



Australian Government
Australian Industrial Registry

4 February 2009

Mr. W. Kayler-Thomson
Secretary
Victorian Employers' Chamber of Commerce and Industry
GPO Box 4352
MELBOURNE VIC 3001

Dear Mr Kayler-Thomson,

Schedule 1 of the Workplace Relations Act 1996 (Schedule 1) - Financial Report for year ended 30 June 2008 - FR 2008/373

Thank you for forwarding further information in relation to the financial report of the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2008: this has been placed with the documents previously lodged.

The financial documents have now been filed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'LP', with a large, stylized flourish at the end.

Larry Powell

Statutory Services Branch



**Victorian Employers'
Chamber of Commerce
and Industry**
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Victoria 3001 Australia
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30 January 2009

Mr Larry Powell
Statutory Services Branch
Australian Industrial Registry
GPO Box 1994
MELBOURNE VIC 3001

Dear Larry,

Following your letter to Wayne Kayler-Thomson, dated 7 January 2009,
please find enclosed as requested:

1. Designated Officer's Certificate
2. Auditor's Report

If you have any further queries, please do not hesitate to contact me on
8662 5273.

Yours sincerely

Linda Keenahan
Executive Assistant – Office of the CEO

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INDEPENDENT AUDITOR'S REPORT TO THE VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY

Report on the Financial Report

We have audited the accompanying financial report of the Victorian Employers' Chamber of Commerce and Industry (VECCI) and consolidated entities (the Group) which comprises the balance sheets as at 30 June 2008, income statements, statements of recognised income and expenditure and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the declaration of the consolidated entity comprising of the entity and the entities it controlled at the years end, and during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting requirements under the Workplace Relations Act 1996. We disclaim any assumptions of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purposes other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

The general purpose financial report of VECCI and its consolidated entities is in accordance with the Workplace Relations Act 1996 and presents fairly in all material respects, the Groups financial position as at 30 June 2008 and its performance for the year ended on that date and complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the RAO Schedule.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



K C WOOD
Partner
Registered Company Auditor
Member of the Institute of Chartered Accountants in Australia

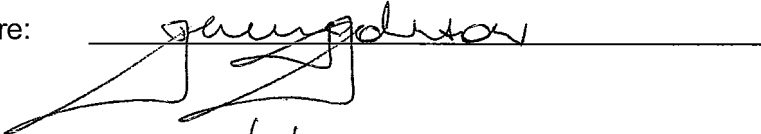
27 October, 2008
Melbourne

Designated Officer's Certificate

S268 of Schedule 1B Workplace Relations Act 1996

I, Jeremy Johnson being the President of the Victorian Employers' Chamber of Commerce and Industry certify:

- The documents lodged herewith are copies of the full report, referred to in s268 and RAO Schedule; and
- That the full report was available to members on 27 October 2008.
- That the full report was presented to the Annual General Meeting of the reporting unit on 18 November 2008 in accordance with section 266 of the RAO Schedule.

Signature:  _____

Date: 23/1/2009



Australian Government
Australian Industrial Registry

7 January 2009

Mr. W. Kayler-Thomson
Secretary
Victorian Employers' Chamber of Commerce and Industry
GPO Box 4352
MELBOURNE VIC 3001

Dear Mr Kayler-Thomson,

Schedule 1 of the Workplace Relations Act 1996 (Schedule 1) - Financial Report for year ended 30 June 2008 - FR 2008/373

Receipt is acknowledged of the financial report of the Victorian Employers' Chamber of Commerce and Industry for year ended 30 June 2008. The documents were lodged in the Industrial Registry on 10 December 2008.

I direct your attention to the following comments concerning the above report and the financial reporting obligations under Schedule 1 of the Workplace Relations Act 1996. Please note that these matters are generally advised for assistance in the preparation of future financial reports. With the exception of the comments concerning items 1 and 2, no further action is required in respect of the subject documents.

1. Designated Officer's Certificate

Section 268 of the RAO Schedule requires a certificate by a prescribed designated officer that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266. I note that no such certificate has been lodged for the financial year ended 30 June 2008.

Would you please forward the designated officer's certificate for the year ended 30 June 2008 addressing the above information as soon as possible.

2. Auditor's Report

The opinion expressed by the auditor in their report has not fully met the requirements of the Act. Section 257(5) of the RAO Schedule now sets out the matters on which an auditor is required to state an opinion. An acceptable wording would be as follows:

"In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the RAO Schedule."

You are requested to arrange for the auditor to prepare a fresh opinion that fully meets the requirements of the Act and lodge such in the Industrial Registry.

3. **Operating Report**

(a) Results of principal activities

I refer to the Operating Report, in particular to the "Review and Results of Operations". I note that subsection 254(2)(a) of the RAO Schedule requires the operating report to include a review of the principal activities of the reporting entity, the results of those activities and any significant changes in the nature of those activities.

The "Operating Result" requirement contemplates reference in the operating report to results directly related to the principal activities as opposed to the reporting entities financial result, particularly as measured in dollar 'surplus' or 'loss' terms. Although this may not be stated explicitly in the text of the subsection, I think it is reasonable to infer this is what the legislators had in mind given that the subsection is referring primarily to the principal activities and secondly, the actual financial outcome is elaborated elsewhere in the financial documents, such as the Balance Sheet and/or the Profit and Loss statement.

(b) Trustees of superannuation entities:

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

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

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation Reporting Unit's should ensure information provided in relation to trustees of superannuation entities addresses the above requirements.

Electronic Lodgment

I encourage you to take advantage of the electronic lodgment service provided by the Registry for future lodgements. You may register as a user and then lodge your documents via the Electronic Lodgment page of the AIRC website at www.airc.gov.au. Alternatively, you may send an email with the documents attached to riateam3@airc.gov.au.

Should you wish to discuss any of the matters raised in this letter, I may be contacted on (03) 8661 7993 or by email at larry.powell@airc.gov.au.

Yours sincerely,



Larry Powell

Statutory Services Branch



**Office of the
Chief Executive**

**Victorian Employers'
Chamber of Commerce
and Industry**

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28 November 2008

Australian Industrial Registry
GPO Box 1994
MELBOURNE VIC 3001

To Whom It May Concern:

The Victorian Employers' Chamber Of Commerce and Industry held its Annual General Meeting on Tuesday 18 November at 3.00 pm and I am therefore, pleased to enclose a copy of the VECCI 2007/2008 Financial Report for your records.

If you have any queries, please do not hesitate to contact me on
Ph: 8662 5441.

Yours sincerely

Wayne Kayler-Thomson
Chief Executive Officer

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**Victorian Employers’
Chamber of Commerce & Industry
(VECCI)**

ABN: 37 650 959 904

2008 Consolidated Annual Financial Report

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Victorian Employers' Chamber of Commerce and Industry

OPERATING REPORT

MEMBERS OF COMMITTEE OF MANAGEMENT

The Members of the Committee of Management ("Board of Directors") comprise of elected representatives of the Executive Council of Victorian Employers' Chamber of Commerce and Industry ("VECCI") who form the Board of Directors. The immediate past President of VECCI is able to attend meetings of the Board of Directors but is not entitled to be a member of the Board, move or second a vote on any motion.

The Directors present their report together with the financial report of VECCI for the ended 30 June 2008 and the Auditors' Report there on.

The persons who held office as members of the Board of Directors of VECCI during the reporting period were:

Mr Jeremy Johnson (President), appointed 30.7.02
 Mr Richard Holyman (Immediate Past President), appointed 28.3.00
 Mr Peter McMullin (Vice President), appointed 22.11.05
 Mr Kevin Brown (Committee Member/Director), appointed 27.5.03
 Mr Patrick Leggett (Committee Member/Director), appointed 27.07.04
 Ms Wendy Swift (Committee Member/Director), appointed 07.06.05
 Mr Ian Bird (Committee Member/Director), appointed 05.09.06
 Mr Don Rankin (Committee Member/Director), appointed 20.11.07
 Mr Mark Birrell (Director), appointed 20.11.07
 Mr Wayne Kayler-Thomson (CEO), appointed 23.08.07
 Mr Neil Coulson (Committee Member/Director), resigned 27.07.07
 Mr Peter O'Brien (Committee Member/Director), resigned 20.11.07

MEETINGS – BOARD OF DIRECTORS

The number of meetings attended by each of the Directors' of VECCI during the financial year was:

	No of Meetings Held while in Office	Meetings Attended
Mr Richard Holyman	11	11
Mr Peter McMullin	11	8
Mr Kevin Brown	11	9
Mr Patrick Leggett	11	8
Ms Wendy Swift	11	11
Mr Jeremy Johnson	11	10
Mr Ian Bird	11	11
Mr Wayne Kayler-Thomson	10	10
Mr Mark Birrell	7	5
Mr Don Rankin	7	4
Mr Peter O'Brien	4	2
Mr Neil Coulson	1	1

Victorian Employers' Chamber of Commerce and Industry

OPERATING REPORT (CONT.)

PRINCIPAL ACTIVITIES

The principal activities of VECCI during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value added professional services. There was no significant change in the nature of these activities during the period.

REVIEW AND RESULTS OF OPERATIONS

VECCI recorded a consolidated Operating Loss for the year ended 30 June 2008 of (\$2,448,023) (2007: Profit \$5,964,542). Consolidated Net Assets at 30 June 2008 totalled \$59,518,997 (2007: \$61,967,020).

The 30th June 2008 consolidated operating loss of (\$2,448,023) has been compounded by two major items:

- Net loss on managed investments (\$1,829,575) – Refer note 2
- Decline in Professional Services Activity (\$814,802) – Refer note 2

Normal operations continue to show consistent results compared to the previous 12 months. (Refer note 2).

There have been no significant changes in the financial affairs of the Group.

MEMBERSHIP OF VECCI

As at 30 June 2008 VECCI had 4,567 (2007: 4,430) voting members and 1,720 (2007: 1,387) other contributors, totalling 6,287 (2007: 5,817).

EMPLOYEES OF VECCI

As at 30 June 2008 the total number of employees was 226 (2007: 208).

MANNER OF RESIGNATION

Rule 10 provides for the process of resignations.

- (a) (i) A member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary. Such notice shall be taken to have been received by the Organisation when delivered to the Secretary.
- (ii) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered to the Secretary.
- (iii) A resignation from membership of the Organisation is valid even if it is not effected in accordance with paragraph (i) hereof if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.
- (b) A notice of resignation from membership of the Organisation takes effect:
 - (i) where the member ceases to be eligible to become a member of the Organisation:
 - 1. on the day on which the notice is received by the Organisation; or
 - 2. 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
 - (ii) in any other case:
 - 1. at the expiration of 2 weeks after the notice is received by the Organisation; or
 - 2. on the day specified in the notice;whichever is later.
- (c) If a member ceases to be engaged in or as an employer in the industry the membership of such member may, subject to the member being accorded natural justice, be determined summarily by resolution of the Executive Council, provide however that such determination shall not affect the liability of the member to pay all monies owing by the member to the Organisation.

Victorian Employers' Chamber of Commerce and Industry

OPERATING REPORT (CONT.)

- (d) Any dues payable but not paid by a former member of the Organisation, in relation to a period before the member's resignation or termination from the Organisation took effect, may be sued for and recovered in the name of the Organisation in a court of competent jurisdiction, as a debt due to the Organisation.
- (e) If a member becomes unfinancial in accordance with Rule 9 his name may be struck off the Register of Members by Order of the Executive Council. Any member shall cease to be a member of the Organisation as soon as his name shall have been struck off the Register of Members by Order of the Executive Council and not sooner. Provided that where a member has become unfinancial and at least fourteen (14) days before the Executive Council orders that the member be struck off the Register of Members, the Secretary shall advise the person, in writing, that if he fails to pay the outstanding subscriptions within fourteen (14) days of the date of the letter then he will be struck off the Register of Members without further notice. If the person pays the outstanding subscriptions within that time then he shall not be struck off the Register of Members.
- (f) Any member who shall be expelled from the Organisation under the Provisions of Rule 40 hereof shall thereupon cease to be a member.
- (g) Members ceasing to be such from any cause whatsoever have no claim of any kind – monetary or otherwise – on the organisation or its assets.

SUPERANNUATION TRUSTEES


VECCI (as the employer) has nominated both ING's Integra Master Trust and Vic Supers' Public Offer Superannuation fund as the default platform options. The present default options provide employees with various investment options. A policy committee within VECCI also exist working in conjunction with the trustee. The policy committee within VECCI comprises two employer representatives in the Chief Financial Officer and Human Resources Manager, along with two elected staff representatives. The policy committee meets quarterly and provides a forum for dealing with any queries regarding the plan's investment options and benefits.

No officer or member, of VECCI, is a trustee of the above superannuation entities.

EVENTS AFTER BALANCE DATE

There are no material known events subsequent to the reporting date that are required to be disclosed.

Signed in accordance with a resolution of the Committee of Management


.....
Signed: Secretary/Chief Executive Officer
Wayne Kayler-Thomson
At Melbourne, 27 October 2008

**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenues from operating activities	2	28,017,179	33,247,491	27,543,179	33,017,196
Expenditure from operating activities					
Administration Expenses		3,164,691	4,549,937	3,094,991	4,513,083
Selling Expenses		3,900,991	3,089,510	4,178,658	3,063,010
Affiliation Fees		424,920	412,544	424,920	412,544
Business Fighting Fund		93,853	84,426	93,853	84,426
Depreciation and Amortisation Expense	3a.	1,084,876	1,026,444	1,046,486	993,190
Donations		-	4,662	-	4,662
Federal & State Government Programs (excluding remuneration)		3,902,733	3,313,111	3,902,733	3,315,160
Occupancy		1,272,330	1,262,241	1,272,330	1,262,241
Remuneration – employees		14,959,167	12,092,861	14,467,724	11,710,873
Remuneration – office bearers	4c.	515,206	377,860	515,206	377,860
Superannuation		1,146,433	1,069,353	1,108,516	1,041,018
Total Expenditure		30,465,201	27,282,949	30,107,426	26,780,074
(Loss) / Profit attributable to members of the VECCI	3 & 12	(2,448,023)	5,964,542	(2,564,247)	6,237,122

The accompanying notes form part of these financial statements.

**BALANCE SHEETS
AS AT 30 JUNE 2008**

		Consolidated		Parent	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	2,307,831	3,973,774	2,290,022	3,972,064
Trade and other receivables	6	1,999,478	2,499,399	2,130,956	2,818,713
Financial assets at fair value	7	11,648,322	5,114,074	11,648,322	5,114,074
TOTAL CURRENT ASSETS		15,955,631	11,587,247	16,069,300	11,904,851
NON-CURRENT ASSETS					
Financial Assets at Fair Value	7	28,106,099	39,458,121	28,106,109	39,458,126
Intangible assets	8	158,227	145,095	129,098	101,016
Property, plant and equipment	9	22,398,267	20,252,662	22,379,047	20,212,498
TOTAL NON-CURRENT ASSETS		50,662,593	59,855,878	50,614,254	59,771,640
TOTAL ASSETS		66,618,224	71,443,125	66,683,554	71,676,491
CURRENT LIABILITIES					
Trade and other payables	10	3,168,496	5,507,174	3,109,824	5,493,414
Unearned Revenue		2,645,583	2,597,319	2,645,583	2,597,319
Short-term provisions	11	1,007,001	1,025,199	974,647	999,745
TOTAL CURRENT LIABILITIES		6,821,080	9,129,692	6,730,054	9,090,478
NON-CURRENT LIABILITIES					
Long-term provisions	11	278,147	346,413	278,147	346,413
TOTAL NON-CURRENT LIABILITIES		278,147	346,413	278,147	346,413
TOTAL LIABILITIES		7,099,227	9,476,105	7,008,201	9,436,891
NET ASSETS		59,518,997	61,967,020	59,675,353	62,239,600
MEMBERS' FUNDS					
Retained earnings	12	55,721,055	58,169,078	55,877,411	58,441,658
Reserves	12	3,797,942	3,797,942	3,797,942	3,797,942
TOTAL MEMBERS' FUNDS		59,518,997	61,967,020	59,675,353	62,239,600

The accompanying notes form part of these financial statements.

**STATEMENTS OF RECOGNISED INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Total Equity at the beginning of the financial year	1 (j), 12	61,967,020	58,787,295	62,239,600	58,787,295
<hr/>					
Net Income Recognised Directly in Equity					
(Loss) / profit for the year	12	(2,448,023)	5,964,542	(2,564,247)	6,237,122
Total Recognised Income and Expense for the Year		<u>(2,448,023)</u>	<u>5,964,542</u>	<u>(2,564,247)</u>	<u>6,237,122</u>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

		Consolidated		Parent	
	Note	2008 \$	2007 \$	2008 \$	2007 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members and others		28,525,949	32,101,927	27,864,057	31,715,914
Payments to suppliers and employees		(32,098,864)	(23,631,441)	(31,453,856)	(23,246,679)
Interest received		332,712	366,419	331,103	365,965
Net cash provided from (used in) operating activities	15b	(3,240,203)	8,836,905	(3,258,696)	8,835,200
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for investments		(9,210,099)	(6,146,664)	(9,210,199)	(6,146,664)
Proceeds from the sale of investments		14,027,973	-	14,027,968	-
Payment for purchase of property, plant, equipment and Intangibles		(3,244,659)	(613,478)	(3,241,115)	(613,478)
Proceeds from sale of property, plant, equipment and intangibles		1,047	-	-	-
Net cash provided from (used in) investing activities		1,574,262	(6,760,142)	1,576,654	(6,760,142)
Net (decrease) / increase in cash held		(1,665,943)	2,076,763	(1,682,042)	2,075,058
Cash at beginning of the financial year		3,973,774	1,897,011	3,972,064	1,897,006
Cash at end of the financial year	15a	2,307,831	3,973,774	2,290,022	3,972,064

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of VECCI and controlled entities (Consolidated Group' or 'Group'), and the separate financial statements and notes of VECCI as an individual parent entity ('Parent Entity').

Basis of Preparation

Reporting Basis and Conventions

VECCI is a registered Employer Association under the Australian Workplace Relations Act 1996, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Workplace Relations Act 1996.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

a. Principles of Consolidation

A controlled entity is any entity over which VECCI has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

CCI - Victoria Legal Trust is the only controlled entity contained in the financial statements.

As at reporting date, the assets and liabilities of the controlled entity has been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

There are no minority interests held by persons outside of the Group.

b. Income Tax

As a registered Employer Association, VECCI is, together with the Trade Unions, exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less any accumulated depreciation, where applicable.

Property:

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and Equipment:

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining the recoverable amount.

d. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. Financial Instruments (cont.)

Classification and Subsequent Measurement

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	20-27%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Consolidated Group 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 value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Group 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.

Lease payments under 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.

g. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits and on-costs payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in at call deposits with banks or financial institutions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

j. Revenue

(i) Membership Revenue

Membership subscription revenue is recognised on an accrual basis over the twelve month period of the paid membership. Revenue is initially recognised on receipt of payment from the member.

Change in Accounting Policy

The policy of accounting for membership on a cash basis prorated across the membership period was adopted for the first time in the current financial year. In previous reporting periods the full amount of revenue was recognised on an accruals basis on the anniversary date of each member. A provision for doubtful debts was then raised against all outstanding debtors that management determined would not renew membership. As a result of the policy change the following adjustments were made as at 30 June 2007 and 1 July 2006:

Parent	30 June 2007	Increase / (Decrease)	30 June 2007 Restated	30 June 2006	Increase / (Decrease)	1 July 2006 Restated
Balance Sheet (Extract)						
Trade and Other Debtors	3,387,881	(569,168)	2,818,713	-	-	-
Other Current liabilities - Deferred Income	-	2,597,319	2,597,319	-	2,784,817	2,784,817
Net Assets	65,406,087	(3,166,487)	62,239,600	57,264,786	(2,784,817)	54,479,969
Retained earnings	-	-	-	54,989,353	(2,784,817)	52,204,536
Total Equity						
Income Statement (Extract)						
	2007	Profit Increase / (Decrease)	2007 (Restated)			
Revenue From Continuing operations	32,829,698	187,498	33,017,196			
Profit	6,618,792	(381,670)	6,237,122			

(ii) Other Revenue

Interest revenue is recognised on an accrual basis taking in to account the interest rates applicable to the financial assets.

Rental income is recognised on an accrual basis.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. Refer to note 1 (j) for further details.

l. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

m. Intangible Assets

Intangibles assets are recorded on a cost basis and amortised over the life of the asset.

n. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

o. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

It also requires management to exercise its judgement in the process of applying accounting policies. In preparing the financial statement the following estimates were made:

- depreciation and amortisation
- provision for impairment of trade and other receivables

p. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the Group's share of post-acquisition reserves of its associates.

The Group had the following investments in associates which were dormant during the period:

- Business Advisory Centre; and
- Australian Chamber Alliance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
NOTE 2: REVENUE				
Operating activities				
<u>Membership and Contributors Subscriptions</u>				
Membership and Contributors	6,634,378	6,713,274	6,634,378	6,713,274
<u>Other Non Subscription Income</u>				
Business Fighting Fund	93,853	84,426	93,853	84,426
Non Subscription Income	1,791,231	1,114,205	1,793,583	1,119,737
	<u>8,519,462</u>	<u>7,911,905</u>	<u>8,521,814</u>	<u>7,917,437</u>
Federal and State Government Program	15,683,166	13,311,361	15,683,166	13,311,361
Professional Services	4,268,397	5,083,199	3,777,371	4,806,576
<u>Investment Income</u>				
Net Gain on Managed Investments	(1,829,575)	5,571,215	(1,829,575)	5,571,215
Interest Income	332,712	366,421	331,103	365,967
	<u>(1,496,863)</u>	<u>5,937,636</u>	<u>(1,498,472)</u>	<u>5,937,182</u>
Property Income	1,018,051	1,003,390	1,059,300	1,044,640
Other Income	24,966	-	-	-
	<u>28,017,179</u>	<u>33,247,491</u>	<u>27,543,179</u>	<u>33,017,196</u>

For details of the impact on revenue from the change in accounting policy refer to note 1 (j).

NOTE 3: (LOSS)/PROFIT FROM CONTINUING OPERATIONS

(Loss)/Profit has been determined after:

a. Expenses				
Depreciation and amortisation	1,084,876	1,026,444	1,046,483	993,190
Fees and allowances for attendance of conferences	29,550	33,452	29,550	33,452
Conference and meeting expenses	13,690	12,254	13,690	12,254
Workplace Relations Act penalties	-	-	-	-
Bad and doubtful debts	-	321,225	-	321,225
Operating lease rental expense	975,572	1,071,523	975,572	1,071,523
Legal expenses	77,747	145,541	77,747	145,541
Remuneration of auditor				
— audit	68,500	64,500	60,500	57,500
— other services	12,000	35,007	11,000	34,007
b. Revenue and Net Gains				
Net loss on disposal of plant and equipment	-	2,734	-	2,734

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Directors

The following persons were directors of VECCI during the financial year:

Key Management Person	Position
Mr Richard Holyman	Director
Mr Peter McMullin	Director
Mr Kevin Brown	Committee Member/Director
Mr Jeremy Johnson	Director
Mr Patrick Leggett	Committee Member/Director
Ms Wendy Swift	Committee Member/Director
Mr Ian Bird	Committee Member/Director
Mr Don Rankin	Committee Member/Director
Mr Mark Birrell	Director
Mr Neil Coulson	Committee Member/Director (resigned 27.07.07)
Mr Peter O'Brien	Committee Member/Director (resigned 20.11.07)

b. Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position
Mr Wayne Kayler-Thomson	Secretary / Chief Executive Officer

c. Key management personnel compensation

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	515,206	377,860	515,206	377,860
Post-employment benefits	100,000	-	100,000	-
Long-term benefits	177,446	46,478	177,446	46,478
	<u>792,652</u>	<u>424,338</u>	<u>792,652</u>	<u>424,338</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank	2,307,831	3,973,774	2,290,022	3,972,064

Cash at bank includes \$790,717 (2007: \$1,433,723) of Carnet deposits held in trust.
VECCI maintains an overdraft facility limit of \$300,000 on its main operating account.

NOTE 6: TRADE AND OTHER RECEIVABLES

Trade debtors	969,943	1,682,199	879,430	1,635,553
Less: Provision for impairment of receivables	-	-	-	-
	969,948	1,682,199	879,430	1,635,553
Other receivables	1,029,535	817,200	942,231	701,975
Amounts receivable from controlled entity	6(a) -	-	618,160	481,185
Impairment of related party receivable	-	-	(308,865)	-
Total Receivables	1,999,478	2,499,399	2,130,956	2,818,713

a. **Controlled Entity**

Unsecured interest-free loans made to CCI - Victoria Legal Trust.

There are no balances with trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due, and impaired assets are adequately provided for.

NOTE 7: FINANCIAL ASSETS AT FAIR VALUE

Current

Short term deposits	11,648,322	5,114,074	11,648,322	5,114,074
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Non-Current

Shares in wholly owned subsidiary companies (non-operating) at cost	110	115	120	120
Shares in listed corporations — at cost	1,514,817	1,514,817	1,514,817	1,514,817
Non listed securities	1,578,341	2,134,807	1,578,341	2,134,807
Managed Investments	25,012,831	35,808,382	25,012,831	35,808,382
	28,106,099	39,458,121	28,106,109	39,458,126
Total Investments	39,754,421	44,572,295	39,754,431	44,572,200
Market value of shares in listed corporations	1,514,817	1,514,817	1,514,817	1,514,817

NOTE 8: INTANGIBLES

Software – at cost	356,215	258,114	300,845	202,744
Accumulated amortisation	(197,988)	(113,019)	(171,747)	(101,728)
	158,227	145,095	129,098	101,016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT				
Land and Buildings				
Freehold land at independent valuation (30 June 2007)	1,248,000	1,248,000	1,248,000	1,248,000
	<u>1,248,000</u>	<u>1,248,000</u>	<u>1,248,000</u>	<u>1,248,000</u>
Buildings at independent valuation (30 June 2007)	19,571,217	18,252,000	19,571,217	18,252,000
Accumulated depreciation	(518,482)	-	(518,482)	-
	<u>19,052,735</u>	<u>18,252,000</u>	<u>19,052,735</u>	<u>18,252,000</u>
Total Land and Buildings	<u>20,300,735</u>	<u>19,500,000</u>	<u>20,300,735</u>	<u>19,500,000</u>
Plant and equipment at cost	5,149,451	3,332,983	5,084,826	3,270,856
Accumulated depreciation	(3,051,920)	(2,580,321)	(3,006,514)	(2,558,358)
Total Plant and Equipment	<u>2,097,532</u>	<u>752,662</u>	<u>2,078,312</u>	<u>712,498</u>
Total Property, Plant and Equipment	<u>22,398,267</u>	<u>20,252,662</u>	<u>22,379,047</u>	<u>20,212,498</u>

Valuation Basis

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2007 revaluation was based on independent assessments by a Certified Practising Valuer and is still considered to be current at 30 June 2008. The revaluation surplus was credited to the revaluation reserve.

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Consolidated Group	Freehold Land \$	Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of year 1 July 2006	1,157,768	16,842,232	1,026,254	19,026,254
Additions	-	440,999	237,273	678,272
(Disposals)	-	-	(21,842)	(21,842)
Increment on revaluation	90,232	1,432,278	-	1,522,510
Depreciation (expense)	-	(463,509)	(517,361)	(980,870)
Depreciation (expense)/write-back	-	-	28,338	28,338
Carrying amount at the end of year 30 June 2007	<u>1,248,000</u>	<u>18,252,000</u>	<u>752,662</u>	<u>20,252,662</u>
Additions	-	1,319,217	1,835,124	3,154,341
(Disposals)	-	-	(18,685)	(18,685)
Increment on revaluation	-	-	-	-
Depreciation (expense)	-	(518,482)	(481,424)	(999,906)
Depreciation write back	-	-	9,855	9,855
Carrying amount at the end of year 30 June 2008	<u>1,248,000</u>	<u>19,052,735</u>	<u>2,097,532</u>	<u>22,398,267</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT)

PARENT

	Freehold Land \$	Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of year 1 July 2006	1,157,768	16,842,232	1,026,254	19,026,254
Additions	-	440,999	175,145	616,144
Increment on revaluation	90,232	1,432,278	-	1,522,510
(Disposals)	-	-	(21,842)	(21,842)
Depreciation (expense)	-	(463,509)	(495,397)	(958,906)
Depreciation (expense)/write-back	-	-	28,338	28,338
Carrying amount at the end of year 30 June 2007	1,248,000	18,252,000	712,498	20,212,498
Additions	-	1,319,217	1,832,626	3,151,843
(Disposals)	-	-	(18,685)	(18,685)
Increment on revaluation	-	-	-	-
Depreciation (expense)	-	(518,482)	(457,982)	(976,464)
Depreciation write back	-	-	9,855	9,855
Carrying amount at the end of year 30 June 2008	1,248,000	19,052,735	2,078,312	22,379,047

(b) Carrying Amount that would have been recognised if land and building were stated at cost

If freehold land and building were stated on the historical cost basis the amounts would be as follows:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Freehold land at cost	1,100,000	1,100,000	1,100,000	1,100,000
Building at cost	15,873,529	15,873,529	15,873,529	15,873,529
Accumulated Depreciation	(2,168,000)	(1,771,162)	(2,168,000)	(1,771,162)
	13,705,529	14,102,367	13,705,529	14,102,367

NOTE 10: TRADE AND OTHER PAYABLES

Current

Unsecured Liabilities	-	-	-	-
Trade payables	-	1,021,579	-	1,021,579
Sundry payables and accrued expenses	2,377,779	3,051,872	2,319,107	3,038,112
Carnet deposits held in trust	790,717	1,433,723	790,717	1,433,723
Total Payables	3,168,496	5,507,174	3,109,824	5,493,414

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

<i>NOTE 11: PROVISIONS</i>	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$

Employee benefits include office bearer and non-bearer entitlements within the provision for annual and long service leave.

Current

Annual Leave	809,546	783,204	777,192	757,750
Long Service Leave	197,455	241,995	197,455	241,995
	1,007,001	1,025,199	974,647	999,745

Non-Current

Long Service Leave	247,828	281,624	247,828	281,624
Staff Scholarship	30,319	64,789	30,319	64,789
	278,147	346,413	278,147	346,413

NOTE 12: RESERVES and RETAINED PROFITS

a) Reserves

Asset revaluation reserve	3,797,942	3,797,942	3,797,942	3,797,942
<i>Movements:</i>				
Balance at 1 July 2007	3,797,942	3,797,942	3,797,942	3,797,942
Revaluation as at 30 June 2008	-	-	-	-
Balance at 30 June 2008	3,797,942	3,797,942	3,797,942	3,797,942

b) Retained profits

Retained profits at the beginning of the financial year	58,169,078	54,989,353	58,441,658	54,989,353
Change in accounting policy adjustment	-	(2,784,817)	-	(2,784,817)
Net (loss) / profit attributable to members of VECCI	(2,448,023)	5,964,542	(2,564,247)	6,237,122
Retained profits at the end of the financial year	55,721,055	58,169,078	55,877,411	58,441,658

c) Nature and purpose of reserves - Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

d) Restriction of Reserves and Retained profits

The retained profits and reserves are not available for distribution to members. The retained profits are available for the operations of the Group. In the event of the Group winding up the retained profits and reserves shall be given or transferred to some other institution or institutions in compliance with VECCI's rules (rule 48).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	Consolidated		Parent	
	2008	2007	2008	2007
a. Operating Lease Commitments	\$	\$	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
— not later than 1 year	891,041	975,512	891,041	975,512
— later than 1 year but not later than 5 years	520,505	675,864	520,505	675,864
	1,411,546	1,651,376	1,411,546	1,651,376
b. Operating Lease Receivables				
Leasing Arrangements				
Approximately 35% of the property at 486 Albert Street is leased to tenants under 1 to 3 year operating leases with rentals payable monthly in advance. Minimum lease payments under non-cancellable operating leases of investment properties not recognized in the financial statements are receivable as follows:				
— not later than 1 year	750,833	707,913	750,833	707,913
— later than 1 year but not later than 5 years	1,268,038	1,475,375	1,268,038	1,475,375
	2,018,871	2,183,288	2,183,288	2,183,288

NOTE 14: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

2008

During the financial year, VECCI made payments to Pitcher Partners for \$19,450.20 in respect of professional tax services performed and to Couriers Express of 12,080.27 for courier services. Don Rankin is the Managing Partner at Pitcher Partners and was appointed to VECCI's board of directors on 20 November 2007. Patrick Leggett is the Managing Director of Couriers Express. All services rendered were made on an arm's length commercial basis.

2007

During the financial year VECCI paid \$12,004 to Australian National Couriers in respect of services rendered for courier services. Payments made throughout the financial period were made on an arm's length commercial basis. Patrick Leggett is the Managing Director of Australian National Couriers and serves on the VECCI Board of Directors and is a member of the Executive Council.

During the financial year VECCI paid \$194,520 to OAMPS Insurance in respect of services rendered for Insurance Brokerage Services and premiums. Payments made throughout the financial period were made on an arm's length commercial basis. For part of the year Tony Robinson was the Chief Executive Officer of OAMPS and was a member of the Executive Council, resigning as of 27 July 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 15: CASH FLOW INFORMATION				
a. Reconciliation of Cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand	2,307,831	3,973,774	2,290,022	3,972,064
b. Reconciliation of Cash Flow from Operations with (Loss)/Profit from Ordinary Activities after Income Tax				
(Loss)/Profit from ordinary activities after income tax	(2,448,023)	5,964,542	(2,564,247)	6,237,122
Non-cash flows from ordinary activities:				
— Depreciation and Amortisation	1,084,876	1,026,444	1,046,483	993,190
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries				
Decrease/(Increase) in receivables and prepayments	499,916	(25,994)	687,757	(167,810)
(Decrease)/Increase in payables and unearned income	(2,290,508)	1,744,413	(2,335,325)	1,670,652
(Decrease)/Increase in provisions	(86,464)	127,500	(93,364)	102,046
Cash flows from operations	(3,240,203)	8,836,905	(3,258,696)	8,835,200

NOTE 16: FINANCIAL RISK MANAGEMENT

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash	4.25	2.03	-	-	2,307,831	3,973,774	-	-	2,307,831	3,973,774
Bank Deposits	8.08	6.79	-	-	11,648,322	5,114,074	-	-	11,648,322	5,114,074
Other financial assets – investments			3,093,268	3,649,744	-	-	25,012,831	35,808,382	28,106,099	39,458,126
Receivables			-	-	-	-	1,999,478	2,499,399	1,999,478	2,499,399
Total Financial Assets			3,093,268	3,649,744	13,956,153	9,087,948	27,012,309	38,307,781	44,061,730	51,045,373
Financial Liabilities										
Trade and other creditors			-	-	-	-	3,168,496	5,507,174	3,168,496	5,507,174
Total Financial Liabilities			-	-	-	-	3,168,496	5,507,174	3,168,496	5,507,174

The weighted average rate of interest has been calculated using the applicable interest rates and balances at the beginning and the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT.)

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, and leases.

The Group does not speculate in the trading of financial instruments.

i. Investment Risk Management

The Audit and Investment committee consisting of senior executives of the Group and an independent non-executive member meet on a regular basis to analyse financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit and Investment committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis.

In addition to the Audit and Investment committee, the Group has appointed JANA as its independent external consultants. JANA has the relevant investment management experience to assist with, and provide professional advice, with respect to the Group's investments.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are market risk, interest rate risk, and credit risk.

a. Interest Rate Risk

The exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The impact on interest income is not deemed to be material in nature.

b. Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Balance Sheet. Refer to the sensitivity analysis below at note 16 (e).

c. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT.)

d. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on the open market in a standardised form other than listed investments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

e. Sensitivity Analysis

The Group does not have any borrowings and therefore the only exposure to interest rate movements would be interest income derived from cash and cash equivalents. The following table summaries the sensitivity of the Group's financial assets to the movement in the market.

Carrying value of Financial Assets at fair value at 30 June 2008		\$39,754,421
	Increase	Decrease
Fair value on 3% movement	1,192,633	(1,192,633)
	40,947,054	38,561,788
Fair value on 5% movement	1,987,721	(1,987,721)
	41,742,142	37,766,700
Fair value on 10% movement	3,975,442	(3,975,442)
	43,729,863	35,778,979

f. Liquidity Risk

The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of \$3,168,496 (2007: \$5,567,174). With cash and current financial assets at fair value equalling \$13,956,153 (2007: \$9,087,948), the Group has sufficient funds available to meet its debts as and when they fall due.

NOTE 17: EVENTS AFTER BALANCE DATE

Subsequent to year-end the markets have experienced significant volatility. Refer to the operating reporting for further details. The impact of market movements subsequent to year-end have not been reflected in the financial statements, as the financial assets are represented at fair value as at the 30 June 2008.

There are no other material known events subsequent to the reporting date that are required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (CONT.)

NOTE 18: SEGMENT INFORMATION

VECCI operates predominantly in one industry segment in Victoria as an employer association which provides assistance via representation and advocacy of its members' interests.

NOTE 19: ASSOCIATION DETAILS

The registered office and principal place of business of VECCI is:

Victorian Employers' Chamber of Commerce and Industry (VECCI)
486 Albert Street
EAST MELBOURNE VIC 3002

The principal activity of the association is an employer association.

NOTE 20: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 1004	<i>Contributions (revised December 2007)</i>	Relocates requirements on contributions from public sector standards AAS 27, AAS 29 and AAS 31	1 July 2008	Should not have any impact – relocation only
AASB 2007-3	<i>Amendments to Australian Accounting Standards arising from AASB 8</i>	Amends AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 as a result of issue of AASB 8	1 January 2009	Disclosures only
AASB 2007-8	<i>Amendments to Australian Accounting Standards arising from AASB 101</i>	Amends the majority of standards and Interpretations as a result of issue of AASB 101	1 January 2009	Disclosures only
AASB 101	<i>Presentation of Financial Statements</i>	Revised Standard	1 January 2009	Disclosures only
AASB 127	<i>Consolidated and Separate Financial Statements</i>	Revised Standard	1 July 2009	Already complying with current consolidated accounts

BOARD OF DIRECTORS STATEMENT


On 27 October 2008 the Board of Directors of the VECCI passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2008.

The Board of Directors declares in relation to the general purpose financial report that in its opinion:

- (a) The financial statements and notes comply with the Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the income statement, balance sheet and cash flows of the reporting unit for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) During the financial year to which the general purpose financial report relates and since the end of that year:
 - i. Meetings of the board of directors were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - ii. The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. The financial records of the reporting unit have been kept and maintained in accordance with the Registration and Accountability of Organisations (RAO) Schedule (schedule 1) of the Workplace Relations Act and the RAO Regulations;
 - iv. There has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule;
 - v. The information sought in any request of a member of the reporting unit or a Registrar of the RAO Schedule has been furnished to the member or Registrar. VECCI have complied with Section 272 - information to be provided to members or Registrar, including subsection:
 - (1) a member of a reporting unit, or a Registrar, 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;
 - (2) 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; and
 - (3) a reporting unit must comply with an application made under subsection (1).

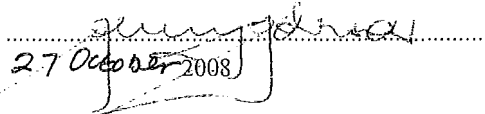
For Board of Directors:

Name: Wayne Kayler-Thomson
Title of Office held: Secretary/Chief Executive Officer

Signature: 

Date: 27 October 2008

Name: Jeremy Johnson
Title of Office held: President

Signature: 

Date: 27 October 2008

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY

Report on the Financial Report

We have audited the accompanying financial report of the Victorian Employers' Chamber of Commerce and Industry (VECCI) and consolidated entities (the Group) which comprises the balance sheets as at 30 June 2008, income statements, statements of recognised income and expenditure and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the declaration of the consolidated entity comprising of the entity and the entities it controlled at the years end, and during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Professional Standards
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Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting requirements under the Workplace Relations Act 1996. We disclaim any assumptions of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purposes other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

The financial report of VECCI and its consolidated entities is in accordance with the Workplace Relations Act 1996 including:

- i. giving a true and fair view, in all material respects, of the Groups financial position as at 30 June 2008 and its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the RAO Schedule.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



K C WOOD
Partner
Registered Company Auditor
Member of the Institute of Chartered Accountants in Australia

27 October, 2008
Melbourne