TOTAL NON-CURRENT ASSETS		30,999,014	31,939,909
TOTAL ASSETS		141,639,616	130,817,027
CURRENT LIABILITIES			
Payables	10	2,249,686	1,753,653
Income in Advance		3,487,775	2,072,178
Interest-Bearing Liabilities	11	8,691	95,673
Provisions	12	1,302,212	1,117,987
TOTAL CURRENT LIABILITIES		7,048,364	5,039,491
NON-CURRENT LIABILITIES			
Interest-Bearing Liabilities	11	16,182	24,873
Provisions	12	341,371	235,634
TOTAL NON-CURRENT LIABILITIES		357,553	260,507
TOTAL LIABILITIES		7,405,917	5,299,998
NET ASSETS		134,233,699	125,517,029
MEMBERS' FUNDS			
Revenue Accumulation	13	99,714,294	100,831,851
Reserves	14	34,519,405	24,685,178
TOTAL MEMBERS' FUNDS		134,233,699	125,517,029

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2006

	Asset Revaluation Reserve	Special Capital Fund Reserve	Retained Earnings	Total
BALANCE AT 1 JULY 2004	16,690,375	-	99,671,197	116,361,572
Revaluation of Investment in MTAA Unit Trust	20,322	-	-	20,322
Transfer Increase in Special Capital Fund to Reserve	-	7,974,481	-	7,974,481
Result for the Year	-	-	1,160,654	1,160,654
BALANCE AT 30 JUNE 2005	16,710,697	7,974,481	100,831,851	125,517,029
BALANCE AT 1 JULY 2005	16,710,697	7,974,481	100,831,851	125,517,029
Increase in Special Capital Fund	-	9,750,491	-	9,750,491
Revaluation of Investment in MTAA Unit Trust	83,736	-	-	83,736
Result for the Year	-	-	(1,117,557)	(1,117,557)
BALANCE AT 30 JUNE 2006	16,794,433	17,724,972	99,714,294	134,233,699

The above Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 $	2005 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members and Customers		21,990,461	20,963,096
Payments to Suppliers and Employees		(26,059,871)	(24,740,186)
Interest Received		52,174	42,817
Goods and Services Tax Refund Received/(paid)		(963,451)	(729,517)
Net Cash Flows used in Operating Activities		(4,980,687)	(4,463,790)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution from Special Capital Fund		5,083,550	5,340,000
Dividends received		61,480	43,465
Purchase of Property		(40,000)	-
Purchase of Plant and Equipment		(458,660)	(311,111)
Proceeds from Sale of Plant and Equipment		81,196	95,953
Proceeds from Other Investments		100,000	-
Net Cash Flows from Investing Activities		4,827,566	5,168,307
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Finance Lease Principal		(87,161)	(120,915)
Interest Costs		(3,311)	(11,501)
Net Cash Flows from/(used in) Financing Activities		(90,472)	(132,416)
Net (Decrease)/Increase in Cash held		(243,593)	572,101
Add Opening Cash Brought Forward		1,077,753	505,652
CLOSING CASH CARRIED FORWARD	15	834,160	1,077,753

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

	2006 $	2005 $
RECONCILIATION OF RESULT WITH NET CASH FLOWS USED IN OPERATING ACTIVITIES		
Operating Result for the Year	(1,117,557)	1,160,654
Non Cash flows in Operating Result:		
Devaluation/(Revaluation) of Property	900,000	(1,000,000)
Depreciation & Amortisation of Plant & Equipment	408,164	477,400
Loss and Disposal of Plant and Equipment	33,931	22,220
Realised Movement in Investments Net of Management Fees	(5,083,547)	(4,918,908)
Dividends Received	(61,480)	(43,465)
Interest Costs	3,311	11,501
Changes in Assets and Liabilities:		
(Increase) in Receivables	(2,459,151)	(983,458)
Decrease in Inventories	1,099	94,565
Decrease/(Increase) in Prepayments	201,466	(65,440)
Increase/(Decrease) in Payables	496,033	429,043
Increase/(Decrease) in Income in Advance	1,415,593	149,425
Increase/(Decrease) in Provisions	289,963	202,673
(Decrease) in Interest Bearing Liabilities	(8,512)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(4,980,687)	(4,463,790)

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

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 of the RAO Schedule, 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. CORPORATE INFORMATION

The Financial Report of VACC for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors on 13 September 2006. VACC is an association, incorporated in Australia in accordance with the Workplace Relations Act 1996.

The nature of the operations and principal activities of the Victorian Automobile Chamber of Commerce (VACC) are described in Note 24.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Workplace Relations Act 1996 and Australian Accounting Standards. The financial report has also been prepared on an historical cost basis except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(B) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report prepared based on AIFRS, and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. VACC has adopted the exemption under AASB 1 First-time Adoption of Australia Equivalents to International Financial Reporting Standards from having to apply AASB 132 and AASB 139 to the comparative period. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition to AIFRS are detailed in Note 3 (T) – 3 (V).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain Australian Accounting Standards have been recently issued or amended, but are not yet effective and have not been adopted by VACC for the annual reporting period ended 30 June 2006. The assessment of the impact of these new standards and interpretations (to the extent relevant by VACC) is set out below.

AASB AMENDMENT	AFFECTED STANDARDS	NATURE OF CHANGE TO ACCOUNTING POLICY	APPLICATION DATE OF STANDARD	APPLICATION DATE
2005-1	AASB 139 *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-4	AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time adoption of AIFRS*,		No change to accounting policy required. Therefore no impact.	1 January 2006
2005-10	AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting* AASB 117 *Leases* AASB 139 *Financial Instruments: Recognition and Measurement* AASB 1 *First-time adoption of AIFRS*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
	AASB 7 Financial Instruments: Disclosures	No change in accounting policy required, however may impact disclosures for next financial period ending 30 June 2007.	1 January 2007	30 June 2007

(C) Accounting judgements, estimates and assumptions

In the process of applying VACC accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Employee provision – Long Service Leave

VACC has provided for those employees who have exceeded 5 years of service as at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) 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 reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred, or to be incurred in respect of the transaction, can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of the delivery of the goods to the customer.

(ii) *Rendering of services*

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. Fees and subscriptions receipts relating to periods beyond the current financial year are shown in the Balance Sheet as income in advance under the heading Current Liabilities.

(iii) *Interest*

VACC has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for interest income applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Accounting policies applicable for the year ended 30 June 2005

Revenue is recognised when VACC's right to receive payment is established.

(iv) *Dividends*

Revenue is recognised when VACC's right to receive the payment is established.

(v) *Rental income*

Rental income from investment properties is accounted for when VACC's right to receive the payment is established. Lease incentives granted are recognised when incurred.

(E) Government grants

Government grants are recognised when received.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(F) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(G) Trade And Other Receivables

VACC has elected to apply the option available under AASB1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other receivables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount, less an allowance for any collectible amounts.

An allowance for doubtful debts is made when there is objective evidence that VACC will not be able to collect the debts. Bad debts are written off when identified.

Accounting policies applicable for the year ended 30 June 2005

Trade receivables were recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts was made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

(H) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Finished goods – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(I) Derecognition of financial assets and financial liabilities

VACC has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies applicable to the derecognition of financial liabilities for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

(i) *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- VACC retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the rights to receive cash flows from the asset have expired;
- VACC has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When VACC transfers its rights to receive cash flows from an asset, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of VACC's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that VACC could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of VACC's continuing involvement is the amount of the transferred asset that VACC may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of VACC's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Accounting policies applicable for the year ended 30 June 2005

(i) *Financial assets*

A financial asset is derecognised when the contractual right to receive or exchange cash no longer existed.

(ii) *Financial liabilities*

A financial liability is derecognised when the contractual obligation to deliver or exchange cash no longer existed.

(J) Impairment of financial assets

VACC has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

VACC assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) *Financial assets carried at a cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value, because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the current market rate of return for a similar financial asset.

(ii) *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Accounting policies applicable for the year ended 30 June 2005

For current financial assets, refer to note 3(G) and Note 3(O) for the impairment accounting policy. For non-current financial assets, refer to note 3(O) for the impairment accounting policy.

(K) Other Taxes

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

- When 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 Balance Sheet.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – 5 years

Furniture and fittings – 5 years

Leased equipment - 4 years

Depreciation is calculated on a diminishing value method over 4 years for motor vehicles.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

(i) *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating units, *which the asset belongs*, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(ii) *Derecognition and disposal*

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

(M) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment property when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by VACC as an owner-occupied property becomes an investment property, VACC accounts for such property in accordance with the policy stated under plant and equipment up to the date of change in use. For a transfer from plant and equipment to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income Statement. When VACC completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income Statement.

(N) Investment and Other Financial Costs

VACC has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for investments and other financial assets applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, the case of investments not at fair value through profit or loss, directly attributable transactions costs. VACC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year- end.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) *Available-for-sale*

Available-for-sale investments are those non-derivative financial assets that are designed as available-for sale or are not classified as any of the preceding categories. After initial recognition, available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Accounting policies applicable for the year ended 30 June 2005

Listed shares held for trading were carried at net market value. Changes in net market value were recognised as a revenue or expense in determining the net profit for the period.

All other non-current investments were carried at the lower of cost and recoverable amount.

(i) *Recoverable amount*

Non-current financial assets measured using the cost basis were not carried at an amount above their recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(O) Impairment of Costs

VACC assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, VACC makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(P) Trade and Other Payables

VACC has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other payables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006.

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to VACC prior to the end of the financial year that are unpaid and arise when VACC becomes obliged to make future payments in respect of the purchase of these goods and services.

Accounting policies applicable for the year ended 30 June 2005

Trade payables and other payables are carried at costs which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to VACC.

(Q) Provisions

Provisions are recognised when VACC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When VACC expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(R) Employee Leave Benefit

(i) *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(S) Explanation of Transition From AGAAP to Australian Equivalent to IFRS

As stated in Note 3 (B), these are VACC's first financial statements prepared in accordance with Australian equivalents to IFRS. As required by AASB 1, the accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in preparation of an opening Australian equivalents to IFRS balance sheet at 1 July 2004 (the date of transition).

In preparation its opening Australian equivalents to IFRS Balance Sheet, VACC has adjusted amounts reported previously in financial statements prepared in accordance with the previous basis of accounting (Australian GAAP). An explanation of how the transition from previous GAAP to Australian equivalents to IFRS has affected VACC's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(T) Effect of transition to Australian equivalents of IFRS

Balance Sheet Reconciliation

	Notes	1/07/2004 AGAAP	Reclassification and remeasure $	AIFRS $
CURRENT ASSETS				
Cash Assets		505,652	-	505,652
Receivables		1,364,642	-	1,364,642
Inventories		338,168	-	338,168
Prepayments		424,139	-	424,139
TOTAL CURRENT ASSETS		2,632,601	-	2,632,601
INVESTMENTS-SPECIAL CAPITAL FUND		87,164,695	-	87,164,695
NON-CURRENT ASSETS				
Investments	(1)	29,609,958	(28,300,000)	1,309,958
Property	(1)	-	28,300,000	28,300,000
Plant and Equipment		1,594,090	-	1,594,090
TOTAL NON-CURRENT ASSETS		31,204,048	-	31,204,048
TOTAL ASSETS		121,001,344	-	121,001,344
CURRENT LIABILITIES				
Payables		1,324,610	-	1,324,610
Income in Advance		1,922,753	-	1,922,753
Interest-Bearing Liabilities		120,915	-	120,915
Provisions		1,019,484	-	1,019,484
TOTAL CURRENT LIABILITIES		4,387,762	-	4,387,762
NON-CURRENT LIABILITIES				
Interest-Bearing Liabilities		120,546	-	120,546
Provisions		131,464	-	131,464
TOTAL NON-CURRENT LIABILITIES		252,010	-	252,010
TOTAL LIABILITIES		4,639,772	-	4,639,772
NET ASSETS		116,361,572	-	116,361,572
MEMBERS' FUNDS				
Revenue Accumulation		99,671,197	-	99,671,197
Reserves		16,690,375	-	16,690,375
TOTAL MEMBERS' FUNDS		116,361,572	-	116,361,572

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(U) Effect of transition to Australian equivalents of IFRS — 30/06/2005

Balance Sheet reconciliation

	Notes	AGAAP	Reclassification and remeasure $	AIFRS $
CURRENT ASSETS				
Cash Assets		1,077,753	-	1,077,753
Receivables		2,348,100	-	2,348,100
Inventories		243,603	-	243,603
Prepayments		489,579	-	489,579
TOTAL CURRENT ASSETS		4,159,035		4,159,035
INVESTMENTS-SPECIAL CAPITAL FUND		94,718,083	-	94,718,083
NON-CURRENT ASSETS				
Investments	(1)	30,630,280	(29,300,000)	1,330,280
Property	(1)	-	29,300,000	29,300,000
Plant and Equipment		1,309,629	-	1,309,629
TOTAL NON-CURRENT ASSETS		31,939,909	-	31,939,909
TOTAL ASSETS		130,817,027	-	130,817,027
CURRENT LIABILITIES				
Payables		1,753,653	-	1,753,653
Income in Advance		2,072,178	-	2,072,178
Interest-Bearing Liabilities		95,673	-	95,673
Provisions		1,117,987	-	1,117,987
TOTAL CURRENT LIABILITIES		5,039,491	-	5,039,491
NON-CURRENT LIABILITIES				
Interest-Bearing Liabilities		24,873	-	24,873
Provisions		235,634	-	235,634
TOTAL NON-CURRENT LIABILITIES		260,507	-	260,507
TOTAL LIABILITIES		5,299,998	-	5,299,998
NET ASSETS		125,517,029	-	125,517,029
MEMBERS' FUNDS				
Revenue Accumulation	(2)	105,098,181	(4,266,330)	100,831,851
Reserves	(2)	20,418,848	4,266,330	24,685,178
TOTAL MEMBERS' FUNDS		125,517,029	-	125,517,029

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(V) Effect of transition to Australian equivalents of IFRS — 30/06/2005

Balance Sheet reconciliation

	Notes	AGAAP	Reclassification and remeasure $	AIFRS $
Revenues from operating activities		34,998,436	(6,974,481)	28,023,955
Borrowing costs		(11,501)	-	(11,501)
Other expenses		(26,851,800)	-	(26,851,800)
Operating result for the year		8,135,135	(6,974,481)	1,160,654
Increase in special capital fund reserve	(2)	-	7,974,481	7,974,481
Increase in asset revaluation reserve	(1)	1,020,322	(1,000,000)	20,322
Total changes in Members' funds		9,155,457	-	9,155,457

(1) Investment Properties are reclassified from general investments and the fair value movements are transferred from the Asset Revaluation Reserve, which were recognised under AGAAP, to the Income Statement according to AASB 140.

(2) Under AASB 139, the investments in the Special Capital Fund are classified as "Available for sale" and carried at fair value. Movements in fair value are accounted for in Members Funds. $7,974,481 (prior year movement) has been reversed from Retained Earnings and transferred to the Special Capital Fund Reserve.

(W) 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 Fund Managers at Net Market Value. The Special Capital Fund's investment has been recorded in the Financial Statements at redemption price.

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, including the aggregate difference between the price realised on disposal of Special Capital Fund components and their redemption price at reporting date, has been recorded in the Balance Sheet (Refer Note 14).

Interest and distributions received from the Special Capital Fund during the year have been recorded in the Income Statement, (Refer No. 4).

(X) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset.

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised in the Income Statement as an integral part of the total lease expense.

(Y) Interest in a Jointly Controlled Operation

VACC has an interest in a Joint Venture that is a jointly controlled operation. A Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. VACC recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

	2006 $	2005 $
4. OPERATING RESULT		
The operating result has been determined after:		
(a) Income from Operating Activities		
Result on the Distribution of Income from the Special Capital Fund	5,083,550	5,340,000
Revaluation of Investment Property	-	1,000,000
Member Subscriptions	3,145,815	3,046,452
Events Activity	2,499,775	2,823,218
Stationery Sales	778,457	931,726
Rental Income	4,863,826	4,438,088
Bank Interest Income	52,174	42,817
Dividend Income	61,480	43,465
Advertising	239,780	222,784
Recovery of Apprentice Wages	7,978,561	6,635,863
Commissions Received	698,866	862,953
Employment, Education and Training Income	1,028,503	1,011,918
Proceeds from Sale of Non-Current Assets	81,196	95,953
Other Income	1,719,237	1,528,718
Total Income from Operating Activities	28,231,220	28,023,955

	2006 $	2005 $
4. OPERATING RESULT (CONT'D)		
(b) Expenditure from Operating Activities:		
Auditor's Remuneration in respect of:		
Audit services	49,000	46,000
Other services	11,215	44,000
Aggregate Auditor's Remuneration	60,215	90,000
Legal Fees Paid/(Reimbursed)	(71,563)	294,679
Subscriptions	786,069	682,745
Investment Management Fees	219,282	447,289
Amount Paid as Remuneration to Holders of Office	449,458	428,130
Amount Paid as Remuneration to Employees of the Organisation	12,204,773	10,539,009
Amount Paid in Respect of Superannuation	1,453,678	986,730
Administrative Expenses	872,849	959,609
Provision for Annual Leave	141,820	99,624
Provision for Long Service Leave	125,564	103,049
Devaluation of Car Park	900,000	-
Donations	22,715	42,514
Board of Management and Executive Board Expenses	231,554	245,034
Depreciation of Furniture and Fittings	45,739	56,247
Depreciation of Plant and Equipment	82,645	103,439
Depreciation of Motor Vehicles	185,613	185,637
Amortisation of Leased Plant and Equipment	93,166	132,398
Bad Debts	15,412	6,900
Stock Write-down	13,166	51,465
Operating Lease Rentals	200,348	117,647
Carrying Amount of Non Current Assets Sold	115,127	118,173
Advertising Expenses	931,680	847,792
Cost of Inventory Purchases	453,898	552,353
Divisions and Membership Expenses	718,978	629,919
Employment, Education & Training Expenses	878,052	884,602
Government & Public Affairs Expenses	114,833	75,498
Industrial Relations Expenses	487,443	350,414
Events Activity	2,801,329	2,630,398
Property Expenses	1,308,469	1,267,777
Telephone Expenses	120,222	138,026
VACC Brand Advertising Campaign	778,472	756,429
VACC House Refurbishment Expenses	484,688	258,817
New Apprentices in Retail Motor Industry	-	539,202
Other Operating Expenses	2,119,772	2,230,255
Total Operating Expenses Other than Borrowing Costs	29,345,466	26,851,800
Finance charges on Leased Plant & Equipment	3,311	11,501
Total Borrowing Costs	3,311	11,501
Total Operating Expenses	29,348,777	26,863,301
Net (loss)/gain on disposal of Plant and Equipment	(33,931)	(22,220)

	Notes	2006 $	2005 $
5 RECEIVABLES			
Trade and other Receivables		4,822,251	2,363,100
Provision for Doubtful Debts		(15,000)	(15,000)
		4,807,251	2,348,100
6. INVESTMENTS - SPECIAL CAPITAL FUND COMPRISES:			
Equities		57,650,533	44,683,894
Units in Property Trust		18,295,850	15,247,324
Fixed Interest		12,824,570	13,136,982
Absolute Returns		8,014,529	4,669,644
Discount Security and Liquidity		7,683,092	16,980,239
		104,468,574	94,718,083
7. INVESTMENTS:			
Investments at cost:			
AADA Dealer Services P/L [1]		2,950	2,950
carsales.com.au Limited [2]		500,000	500,000
National Freight Conference & Expo	16	400,000	500,000
		902,950	1,002,950
Investment at fair value:			
Units in MTAA House Unit Trust [3] (Cost $130,861)		411,066	327,330
		1,314,016	1,330,280

[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 0.05% (2005:1.9%) 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.

	2006 $	2005 $
8. PROPERTY		
Non-Current:		
Property – VACC House, 464 St Kilda Road, Melbourne at fair value (Cost $9,970,771)	27,000,000	27,000,000
Property – TACC House, 200 New Town Road, New Town, Tasmania	40,000	-
Property – 23 Queens Road Car Park, Melbourne - at fair value (Cost 1,815,000)	1,400,000	2,300,000
	28,440,000	29,300,000

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 arms-length transaction at the valuation date.

	Notes	2006 $	2005 $
9. PLANT AND EQUIPMENT			
(a) Plant and Equipment			
Furniture and Fittings – cost		505,205	500,538
Accumulated Depreciation		(464,311)	(420,664)
Net Book Value	9(b)	40,894	79,874
Plant and Equipment – cost		3,457,094	3,128,966
Accumulated Depreciation		(3,119,498)	(2,753,655)
Net Book Value	9(b)	337,596	375,311
Motor Vehicles - cost		1,513,658	1,434,360
Accumulated Depreciation		(665,708)	(691,640)
Net Book Value	9(b)	847,950	742,720
Equipment Under Finance Lease Contracts - cost		44,539	369,002
Accumulated Amortisation		(25,981)	(257,278)
Written Down Value	9(b)	18,558	111,724
Total Net Book Value		1,244,998	1,309,629
(b) Reconciliations			
Furniture and Fittings			
Carrying Amount at beginning of the year		79,874	112,897
Additions		6,832	25,677
Disposals		(73)	(2,453)
Depreciation Expense		(45,739)	(56,247)
Carrying amount at the end of the year		40,894	79,874
Plant and Equipment			
Carrying Amount at beginning of the year		375,311	442,324
Additions		49,182	61,401
Disposals		(4,252)	(24,975)
Depreciation Expense		(82,645)	(103,439)
Carrying amount at the end of the year		337,596	375,311
Motor Vehicles			
Carrying Amount at beginning of the year		742,720	794,747
Additions		402,643	249,060
Disposals		(111,800)	(115,720)
Depreciation Expense		(185,613)	(185,367)
Carrying amount at the end of the year		847,950	742,720
Equipment Under Lease			
Carrying Amount at beginning of the year		111,724	244,122
Additions		-	-
Disposals		-	-
Amortisation Expense		(93,166)	(132,398)
Carrying amount at the end of the year		18,558	111,724

	Notes	2006 $	2005 $
10. PAYABLES			
Trade and Other Creditors		2,249,686	1,753,653
11. INTEREST-BEARING LIABILITIES			
Current:			
Lease Liability		8,691	95,673
Non-Current:			
Lease Liability		16,182	24,873
Total Interest Bearing Liabilities	17	24,873	120,546
All leases are unsecured leases			
12. PROVISIONS			
Current:			
Provision for Annual Leave		968,234	803,837
Provision for Long Service Leave		333,978	314,150
		1,302,212	1,117,987
Non-Current:			
Provision for Long Service Leave		341,371	235,634
Aggregate Employee Entitlement Liability		1,643,583	1,353,621
13. REVENUE ACCUMULATION			
Accumulated Surplus:			
Opening Balance		100,831,851	99,671,197
Result for the year		(1,117,557)	1,160,654
Closing Balance		99,714,294	100,831,851
14. RESERVES			
Special Capital Fund			
Opening Balance		7,974,481	-
Result of the Year		9,750,491	7,974,481
Closing Balance		17,724,972	7,974,481
Asset Revaluation Reserve:			
Opening Balance		16,710,697	16,690,375
Revaluation – Units in MTAA House			
Unit Trust		83,736	20,322
Total Asset Revaluation Reserve		16,794,433	16,710,697
Total Reserves		34,519,405	24,685,178

The Special Capital Fund Reserve is used to record increments of the Fund.
The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current investments.

	Notes	2006 $	2005 $
15. RECONCILIATION OF CASH			
Cash assets		834,160	1,077,753

16. 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. The Expo is held every 2 years.

Trade Show/Congress Revenue Received	114,335	-
Trade Show/Congress Expenses Paid	(10,165)	-
Less Return on Investment	(100,000)	-
Result	4,170	-

17. EXPENDITURE COMMITMENTS

Lease expenditure commitments

Operating Leases (non cancellable)		
Minimum Lease Payments		
– not later than one year	252,699	78,204
– later than one year and not later than five years	308,066	131,790
– later than five years	-	-
Aggregate lease expenditure contracted for at balance date	560,765	209,994
Aggregate expenditure commitments comprise:		
Amounts not provided for:		
– rental commitments	560,765	209,994
Aggregate lease expenditure contracted for at balance date	560,765	209,994

Operating leases have an average lease term of 2.19 years. Items subject to operating leases are TACC office and various office equipment.

Finance lease contracts capitalised and included in plant and equipment:		
– not later than one year	9,127	98,985
– later than one year and not later than five years	16,389	25,515
– later than five years	-	-
Total minimum lease payments	25,516	124,500
Less future finance charges	(643)	(3,954)
Total Lease Liability	24,873	120,546

	Notes	2006 $	2005 $
17. EXPENDITURE COMMITMENTS (CONT'D)			
Total Lease Liability accrued for:			
Current			
- finance leases		8,691	95,673
Non-Current			
- finance leases		16,182	24,873
	11	24,873	120,546
Expenditure Commitments:			
Estimated expenditure contracted for a balance date, but not provided for, payable no later than one year:			
Acquisition of TACC House		411,276	-
VACC House Refurbishment		103,575	476,255
Total Commitments		514,851	476,255

18. 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 uncollectible. 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 3(W). Investment Managers' mandates permit the use of derivatives to cover investment and foreign currency exposure. The use of derivatives is not to exceed the underlying physical investment.

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

Included in borrowings are amounts due under finance leases accounted for in accordance with AAS17. As at reporting date, the outstanding finance lease contracts had an average term of 1.75 years (2005: 0.9 years) and an average implicit discount rate of 2.1% (2005: 5.8%).

(b) *Interest rate risk*

As at reporting date, VACC's exposure to interest rate risk related to finance leases (refer Note (a) above) and cash and deposits whose weighted average effective interest rate is 4.1% (2005: 4.15%). 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 Balance Sheet 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*

VACC's 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 Balance Sheet. Exposure is limited by VACC trading with a large number of customers.

19. RELATED PARTY DISCLOSURES

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

A. D. Blake
O. C. Brown OAM
J. J. Buskes
G. G. Hill
A. La Rosa
P. G. Makin
R. N. Stuckey

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

	2006	2005
	$	$
20. REMUNERATION OF DIRECTORS		
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: $ 0 – $9,999	No. 7	No. 10
21. REMUNERATION OF AUDITORS	$	$
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit services	49,000	46,000
Other services	11,215	44,000
	60,215	90,000

22. SEGMENT INFORMATION

VACC operates predominantly in one industry segment as the peak employer organisation for the automotive industry in Victoria and Tasmania.

23. SUBSEQUENT EVENT

There has not been any other matter, or circumstances, not dealt within the financial report that has significantly affected or may significantly effect the operations of VACC, the results of those operations or state of affairs of VACC in subsequent financial years.

24. ORGANISATION INFORMATION

Victorian Automobile Chamber of Commerce (VACC) 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 2006 was 111
- Number of apprentices as at 30 June 2006 was 369

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

13 September 2006
Melbourne

EXECUTIVE BOARD'S STATEMENT

On 13 September 2006 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 organisation for the financial year ended 30 June 2006:

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 Organisation for the financial year to which they relate;

(d) There are reasonable grounds to believe that the Organisation 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;

  (ii) The financial affairs of the Organisation have been managed in accordance with the Rules of the Organisation;

  (iii) The financial records of the organisation have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;

  (iv) The information sought in any request of a member of the organisation 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

D Blake

Anthony D. Blake
PRESIDENT

Percival G. Makin
SENIOR VICE-PRESIDENT

13 September 2006
Melbourne

I, ANTHONY BLAKE, being the designated officer responsible for preparing this Report for the financial year ended 30 June 2006 of the Victorian Automobile Chamber of Commerce, report as follows:

Principal Activities:

The Victorian Automobile Chamber of Commerce ("VACC") is an employer organisation, which provides various services to members operating in the retail automotive industry.

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

Review of Principal Activities

The result from operating activities for the year ended 30 June 2006 was a loss of $1,117,557 (2005: surplus of $1,160,654).

Revenues from operating activities were $28,231,220 (2005: $28,023,955) and expenses from operating activities were $29,348,777 (2005: $26,863,301).

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 OAM, the Executive Director of VACC, is 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 2006 who were recorded on the Register of Members of the Association was 5,284.

Number of Employees
The number of employees of the Association at 30 June 2006 was 111 full time employees and 369 apprentices.
The number of members of the Committee of Management was 52.

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
Mark Awramenko
Tony Barlow
Fury Bortolotto
Craig Bromley
Owen Brown OAM
Garry Byrne
Morry Corvasce
Colin Doherty
Ian Goding
Graeme Hill
John Howes
Aslam Kazi (elected 13 September 2005)
James Lamb (resigned 6 September 2005)
Tony La Rosa
Perce Makin
Graeme McIlwaine
Gary McKendry
David Nutter
Gerry Raleigh
Sandy Richards
Peter Savige
Warren Smith
Ian Thomas
Greg Wallace
Colin Waugh
John Bacon
Tony Blake
Des Brown
John Buskes
John Byrne
Alan Costello
Brian Curmi (deceased 3 October 2005)
John Forza
Doug Grey
Steve Hall
Rodney Howell
Richard Kaucic
Max Kirwan OAM
Bill La Rocca
David Mackay
Sam Manenti
Trevor Oliver
Laurie Parrot
Tony Sanchez
Joe Shneider
Neil Smith
Russell Stuckey
Bruce Thompson
Jeff Watts
Tony Wylie
Robin Weatherald

On behalf of the Board

Anthony D. Blake
PRESIDENT

13 September 2006
Melbourne

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Independent audit report to members of Victorian Automobile Chamber of Commerce

Scope

The financial report and Executive Board's responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the Executive Board's certificate for Victorian Automobile Chamber of Commerce (VACC) for the year ended 30 June 2006.

The Executive Board of VACC are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of VACC, 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 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 in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of VACC's financial position, and of its performance as represented by the results of its 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 disclosure used and the reasonableness of significant accounting estimates made by the directors.

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 VACC.

Independence

We are independent of 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 Victorian Automobile Chamber of Commerce is in accordance with:

(a) the Workplace Relations Act 1996, including:

  (i) giving a true and fair view of the financial position of Victorian Automobile Chamber of Commerce at 30 June 2006 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Workplace Relations Act 1996; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

D. J. Thorn
Partner
Melbourne
Date: 13 September 2006