



FAIR WORK  
AUSTRALIA

11 July 2011

Mr Wayne Kayler-Thomson  
Secretary/Chief Executive Officer, Victorian Employers' Chamber of Commerce and Industry  
By email: [vecci@vecci.org.au](mailto:vecci@vecci.org.au)

cc S David Pitt  
Partner, Moore Stephens  
By email: [dpitt@moorestephens.com.au](mailto:dpitt@moorestephens.com.au)

cc: Hayley Shannon  
Manager - Assurance, Moore Stephens  
By email: [hshannon@moorestephens.com.au](mailto:hshannon@moorestephens.com.au)

Dear Mr Kayler-Thomson

**Victorian Employers' Chamber of Commerce and Industry: financial report for the year ended 30 June 2010 (FR2010/2590)**

I acknowledge receipt of the financial report of the Victorian Employers' Chamber of Commerce and Industry for the year ended. The documents were lodged with Fair Work Australia on 29 November 2010. I also acknowledge receipt of correspondence on 22 December 2010 from Mr Pitt of Moore Stephens, in response to queries from Fair Work Australia, advising that Moore Stephens is of the opinion that an audit opinion in the terms 'presents fairly' and 'true and fair' are fundamentally the same. I further acknowledge receipt of correspondence from Mr Pitt confirming that in the view of Moore Stephens the general purpose financial report of the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 presents fairly in accordance with the Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*. Consequently the financial report has been filed and is now available on the Fair Work Australia website.

I further acknowledge receipt of the statement of loans, grants and donations lodged with Fair Work Australia on 23 December 2010. The contents of the statement have been noted. The statement has been placed on a file which is not available for public viewing. In future years please ensure that the statement of loans, grants and donations is lodged within 90 days of the end of the financial year (s.237 of the *Fair Work (Registered Organisations) Act 2009*).

If you have any queries I can be contacted on 03 86617929. A copy of this letter has been sent to your auditor.

Yours sincerely

Eve Anderson  
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Tribunal Services and Organisations  
Fair Work Australia  
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## **Designated Officer's Certificate**

s268 Fair Work (Registered Organisations) Act 2009

I, *Wayne Kayler-Thomson* being the *Secretary of the Victorian Employers' Chamber of Commerce and Industry (VECCI)* certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the *full report*, was provided to members on *2 November 2010*; and
- that the full report was presented to a *general meeting of members* of the reporting unit on *23 November 2010*; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature



Wayne Kayler-Thomson

Secretary /CEO

Date: 26/11/10.

<sup>1</sup>The relevant regulations prescribe the designated officer for the purpose of s268 of the *Fair Work (Registered Organisations) Act 2009* as:

- (a) the secretary; or
- (b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.



**VECCI ANNUAL REPORT**  
**2009/10**

**vecci**  
FOR BUSINESS. FOR YOU.



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

**ABN 37 650 959 904**

**Annual Financial Report  
Year Ended 30 June 2010**

## Annual Financial Report Year Ended 30 June 2010

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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 2010 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/Committee Member), appointed 30.7.02  
 Mr Richard Holyman (Immediate Past President/Committee Member), 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 (Director), appointed 27.07.04  
 Ms Wendy Swift (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 (Committee Member/Director), appointed 20.11.07  
 Mr Wayne Kayler-Thomson (Secretary/CEO/Committee Member), 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	11	10
Mr Richard Holyman	11	10
Mr Peter McMullin	11	11
Mr Kevin Brown	11	10
Mr Patrick Leggett	11	10
Ms Wendy Swift	11	6
Mr Ian Bird	11	9
Mr Don Rankin	11	10
Mr Mark Birrell	11	9
Mr Wayne Kayler-Thomson	11	11

**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 Profit for the year ended 30 June 2010 of \$2,990,660 (2009: a loss of \$3,103,467). The consolidated Net Assets at 30 June 2010 totalled \$62,798,652 (2009: \$56,415,535).

***MEMBERSHIP OF VECCI***

As at 30 June 2010, VECCI had 6,141 (2009: 6,272) members.

***EMPLOYEES OF VECCI***

As at 30 June 2010 the total number of employees was 234 (2009: 227).

***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 VicSupers' Growth Superannuation fund as its default platform option. This default option provides employees with various investment options.

One of VECCI's directors is currently an officer of the 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, 28 October 2010





**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
Revenue	2(a)	32,818,206	32,411,789	32,332,439	31,970,676
Other income	2(b)	876,981	767,179	967,971	765,928
<b>Total revenue and other income</b>		<b>33,695,187</b>	<b>33,178,968</b>	<b>33,300,410</b>	<b>32,736,604</b>
Selling expenses		4,130,548	2,676,819	4,058,507	2,659,773
Affiliation fees		501,033	448,596	501,033	448,596
Depreciation and amortisation expense		1,665,403	1,292,837	1,645,337	1,281,420
Donations		24,782	62,315	24,782	62,315
Federal & State Government programs (excluding remuneration)		3,547,970	4,490,149	3,547,970	4,490,149
Occupancy		1,469,613	1,421,496	1,469,613	1,421,496
Remuneration – employees		15,132,646	15,061,265	14,549,435	14,504,363
Remuneration – office bearers	4(c)	519,208	357,586	519,208	357,586
Superannuation		1,287,382	1,221,122	1,241,246	1,179,486
Impairment of intercompany loan		-	-	170,628	581,310
Loss on Investments		-	4,067,248	-	4,067,248
Write down of intangible assets		290,198	2,638,267	290,198	2,638,267
Other administration expenses		2,135,744	2,544,735	2,142,349	2,522,867
<b>Total expenditure</b>		<b>30,704,527</b>	<b>36,282,435</b>	<b>30,160,306</b>	<b>36,214,876</b>
<b>Profit/(loss) before tax</b>		<b>2,990,660</b>	<b>(3,103,467)</b>	<b>3,140,104</b>	<b>(3,478,272)</b>
Income tax expense	1(b)	-	-	-	-
<b>Profit/(loss) after tax</b>	3	<b>2,990,660</b>	<b>(3,103,467)</b>	<b>3,140,104</b>	<b>(3,478,272)</b>
<b>Other comprehensive income</b>					
Net gain on revaluation of land and buildings		3,392,457	-	3,392,457	-
<b>Other comprehensive income for the year, net of tax</b>		<b>3,392,457</b>	<b>-</b>	<b>3,392,457</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>6,383,117</b>	<b>(3,103,467)</b>	<b>6,532,561</b>	<b>(3,478,272)</b>
<b>Total comprehensive income/(loss) attributable to the members of VECCI</b>		<b>6,383,117</b>	<b>(3,103,467)</b>	<b>6,532,561</b>	<b>(3,478,272)</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

		Consolidated		Parent	
	Note	2010 \$	2009 \$	2010 \$	2009 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	6,830,286	1,473,448	6,721,114	1,408,915
Trade and other receivables	6	3,126,997	5,662,220	3,109,582	5,447,277
Financial assets at fair value	7	1,017,384	11,344,203	1,017,384	11,344,203
<b>TOTAL CURRENT ASSETS</b>		<b>10,974,667</b>	<b>18,479,871</b>	<b>10,848,080</b>	<b>18,200,395</b>
<b>NON-CURRENT ASSETS</b>					
Financial assets at fair value	7	35,579,087	23,664,020	35,579,107	23,664,030
Intangible assets	8	735,355	665,150	735,355	650,979
Property, plant and equipment	9	24,934,416	22,380,733	24,904,288	22,357,973
<b>TOTAL NON-CURRENT ASSETS</b>		<b>61,248,858</b>	<b>46,709,903</b>	<b>61,218,750</b>	<b>46,672,982</b>
<b>TOTAL ASSETS</b>		<b>72,223,525</b>	<b>65,189,774</b>	<b>72,066,830</b>	<b>64,873,377</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	3,730,387	2,661,341	3,677,059	2,601,215
Deferred revenue	11	4,489,866	4,850,223	4,489,866	4,850,223
Short-term provisions	12	1,080,914	1,232,356	1,046,556	1,194,538
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,301,167</b>	<b>8,743,920</b>	<b>9,213,481</b>	<b>8,645,976</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term provisions	12	123,706	30,319	123,706	30,319
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>123,706</b>	<b>30,319</b>	<b>123,706</b>	<b>30,319</b>
<b>TOTAL LIABILITIES</b>		<b>9,424,873</b>	<b>8,774,239</b>	<b>9,337,187</b>	<b>8,676,295</b>
<b>NET ASSETS</b>		<b>62,798,652</b>	<b>56,415,535</b>	<b>62,729,643</b>	<b>56,197,082</b>
<b>MEMBERS' FUNDS</b>					
Retained earnings		55,608,253	52,617,593	55,539,244	52,399,140
Reserves		7,190,399	3,797,942	7,190,399	3,797,942
<b>TOTAL MEMBERS' FUNDS</b>		<b>62,798,652</b>	<b>56,415,535</b>	<b>62,729,643</b>	<b>56,197,082</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>Consolidated</b>	<b>Retained earnings</b>	<b>Asset revaluation reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2008	55,721,060	3,797,942	59,519,002
Profit attributable to members of VECCI	(3,103,467)	-	(3,103,467)
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2009	52,617,593	3,797,942	56,415,535
Profit attributable to members of VECCI	2,990,660	-	3,051,774
Total other comprehensive income for the year	-	3,392,457	3,392,457
<b>Balance at 30 June 2010</b>	<b>55,608,253</b>	<b>7,190,399</b>	<b>62,859,766</b>

<b>Parent</b>	<b>Retained earnings</b>	<b>Asset revaluation reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2008	55,877,411	3,797,942	59,675,353
Profit attributable to members of VECCI	(3,478,271)	-	(3,478,271)
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2009	52,399,140	3,797,942	56,197,082
Profit attributable to members of VECCI	3,140,104	-	3,140,104
Total other comprehensive income for the year	-	3,392,457	3,392,457
<b>Balance at 30 June 2010</b>	<b>55,539,244</b>	<b>7,190,399</b>	<b>62,729,643</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from members and others		36,659,530	31,623,261	35,849,619	30,960,725
Payments to suppliers and employees		(30,192,316)	(30,569,397)	(29,426,956)	(29,953,215)
Interest received		29,135	296,862	29,045	296,494
<b>Net cash provided from operating activities</b>	16a	6,496,349	1,350,726	6,451,708	1,304,004
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Payments for investments		(2,408,303)	(28,028,160)	(2,408,303)	(28,028,160)
Proceeds from the sale of investments		2,406,481	30,263,543	2,406,481	30,263,543
Payment for purchase of property, plant, equipment and intangible assets		(1,137,688)	(4,430,466)	(1,137,688)	(4,430,467)
Proceeds from sale of property, plant, equipment and intangible assets		-	9,973	-	9,973
<b>Net cash used in investing activities</b>		(1,139,510)	(2,185,110)	(1,139,510)	(2,185,111)
Net increase/(decrease) in cash held		5,356,839	(834,384)	5,312,198	(881,107)
Cash at the beginning of the financial year		1,473,447	2,307,831	1,408,915	2,290,022
Cash at the end of the financial year	5	6,830,286	1,473,447	6,721,113	1,408,915

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 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 Fair Work Act 2009, 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 Fair Work Act 2009.

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.

#### **Adoption of New and Revised Accounting Standards**

##### *AASB 101: Presentation of Financial Statements*

The Group has applied the revised AASB101 Presentation of Financial Statements which became effective on 1 January 2009 and, as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in members' funds. All non-owner changes in members' funds must now be presented in the statement of comprehensive income. As a consequence, the Group has changed the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

##### *AASB 8: Operating Segments*

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaces AASB 114 Segment Reporting. As a result, VECCI falls outside the scope of AASB 8 and therefore segment disclosures are not required.

#### **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.

The controlled entities contained in the financial statements are the CCI - Victoria Legal Trust and VECCI Business Brokers Pty Ltd.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

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

**a. Principles of Consolidation (continued)**

As at reporting date, the assets and liabilities of the controlled entities have 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.

**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 reduce the reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the statement of comprehensive income 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

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

#### 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, in which case transaction costs 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 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 the statement of comprehensive income.

##### 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 the statement of comprehensive income 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

###### (iii) *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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

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

#### d. Financial Instruments (continued)

##### Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

#### e. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is 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 reporting 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 statement of comprehensive income. 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 2010 (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 and other short-term highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value.

#### **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 Statement of Financial Position are shown inclusive of GST.

#### **j. Revenue**

##### *(i) Membership Revenue*

Membership subscription revenue is recognised on an accruals 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 accruals basis and recognised in the month that the course is held

##### *(iii) Other Revenue*

Interest revenue is recognised on an accruals basis taking in to account the interest rates applicable to the financial assets. Rental, sponsorship and event income are recognised on an accruals 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.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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 statement of comprehensive income. 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

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

**m. Intangible Assets**

System Development and Software

Assets relating to information technology and system development are carried at cost less any accumulated amortisation and impairment losses. These costs have a finite life and are amortised over their useful life ranging from 2 to 4 years.

**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. Management are required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

- depreciation and amortisation
- 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 recognises 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 2010 (CONTINUED)**

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>				
a. REVENUE				
Membership and contributors subscriptions	6,443,595	6,464,503	6,443,595	6,464,503
Federal and State Government programs	15,510,045	15,426,471	15,510,045	15,426,471
Professional services	4,282,994	3,966,636	3,747,227	3,475,523
Training	2,823,447	3,208,413	2,823,447	3,208,413
Non subscription income	1,420,131	1,189,969	1,420,131	1,189,969
Business fighting fund	68,819	109,614	68,819	109,614
Income from managed investments	1,340,915	1,119,012	1,340,915	1,119,012
Property income	928,260	927,171	978,260	977,171
	32,818,206	32,411,789	32,332,439	31,970,676
b. OTHER INCOME				
Gain on investments	600,464	-	600,464	-
Interest income	223,575	734,283	327,319	733,915
Other income	52,942	32,896	40,188	32,013
	876,981	767,179	967,971	765,928

**NOTE 3: PROFIT/ LOSS FROM CONTINUING OPERATIONS**

Profit/Loss has been determined after:

Depreciation and amortisation	1,665,403	1,292,837	1,645,337	1,281,420
Conference and meeting expenses	8,202	49,463	8,202	49,463
Impairment of receivables	359,176	12,066	298,034	-
Operating lease rental expense	689,718	887,503	689,718	887,503
Legal expenses	76,101	10,582	196,713	85,719
Write down of intangible assets	290,198	2,638,267	290,198	2,638,267
Loss on investments	-	4,067,248	-	4,067,248
Remuneration of auditor				
— audit fees	75,820	120,000	70,020	110,000
— audit fees under accrual for prior year	-	37,271	-	29,426
— other services – taxation advice	5,830	16,640	1,830	8,440

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

**a. Directors**

	<b>2010</b>	<b>2009</b>
Total number of Directors	10	10

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

<b>Key Management Person</b>	<b>Position</b>
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	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:

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

**c. Key management personnel compensation**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term employee benefits	519,208	357,586	519,208	357,586
Post-employment benefits	-	-	-	-
Long-term benefits	73,937	184,256	73,937	184,256
	<u>593,145</u>	<u>541,842</u>	<u>593,145</u>	<u>541,842</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 5: CASH AND CASH EQUIVALENTS**

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash at bank	6,830,286	1,473,448	6,721,114	1,408,915

Cash at bank includes \$1,017,820 (2009: \$606,425) of Carnet deposits, \$69,080 VECCI Business Brokers Cash in bank, \$26,019 (2009: \$21,322) of Business Migration deposits held in trust and \$458,440 (2009: \$312,142) of balances relating to Grant Funding.

VECCI maintains an overdraft facility limit of \$300,000 on its main operating account.

**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 at bank	6,830,286	1,473,448	6,721,114	1,408,915
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**NOTE 6: TRADE AND OTHER RECEIVABLES**

Trade debtors		1,888,405	1,564,383	1,721,058	1,358,540
Less: Impairment		(358,386)	(12,066)	(297,272)	-
		1,530,019	1,552,317	1,423,786	1,358,540
Other receivables		1,596,978	4,109,903	1,580,992	4,088,737
Amounts receivable from controlled entities	6(a)	-	-	1,163,607	888,175
Impairment of related party receivables		-	-	(1,058,803)	(888,175)
		3,126,997	5,662,220	3,109,582	5,447,277

a. **Controlled Entities**

Unsecured loans made to CCI - Victoria Legal Trust and VECCI Business Brokers Pty Ltd are charged at commercial interest rates.

b. **Credit Risk**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

NOTE 6: TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
<b>2010</b>							
Trade receivables	1,888,405	358,386	1,026,495	131,902	64,192	307,430	1,158,397
Other receivables	1,596,978	-	1,596,978	-	-	-	1,596,978
	<u>3,485,383</u>	<u>358,386</u>	<u>2,623,473</u>	<u>131,902</u>	<u>64,192</u>	<u>307,430</u>	<u>2,755,375</u>
<b>2009</b>							
Trade receivables	1,564,383	12,066	875,612	75,782	85,087	515,836	951,394
Other receivables	4,109,903	-	4,109,903	-	-	-	4,109,903
	<u>5,674,286</u>	<u>12,066</u>	<u>4,985,515</u>	<u>75,782</u>	<u>85,087</u>	<u>515,836</u>	<u>5,061,297</u>

NOTE 7: FINANCIAL ASSETS

		Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
<b>Current</b>					
Financial assets at fair value through profit or loss	7a	1,017,384	11,344,203	1,017,384	11,344,203
<b>Non Current</b>					
Financial assets at fair value through profit or loss	7a	35,578,977	23,663,910	35,578,977	23,663,910
Other investments	7b	110	110	130	120
		<u>35,579,087</u>	<u>23,664,020</u>	<u>35,579,107</u>	<u>23,664,030</u>
<b>a. Financial assets at fair value through profit or loss</b>					
<b>Current</b>					
Term deposits	17	1,017,384	11,344,203	1,017,384	11,344,203
<b>Non-current</b>					
Unlisted securities	17	484,876	486,066	484,876	486,066
Managed investments	17	35,094,101	23,177,844	35,094,101	23,177,844
		<u>35,578,977</u>	<u>23,663,910</u>	<u>35,578,977</u>	<u>23,663,910</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 7: FINANCIAL ASSETS (CONTINUED)**

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>b. Other investments</b>				
<b>Non-current</b>				
Investments in subsidiaries	-	-	20	10
Investments in associates	110	110	110	110
	<u>110</u>	<u>110</u>	<u>130</u>	<u>120</u>

**NOTE 8: INTANGIBLE ASSETS**

System development and computer software

Cost	1,413,995	1,030,602	1,358,625	975,232
Accumulated amortisation and impairment	(678,640)	(365,452)	(623,270)	(324,253)
	<u>735,355</u>	<u>665,150</u>	<u>735,355</u>	<u>650,979</u>

**a. Movements in Carrying Amounts**

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year.

	System development and computer software \$
<b>Consolidated Group</b>	
Carrying amount at 1 July 2008	158,227
Additions	2,565,532
Disposals	(2,638,267)
Reclassification of assets from property, plant and equipment	747,123
Depreciation expense	(649,048)
Depreciation write back	481,583
Carrying amount at 30 June 2009	<u>665,150</u>
Additions	676,378
Disposals	(292,985)
Depreciation expense	(313,188)
Carrying amount at 30 June 2010	<u>735,355</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 8: INTANGIBLE ASSETS (CONTINUED)**

<b>Parent Entity</b>	<b>System development and computer software</b>
	<b>\$</b>
Carrying amount at 1 July 2008	129,098
Additions	2,565,532
Disposals	(2,638,267)
Reclassification of assets from property, plant and equipment	747,123
Depreciation expense	(634,090)
Depreciation write back	481,583
Carrying amount at 30 June 2009	<u>650,979</u>
Additions	676,378
Disposals	(292,985)
Depreciation expense	(299,017)
Carrying amount at 30 June 2010	<u>735,355</u>

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land and Buildings				
Freehold land at independent valuation (30 June 2010)	6,500,000	3,900,000	6,500,000	3,900,000
	<u>6,500,000</u>	<u>3,900,000</u>	<u>6,500,000</u>	<u>3,900,000</u>
Buildings at independent valuation (30 June 2010)	16,619,515	17,279,293	16,600,000	17,259,778
Accumulated depreciation	(1,980)	(1,071,316)	-	(1,069,824)
	<u>16,617,535</u>	<u>16,207,977</u>	<u>16,600,000</u>	<u>16,189,954</u>
Total Land and Buildings	<u>23,117,535</u>	<u>20,107,977</u>	<u>23,100,000</u>	<u>20,089,954</u>
Plant and equipment at cost	5,174,654	4,894,439	5,116,281	4,849,329
Accumulated depreciation	(4,150,965)	(3,615,092)	(4,105,185)	(3,574,719)
Total Plant and Equipment	<u>1,023,689</u>	<u>1,279,347</u>	<u>1,011,096</u>	<u>1,274,610</u>
Motor Vehicles at cost	1,001,089	1,001,089	1,001,089	1,001,089
Accumulated depreciation	(207,897)	(7,680)	(207,897)	(7,680)
Total Motor Vehicles	<u>793,192</u>	<u>993,409</u>	<u>793,192</u>	<u>993,409</u>
Total Property, Plant and Equipment	<u>24,934,416</u>	<u>22,380,733</u>	<u>24,904,288</u>	<u>22,357,973</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**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 2010 revaluation was based on independent assessments by a Certified Practising Valuer. 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.

<b>Consolidated Group</b>	<b>Freehold Land \$</b>	<b>Buildings \$</b>	<b>Plant and Equipment \$</b>	<b>Motor Vehicles \$</b>	<b>Total \$</b>
Carrying amount at 1 July 2008	3,900,000	16,400,735	2,097,532	-	22,398,267
Additions	-	340,560	523,286	1,001,089	1,864,935
Disposals/Write back of assets	-	-	(11,660)	-	(11,660)
Reclassification of assets	-	19,515	(19,515)	-	-
Reclassification of assets to Intangibles	-	-	(747,123)	-	(747,123)
Depreciation on reclassified assets	-	(994)	48,186	-	47,192
Depreciation expense	-	(551,839)	(613,046)	(7,680)	(1,172,565)
Depreciation write back	-	-	1,687	-	1,687
Carrying amount at 30 June 2009	<u>3,900,000</u>	<u>16,207,977</u>	<u>1,279,347</u>	<u>993,409</u>	<u>22,380,733</u>
Additions	-	178,659	314,779	-	493,438
Disposals/Write back of assets	-	(7,087)	(34,563)	-	(41,650)
Depreciation expense	-	(554,471)	(570,437)	(200,217)	(1,325,125)
Depreciation write back	-	-	34,563	-	34,563
Revaluation increment	2,600,000	792,457	-	-	3,392,457
Carrying amount at 30 June 2010	<u>6,500,000</u>	<u>16,617,535</u>	<u>1,023,689</u>	<u>793,192</u>	<u>24,934,416</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Parent	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 July 2008	3,900,000	16,400,735	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 30 June 2009	3,900,000	16,189,954	1,274,610	993,409	22,357,973
Additions	-	178,659	301,516	-	480,175
Disposals/Write back of assets	-	(7,087)	(34,563)	-	(41,650)
Depreciation expense	-	(553,983)	(565,030)	(200,217)	(1,319,230)
Depreciation write back	-	-	34,563	-	34,563
Revaluation increment	2,600,000	792,457	-	-	3,392,457
Carrying amount at 30 June 2010	6,500,000	16,600,000	1,011,096	793,192	24,904,288

**(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	
	2010 \$	2009 \$	2010 \$	2009 \$
Freehold land at cost	1,100,000	1,100,000	1,100,000	1,100,000
Building at cost	18,293,733	18,122,161	18,274,218	18,102,646
Accumulated Depreciation	(3,102,755)	(2,648,968)	(3,100,776)	(2,647,476)
	15,190,978	15,473,193	15,173,442	15,455,170

**NOTE 10: TRADE AND OTHER PAYABLES**

**Current**

*Unsecured Liabilities*

Sundry payables and accrued expenses	2,686,549	2,033,595	2,633,221	1,973,469
Carnet deposits held in trust	1,043,838	627,746	1,043,838	627,746
	3,730,387	2,661,341	3,677,059	2,601,215

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 11: DEFERRED REVENUE**

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Deferred Membership revenue	2,619,318	2,991,858	2,619,318	2,991,858
Deferred Training revenue	253,594	273,927	253,594	273,927
Deferred Grant revenue	1,354,137	1,584,438	1,354,137	1,584,438
Other Deferred revenue	262,817	-	262,817	-
	<u>4,489,866</u>	<u>4,850,223</u>	<u>4,489,866</u>	<u>4,850,223</u>

**NOTE 12: PROVISIONS**

**Current**

Annual Leave	683,410	818,277	649,052	780,458
Long Service Leave	397,504	414,079	397,504	414,080
	<u>1,080,914</u>	<u>1,232,356</u>	<u>1,046,556</u>	<u>1,194,538</u>

**Non-Current**

Long Service Leave	112,566	-	112,566	-
Staff Scholarship	11,140	30,319	11,140	30,319
	<u>123,706</u>	<u>30,319</u>	<u>123,706</u>	<u>30,319</u>

	Annual Leave \$	Long Service Leave \$	Staff Scholarship \$	Total \$
<b>Consolidated Group</b>				
Carrying amount at 1 July 2009	818,277	414,080	30,319	1,262,676
Additional provisions	1,061,075	187,780		1,248,855
Amounts used	(1,195,942)	(91,790)	(19,179)	(1,306,911)
Carrying amount at 30 June 2010	<u>683,410</u>	<u>510,070</u>	<u>11,140</u>	<u>1,204,620</u>
<b>Parent entity</b>				
Carrying amount at 1 July 2009	780,458	414,080	30,319	1,224,857
Additional provisions	1,017,601	187,780		1,205,381
Amounts used	(1,149,007)	(91,790)	(19,179)	(1,259,976)
Carrying amount at 30 June 2010	<u>649,052</u>	<u>510,070</u>	<u>11,140</u>	<u>1,170,262</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

### NOTE 13: RESERVES AND RETAINED PROFITS

#### a) 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.

#### b) 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).

### NOTE 14: CAPITAL AND LEASING COMMITMENTS

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>a. Operating Lease Commitments</b>				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
— not later than 1 year	501,763	389,244	501,763	389,244
— later than 1 year but not later than 5 years	187,955	438,845	187,955	438,845
	689,718	828,089	689,718	828,089

#### 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	837,280	729,014	837,280	729,014
— later than 1 year but not later than 5 years	1,536,848	468,537	1,536,848	468,537
	2,374,128	1,197,551	2,374,128	1,197,551

### 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.

During the financial year, VECCI made payments to Pitcher Partners for \$21,252 (2009: \$14,475) in respect of professional tax services performed and to Couriers Express of \$7,065 (2009: \$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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

	Consolidated		Parent	
	2010	2009	2010	2009
<b>NOTE 16: CASH FLOW INFORMATION</b>	\$	\$	\$	\$
<b>a. Reconciliation of Cash Flow from Operations with profit/(loss) after Income Tax</b>				
Profit/(loss) after income tax	2,990,660	(3,103,467)	3,140,104	(3,478,272)
Non-cash flows:				
— Depreciation and Amortisation	1,665,403	1,292,837	1,645,337	1,281,420
— Write down of assets	290,198	2,638,267	290,198	2,638,267
— Change in Fair Value of investments	(600,464)	4,067,248	(600,464)	4,067,248
— Investment income reinvested	(1,340,915)	(1,119,012)	(1,340,915)	(1,119,012)
— Interest income reinvested	(223,575)	(437,421)	(327,319)	(437,421)
Changes in assets and liabilities				
Decrease/(Increase) in receivables and prepayments	1,262,925	(2,078,300)	1,065,398	(1,731,882)
(Decrease)/Increase in payables and unearned income	2,510,169	83,047	2,309,240	81,593
(Decrease)/Increase in provisions	(58,052)	7,527	270,129	2,063
Cash flows from operations	6,496,349	1,350,726	6,451,708	1,304,004

**NOTE 17: FINANCIAL RISK MANAGEMENT**

**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 2010 (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 Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the weighted average interest rate for classes of financial assets and financial liabilities, is set out below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>										
Cash at bank	1.1		6,830,286	1,473,448	-	-	-	-	6,830,286	1,473,448
Financial assets - term deposits	4.5	4.5	1,017,384	8,426,180	-	-	-	-	1,017,384	8,426,180
Financial assets – unlisted securities	4.0	5.7	481,080	481,080	-	2,918,023	-	-	481,080	3,399,103
Financial assets – managed investments			-	-	-	-	35,094,101	23,177,844	35,094,101	23,177,844
Trade and other receivables			-	-	-	-	3,188,111	5,662,220	3,188,111	5,662,220
<b>Total Financial Assets</b>			<b>8,328,750</b>	<b>10,380,708</b>	<b>-</b>	<b>2,918,023</b>	<b>38,282,212</b>	<b>28,840,064</b>	<b>46,610,962</b>	<b>42,138,795</b>
<b>Financial Liabilities</b>										
Trade and other payables			-	-	-	-	5,084,524	2,661,340	5,084,524	2,661,340
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,084,524</b>	<b>2,661,340</b>	<b>5,084,524</b>	<b>2,661,340</b>

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.

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.

Details with respect to credit risk of trade and other receivables are detailed in note 6 (b).

d. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of \$3,730,387 (2009: \$2,661,341) which are due for payment within 1 year. With cash and current financial assets at fair value equalling \$7,847,670 (2009: \$12,817,651), the Group has sufficient funds available to meet its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 and the Company's financial assets to the movement in the market.

Carrying value of Non Current Financial Assets at fair value at 30 June 2010		35,579,087
	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
+/- 3% in fair value	+/- 1,067,373	+/- 1,067,373
+/- 5% in fair value	+/- 1,778,954	+/- 1,778,954
+/- 10% in fair value	+/- 3,557,909	+/- 3,557,909

f. Net Fair Values

*Fair Value Estimation*

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

No financial assets and financial liabilities are readily traded on the open market in a standardised form other than listed investments. 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. All other financial assets and liabilities are short-term investments in nature whose carrying value is equivalent to fair value.

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.

*Financial Instruments Measured at Fair Value*

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

<b>Consolidated and Parent 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
<i>Financial assets held at fair value through profit or loss:</i>				
- term deposits	1,017,384	-	-	1,017,384
- unlisted securities	-	484,876	-	484,876
- managed investments	35,094,101	-	-	35,094,101
	<u>36,111,485</u>	<u>484,876</u>	<u>-</u>	<u>36,596,361</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**f. Net Fair Values (continued)**

Consolidated and Parent 2009	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
<i>Financial assets held at fair value through profit or loss:</i>				
- term deposits	11,344,203	-	-	11,344,203
- unlisted securities	-	486,066	-	486,066
- managed investments	23,177,844	-	-	23,177,844
	34,522,047	486,066	-	35,008,113

**NOTE 18: EVENTS AFTER BALANCE DATE**

The financial statements were authorised for issue on 28 October 2010 by the Board of Directors.

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

**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**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard removes the requirement for government related entities to disclose details of all transaction with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

### NOTE 20: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
  - simplifying the requirements for embedded derivatives
  - removing the tainting rules associated with held-to-maturity assets
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
  - financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and State, Territory and Local Governments.

Subject to AASB 1049, General Government Sectors of the Australian Government and State and Territory Governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)**

**NOTE 20: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)**

- *AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]" (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)*

These standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard makes a number of 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. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

- *AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] (applicable for annual reporting periods commencing on or after 1 July 2010)*

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

- *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

The Group does not anticipate early adoption of any of the above Australian Accounting Standards.

**BOARD OF DIRECTORS STATEMENT**

On 28 October 2010, 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 2010.

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

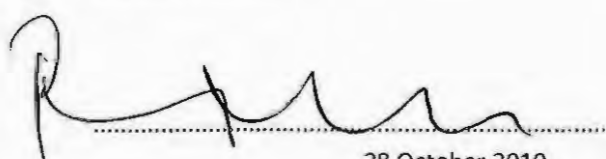
- (a) The financial statements and notes comply with Australian Accounting Standards, which, as stated in note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2010 and of the performance and cash flows for the year ended on that date for the reporting unit;
- (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: 28 October 2010

Name: Peter McMullin  
Title of Office held: Deputy President

Signature:   
Date: 28 October 2010





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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY

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 statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in members funds and statement of cash flow for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *The Director's Responsibility for the Financial Report*

The Director's 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 *Fair Work (Registered Organisations) Act 2009*. This responsibility includes designing, implementing and maintaining internal controls 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 controls relevant to the entity'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 Fair Work (Registered Organisations) Act 2009. 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 Victorian Employers' Chamber of Commerce and Industry is in accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009 (as amended)*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date;
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the *Fair Work (Registered Organisations) Act 2009*; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



MOORE STEPHENS  
Chartered Accountants



S David Pitt  
Partner

Dated in Melbourne, 28 October 2010



FAIR WORK  
AUSTRALIA

16 December 2010

Mr Wayne Kayler-Thomson  
Secretary  
Victorian Employers' Chamber of Commerce and Industry  
email: [vecci@vecci.org.au](mailto:vecci@vecci.org.au)

Dear Mr Kayler-Thomson

**Re: Financial Report for the Victorian Employers' Chamber of Commerce and Industry for year ended 30 June 2010 – FR2010/2590**

I acknowledge receipt of the financial report for the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010. The report was lodged with Fair Work Australia on 29 November 2010.

The financial report has not been filed.

The following matters require your attention before any action can be taken to file the above report.

**Audit Report**

*Auditor's Opinion*

The Audit Report contained the following opinion:

*'In our opinion the financial report of Victorian Employers' Chamber of Commerce and Industry is in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 (as amended), including:*

- (a) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date;*
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the Fair Work (Registered Organisations) Act 2009; and*
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.'*

The term "true and fair view" was used in the superseded legislation. Subsection 257(5) of the *Fair Work (Registered Organisations) Act 2009* (the Act) sets out the matters upon which an auditor is required to make an opinion on whether the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other requirements of the Act. The following wording in the auditor's opinion would satisfy the requirements:

*'In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.'*

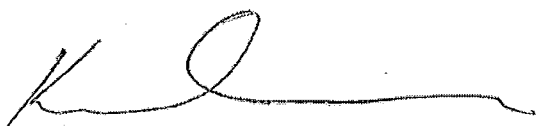
**Donations, Grants or Loans**

I have noted that donations totalling \$24,782 were made in 2009-10. Under subsection 237(1) of the Act there are certain steps that need to be taken if an individual donation exceeds \$1000.

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1000. Should this not be the case, please immediately advise Fair Work Australia of the details and ensure that there is compliance with the reporting requirements of section 237, other than with respect to the required timeframe. I have attached a sample document which you may wish to use.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

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Melbourne VIC 3000

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21 December 2010

Eve Anderson  
Tribunal Services Organisation  
Fair Work Australia  
11 Exhibition St  
MELBOURNE VIC 3000

Dear Eve,

**Re: Financial Report for the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 – FR 2010/2590**

In response to the letter from your office dated 16 December 2010 in regards to the audit report we issued to the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 we would like to make the following comments.

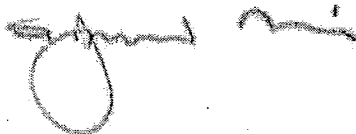
The legislation does not make reference to a prescribed template for the wording of the audit report and we are of the opinion that "presents fairly" and "true and fair view" are fundamentally the same particularly as subsection 253 (3) does make reference to the term "true and fair" view.

The current wording in our report is the same wording as used for a public listed company on the Australian Stock Exchange and we feel the level of comfort provided does still comply with the requirements of the *Fair Work (Registered Organisations) Act 2009*.

Given that we have already released the audit report and the annual report has been presented and distributed to members we are requesting that this wording change be deferred until the next reporting period.

We would welcome the opportunity to discuss this matter further. Should you have any queries in regards to the above please contact either Hayley Shannon or myself on 8635 1800.

Regards,



S David Pitt  
Partner  
**MOORE STEPHENS**





FAIR WORK  
AUSTRALIA

18 January 2011

S David Pitt  
Partner  
Moore Stephens  
Level 10, 530 Collins Street  
Melbourne, VIC, 3000  
By email: [dpitt@moorestephens.com.au](mailto:dpitt@moorestephens.com.au)

cc: Hayley Shannon  
Manager - Assurance  
Moore Stephens  
Level 10, 530 Collins Street  
Melbourne, VIC, 3000  
By email: [hshannon@moorestephens.com.au](mailto:hshannon@moorestephens.com.au)

Dear Mr Pitt

**Re: Financial Report for the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 (FR2010/2590)**

Thank-you for your correspondence regarding the financial report for the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010. I note your acknowledgement that future audit reports will be worded in accordance with the provisions of the *Fair Work (Registered Organisations) Act 2009*.

I seek to clarify your comment that the legislation does not make reference to a prescribed template for the wording of the audit report. The required opinion is clearly prescribed under subsection 257(5) of the *Fair Work (Registered Organisations) Act 2009*, which states as follows:

*An auditor must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:*

*(a) the Australian Accounting Standards;*

*(b) any other requirements imposed by this Part.*

*If not of that opinion, the auditor's report must say why.*

Although not a template, the statutory requirements regarding the auditor's opinion are clear. I also note that Australian Auditing Standard ASA 700 at paragraph 44 (and at paragraph 35 for the Standard as it applies for reporting periods commencing on or after from 1 January 2010) provides that the opinion must be expressed in accordance with relevant statutory provisions. I therefore confirm that future opinions must be expressed in the terms as set out above.

With regards to the current financial report, I note that you state that you are of the opinion that 'presents fairly' and 'true and fair view' are fundamentally the same. I therefore ask you to confirm in writing whether or not the general purpose financial report of the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 is presented fairly in accordance with the Australian Accounting Standards and the requirements of part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

If you have any queries I can be contacted on 03 8661 7929.

Yours sincerely



Eve Anderson  
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Tribunal Services and Organisations  
Fair Work Australia  
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27 January 2011

Eve Anderson  
Tribunal Services Organisation  
Fair Work Australia  
11 Exhibition St  
MELBOURNE VIC 3000

Dear Eve,

**Re: Financial Report for the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2010 – FR 2010/2590**

In response to the letter from your office dated 18 January 2011 we make the following confirmation.

In our opinion the general purpose financial report of Victorian Employers' Chamber of Commerce and Industry is presented fairly in accordance with the following:

- (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

We note that the wording "true and fair" as stated in our audit report issued to the members of the Victorian Employers' Chamber of Commerce and Industry is the prescribed wording for the audit opinion for the following types of entities:

- Listed public companies
- Large reporting companies
- Large non-reporting companies

We also note that the "presents fairly" terminology is for the following types of entities:

- Trusts
- Small reporting companies
- Superannuation Funds

Please be advised that we also confirm that all future audit opinions issued to the Victorian Employers' Chamber of Commerce and Industry will be in accordance with subsection 275 (5) of the *Fair Work (Registered Organisations) Act 2009* using the "presents fairly" terminology.

We appreciate your assistance in this matter.

Should you have any queries in regards to the above please contact either Hayley Shannon or myself on 8635 1800.

Regards,



S David Pitt  
Partner  
**MOORE STEPHENS**