



FAIR WORK
AUSTRALIA

17 February 2010

Mr Wayne Kayler-Thomson
Secretary/Chief Executive Officer
Victorian Employers' Chamber of Commerce and Industry
486 Albert Street
EAST MELBOURNE VIC 3002

By email to Ms Andrea Lee: ALee@vecci.org.au

Dear Mr Kayler-Thomson,

Financial report for the Victorian Employers' Chamber of Commerce and Industry: FR2009/295

I acknowledge receipt of the financial report of the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2009.

The financial report has been filed.

Notwithstanding the fact that the financial report has been filed, I note that an undated copy of the designated officer's certificate was lodged. For completeness, could you please forward a signed copy of the designated officer's certificate.

The following further comments are made to assist you when you next prepare a financial report. You are not required to take any further action with respect to the report lodged.

Timescale requirements

Lodgement in Fair Work Australia

The financial documents are required to be lodged in Fair Work Australia within 14 days of the meeting to which they were presented. In this regard, I note your advice in relation to the mail issues your organisation faced in the pre-Christmas period.

Loans, Grants and donations

Donations disclosed in income statement

Under section 237 of Schedule 1 to the former *Workplace Relations Act 1996* (now section 237 of the *Fair Work (Registered Organisations) Act 2009*), an organisation must lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.

The income statement indicates that the parent entity expended \$62,315 during the financial year ended 30 June 2009. That amount is not broken down further elsewhere in the accounts or in the notes to the accounts.

No statement of loans, grants or donations has been lodged. It may therefore be inferred that no individual donation exceed \$1000. On the other hand, if any particular donation did exceed \$1000, could you please arrange lodgement forthwith of a statement which meets the requirements of section 237 of the *Fair Work (Registered Organisations) Act 2009*.

Operating report

Details of superannuation trustees

As was noted in relation to VECCI's previous financial report, 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
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme

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

The statement in the present operating report appears to be directed only to the default funds applying to VECCI's employees. The details required to be given in the operating report concern superannuation entities, exempt public sector superannuation schemes and relevant trustee companies generally.

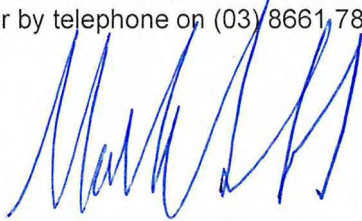
Notes to the accounts

Accounts need to include Notice which sets out sections 272(1), (2) & (3)

Reporting Guideline 8(c) requires a disclosure, in the notes to the financial statements, of the notice required by subsection 272(2) of the Fair Work (Registered Organisations) Act 2009. That notice draws attention to and sets out the provisions of subsections (1), (2) and (3) of section 272. This obligation is additional to the requirement of Reporting Guideline 25(e)(v) in relation to Committee of management statement.

Paragraph (e)v of the VECCI Board of Directors Statement addresses the latter requirement. However, the Notes to the Financial Statements for the Year Ended 30 June 2009 do not contain the notice required under Reporting Guideline 8(c).

I trust that this information shall be of assistance. Please contact me by email to mark.elliott@airc.gov.au or by telephone on (03) 8661,7811 should you wish to discuss this correspondence. Kind regards,



Mark Elliott

Tribunal Services and Organisations
Fair Work Australia

Certificate of Designated Officer
s.268 of Schedule 1 of *Workplace Relations Act 1996*

I, Wayne Kayler-Thomson being the Chief Executive Officer of the Victorian Employers' Chamber of Commerce & Industry certify that:

- the documents lodged herewith are copies of the full report referred to in s.268 of the RAO Schedule;
- the full report was provided to members on 3 November 2009; and
- the full report was presented at the Annual General Meeting of Members (committee of management) on 24 November 2009 in accordance with s.266 of the RAO Schedule. In accordance with Rule 28(f) of the Victorian Employers' Chamber of Commerce and Industry Rules, a quorum was present.



Wayne Kayler-Thomson

CEO

Date: 3 December 2009

VECCI
ANNUAL REPORT
2008/09

Influence and intelligence in a fast-changing world

vecci
INVIGORATING BUSINESS



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

ABN 37 650 959 904

**Consolidated Annual Financial Report
Year Ended 30 June 2009**

Consolidated Annual Financial Report Year Ended 30 June 2009

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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 2009 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

MEETINGS – BOARD OF DIRECTORS

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

	Number of Meetings Held while in Office	Meetings Attended
Mr Jeremy Johnson	10	10
Mr Richard Holyman	10	6
Mr Peter McMullin	10	9
Mr Kevin Brown	10	10
Mr Patrick Leggett	10	8
Ms Wendy Swift	10	9
Mr Ian Bird	10	9
Mr Don Rankin	10	10
Mr Mark Birrell	10	4
Mr Wayne Kayler-Thomson	10	10

Victorian Employers' Chamber of Commerce and Industry

OPERATING REPORT (CONTINUED)

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 2009 of (\$3,103,467) (2008: Loss \$2,448,023). Consolidated Net Assets at 30 June 2009 totalled \$56,415,535 (2008: \$59,519,002).

The 30 June 2009 consolidated operating loss of (\$3,103,467) has been compounded by:

- Net loss on managed investments (\$2,213,953) (Net of income of \$1,853,295 and loss of (\$4,067,248))
- Write down of software development assets (\$2,638,267) incurred during the year

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 2009, VECCI had 4,760 (2008: 4,567) voting members and 1,512 (2008: 1,720) other contributors, totalling 6,272 (2008: 6,287).

EMPLOYEES OF VECCI

As at 30 June 2009 the total number of employees was 227 (2008: 226).

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 (CONTINUED)

- (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 Vic Supers' Public Offer Superannuation fund as the default platform options. The present default options provide employees with various investment options.

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

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, 29 October 2009

**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenues from operating activities	2	33,178,968	30,367,442	32,736,604	29,893,442
Expenditure from operating activities					
Selling expenses		2,676,819	3,900,991	2,659,773	4,178,658
Affiliation fees		448,596	424,920	448,596	424,920
Depreciation and amortisation expense	3a.	1,292,837	1,084,876	1,281,420	1,046,486
Donations		62,315	-	62,315	-
Federal & State Government programs (excluding remuneration)		4,490,149	3,902,733	4,490,149	3,902,733
Occupancy		1,421,496	1,272,330	1,421,496	1,272,330
Remuneration – employees		15,061,265	14,959,167	14,504,363	14,467,724
Remuneration – office bearers	4c.	357,586	515,206	357,586	515,206
Superannuation		1,221,122	1,146,433	1,179,486	1,108,516
Impairment of intercompany loan		-	-	581,310	308,865
Loss on investments		4,067,248	2,350,263	4,067,248	2,350,263
Write down of intangible assets		2,638,267	-	2,638,267	-
Other administration expenses		2,544,735	3,258,546	2,522,867	2,881,988
Total expenditure		36,282,435	32,815,465	36,214,876	32,457,689
Loss attributable to members of the VECCI	3 & 13	(3,103,467)	(2,448,023)	(3,478,272)	(2,564,247)

The accompanying notes form part of these financial statements.

**BALANCE SHEETS
AS AT 30 JUNE 2009**

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
CURRENT ASSETS					
Cash and cash equivalents	5	1,161,306	2,307,831	1,096,773	2,290,022
Trade and other receivables	6	4,389,924	1,999,483	4,174,981	2,130,956
Financial assets at fair value	7	11,344,203	11,648,322	11,344,203	11,648,322
TOTAL CURRENT ASSETS		16,895,433	15,955,636	16,615,957	16,069,300
NON-CURRENT ASSETS					
Financial assets at fair value	7	23,664,020	28,106,099	23,664,030	28,106,109
Intangible assets	8	665,150	158,227	650,979	129,098
Property, plant and equipment	9	22,380,733	22,398,267	22,357,973	22,379,047
TOTAL NON-CURRENT ASSETS		46,709,903	50,662,593	46,672,982	50,614,254
TOTAL ASSETS		63,605,336	66,618,229	63,288,939	66,683,554
CURRENT LIABILITIES					
Trade and other payables	10	2,661,340	3,168,496	2,601,215	3,109,824
Deferred revenue	11	3,265,786	2,645,583	3,265,785	2,645,583
Short-term provisions	12	1,232,356	1,254,829	1,194,538	1,222,475
TOTAL CURRENT LIABILITIES		7,159,482	7,068,908	7,061,538	6,977,882
NON-CURRENT LIABILITIES					
Long-term provisions	12	30,319	30,319	30,319	30,319
TOTAL NON-CURRENT LIABILITIES		30,319	30,319	30,319	30,319
TOTAL LIABILITIES		7,189,800	7,099,227	7,091,858	7,008,201
NET ASSETS		56,415,536	59,519,002	56,197,082	59,675,353
MEMBERS' FUNDS					
Retained earnings	13	52,617,593	55,721,060	52,399,140	55,877,411
Reserves	13	3,797,942	3,797,942	3,797,942	3,797,942
TOTAL MEMBERS' FUNDS		56,415,536	59,519,002	56,197,082	59,675,353

The accompanying notes form part of these financial statements.

**STATEMENTS OF RECOGNISED INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Total equity at the beginning of the financial year	13	59,519,002	61,967,025	59,675,353	62,239,600
Loss for the year	13	(3,103,467)	(2,448,023)	(3,478,272)	(2,564,247)
Total recognised income and expense for the year		(3,103,467)	(2,448,023)	(3,478,272)	(2,564,247)

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

		Consolidated		Parent	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members and others		31,311,120	28,525,949	30,648,584	27,864,057
Payments to suppliers and employees		(30,569,397)	(32,098,864)	(29,953,215)	(31,453,856)
Interest received		296,862	332,712	296,494	331,103
Net cash provided from (used in) operating activities	16b	1,038,585	(3,240,203)	991,863	(3,258,696)
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for investments		(28,028,160)	(9,210,099)	(28,028,160)	(9,210,199)
Proceeds from the sale of investments		30,263,543	14,027,973	30,263,543	14,027,968
Payment for purchase of property, plant, equipment and Intangibles		(4,430,466)	(3,244,659)	(4,430,467)	(3,241,115)
Proceeds from sale of property, plant, equipment and intangibles		9,973	1,047	9,973	-
Net cash provided from (used in) investing activities		(2,185,110)	1,574,262	(2,185,112)	1,576,654
Net (decrease) / increase in cash held		(1,146,525)	(1,665,943)	(1,193,249)	(1,682,042)
Cash at beginning of the financial year		2,307,831	3,973,774	2,290,022	3,972,064
Cash at end of the financial year	16a	1,161,306	2,307,831	1,096,773	2,290,022

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 (CONTINUED)

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

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 2009 (CONTINUED)

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

d. Financial Instruments (CONTINUED)

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, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(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 impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

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

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.

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.

(ii) Training Revenue

Training revenue for scheduled courses is recognised on an accrual basis and recognised in the month that the course is held

(iii) Other Revenue

Interest revenue is recognised on an accrual basis taking in to account the interest rates applicable to the financial assets. Rental and Sponsorship income are recognised on an accrual basis. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Dividend and distribution 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.

Federal and State Government funding revenue is recognised when the expense is incurred for grant acquittal programs.

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

k. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

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

m. Intangible Assets

Intangibles assets are recorded on a cost basis and amortised over the life of the asset. Assets relating to information technology and system development, costs are recorded at a cost less impairment 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 Judgments

The directors evaluate estimates and judgments 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 judgment 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

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

- Australian Chamber Alliance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 2: REVENUE				
Operating activities				
<u>Membership and contributors subscriptions</u>				
Membership and contributors	6,464,503	6,634,378	6,464,503	6,634,378
<u>Other non subscription income</u>				
Business fighting fund	109,614	93,853	109,614	93,853
Non subscription income	1,189,969	1,791,231	1,189,969	1,793,583
	<u>7,764,086</u>	<u>8,519,462</u>	<u>7,764,086</u>	<u>8,521,814</u>
Federal and State Government programs	18,634,884	15,683,166	18,634,884	15,683,166
Professional services	3,966,636	4,268,397	3,475,523	3,777,371
<u>Investment income</u>				
Income from managed investments	1,119,012	520,688	1,119,012	520,688
Interest income	734,283	332,712	733,915	331,103
	<u>1,853,295</u>	<u>853,400</u>	<u>1,852,927</u>	<u>851,791</u>
Property income	927,171	1,018,051	977,171	1,059,300
Other income	32,896	24,966	32,013	-
	<u>33,178,968</u>	<u>30,367,442</u>	<u>32,736,604</u>	<u>29,893,442</u>

NOTE 3: LOSS FROM CONTINUING OPERATIONS

Loss has been determined after:

a. Expenses				
Depreciation and amortisation	1,292,83	1,084,876	1,281,420	1,046,486
Conference and meeting expenses	49,463	43,240	49,463	43,240
Operating lease rental expense	887,503	975,572	887,503	975,572
Legal expenses	10,582	77,747	85,719	77,747
Write down of intangible assets	2,638,267	-	2,638,267	-
Loss on investments	4,067,248	2,350,263	4,067,248	2,350,263
Remuneration of auditor				
— audit fees	120,000	68,500	110,000	60,500
— audit fees under accrual for 2008	37,271	-	29,426	-
— other services	16,640	12,000	8,440	11,000
b. Revenue and Net Gains				
Bad and doubtful debts	(12,066)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Directors**

	2009	2008
Total number of Directors	10	10

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

Key Management Person	Position
Mr Jeremy Johnson	Committee Member / Director
Mr Richard Holyman	Committee Member / Director
Mr Peter McMullin	Director
Mr Kevin Brown	Committee Member / Director
Mr Patrick Leggett	Committee Member / Director
Ms Wendy Swift	Director
Mr Ian Bird	Committee Member / Director
Mr Don Rankin	Committee Member / Director
Mr Mark Birrell	Committee Member / Director
Mr Wayne Kayler-Thomson	Committee Member / Director

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	357,586	515,206	357,586	515,206
Post-employment benefits	-	100,000	-	100,000
Long-term benefits	184,256	177,446	184,256	177,446
	<u>541,842</u>	<u>792,652</u>	<u>541,842</u>	<u>792,652</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank	1,161,306	2,307,831	1,096,773	2,290,022

Cash at bank includes \$606,425 (2008: \$790,717) of Carnet deposits and \$21,322 (2008: \$0) of Business Migration 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	1,564,383	969,943	1,358,540	879,430
Provision for impairment of receivables	(12,066)	-	-	-
	1,552,317	969,943	1,358,540	879,430
Other receivables	2,837,608	1,029,540	2,816,441	942,231
Amounts receivable from controlled entity	6(a) -	-	888,175	618,160
Impairment of related party receivable	-	-	(888,175)	(308,865)
Total Receivables	4,389,924	1,999,483	4,174,981	2,130,956

a. **Controlled Entity**

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

There are no material balances past due in trade and other receivables. 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	11,344,203	11,648,322	11,344,203	11,648,322
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Non Current

Shares in wholly owned subsidiary companies (non-operating) at cost	110	110	120	120
Non listed securities	486,066	1,578,341	486,066	1,578,341
Shares in listed corporations — at cost	-	1,514,817	-	1,514,817
Managed Investments	23,177,844	25,012,831	23,177,844	25,012,831
	23,664,020	28,106,099	23,664,030	28,106,109
Market value of shares in listed corporations	-	1,514,817	-	1,514,817

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 8: INTANGIBLE ASSETS				
Software – at cost	367,827	356,215	312,457	300,845
System Development – at cost less impairment	662,775	-	662,775	-
Accumulated amortisation	(365,452)	(197,988)	(324,253)	(171,747)
	665,150	158,227	650,979	129,098

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
	1,248,000	1,248,000	1,248,000	1,248,000
Buildings at independent valuation (30 June 2007)	19,931,293	19,571,217	19,911,778	19,571,217
Accumulated depreciation	(1,071,316)	(518,482)	(1,069,824)	(518,482)
	18,859,977	19,052,735	18,841,954	19,052,735
Total Land and Buildings	20,107,977	20,300,735	20,089,954	20,300,735
Plant and equipment at cost	4,894,439	5,149,451	4,849,329	5,084,826
Accumulated depreciation	(3,615,092)	(3,051,920)	(3,574,719)	(3,006,514)
Total Plant and Equipment	1,279,347	2,097,532	1,274,610	2,078,312
Motor Vehicles at cost	1,001,089	-	1,001,089	-
Accumulated depreciation	(7,680)	-	(7,680)	-
Total Motor Vehicles	993,409	-	993,409	-
Total Property, Plant and Equipment	22,380,733	22,398,267	22,357,973	22,379,047

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 2009. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated Group	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at the beginning of year 1 July 2007	1,248,000	18,252,000	752,662	-	20,252,662
Additions	-	1,319,217	1,835,124	-	3,154,341
Disposals	-	-	(18,685)	-	(18,685)
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	1,248,000	19,052,735	2,097,532	-	22,398,267
Additions	-	340,560	523,286	1,001,089	4,430,467
Disposals/Write back of assets	-	-	(11,660)	-	(2,649,927)
Reclassification of assets	-	19,515	(19,515)	-	-
Reclassification of assets to Intangibles	-	-	(747,123)	-	(747,123)
Depreciation on reclassified assets	-	(994)	48,186	-	-
Depreciation expense	-	(551,839)	(613,046)	(7,680)	(1,292,837)
Depreciation write back	-	-	1,687	-	1,687
Carrying amount at the end of year 30 June 2009	1,248,000	18,859,977	1,279,347	993,409	22,380,733

Parent	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at the beginning of year 1 July 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)
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
Additions	-	340,560	523,286	1,001,089	1,864,935
Disposals/Write back of assets	-	-	(11,660)	-	(11,660)
Reclassification of assets	-	-	(747,123)	-	(747,123)
Depreciation on reclassified assets	-	-	47,192	-	47,192
Depreciation expense	-	(551,341)	(617,084)	(7,680)	(1,176,105)
Depreciation write back	-	-	1,687	-	1,687
Carrying amount at the end of year 30 June 2009	1,248,000	18,841,954	1,274,610	993,409	22,357,973

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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	
	2009 \$	2008 \$	2009 \$	2008 \$
Freehold land at cost	1,100,000	1,100,000	1,100,000	1,100,000
Building at cost	18,122,161	15,873,529	18,102,646	15,873,529
Accumulated Depreciation	(2,648,968)	(2,168,000)	(2,647,476)	(2,168,000)
	<u>15,473,193</u>	<u>13,705,529</u>	<u>16,555,170</u>	<u>13,705,529</u>

NOTE 10: TRADE AND OTHER PAYABLES

Current

Unsecured Liabilities	-	-	-	-
Trade payables	-	-	-	-
Sundry payables and accrued expenses	2,033,594	2,377,779	1,973,468	2,319,107
Deposits held in trust	627,746	790,717	627,746	790,717
Total Payables	<u>2,661,340</u>	<u>3,168,496</u>	<u>2,601,215</u>	<u>3,109,824</u>

NOTE 11: DEFERRED REVENUE

Deferred Membership revenue	2,991,859	2,645,583	2,991,859	2,645,583
Deferred Training revenue	273,927	-	273,927	-
	<u>3,265,786</u>	<u>2,645,583</u>	<u>3,265,786</u>	<u>2,645,583</u>

NOTE 12: PROVISIONS

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

Current

Annual Leave	818,277	809,546	780,458	777,192
Long Service Leave	414,079	445,283	414,080	445,283
	<u>1,232,356</u>	<u>1,254,829</u>	<u>1,194,538</u>	<u>1,222,475</u>

Non-Current

Staff Scholarship	30,319	30,319	30,319	30,319
	<u>30,319</u>	<u>30,319</u>	<u>30,319</u>	<u>30,319</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 13: RESERVES AND RETAINED PROFITS	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
a) Reserves				
Asset revaluation reserve				
Balance at the beginning of the financial year	3,797,942	3,797,942	3,797,942	3,797,942
Balance at the end of the financial year	3,797,942	3,797,942	3,797,942	3,797,942
b) Retained profits				
Balance at the beginning of the financial year	55,721,060	58,169,083	55,877,411	58,441,658
Net (loss) / profit attributable to members of VECCI	(3,103,466)	(2,448,023)	(3,478,271)	(2,564,247)
Balance at the end of the financial year	52,617,594	55,721,060	52,399,140	55,877,411
Total equity	56,415,536	59,519,002	56,197,082	59,675,353

c) Nature and purpose of reserves - Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment.

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 2009 (CONTINUED)

NOTE 14: CAPITAL AND LEASING COMMITMENTS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
a. Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
— not later than 1 year	389,244	891,041	389,244	891,041
— later than 1 year but not later than 5 years	438,845	520,505	438,845	520,505
	<u>828,089</u>	<u>1,411,546</u>	<u>828,089</u>	<u>1,411,546</u>

b. Operating Lease Receivables

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	729,014	750,833	729,014	750,833
— later than 1 year but not later than 5 years	468,537	1,268,038	468,537	1,268,038
	<u>1,197,551</u>	<u>2,018,871</u>	<u>1,197,551</u>	<u>2,018,871</u>

NOTE 15: 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.

2009

During the financial year, VECCI made payments to Pitcher Partners for \$14,475 in respect of professional tax services performed and to Couriers Express of \$12,297 for courier services. Don Rankin is the Managing Partner at Pitcher Partners and Patrick Leggett is the Managing Director of Couriers Express. All services rendered were made on an arm's length commercial basis.

2008

During the financial year, VECCI made payments to Pitcher Partners for \$19,450 in respect of professional tax services performed and to Couriers Express of \$12,080 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

	Consolidated		Parent	
	2009	2008	2009	2008
NOTE 16: 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	1,161,306	2,307,831	1,096,773	2,290,022
b. Reconciliation of Cash Flow from Operations with (Loss) from Ordinary Activities after Income Tax				
(Loss) from ordinary activities after income tax	(3,103,467)	(2,448,023)	(3,478,271)	(2,564,247)
Non-cash flows from ordinary activities:				
— Depreciation and Amortisation	1,292,837	1,084,876	1,281,420	1,046,483
— Write down of assets	2,638,267	-	2,638,267	-
— Change in Fair Value of investments	4,067,248	-	4,067,248	-
— Investment income reinvested	(1,119,012)	-	(1,119,012)	-
— Interest income reinvested	(437,421)	-	(437,421)	-
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries				
Decrease/(Increase) in receivables and prepayments	(2,390,441)	499,916	(2,044,025)	687,757
(Decrease)/Increase in payables and unearned income	83,047	(2,290,508)	81,593	(2,335,325)
(Decrease)/Increase in provisions	7,527	(86,464)	2,063	(93,364)
Cash flows from operations	1,038,585	(3,240,203)	991,862	(3,258,696)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash	4.49	4.25	8,426,180	-		2,307,831		-	8,426,180	2,307,831
Bank Deposits	5.68	8.08	481,080	-	2,918,023	11,648,322		-	3,399,103	11,648,322
Other financial assets – investments				3,093,268		-	23,177,844	25,012,831	23,177,844	28,106,099
Receivables				-		-	4,389,924	1,999,478	4,389,924	1,999,478
Total Financial Assets			8,907,260	3,093,268	2,918,023	13,956,153	27,567,768	27,012,309	39,393,050	44,061,730
Financial Liabilities										
Trade and other creditors				-		-	2,613,340	3,168,496	2,613,340	3,168,496
Total Financial Liabilities							2,613,340	3,168,496	2,613,340	3,168,496

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.

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 Finance, 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 Finance, 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 Finance, 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.

The current investment strategy is conservative focussed on achieving long term investment gains.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Cash and Interest Rate Risk

The exposure to cash risk is low due to all cash balances and deposits held at Australian banks with strong credit risk and deposit ratings.

The exposure to interest rate risk is reflective of fluctuations in the financial instrument's value due to 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 17 (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.

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 main exposure would be in market risk due to unit price movements of investment. The following table summarises the sensitivity of the Group's financial assets to the movement in the market.

Carrying value of Non Current Financial Assets at fair value at 30 June 2009		23,664,030
	Increase	Decrease
Fair value on 3% movement	709,921	(709,921)
	<u>24,373,951</u>	<u>22,954,109</u>
Fair value on 5% movement	1,183,201	(1,183,201)
	<u>24,847,231</u>	<u>22,480,828</u>
Fair value on 10% movement	2,366,403	(2,366,403)
	<u>26,030,433</u>	<u>21,297,627</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 \$2,661,340 (2008: \$3,168,496). With cash and current financial assets at fair value equalling \$12,505,509 (2008: \$13,956,153), the Group has sufficient funds available to meet its debts as and when they fall due.

NOTE 18: EVENTS AFTER BALANCE DATE

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

NOTE 19: 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 20: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 21: 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 2007-6	Amendments to Australian Accounting Standards arising from AASB 123	Amends AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12 as a result of issue of AASB 123	1 January 2009	Disclosures only
AASB 8	Segment Reporting	New standard which replaces AASB 114. Applies to listed entities only.	1 January 2009	Disclosures only
AASB 101	Presentation of Financial Statements	Revised standard – amends disclosure requirements and format of financial statements	1 January 2009	Disclosures only
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	Amends the majority of standards and Interpretations as a result of issue of AASB 101	1 January 2009	Disclosures only
AASB 127	Consolidated and Separate Financial Statements	Revised Standard	1 July 2009	Disclosures only
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amends a number of standards and Interpretations as a result of the issue of AASB 3 and AASB 127,	1 July 2009	Disclosures only
AASB 2008-5	<i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]</i>	Amends a number of standards as a result of the annual improvements project.	1 January 2009	Disclosures only
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Amends a number of standards in relation to the cost of an investment in a subsidiary, jointly controlled entity or associate, including treatment of pre-acquisition dividends.	1 January 2009	Disclosures only
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	Amends AASB 7 to require enhanced disclosures about fair value measurements and liquidity risk.	1 January 2009	Disclosures only
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Amends a number of standards as a result of the annual improvements project.	1 January 2010	Disclosures only
AASB 2009-6	Amendments to Australian Accounting Standards	Makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2009	Disclosures only

BOARD OF DIRECTORS STATEMENT

On 29 October 2009, 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 2009.

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: 29/10/ 2009

Name: Jeremy Johnson
Title of Office held: President

Signature: 

Date: 28/10 2009

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 2009, 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.

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

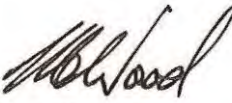
In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

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 2009 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

29 October, 2009
Melbourne



Fair Work Australia

7 September 2009

Mr Wayne Kayler-Thomson
Secretary
Victorian Employers' Chamber of Commerce and Industry
vecci@vecci.org.au

Dear Mr Kayler-Thomson,

**Lodgement of Financial Documents for year ended 30 June 2009 [FR2009/295]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Victorian Employers' Chamber of Commerce and Industry (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 5 months and 14 days or 6 months and 14 days, depending on your rules, of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

In addition, financial reporting fact sheets and sample documents can be found on our new Fair Work Australia website. You will find that the legislative requirements remain largely unchanged to that of the former requirements under Schedule 1 of the Workplace Relations Act 1996. The information can be viewed at [FWA Registered Organisations Fact Sheets](#).

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at orgs@fwa.gov.au. Alternatively, you can forward the documents by fax to (03) 9655 0410.

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (03) 8661 7764 or by email at kevin.donnellan@fwa.gov.au.

Yours sincerely,

Kevin Donnellan
Tribunal Services and Organisations
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	/ /
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Prepare financial statements and Operating Report.
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(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	

As soon as practicable after end of financial year

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
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*Within a reasonable time of having received the GPFR
(NB: Auditor's report must be dated on or after date of Committee of Management Statement*

Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /
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*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,
or
(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*

Present full report to:	
(a) General Meeting of Members - s266 (1),(2); OR	/ /
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /

Within 6 months of end of financial year

Within 6 months of end of financial year

Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
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Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.