21 January 2019

Mr Tony Sanchez
President
Victorian Automobile Chamber of Commerce

By e-mail: ggwilym@vacc.com.au

Dear Mr Sanchez

Victorian Automobile Chamber of Commerce
Financial Report for the year ended 30 June 2018 - FR2018/265

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Victorian Automobile Chamber of Commerce (VACC). The financial report was lodged with the Registered Organisations Commission (ROC) on 3 December 2018.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2018 report has been filed the following should be addressed in the preparation of the next financial report.

1. Auditor's statement

Item 29 of the reporting guidelines (RG) requires the following to be included in the auditor's statement:

RG 29 The auditor's statement:
- a) must include a declaration that either:
  - i. the auditor is a registered auditor; or
  - ii. the auditor is a member of a firm where at least one member is a registered auditor; or
  - iii. the auditor is a member of a company where at least one of whose directors, officers or employees is a registered auditor; and
- b) must specify the registered auditor's:
  - i. name; and
  - ii. registration number.

In future, please ensure that the declaration and Registered Organisation's Commission registration number is provided.

2. Committee of management statement

Reference to s.272

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC instead of the General Manager, Fair Work Commission.

The VACC committee of management statement, at reference (b), refers to 'General Manager'. In future, please ensure that this reference is to the 'Commissioner'.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

K. Morgan

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

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

3 December 2018

Mr Mark Bielecki
Commissioner
Registered Organisations Commission
GPO Box 2983
Melbourne Vic 3001

Email: regorgs@roc.gov.au

Dear Commissioner

Financial Report of the Victorian Automobile Chamber of Commerce

I, Fury Bortolotto, being the President of the Victorian Automobile Chamber of Commerce, certify:

- that the documents lodged herewith are copies of the full financial report of the Victorian Automobile Chamber of Commerce for the period ended 30 June 2018 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009;*

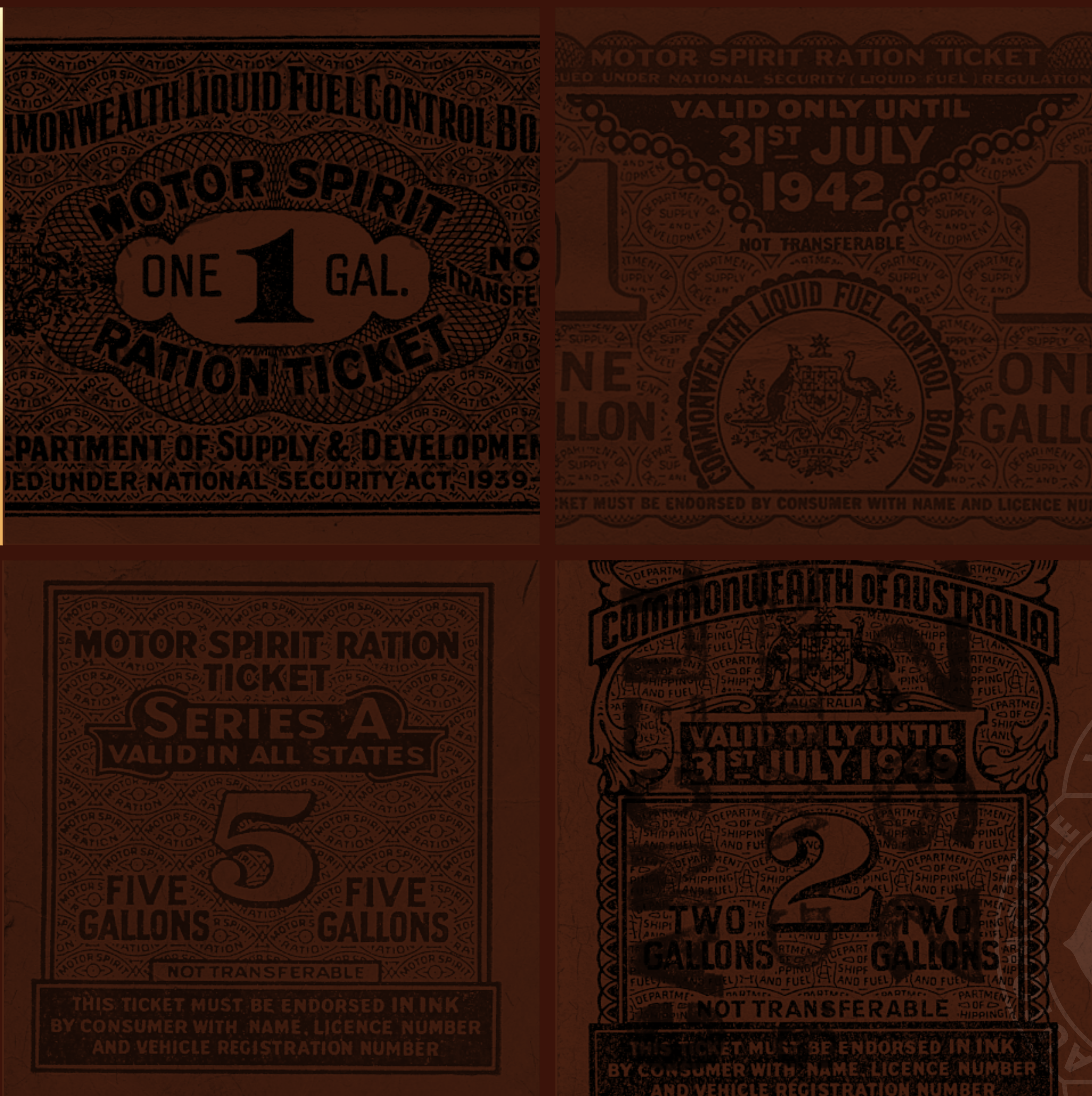
- that the financial report was provided to members of the Victorian Automobile Chamber of Commerce on 22 October 2018; and

- that the financial report was presented to the Annual General Meeting of the Victorian Automobile Chamber of Commerce on 28 November 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Yours faithfully

FIORINO (FURY) BORTOLOTTO

Financial Report



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Consolidated $	2017 Consolidated $
Revenues from Operating Activities	4(A)	44,565,503	38,870,919
Expenses from Operating Activities	4(B)	(41,466,239)	(36,463,342)
Net Result from Operating Activities		3,099,264	2,407,577
Operating Result for the Year	15	3,099,264	2,407,577
Other Comprehensive Income			
Amounts that may subsequently be transferred to Income Statement			
- Revaluation Gain on Properties	16	45,000,000	-
- Revaluation of Special Capital Fund	16	4,471,488	5,068,880
- Revaluation of VACC Building Fund	16	281,501	-
- Change in Fair Value of Available for Sale Financial Assets	16	900,000	(200,000)
Other Comprehensive Income for the Year		50,652,989	4,868,880
Total Comprehensive Income for the Year		53,752,253	7,276,457

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

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 Consolidated $	2017 Consolidated $
CURRENT ASSETS			
Cash and Cash Equivalents	17	2,185,483	2,059,363
Receivables	5	5,971,838	4,846,419
Inventories	6	217,515	173,543
Prepayments	7	138,804	131,474
TOTAL CURRENT ASSETS		**8,513,640**	**7,210,799**
INVESTMENT FUNDS	8	**222,759,763**	**118,076,633**
NON-CURRENT ASSETS			
Investments	9	3,780,000	4,867,426
Property	10	650,000	49,300,000
Plant and Equipment	11	551,239	1,065,580
TOTAL NON-CURRENT ASSETS		**4,981,239**	**55,233,006**
TOTAL ASSETS		**236,254,642**	**180,520,438**
CURRENT LIABILITIES			
Payables	12	3,837,229	2,484,721
Income in Advance	13	4,361,911	3,739,638
Provisions	14	2,732,528	2,746,188
TOTAL CURRENT LIABILITIES		**10,931,668**	**8,970,547**
NON-CURRENT LIABILITIES			
Provisions	14	86,717	65,887
TOTAL NON-CURRENT LIABILITIES		**86,717**	**65,887**
TOTAL LIABILITIES		**11,018,385**	**9,036,434**
NET ASSETS		**225,236,257**	**171,484,004**
MEMBERS' FUNDS			
Revenue Accumulation	15	193,077,014	113,913,522
Reserves	16	32,159,243	57,570,482
TOTAL MEMBERS' FUNDS		**225,236,257**	**171,484,004**

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

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Asset Revaluation Reserve $	Investment Funds Reserve $	Revenue Accumulation $	Total $
CONSOLIDATED BALANCE AT 1 JULY 2016		**34,094,228**	**18,607,374**	**111,505,945**	**164,207,547**
Increase in Special Capital Fund	16	-	5,068,880	-	5,068,880
Devaluation of shares in carsales.com Ltd	16	(200,000)	-	-	(200,000)
Result for the Year		-	-	2,407,577	2,407,577
TOTAL COMPREHENSIVE INCOME		**(200,000)**	**5,068,880**	**2,407,577**	**7,276,457**
CONSOLIDATED BALANCE AT 30 JUNE 2017		**33,894,228**	**23,676,254**	**113,913,522**	**171,484,004**
CONSOLIDATED BALANCE AT 1 JULY 2017		**33,894,228**	**23,676,254**	**113,913,522**	**171,484,004**
Increase in Special Capital Fund	16	-	4,471,488	-	4,471,488
Increase in VACC Building Fund	16	-	281,501	-	281,501
Revaluation of Investment Properties	16	45,000,000	-	-	45,000,000
Revaluation of shares in carsales.com Ltd	16	900,000	-	-	900,000
Result for the Year		-	-	3,099,264	3,099,264
TOTAL COMPREHENSIVE INCOME		**79,794,228**	**28,429,243**	**117,012,786**	**225,236,257**
Transfer from Asset Revaluation Reserve		(76,064,228)	-	76,064,228	-
CONSOLIDATED BALANCE AT 30 JUNE 2018		**3,730,000**	**28,429,243**	**193,077,014**	**225,236,257**

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

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Consolidated $	2017 Consolidated $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members and Customers		43,174,218	38,985,102
Payments to Suppliers and Employees		(44,900,065)	(40,795,831)
Interest Received		14,611	8,644
Borrowing Costs		-	-
Goods and Services Tax (paid)		(4,931,110)	(2,294,912)
Net cash flows used in Operating Activities		**(6,642,346)**	**(4,096,997)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Distributions from Special Capital Fund		6,379,427	4,500,000
Contributions to Special Capital Fund		(1,900,000)	-
Contributions to VACC Building Fund		(94,500,000)	-
Dividends received		109,297	109,000
Purchase of Plant and Equipment		(274,786)	(74,706)
Proceeds from Sale of Investment Properties		96,390,398	-
Proceeds from Sale of Plant and Equipment		564,130	51,679
Net Cash Flows from Investing Activities		**6,768,466**	**4,585,973**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Financing facilities		-	-
Net Cash Flows used in Financing Activities		-	-
Net Increase in Cash held		126,120	488,976
Add Opening Cash Brought Forward		2,059,363	1,570,387
CLOSING CASH CARRIED FORWARD	**17**	**2,185,483**	**2,059,363**

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

	Notes	2018 Consolidated $	2017 Consolidated $
RECONCILIATION OF RESULT WITH NET CASH FLOWS USED IN OPERATING ACTIVITIES			
Operating Result for the Year		3,099,264	2,407,577
NON CASH FLOWS IN OPERATING RESULT			
Bad Debt		50,276	(4,581)
Provision for Doubtful Debts		-	35,000
Depreciation of Plant and Equipment		178,605	236,935
Loss on Disposal of Plant and Equipment		46,348	29,292
Gain on sale of Investment Properties		(752,929)	-
Impairment on Investment in MTAA Unit Trust		-	104,238
Realised Movement in Investments Net of Management Fees		(9,909,567)	(8,027,272)
Dividends Received		(109,297)	(109,000)
CHANGES IN ASSETS AND LIABILITIES:			
(Increase)/Decrease in Receivables		(1,175,695)	446,972
(Increase)/Decrease in Inventories		(43,972)	291
(Increase)/Decrease in Prepayments		(7,330)	23,979
Decrease in Investments		-	-
Increase in Payables		1,352,508	743,565
(Increase)/Decrease in Income in Advance		622,273	(268,416)
Increase in Employee Provisions		7,170	284,423
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(6,642,346)**	**(4,096,997)**

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

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

Victorian Automobile Chamber of Commerce (VACC) is a registered Employer Association under the Fair Work (Registered Organisations) Act 2009 (RO Act), incorporated and domiciled in Australia. VACC is considered a 'reporting unit' for the purposes of section 242 of the RO Act.

In accordance with the requirements of Section 272 (5) of the Fair Work (Registered Organisations) Act 2009, the attention of Members is drawn to the provisions of Sub-Sections (1), (2), and (3) of Section 272 of the RO Act, which reads as follows:

i) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

ii) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

iii) A reporting unit must comply with an application made under subsection (1).

2. CORPORATE INFORMATION

This Financial Report of the VACC for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Executive Board on 20 September 2018. The nature of the operations and principal activities of the VACC are described on Page 73.

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 RO Act and Australian Accounting Standards Interpretations and other authoritative pronouncements of the Australian Standards Board. The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies. VACC is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

(B) Going Concern

The Financial Report has been prepared on a going concern basis.

VACC is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

VACC has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

(C) Principles of Consolidation

The consolidated Financial Statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all entities which parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

The Financial Statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(D) Statement of Compliance

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

(E) Accounting Judgements, Estimates & 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:

i) Unlisted Investments
The fair value of unlisted investments is determined using valuation techniques, including reference to 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. Management has determined the most relevant techniques for its unlisted investments.

ii) Property
The fair value of property is determined by obtaining a current market value.

(F) 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 subscription receipts relating to periods beyond the current financial year are shown in the Consolidated Statement of Financial Position as Income in Advance under the heading Current Liabilities.

iii) Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

v) Rental Income
Rental income from investment properties is accounted for when VACC's right to receive the payment is established.

vi) Government Grants
Government grants received that relate to specific assets or expenses are deferred and recognised as income in the same period as the asset is consumed or when the associated expenses are incurred.

vii) Recovery of Apprentice Wages from Host Employers
Revenue is recognised when VACC's right to receive payment is established being the completion of the hours worked by the Apprentice.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

viii) *Other Income*
Revenue is recognised when VACC's right to receive payment is established.

All revenue is stated net-of-the amount of goods and services tax (GST).

(G) Cash Assets

Cash assets in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, held at call with financial institutions.

(H) Trade and Other Receivables

Trade receivables, which generally have 30-90 days term, are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts.

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

(I) Inventories

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

(J) Taxes

i) *Income Taxes*

Section 11-5 subdivision (50-15) of the Income Tax Assessment Act 1997 exempts VACC from Income Tax, however, VACC still has an obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

ii) *Goods and Services Tax (GST)*
Revenues, expenses and assets are recognised net of the amount of GST except:

i. When the GST incurred on a purchase of goods and service 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,

ii 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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.

(K) 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 or diminishing value basis over the estimated useful life commencing from the time the asset is held ready for use.

Depreciation rates and methods for each class of assets are:

Plant and equipment – 7.50%, 20%, and 33.33% diminishing value and straight-line

Furniture and fittings – 20% straight-line

Motor vehicles – 22.50% diminishing value

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 unit, in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating unit 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 Consolidated Statement of Comprehensive Income.

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 Consolidated Statement of Comprehensive Income in the year the asset is derecognised.

(L) Properties

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 a property. Subsequent to initial recognition, properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Reserves in the year in which they arise.

Properties are derecognised either when they have been disposed of, or when the property is permanently withdrawn for use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of a property are recognised in the Consolidated Statement of Comprehensive Income in the year of retirement or disposal.

Transfers are made to investment properties 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 properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

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 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 Consolidated Statement of Comprehensive Income. 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 Consolidated Statement of Comprehensive Income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(M) Financial Instruments

Financial Assets

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, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. VACC determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each reporting date.

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 Consolidated Statement of Comprehensive Income 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 designated 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 the Consolidated Statement of Comprehensive Income.

Interest, dividends and other distributions from available-for-sale investments are recognised in profit or loss when the entity's right to receive payment is established.

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 reporting 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. Where these valuation techniques cannot be used to determine a reliable valuation, the investment is carried at cost.

iii) *Derecognition of 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 has transferred 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 exercise price option.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

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.

(N) Impairment of Financial Assets

VACC assess at each reporting date whether a financial asset or group of financial assets are impaired.

i) Financial Assets Carried At 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 the Statement of Comprehensive Income, is transferred from equity to the Statement of Comprehensive Income. 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 the Statement of Comprehensive income if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income.

(O) Trade and Other Payables

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 in which they are unpaid and arise when VACC becomes obliged to make future payments in respect of the purchase of these goods and services.

(P) Provisions

Provisions are recognised when VACC has a present obligation (legal or constructive) as a result of a past event, and 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 Statement of Comprehensive Income 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(Q) Employee Leave Benefits

i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(R) Investment Funds

Both the Special Capital Fund and the VACC Building Fund are 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's and VACC Building Fund's investments have been recorded in the Financial Statements at redemption price.

The components of the Special Capital Fund and VACC Building Fund are readily tradable, however the nature of the Funds 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 and the VACC Building Fund are considered neither a current nor a non-current asset.

The change in the value of the Special Capital Fund and the VACC Building Fund during the year, including the aggregate difference between the price realised on disposal of Special Capital Fund and VACC Building Fund components and their redemption price at reporting date have been recorded in the Consolidated Statement of Financial Position (Refer Note 16).

Interest, dividends and other distributions received from the Special Capital Fund and the VACC Building Fund during the year have been recorded in the Consolidated Statement of Comprehensive Income (Refer Note 4).

(S) 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.

i) Finance Leases.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to VACC are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

ii) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability and are recognised in Statement of Comprehensive Income as an integral part of the total lease expense.

(T) Interest in a Joint Arrangement

VACC has an interest in one joint arrangement whereby two or more entities enter into a contractual arrangement to undertake an economic activity that is subject to joint control. VACC recognises the expenses it incurs and its share of the income that it earns from the sale of goods and services by the joint arrangement in the Consolidated Statement of Comprehensive Income. Any initial funding contributed to the joint arrangement is capitalised where the Board believes the receipt of future economic benefits are probable.

(U) Use of Funds

All surpluses generated by VACC are used to advance the interests of its members and the automotive industry generally.

(V) Adoption of new and amended accounting standards that are first operative at 30 June 2018

There have been no new and amended accounting standards effective for the financial year beginning 1 July 2017 that have affected any amounts recorded in the current or prior year.

Accounting standards and interpretations issued but not yet operative at 30 June 2018

A number of new standards, amendments to standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretation is set out below:

AASB 9 Financial Instruments (effective for reporting periods commencing on or after 1 January 2018)

The aim of this standard is to achieve the following:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income;
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Based on the assessment completed, due to the nature of the consolidated group's assets and liabilities, these changes are not expected to cause significant changes to the financial position of the group.

AASB 15 Revenue from contracts with customers (effective for reporting periods beginning on or after 1 January 2018)

AASB 15 applies to annual reporting periods beginning on or after 1 January 2018 (for-profit entities), and annual reporting periods beginning on or after 1 January 2019 (not-for-profit entities).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(V) Adoption of new and amended accounting standards that are first operative at 30 June 2018 (continued)

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

The Standard provides a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of a defined five step model.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services. The changes in revenue recognition requirements in AASB 15 are not expected to cause significant changes to the timing and amount of revenue recorded in the financial statements.

AASB 16: Leases (effective for reporting periods beginning on or after 1 January 2019)

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, the directors have yet to consider the level of this impact. No other standards and interpretations have been issued at the reporting date that are expected to have an impact on the consolidated entity.

AASB 1058: Income of Not-for-Profit Entities, AASB 2016-7: Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 1058 replaces the income recognition requirements in AASB 1004: Contributions applicable to not-for-profit entities with a model based on the principles of AASB 15: Revenue from Contracts with Customers. Consequently, AASB 1058 requires not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer if the agreement:

- creates enforceable rights and obligations between the parties; and
- includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer, the inflows are accounted for in accordance with AASB 1058, which requires:

- the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard; and
- any difference between the consideration given for the asset and its fair value to be recognised in accordance with its substance (such as a contract liability, a financial instrument and/or a contribution by owners), and any residual amount recognised as income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(V) Adoption of new and amended accounting standards that are first operative at 30 June 2018 (continued)

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

Although the directors anticipate that the adoption of AASB 1058 and related Standards may have an impact on VACC's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

4. OPERATING RESULT

The operating result has been determined after:

	2018 Consolidated $	2017 Consolidated $
(A) Revenues from Operating Activities		
Income from Investment Funds:		
Foreign Income	1,917,118	1,040,612
Dividend Income	741,082	727,172
Interest Income	138,418	163,477
Other Distribution Income	7,112,949	6,096,011
	9,909,567	8,027,272
Member Subscriptions	4,127,718	4,222,899
Capitation Fees	-	-
Compulsory Levies	-	-
Grants and Donations	-	-
Events Activity	366,380	220,852
Stationery Sales	411,396	466,742
Rental Income	3,577,714	3,282,137
Bank Interest Income	14,611	8,644
Dividend Income	109,297	109,000
Advertising Income	274,423	227,078
Recovery of Apprentice Wages from Host Employers	19,213,003	17,416,789
Commissions Received	201,622	229,675
Employment, Education and Training Income	1,704,451	961,934
OurAuto Digital income	1,508,277	1,431,281
OurAuto Tech Centre Income	1,175,886	858,658
Gain of Sale of VACC House	502,973	-
Gain of Sale of Brooklands Car Park	250,000	-
Other Income	1,218,185	1,407,958
Total Revenues from Operating Activities	44,565,503	38,870,919

There was no recovery of wages activity, as prescribed in the Fair Work Act 2009, during the reporting period.

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4. OPERATING RESULT (continued)

	2018 Consolidated $	2017 Consolidated $
(B) Expenditure from Operating Activities:		
Auditor's Remuneration in respect of:		
Audit Services	41,000	40,550
Other Services	134,541	57,712
Aggregate Auditor's Remuneration	175,541	98,262
Legal costs - Litigation	-	-
Legal costs – Other Legal Matters	249,050	103,646
Membership Subscriptions	209,606	189,775
Affiliation Fees paid to ACCI	129,610	126,440
Capitation Fees	-	-
Compulsory Levies	-	-
Investment Management Fees	130,000	130,000
Amount Paid as Remuneration to Employees of the Organisation	24,608,799	23,065,781
Amount Paid as Redundancies	597,833	132,918
Amount Paid in Respect of Superannuation	2,237,751	2,085,228
Administrative Expenses	1,387,348	843,641
Provision for Annual Leave	(19,722)	252,574
Provision for Long Service Leave	26,891	31,850
Provision for Doubtful Debts	-	35,000
Grants – Total paid that were $1,000 or less	-	-
Grants – Total paid that exceeded $1,000	-	-
Donations – Total paid that were $1,000 or less	-	1,662
Donations – Total paid that exceeded $1,000	23,971	12,000
Board Expenses	346,852	293,250
Depreciation of Furniture and Fittings	4,271	10,862
Depreciation of Plant and Equipment	71,192	105,183
Depreciation of Motor Vehicles	103,142	120,890
Impairment of Investment in MTAA Unit Trust	-	104,238
Bad Debts	50,276	4,581
Stock Write Off	4,194	-
Operating Lease Rentals	243,608	399,728
Loss on Disposal of Plant & Equipment	46,348	29,292
Advertising Expenses	989,672	729,115
Cost of Inventory Purchases	268,066	303,975
Industry Divisions and Membership Expenses	665,002	652,986
Employment, Education & Training Expenses	1,275,933	1,070,196
Marketing, Media and Comms Expenses	97,771	71,639
Industrial Relations Expenses	493,513	447,747
Events Activity	1,209,994	335,250
Property Expenses	1,850,654	1,954,132
Sale of Investment Properties	876,138	35,376
Telephone Expenses	80,692	101,356
Penalties – via RO Act or RO Regulations	-	-
OurAuto Digital Expenses	849,967	571,752
OurAuto Tech Centre Expenses	208,585	263,847
Our Auto Administrative Expenses	656,439	617,853
Other Operating Expenses	1,317,252	1,131,317
Total Operating Expenses Other than Borrowing Costs	41,466,239	36,463,342
Finance Charges	-	-
Total Borrowing Cost	-	-
Total Operating Expenses	41,466,239	36,463,342

4. OPERATING RESULT (continued)

VACC did not incur expenses relating to allowances paid to persons in respect of their attendances as representatives of VACC at conferences or other meetings or penalties imposed under the RO Act with respect to VACC's conduct during the reporting period.

VACC incurred $84,783 (2017: $93,302) of operating expenses in connection with holding meetings of members and Boards of which VACC was wholly or partly responsible.

5. RECEIVABLES

	2018 Consolidated $	2017 Consolidated $
Current:		
Trade and other Receivables	6,021,838	4,896,419
Provision for Doubtful Debts	(50,000)	(50,000)
	5,971,838	4,846,419
Non Current:		
Trade and other Receivables	-	-
	-	-

There were no receivables owing from the controlled entity at year end.

	Gross amount	Past due and impaired	Within initial trade terms (age in days)		Past due but not impaired (age in days)	
Consolidated			<30	31-60	61-90	>90
2018	$	$	$	$	$	$
Trade receivables	5,177,229	50,000	4,622,493	263,035	81,378	160,323
Other receivables	844,609	-	844,609	-	-	-
	6,021,838	50,000	5,467,102	263,035	81,378	160,323
2017 Trade receivables	4,459,513	50,000	3,996,580	168,935	69,594	154,404
Other receivables	436,906	-	456,906	-	-	-
	4,896,419	50,000	4,453,486	168,935	69,594	154,404

There were no receivables owing from other reporting units at year end.

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6. INVENTORIES

	2018 Consolidated $	2017 Consolidated $
Printed Stationary	168,296	130,664
Tool Kits	-	2,493
HazCheck Stock	22,434	20,784
Member Signs	26,785	19,602
	217,515	173,543

Inventories relate to VACC signs and finished goods held at off site locations and at TACC Head Office and are valued at the lower of cost or net realisable value.

7. PREPAYMENTS

	2018 Consolidated $	2017 Consolidated $
Prepayments	138,804	131,474

Prepayments mainly relates to prepaid travel and WorkCover.

8. INVESTMENT FUNDS COMPRISES:

	2018 Consolidated $	2017 Consolidated $
Special Capital Fund:		
Equity Funds[1]	69,973,475	65,291,273
Units in Property Trust[2]	36,222,892	31,871,783
Discounted Security and Liquidity Fund[3]	21,714,400	20,913,577
	127,910,767	118,076,633
VACC Building Fund:		
Equity Funds[1]	6,190,645	-
Discounted Security and Liquidity Fund[3]	88,658,351	-
	94,848,996	-
	222,759,763	118,076,633

The investments in the Special Capital Fund and VACC Building Fund are held through units in managed investments.

1. The fair value of the units is determined with reference to the listed equities held.
2. The fair value of the units is determined with reference to the underlying investments of the fund, being unlisted property.
3. The fair value of the units is determined with reference to the underlying investments of the fund, being corporate debt instruments.

9. INVESTMENTS

	2018 Consolidated $	2017 Consolidated $
Investments at cost:		
Share in MTAA Superannuation Fund P/L[1]	-	1
Investments at fair value:		
carsales.com Ltd [2] (Cost $50,000)	3,780,000	2,880,000
Units in MTAA Unit Trust[3] (Cost $2,445,283)	-	1,987,425
	3,780,000	4,867,426

1. The ownership activity of the Company is to act as Trustee for the MTAA Superannuation Fund. During the year VACC disposed of its ownership interest in MTAA Superannuation Fund Pty Ltd.
2. The operating activity of the Company consists of online classified and display advertising and provision of a number of software, data and other services predominantly sold to customers in the automotive industry. VACC holds a 0.1% (2017:0.1%) ownership interest in carsales.com Ltd.
3. As of the 19 September 2017, funds were received in relation to the sale of the building held within MTAA Unit Trust. The trust was then subsequently vested and from this date VACC no longer held any investment in the entity.

10. PROPERTY

		2018 Consolidated $	2017 Consolidated $
(A) Non Current Property – VACC House, 464 St Kilda Road, Melbourne – at fair value (Cost $9,970,771)		-	47,500,000
Property – TACC House, 200 New Town Road, New Town, Tasmania - at fair value (Cost $676,150)		650,000	650,000
Property – 23 Queens Road Car Park, Melbourne - at fair value (Cost $1,815,000)		-	1,150,000
		650,000	49,300,000

(B) Reconciliations	VACC House	TACC House	Car Park
Opening Balance	47,500,000	650,000	1,150,000
Total gains/(losses) recognised in other comprehensive income	42,000,000	-	3,000,000
	89,500,000	650,000	4,150,000
Transfer Member Funds	(89,500,000)	-	(4,150,000)
Closing Balance	-	650,000	-

VACC sold VACC House at 464 St Kilda Road Melbourne and the Car Park at 23 Queens Road Melbourne on 16 May 2018.

The property at 200 New Town Road, New Town was revalued in June 2016. This independent valuation was based on current market evidence and comparable transactions. Gains or losses from the revaluation of property are recognised in the Consolidated Statement of Comprehensive Income as disclosed in accounting policy note 3(L). Property valuations are based on level 2 inputs.

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11. PLANT AND EQUIPMENT

	2018 Consolidated $	2017 Consolidated $
(A) Plant and Equipment		
Furniture and Fittings – Cost	309,650	323,807
Accumulated Depreciation	(306,408)	(316,812)
Net Book Value	3,242	6,995
Plant and Equipment – cost	405,677	1,704,175
Accumulated Depreciation	(342,055)	(1,119,574)
Net Book Value	63,622	584,601
Motor Vehicles - cost	788,871	850,693
Accumulated Depreciation	(304,496)	(376,709)
Net book value	484,375	473,984
Total Net Book Value	551,239	1,065,580
(B) Reconciliations		
Furniture and Fittings:		
Carrying Amount at Beginning	6,995	16,853
Additions	518	1,004
Disposals	-	-
Depreciation Expense	(4,271)	(10,862)
	3,242	6.995
Plant and Equipment:		
Carrying Amount at Beginning	584,601	681,865
Additions	28,894	15,204
Disposals	(478,681)	(7,285)
Depreciation Expense	(71,192)	(105,183)
	63,622	584,601
Motor Vehicles:		
Carrying Amount at Beginning	473,984	610,063
Additions	245,374	58,498
Disposals	(131,841)	(73,687)
Depreciation Expense	(103,142)	(120,890)
	484,375	473,984

12. PAYABLES

	2018 Consolidated $	2017 Consolidated $
Trade Payables	1,832,363	1,094,269
Other Payables	2,004,866	1,390,452
	3,837,229	2,484,721

At balance date, there were no payables owing to employers as consideration for the employers making payroll deductions of membership subscriptions and there were no payables in respect of legal costs and other expenses related to litigation and other legal matters. There were no payables owing to reporting units at year end.

13. INCOME IN ADVANCE

Income In Advance	4,361,911	3,739,638

14. PROVISIONS

	2018 Consolidated $	2017 Consolidated $
Current: Employees Provision for Annual Leave	1,840,164	1,859,886
Provision for Long Service Leave	892,364	886,302
Redundancies	-	-
	2,732,528	2,746,188
Non-Current: Employees Provision for Long Service Leave	86,717	65,887
Aggregate Employee Entitlement Liability	2,819,245	2,812,075

There were no further provisions for employees or office bearers including separation and redundancies.

15. REVENUE ACCUMULATION

	2018 Consolidated $	2017 Consolidated $
Accumulated Surplus		
Opening Balance	113,913,522	111,505,945
Transfer from Asset Revaluation Reserve	76,064,228	-
Result for the year	3,099,264	2,407,577
	193,077,014	113,913,522

Restriction of Member's

Retained member's funds are not available for distribution to members. The retained member's funds are available for the operations of the organisation. In the event of the organisation winding up, member's funds shall be given or transferred to some other institution or institutions having objects similar to the objects of VACC to be determined by the members in compliance with VACC's Registered Rules (Clause 41).

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16. RESERVES

	2018 Consolidated $	2017 Consolidated $
Special Capital Fund Reserve:		
Opening Balance	23,676,254	18,607,374
Result for the Year	4,471,488	5,068,880
Closing Balance	28,147,742	23,676,254
VACC Building Fund Reserve:		
Opening Balance	-	-
Result for the Year	281,501	-
Closing Balance	281,501	-
Asset Revaluation Reserve:		
Opening Balance	33,894,228	34,094,228
Revaluation of VACC House	42,000,000	-
Revaluation of Brooklands Car Park	3,000,000	-
Transfer to Member Funds	(76,064,228)	
Revaluation/(Devaluation) of Investment in carsales.com Ltd	900,000	(200,000)
Total Asset Revaluation Reserve	3,730,000	33,894,228
Total Reserves	32,159,243	57,570,482

Nature and purpose of Reserves
The Special Capital Fund Reserve is used to record increments and decrements of the Special Capital Fund.
The VACC Building Fund Reserve is used to record increments and decrements of the VACC Building Fund.
The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current assets.

17. RECONCILIATION OF CASH

	2018 Consolidated $	2017 Consolidated $
Cash and Cash Equivalents	2,185,483	2,059,363

18. INTEREST IN JOINT VENTURE ARRANGEMENTS

VACC has an interest in one joint venture arrangement, which is not material to the group.

Leisurefest

The Melbourne Leisurefest is a Joint Venture arrangement between the Caravan Trade & Industries Association of Victoria (CTIAV), and VACC. Leisurefest is Melbourne's biggest exhibition of the latest RV, camping, touring and off road products.

VACC was paid a Licence Fee from CTIAV to enable CTIAV to continue to use Melbourne Leisurefest Trade Marks to promote the yearly Event.

18. INTEREST IN JOINT VENTURE ARRANGEMENTS (continued)

	2018 Consolidated $	2017 Consolidated $
Income	35,000	35,000
Capitalised Seed Funding	-	-

All income has been recorded in the Statement of Comprehensive Income.

19. EXPENDITURE COMMITMENTS

	2018 Consolidated $	2017 Consolidated $
Lease expenditure commitments		
(A) Operating Leases (non-cancellable):		
Minimum Lease Payments:		
• not later than one year	2,343,733	165,890
• later than one year and not later than five years	4,082,943	202,137
• later than five years	-	-
Aggregate lease expenditure contracted for at balance date	6,426,676	368,027
Aggregate expenditure commitments comprise:		
Amounts not provided for:		
• rental commitments	6,426,676	368,027
Aggregate lease expenditure contracted for at balance date	6,426,676	368,027

Operating leases had an average lease life of 1.9 (2017:1.3) years. Items subject to operating leases are various office equipment and office rent and car parking charges for VACC as a tenant of VACC House.

Operating Lease Commitments – as Lessor

During the year ended 30 June 2018 VACC sold VACC House and the Brookland's Car Park and all operating leases were transferred to the new owner. As at 30 June 2018, VACC had sub licenced to one tenant part of level 3 of VACC House for one year with rentals payable monthly in advance. There were no minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements as receivables.

	2018 Consolidated $	2017 Consolidated $
(B) Operating Lease Receivables (non-cancellable):		
Minimum Lease Receivables:		
• not later than one year	-	2,419,661
• later than one year and not later than five years	-	7,043,206
• later than five years	-	-
Aggregate Operating lease receivables contracted for at balance date	-	9,462,867

20. CONTINGENCY

In the event of the winding up of the Motor Trades Association of Australia Limited (MTAA), VACC has a limited liability of $100 (2017: $100).

21. CONTROLLED ENTITY

Name of entity	Country of Incorporation	Class of Shares	Equity holding 2018 %	Equity holding 2017 %
MotorTradeCard Pty Ltd	Australia	Ordinary	100	100

The Consolidated Financial Statements incorporate the assets, liabilities and results of MotorTradeCard Pty Ltd in accordance with the accounting policy described in accounting policy note 3(C).

The entity did not trade throughout 2018 Financial Year.

22. FINANCIAL RISK MANAGEMENT

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 of 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 and VACC Building Fund Investments are set out in accounting policy note 3(R). 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.

The consolidated entity is exposed to a variety of financial risks comprising:

a. Market risk
b. Interest rate risk
c. Fair values
d. Credit risk

The Executive Board has overall responsibility for identifying and managing operational and financial risks.

(A) Market Risk

Price Risk

Investments in listed securities at fair value through profit and loss are measured at fair value at reporting date based on current bid prices. If security prices were to increase/decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on total comprehensive income for the year and equity is as follows:

Listed Securities	Consolidated 2018 $	Consolidated 2017 $
+/- 10% price variation	22,653,976	11,807,663
Impact on pre-tax result	22,653,976	11,807,663
Tax effect	-	-
Impact on equity	22,653,976	11,807,663

22. FINANCIAL RISK MANAGEMENT (continued)

(B) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates.

The exposure to interest rate in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

Consolidated Entity

	Level	Interest Bearing $	Non-Interest bearing $	Total carrying amount $	Weighted average effective interest rate %	Fixed/ Variable rate
Financial Instruments 2018						
(i) Financial assets						
Cash		2,185,483	-	2,185,483	0.10	Variable
Special Capital Fund	2	-	127,910,767	127,910,767		
VACC Building Fund	2	-	94,848,966	94,848,966		
Investments	1,2	-	3,780,000	3,780,000		
Trade and other receivables		-	6,021,838	6,021,838	0.00	Fixed
Total financial assets		2,185,483	232,561,571	234,747,054		
(ii) Financial liabilities						
Trade and other payables		-	3,831,458	3,831,458		
Interest Bearing Liabilities		-	-	-		
Total financial liabilities		-	3,831,458	3,831,458		
Financial Instruments 2017						
(i) Financial assets						
Cash		2,059,363	-	2,059,363	0.60	Variable
Special Capital Fund	2	-	118,076,633	118,076,633		
Investments	1,2	-	4,867,426	4,867,426		
Trade and other receivables		-	4,896,419	4,896,419	0.00	Fixed
Total financial assets		2,059,363	127,840,478	129,899,841		
(ii) Financial liabilities						
Trade and other payables		-	2,484,721	2,484,721		
Interest Bearing Liabilities		-	-	-		
Total financial liabilities		-	2,484,721	2,484,721		

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
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FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity

If interest rates were to increase/decrease by 1% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
+/-1%		
Impact on profit after tax	21,855	20,594
Impact on equity	21,855	20,594

(C) 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 Consolidated 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

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 Consolidated Statement of Financial Position. Credit risk exposure arises predominantly from outstanding receivables from customers and is limited by VACC trading with a large number of customers.

Trade receivables are all within approved terms with the exception of 5%.

23. FAIR VALUE MEASUREMENTS

The reporting unit measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit and loss, and
- Freehold land and buildings.

The reporting unit does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

23. FAIR VALUE MEASUREMENTS (continued)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The reporting unit selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

The valuation techniques selected by the reporting unit are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the reporting unit gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The tables included in Note 22 (B) provide the fair values of the reporting units' assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

24. RELATED PARTY DISCLOSURES

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

T. L. Sanchez - Chairman

M. W. Awramenko

P. Bertoli

F. Bortolotto

M. Corvasce

C. J. Hummer

P. R. Savige

T. J. Sitch

Transactions with Executive Board Members are carried out on the same commercial terms and conditions as other transactions with Members. Transactions, based on the same commercial terms and conditions as other transactions with businesses that VACC Members represent, were carried out with businesses that Executive Board Members represent. During the year, Executive Board Members paid VACC $63,719 (2017: $21,808), which included their VACC Membership subscriptions, hosting of VACC apprentices, website hosting, SEO services and domain name renewal.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
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FOR THE YEAR ENDED 30 JUNE 2018

24. RELATED PARTY DISCLOSURES (continued)

During the year, VACC paid Executive Board Members $11,517 (2017:$12,496) relating to repairing VACC fleet vehicles, HOBEC reimbursements and membership of the Australian Institute of Company Directors (AICD).

During the year, the VACC Board agreed to renew six annual licences for commercial vehicle technical information software at a cost of $6,114 (2017: $32,841) from a Member, Lonsdale St Auto Electrics Pty Ltd. The owner of this business is Martin Sanchez who is a Member of the Board of Management.

As at 30 June 2018, Specialist Auto Electrics Pty Ltd, owned by Michael Grubb, a Member of the Board of Management owed VACC $62,609 (2017: $123,835). This debt has been repaid in full to VACC.

25. REMUNERATION OF THE EXECUTIVE BOARD

Executive Board Members

Amounts paid or payable or otherwise made available to Executive Board Members.

Executive Board Members receive an allowance of $1,000 a month.

2018 $	2017 $
96,000	96,000

Other than disclosed in Note 24, there were no other employee expenses incurred for Board Members during 2017 and 2018.

26. MEETINGS OF DIRECTORS

The number of meetings of the Executive Board and of each Board Committee held during the year ended 30 June 2018, and the number of meetings attended by each Director was:

	EXECUTIVE BOARD		FINANCE AND AUDIT COMMITTEE	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
T. L Sanchez- Chair	8	7	*	*
M.W. Awramenko	8	6	11	7
P. Bertoli	8	5	*	*
F. Bortolotto	8	6	*	*
M. Corvasce	8	5	*	*
C. J. Hummer	8	7	*	*
P.R. Savige	8	8	11	11
T. J. Sitch	8	6	11	10

* Not a member of the Committee.

27. REMUNERATION OF AUDITORS

	2018 $	2017 $
Amounts received or due and receivable by Pitcher Partners for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	41,000	40,550
Other non–audit services		
- VACC House Outgoings Audit	5,500	5,300
- FBT Return and Lodgement	4,500	4,300
- Website Hosting Proposal Review	102,041	10,000
- Investment Advice	22,500	-
- BRD Times Guide Advice	-	9,500
- Internal Audit Review	-	14,751
- General Advice	-	2,200
- Fringe Benefits Advice	-	2,381
- Taxation Advice	-	7,780
- MTC Income Tax Return Lodgement	-	1,500
	175,541	98,262

28. SEGMENT INFORMATION

VACC operates predominantly in one industry segment as the peak Employer Organisation for the retail automotive industry in Victoria and Tasmania.

29. SUBSEQUENT EVENT

On 15 August 2018 VACC contracted to purchase 644-658 Victoria Street North Melbourme 3051 for $8,800,000. The purchase of the property settled on 17 September 2018. This property is to be redeveloped into VACC's new Head Office and VACC is projected to move in, in early 2021.

Other than events disclosed elsewhere in the financials there were no events that occurred after 30 June 2018, and/or prior to the signing of the financial statements that has significantly affected or may significantly effect:

a) the operations, in financial years subsequent to 30 June 2018, of the consolidated entity, or
b) the results of those operations, or
c) the state of affairs, in financial years subsequent to 30 June 2018, of the consolidated entity.

30. ORGANISATION INFORMATION

Victorian Automobile Chamber of Commerce (VACC) is:

- Domiciled in Australia
- Incorporated under the Fair Work (Registered Organisations) Act 2009.
- Registered address and principal place of business is VACC House, 464 St Kilda Road, Melbourne, Vic 3004
- Principal activity is that of an Employer Organisation.
- Number of employees as at 30 June 2018 was 98 full time and 10 part time employees.
- Number of apprentices as at 30 June 2018 was 515.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

31. PARENT ENTITY INFORMATION

Summarised presentation of VACC's financial statements:

	2018 $	2017 $
(A) Summarised Statement of financial position		
Assets		
Current assets	8,513,640	7,210,799
Investments – Special Capital Fund	127,910,767	118,076,633
Investments – VACC Building Fund	94,848,996	-
Non-current assets	4,981,239	55,233,006
Total assets	236,254,642	180,520,438
Liabilities		
Current liabilities	10,931,668	8,970,547
Non-current liabilities	86,717	65,887
Total liabilities	11,018,385	9,036,434
Net assets	225,236,257	171,484,004
Equity		
Asset Revaluation Reserve	3,730,000	33,894,229
Special Capital Fund Reserve	28,147,742	23,676,253
VACC Building Fund Reserve	281,501	-
Retained Earnings	193,077,014	113,913,522
Total equity	225,236,257	171,484,004
(B) Summarised statement of comprehensive		
Income		
Surplus for the year	3,099,264	2,407,577
Other comprehensive income for the year	50,652,989	4,868,880
Total comprehensive income for the year	53,752,253	7,276,457

32. ADDITIONAL DISCLOSURES – SECTION 253 OF FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the RO Act Reporting Guidelines, the following disclosures are made:

- VACC's ability to continue as a going concern is not reliant on the agreed financial support of another entity.
- VACC has agreed to provide financial assistance to its subsidiary, MotorTradeCard Pty Ltd, in order for its subsidiary to be able to pay its debts as and when they become payable.
- VACC has not acquired any assets or liabilities during the financial year as a result of an amalgamation under Part 2 of Chapter 3 of the RO Act in which it was amalgamated organisation; a restructure; a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure; or a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- No funds were paid by VACC during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.
- VACC was not involved in a business combination during the financial year.
- No funds or accounts were operated in respect of compulsory levies.

The Board recognises that a genuine commitment to sound principles of corporate governance is fundamental to the sustainability of the VACC and its performance.

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;
- Establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Overseeing risk management policies, practice and performance; and,
- Overseeing compliance and governance policies and practices and ensuring the VACC business is conducted legally, ethically and responsibly.

On behalf of the Board,

Tony L. Sanchez
PRESIDENT

Fury Bortolotto
VICE PRESIDENT

20 September 2018
Bendigo

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
EXECUTIVE BOARD'S DECLARATION

On 20 September 2018, 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 2018.

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

a) The Financial Statements and Notes comply with Australian Accounting Standards;

(b) The Financial Statements and Notes comply with the financial reporting guidelines of the General Manager;

(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 Fair Work (Registered Organisations) Act 2009 (RO Act),

   (iv) The information sought in any request of a member of the organisation or the Commissioner duly made under Section 272 of the RO Act has been furnished to the member or the Commissioner; and,

   (v) No orders have been made by the General Manager under Section 273 of the RO Act during the period.

f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Executive Board.

On behalf of the Board,

Tony L. Sanchez
PRESIDENT

Fury Bortolotto
VICE PRESIDENT

20 September 2018
Bendigo

I, Tony Sanchez, being the designated officer responsible for preparing this Report for the financial year ended 30 June 2018 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, these include:

1. Representing members in industrial matters and disputes, equal opportunity matters and advocacy before industrial tribunals and courts.
2. Representing the retail automotive industry in discussions and consultations with regulators and other bodies and before Federal and State Government inquires.
3. Promoting and protecting retail automotive businesses in Victoria and Tasmania.
4. Developing 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, information and consultation services in the areas of specialist technical services, industrial relations, human resource management, OHSE, workers' compensation management and education and training.
6. Conducting training seminars in equal opportunity, occupational health safety, environment, WorkCover, workplace agreements, employment, etc.
7. Provide Members with access to goods and services that will assist them and enhance their business.
8. Operating a group training scheme for Apprentices and Trainees.
9. Provide support services for the industry such as apprentice mentoring, apprentice recruitment, career promotion and national training standards review.
10. Operating the VACC Skills Development Centre, offering certificate, diploma and short courses in automotive business management, technical skills and employment related short courses.
11. Manage the Women in Automotive (WinA) Network.
12. Development of Codes of Practice and Accreditation programs.
13. Collection and circulation of statistics and other information relating to the retail automotive trade.
14. Publishing periodicals.
15. Market and distribute value-for-money business products (eg, Business insurance, Technical Information and digital services) to automotive businesses throughout Victoria and Tasmania.
16. Market and distribute value-for-money business products (eg, Business insurance, Technical Information and digital services) to automotive businesses throughout Australia, in partnership with interstate MTA affiliates.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2018

Review of Principal Activities

VACC and its subsidiary reported a surplus of $3,099,264 (2017: surplus of $2,407,577) for the year ended 30 June 2018.

Revenue from operating activities were $44,565,503 (2017: $38,870,919) and expenses from operating activities were $41,466,239 (2017: $36,463,342).

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 clause 11, which reads as follows:

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

Subject to section 178 of the Act, 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 by a member must be in writing and addressed to the Secretary and must be delivered to the Secretary by:

a) Leaving it with the Secretary personally;

(b) Leaving it in an envelope addressed to the Secetary at the registered office of the Association; or,

(c) Posting it in an envelope addressed to the Secretary 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 two 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 Secretary will 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 Secretary.

(6) A resignation from membership of the Association is valid even if it is not affected in accordance with clause 11 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.

There were no officers or members who were a trustee, or a director of a company that is a trustee, of a Superannuation entity because they are a member or an officer of VACC.

Number of Members

The number of members at 30 June 2018 who were recorded on the Register of Members of the Association was 5,259 (2017: 5,193).

Number of Employees

The number of employees of the Association at 30 June 2018 was 108 (2017: 109) employees and 515 (2017:515) apprentices/trainees.

Members of Board of Management

The persons who held office as Members of the Board of Management of the Association during the reporting period were:

Wayne Alway
Mark Awramenko
Allan Bartlett
Paul Bertoli
Sab Beyzade
Fury Bortolotto
Des Brown
Donald Brown
John Buskes
Doug Burke – *resigned 26 February 2018*
Andrew Cleary
Morry Corvasce
Frank D'Andrea
Larry Eaton
Frank Grocl
Michael Grubb
Chris Hummer
Gary McKendry – *deceased 28 October 2017*
Trevor Oliver
Terry Paget
Sharon Pask
Robert Parisi
Antony Pearse
Carly Ruggeri
Martin Sanchez
Tony Sanchez
Peter Savige
Tony Sitch
Eddie Woods

On behalf of the Board,

Tony L. Sanchez
PRESIDENT

20 September 2018
Bendigo

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE AND CONTROLLED ENTITY
EXPENDITURE REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Executive Board presents the Expenditure Report in accordance with subsection 255(2A) of the RO Act for VACC for the year ended 30 June 2018.

	2018 $	2017 $
Categories of expenditure:		
Remuneration and other employment related costs and expenses - employees	27,451,552	25,568,351
Advertising	989,672	729,115
Operating Costs	11,650,874	9,607,727
Donations to Political parties	7,890	-
Legal costs	249,050	103,646

On behalf of the Board,

Tony L. Sanchez

PRESIDENT

20 September 2018
Bendigo

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
ABN 63 009 478 209

AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF THE EXECUTIVE BOARD OF THE VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

In relation to the independent audit for the financial year ended 30 June 2018, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Fair Work (Registered Organisations) Act 2009*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Victorian Automobile Chamber of Commerce and the entity it controlled during the year.

P A JOSE
Partner
CAANZ, Public Practice Certificate Holder
Registered Auditor Number: 229959

PITCHER PARTNERS
Melbourne

20 September 2018

PITCHER PARTNERS

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
ABN 63 009 478 209

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victorian Automobile Chamber of Commerce (the VACC) and controlled entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the Executive Board's declaration, the subsection 255(2A) report and the Operating Report.

In our opinion, the accompanying financial report of the Group is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and other requirements imposed by the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Fair Work (Registered Organisations) Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive Board are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
ABN 63 009 478 209

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board for the Financial Report

The Executive Board of the VACC are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Board are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

PITCHER PARTNERS

VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
ABN 63 009 478 209

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

P A JOSE
Partner
CAANZ, Public Practice Certificate Holder
Registered Auditor Number: 229959

PITCHER PARTNERS
Melbourne

20 September 2018