



FAIR WORK
AUSTRALIA

17 December 2011

Mr Mark Stone
Secretary
Victorian Employers' Chamber of Commerce and Industry
email: vecci@vecci.org.au

Dear Mr Stone

Re: Financial Report for the Victorian Employers' Chamber of Commerce and Industry for year ended 30 June 2011 – FR2011/2605

I acknowledge receipt of the financial report and statement of loans, grants and donations for the Victorian Employers' Chamber of Commerce and Industry (VECCI) for the year ended 30 June 2011. The report and statement were lodged with Fair Work Australia (FWA) on 23 November 2011.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Designated Officer's certificate

The Designated Officer's certificate was signed but not dated. Could VECCI ensure that future Designated Officer's certificates are signed and dated.

Notes to the financial statements and Committee of Management statement

Reference to the 'Fair Work Act 2009' appearing in the note 1 of the notes to the financial statements should refer to the 'Fair Work (Registered Organisations) Act 2009'. Also reference to 'Industrial Registrar', 'RAO Schedule', 'RAO Regulations' and 'Commission' where appearing in the Committee of Management statement should refer to the 'General Manager, Fair Work Australia', the 'Fair Work (Registered Organisations) Act 2009', the 'Fair Work (Registered Organisations) Regulations 2009' and 'Fair Work Australia' respectively.

Notice under section 272(5) of the Act

The Committee of Management statement included the reference to matters contained in section 272 of the Act, which should have been included in the notes to the financial statements. Also as you are aware the notes to the General Purpose Financial Report are required to include a notice drawing attention to the fact that information prescribed by the *Fair Work (Registered Organisations) Regulations 2009* is available to members on request. The reference in the Committee of Management statement reproduces the wording from outdated legislation. Instead the wording should read as follows:

- (1) A member of a reporting unit, or the General Manager, 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.
- (3) A reporting unit must comply with an application made under subsection (1).

Please ensure that the future notes contain this extract of the Act word for word.

Audit Report

Scope of Audit Report

Paragraph 27 of Australian Auditing Standard 700 (ASA 700) requires the introductory paragraph of an auditor's report to identify the title of each of the financial statements that comprise the financial report and to refer to the summary of significant accounting policies, other explanatory notes and the Committee of Management statement.

The introductory paragraph of the Audit Report excludes reference to the Committee of Management Statement. Future Audit Reports are required to include, in its scope, reference to the Committee of Management Statement.

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

Organisations, Research and Advice

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au


Designated Officer's Certificate

s268 Fair Work (Registered Organisations) Act 2009

I, Mark Stone 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 10th October 2011; and
- that the full report was presented to a general meeting of members of the reporting unit on 22nd November 2011; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature



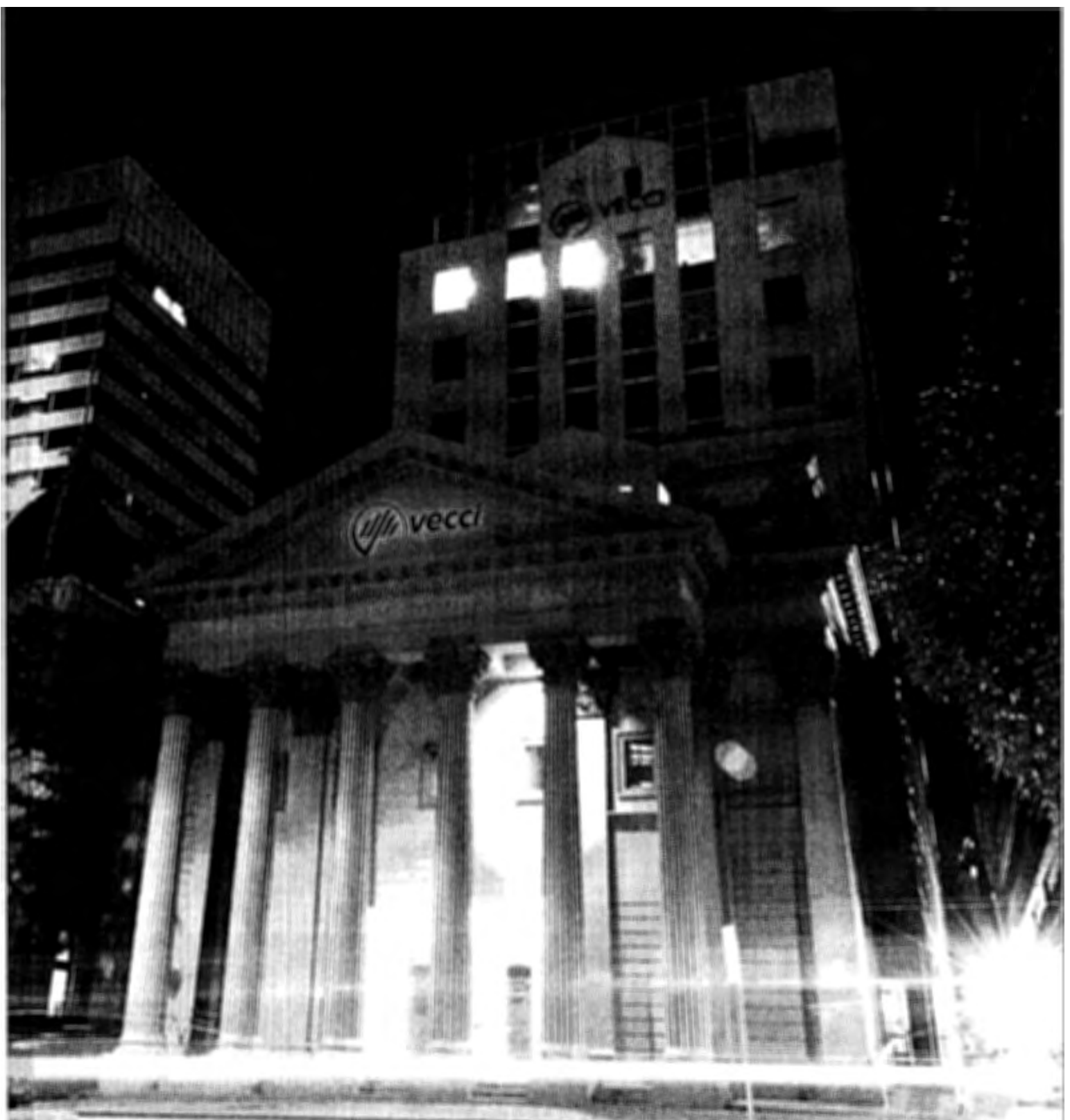
Mark Stone

Secretary / Chief Executive

Date:

¹The 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
2010/11



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

ABN 37 650 959 904

**Annual Financial Report
Year Ended 30 June 2011**

**Annual Financial Report
Year Ended 30 June 2011**

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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 2011 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 Peter McMullin	President/Committee Member	Appointed 22.11.05
Mr Mark Birrell	Vice President/Committee Member	Appointed 20.11.07
Mr Jeremy Johnson	Immediate Past President/Committee Member	Appointed 30.07.02
Mr Richard Holyman	Director/Committee Member	Appointed 28.03.00
Mr Kevin Brown	Director/Committee Member	Appointed 27.05.03
Mr Patrick Leggett	Director	Appointed 27.07.04, resigned 31.12.10
Ms Wendy Swift	Director	Appointed 07.06.05
Mr Ian Bird	Director/Committee Member	Appointed 05.09.06
Mr Wayne Kayler-Thomson	Secretary/CEO/Committee Member	Appointed 23.08.07, resigned 20.06.11
Mr Don Rankin	Director/Committee Member	Appointed 20.11.07
Mr Mark Stone	Secretary/Chief Executive/Committee Member	Appointed 20.06.11

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 Peter McMullin	11	10
Mr Mark Birrell	11	9
Mr Jeremy Johnson	11	9
Mr Richard Holyman	11	7
Mr Kevin Brown	11	10
Mr Patrick Leggett	6	2
Ms Wendy Swift	11	9
Mr Ian Bird	6	6
Mr Wayne Kayler-Thomson	10	10
Mr Don Rankin	11	9
Mr Mark Stone	1	1

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 2011 of \$4,243,142 (2010: \$2,990,660).
The consolidated Net Assets at 30 June 2011 totalled \$67,041,794 (2010: \$62,798,652).

MEMBERSHIP OF VECCI

As at 30 June 2011, VECCI had 6,405 (2010: 6,141) members.

EMPLOYEES OF VECCI

As at 30 June 2011 the total number of employees was 265 (2010: 234).

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

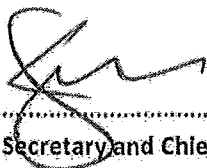
VECCI (as the employer) has nominated VicSupers' Growth Superannuation fund as its default platform option. This default option provides employees with various investment options.

During the financial year, one of VECCI's directors was 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 and Chief Executive

Mark Stone

At Melbourne, 6 October 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue	2(a)	37,826,441	33,573,426	37,539,471	33,191,403
Other income	2(b)	313,959	121,761	313,959	109,007
Total revenue and other income		38,140,400	33,695,187	37,853,430	33,300,410
Operating expenses		4,146,031	4,130,548	4,136,274	4,058,507
Affiliation fees		481,281	501,033	481,281	501,033
Depreciation and amortisation expense	3	1,574,055	1,665,403	1,572,673	1,645,337
Donations		120,514	24,782	120,514	24,782
Federal & State Government programs (excluding remuneration)		3,718,713	3,547,970	3,718,713	3,547,970
Occupancy		1,757,154	1,469,613	1,757,154	1,469,613
Remuneration – employees		17,545,297	15,132,646	17,043,170	14,549,435
Remuneration – office bearers	4(c)	560,109	519,208	560,109	519,208
Superannuation - employees		1,450,741	1,213,445	1,412,482	1,167,309
Superannuation – office bearers	4(c)	98,250	73,937	98,250	73,937
Impairment of intercompany loan		-	-	-	170,628
Write down of intangible assets		-	290,198	-	290,198
Other administration expenses		2,445,113	2,135,744	2,530,447	2,142,349
Total expenditure		33,897,258	30,704,527	33,431,067	30,160,306
Profit for the year		4,243,142	2,990,660	4,422,360	3,140,104
Income tax expense	1(b)	-	-	-	-
Profit for the year		4,243,142	2,990,660	4,422,360	3,140,104
Other comprehensive income					
Net gain on revaluation of land and buildings		-	3,392,457	-	3,392,457
Other comprehensive income for the year, net of tax		-	3,392,457	-	3,392,457
Total comprehensive income for the year		4,243,142	6,383,117	4,422,360	6,532,561
Profit attributable to the members of the parent entity		4,243,142	2,990,660	4,422,360	3,140,104
Total comprehensive income attributable to the members of the parent entity		4,243,142	6,383,117	4,422,360	6,532,561

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

		Consolidated		Parent	
	Note	2011 \$	2010 \$	2011 \$	2010 \$
CURRENT ASSETS					
Cash and cash equivalents	5	9,091,767	6,830,286	8,990,564	6,721,114
Trade and other receivables	6	3,448,068	3,130,793	3,579,028	3,113,378
Financial assets at fair value	7	11,298,107	1,017,384	11,298,107	1,017,384
TOTAL CURRENT ASSETS		23,837,942	10,978,463	23,867,699	10,851,876
NON-CURRENT ASSETS					
Financial assets at fair value	7	28,104,102	35,575,291	28,104,122	35,575,311
Intangible assets	8	550,010	735,355	550,010	735,355
Property, plant and equipment	9	24,951,742	24,934,416	24,934,694	24,904,288
TOTAL NON-CURRENT ASSETS		53,605,854	61,245,062	53,588,826	61,214,954
TOTAL ASSETS		77,443,796	72,223,525	77,456,525	72,066,830
CURRENT LIABILITIES					
Trade and other payables	10	4,484,707	3,730,387	4,410,476	3,677,059
Deferred revenue	11	4,676,077	4,489,866	4,676,077	4,489,866
Short-term provisions	12	1,165,184	1,080,914	1,141,935	1,046,556
TOTAL CURRENT LIABILITIES		10,325,968	9,301,167	10,228,488	9,213,481
NON-CURRENT LIABILITIES					
Long-term provisions	12	76,034	123,706	76,034	123,706
TOTAL NON-CURRENT LIABILITIES		76,034	123,706	76,034	123,706
TOTAL LIABILITIES		10,402,002	9,424,873	10,304,522	9,337,187
NET ASSETS		67,041,794	62,798,652	67,152,003	62,729,643
MEMBERS' FUNDS					
Retained earnings		59,851,395	55,608,253	59,961,604	55,539,244
Reserves		7,190,399	7,190,399	7,190,399	7,190,399
TOTAL MEMBERS' FUNDS		67,041,794	62,798,652	67,152,003	62,729,643

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2011**

Consolidated	Retained earnings	Asset revaluation reserve	Total
	\$	\$	\$
Balance at 1 July 2009	52,617,593	3,797,942	56,415,535
Profit attributable to members of the parent entity	2,990,660	-	2,990,660
Total other comprehensive income for the year	-	3,392,457	3,392,457
Balance at 30 June 2010	55,608,253	7,190,399	62,798,652
Profit attributable to members of the parent entity	4,243,142	-	4,243,142
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2011	59,851,395	7,190,399	67,041,794

Parent	Retained earnings	Asset revaluation reserve	Total
	\$	\$	\$
Balance at 1 July 2009	52,399,140	3,797,942	56,197,082
Profit attributable to members of the parent entity	3,140,104	-	3,140,104
Total other comprehensive income for the year	-	3,392,457	3,392,457
Balance at 30 June 2010	55,539,244	7,190,399	62,729,643
Profit attributable to members of the parent entity	4,422,360	-	4,422,360
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2011	59,961,604	7,190,399	67,152,003

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

		Consolidated		Parent	
	Note	2011 \$	2010 \$	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members and others		18,434,279	19,741,095	17,449,956	18,931,184
Receipts from Federal and State Government Programs		16,136,049	16,918,435	16,136,049	16,918,435
Payments to suppliers and employees		(31,532,286)	(30,192,316)	(30,405,441)	(29,426,956)
Interest received		273,366	29,135	300,774	29,045
Net cash provided from operating activities	16a	3,311,408	6,496,349	3,481,338	6,451,708
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for investments		(13,349,511)	(2,408,303)	(13,499,772)	(2,408,303)
Proceeds from the sale of investments		13,705,619	2,406,481	13,705,619	2,406,481
Payment for purchase of property, plant, equipment and intangible assets		(1,406,036)	(1,137,688)	(1,417,735)	(1,137,688)
Proceeds from sale of property, plant, equipment and intangible assets		-	-	-	-
Net cash used in investing activities		(1,049,927)	(1,139,510)	(1,211,887)	(1,139,510)
Net increase/(decrease) in cash held		2,261,481	5,356,839	2,269,451	5,312,198
Cash at the beginning of the financial year		6,830,286	1,473,447	6,721,113	1,408,915
Cash at the end of the financial year	5	9,091,767	6,830,286	8,990,564	6,721,113

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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. 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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (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 the asset revaluation reserve in equity. Decreases that offset previous increases of the same asset reduce the reserves directly in equity; all other decreases are recognised in the other comprehensive income.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (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 the statement of comprehensive income in the period in which they arise.

(ii) *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.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

(iii) *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.

(iv) *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. Impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (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, 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.

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. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

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

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.

(iv) *Dividend Revenue*

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.

(v) *Grant Revenue*

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (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
- Property, plant and equipment - buildings are classified as property, plant and equipment and not an investment, despite the fact that the Group receives property income for the leased proportion, on the basis the proportion occupied by the Group is considered to be significantly greater than that being leased.

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 2011 (CONTINUED)

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 2: REVENUE AND OTHER INCOME				
a. REVENUE				
Membership and contributors subscriptions	6,551,713	6,443,595	6,551,713	6,443,595
Federal and State Government programs	17,398,085	15,510,045	17,398,085	15,510,045
Professional services	6,296,226	5,703,125	5,994,937	5,167,358
Training	3,193,568	2,823,447	3,193,568	2,823,447
Income from investments	3,048,606	2,492,750	3,126,015	2,646,494
Gain on financial assets at fair value through profit or loss	1,338,243	600,464	1,349,941	600,464
Debt forgiven for Subsidiary	-	-	(74,789)	-
	37,826,441	33,573,426	37,539,471	33,191,403
b. OTHER INCOME	313,959	121,761	313,959	109,007

NOTE 3: PROFIT/ LOSS

Profit/Loss has been determined after:

Depreciation and amortisation	1,574,055	1,665,403	1,572,673	1,645,337
Conference and meeting expenses	156,427	8,202	156,427	8,202
Impairment of receivables	149,731	358,386	149,731	297,272
Bad debts written off	-	790	-	790
Operating lease rental expense	866,965	689,718	866,965	689,718
Legal expenses	52,944	76,101	160,245	196,713
Write down of intangible assets	-	290,198	-	290,198
Remuneration of auditor				
— audit fees	87,810	75,820	67,005	70,020
— other services – taxation advice	18,949	5,830	7,055	1,830

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Directors**

	2011	2010
Total number of Directors	9	10

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

Key Management Person	Position
Mr Peter McMullin	Director/Committee Member
Mr Mark Birrell	Director/Committee Member
Mr Jeremy Johnson	Director/Committee Member
Mr Richard Holyman	Director/Committee Member
Mr Kevin Brown	Director/Committee Member
Mr Patrick Leggett	Director (resigned 31.12.10)
Ms Wendy Swift	Director
Mr Ian Bird	Director/Committee Member
Mr Wayne Kayler-Thomson	Director/Committee Member
Mr Don Rankin	Director/Committee Member
Mr Mark Stone	Director/Committee Member

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 (resigned 20.06.11)
Mr Mark Stone	Secretary / Chief Executive (appointed 20.06.11)

c. **Key management personnel compensation**

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short-term employee benefits	560,109	519,208	560,109	519,208
Post-employment benefits	-	-	-	-
Long-term benefits	98,250	73,937	98,250	73,937
	658,359	593,145	658,359	593,145

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank	9,091,767	6,830,286	8,990,564	6,721,114

Cash at bank includes \$948,059 (2010: \$1,017,820) of Carnet deposits, \$27,596 (2010: \$69,080) of VECCI Business Brokers Cash at bank, \$33,062 (2010: \$26,019) of Business Migration deposits held in trust and \$968,538 (2010: \$458,440) 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	9,091,767	6,830,286	8,990,564	6,721,114
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NOTE 6: TRADE AND OTHER RECEIVABLES

Trade debtors		1,255,553	1,888,405	1,180,456	1,721,058
Less: Impairment		(339,605)	(358,386)	(304,231)	(297,272)
		915,948	1,530,019	876,225	1,423,786
Other receivables		2,532,121	1,600,774	2,510,828	1,584,788
Amounts receivable from controlled entities	6(a)	-	-	1,250,777	1,163,607
Impairment of related party receivables		-	-	(1,058,803)	(1,058,803)
		3,448,068	3,130,793	3,579,028	3,113,378

a. Controlled Entities

Unsecured loans made to CCI - Victoria Legal Trust and VECCI Business Brokers Pty Ltd and VECCI Business Brokers Trust were charged at commercial interest rates for a period during the financial year. At balance date, these unsecured loans are interest free.

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 2011 (CONTINUED)

NOTE 6: TRADE AND OTHER RECEIVABLES (CONTINUED)

	Gross amount \$	Past due and impaired \$	Within initial trade terms (age in days)		Past due but not impaired (age in days)	
			< 30	31-60	61-90	> 90
			\$	\$	\$	\$
2011						
Trade receivables	1,255,553	339,605	520,861	238,761	17,349	138,977
Other receivables	2,532,121	-	2,532,121	-	-	-
	<u>3,787,673</u>	<u>339,605</u>	<u>3,052,982</u>	<u>238,761</u>	<u>17,349</u>	<u>138,977</u>
2010						
Trade receivables	1,888,405	358,386	1,026,495	131,902	64,192	307,430
Other receivables	1,600,774	-	1,600,774	-	-	-
	<u>3,489,179</u>	<u>358,386</u>	<u>2,627,269</u>	<u>131,902</u>	<u>64,192</u>	<u>307,430</u>

	Provision for impairment of receivables \$
Consolidated Group	
Carrying amount at 1 July 2009	12,066
Charge for the year	358,386
Amounts written off	(12,066)
Carrying amount at 30 June 2010	<u>358,386</u>
Charge for the year	149,731
Amounts written off	(168,512)
Carrying amount at 30 June 2011	<u>339,605</u>

	Provision for impairment of receivables \$
Parent Entity	
Carrying amount at 1 July 2009	-
Charge for the year	297,272
Amounts written off	-
Carrying amount at 30 June 2010	<u>297,272</u>
Charge for the year	149,731
Amounts written off	(142,772)
Carrying amount at 30 June 2011	<u>304,231</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 7: FINANCIAL ASSETS AND OTHER INVESTMENTS

		Consolidated		Parent	
		2011	2010	2011	2010
		\$	\$	\$	\$
Current					
Financial assets	7a	11,298,107	1,017,384	11,298,107	1,017,384
Non Current					
Financial assets	7a	28,103,992	35,575,181	28,103,992	35,575,181
Other investments	7b	110	110	130	130
		28,104,102	35,575,291	28,104,122	35,575,311
a. Financial assets					
Current					
Term deposits – Held to Maturity	17	11,298,107	1,017,384	11,298,107	1,017,384
Non-current					
Unlisted securities – Held to Maturity	17	481,080	481,080	481,080	481,080
Managed investments – Fair valued through profit or loss	17	27,622,912	35,094,101	27,622,912	35,094,101
		28,103,992	35,575,181	28,103,992	35,575,181
b. Other investments					
Non-current					
Investments in subsidiaries		-	-	20	20
Investments in associates		110	110	110	110
		110	110	130	130

NOTE 8: INTANGIBLE ASSETS

Software – At cost	532,704	382,696	477,334	327,326
Project Costs and System Development – At cost	1,031,299	1,031,299	1,031,299	1,031,299
Accumulated amortisation	(1,013,993)	(678,640)	(958,623)	(623,270)
	550,010	735,355	550,010	735,355

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 8: INTANGIBLE ASSETS (CONTINUED)

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.

	Computer Software \$	System Development \$	Total \$
Consolidated Group			
Carrying amount at 1 July 2009	87,227	577,923	665,150
Additions	14,868	661,510	676,378
Disposals	-	(292,985)	(292,985)
Depreciation expense	(53,702)	(259,486)	(313,188)
Carrying amount at 30 June 2010	48,393	686,962	735,355
Additions	150,008	-	150,008
Disposals	-	-	-
Depreciation expense	(47,917)	(287,436)	(335,354)
Carrying amount at 30 June 2011	150,484	399,526	550,010

	Computer Software \$	System Development \$	Total \$
Parent Entity			
Carrying amount at 1 July 2009	73,056	577,923	650,979
Additions	14,868	661,510	676,378
Disposals	-	(292,985)	(292,985)
Depreciation expense	(39,531)	(259,486)	(299,017)
Carrying amount at 30 June 2010	48,393	686,962	735,355
Additions	150,008	-	150,008
Disposals	-	-	-
Depreciation expense	(47,917)	(287,436)	(335,354)
Carrying amount at 30 June 2011	150,484	399,526	550,010

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Land and Buildings				
Freehold land at independent valuation (30 June 2010)	6,500,000	6,500,000	6,500,000	6,500,000
	6,500,000	6,500,000	6,500,000	6,500,000
Buildings at independent valuation (30 June 2010)	16,852,148	16,619,515	16,832,633	16,600,000
Accumulated depreciation	(422,203)	(1,980)	(419,735)	-
	16,429,945	16,617,535	16,412,898	16,600,000
Total Land and Buildings	22,929,945	23,117,535	22,912,898	23,100,000
Plant and equipment at cost	6,327,827	5,330,730	6,307,452	5,272,358
Accumulated depreciation	(4,899,004)	(4,307,041)	(4,878,629)	(4,261,261)
Total Plant and Equipment	1,428,823	1,023,689	1,428,823	1,011,096
Motor Vehicles at cost	1,001,089	1,001,089	1,001,089	1,001,089
Accumulated depreciation	(408,115)	(207,897)	(408,115)	(207,897)
Total Motor Vehicles	592,974	793,192	592,974	793,192
Total Property, Plant and Equipment	24,951,742	24,934,416	24,934,695	24,904,288

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Movements in Carrying Amounts

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

Consolidated Group	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 July 2009	3,900,000	16,207,977	1,279,347	993,409	22,380,733
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	6,500,000	16,617,535	1,023,689	793,192	24,934,416
Additions	-	232,633	1,035,094	-	1,267,727
Disposals/Write back of assets	-	-	(13,263)	-	(13,263)
Depreciation expense	-	(420,223)	(618,261)	(200,218)	(1,238,702)
Depreciation write back	-	-	1,564	-	1,564
Carrying amount at 30 June 2011	6,500,000	16,429,945	1,428,823	592,974	24,951,742

Parent	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 July 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
Additions	-	232,633	1,035,094	-	1,267,727
Disposals/Write back of assets	-	-	-	-	-
Depreciation expense	-	(419,735)	(617,367)	(200,218)	(1,237,320)
Depreciation write back	-	-	-	-	-
Carrying amount at 30 June 2011	6,500,000	16,412,898	1,428,823	592,974	24,934,695

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (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	
	2011 \$	2010 \$	2011 \$	2010 \$
Freehold land at cost	1,100,000	1,100,000	1,100,000	1,100,000
Building at cost	18,526,365	18,293,733	18,506,850	18,274,218
Accumulated Depreciation	(3,656,036)	(3,102,755)	(3,653,568)	(3,100,776)
	14,870,329	15,190,978	14,853,282	15,173,442

NOTE 10: TRADE AND OTHER PAYABLES

Current

Unsecured Liabilities

Trade Payables	69,285	550,155	69,285	550,155
Sundry payables and accrued expenses	2,367,978	1,276,276	2,334,132	1,237,407
Payables to employees and office bearers	1,066,323	860,118	1,025,937	845,659
Carnet deposits held in trust	981,121	1,043,838	981,121	1,043,838
	4,484,707	3,730,387	4,410,476	3,677,059

NOTE 11: DEFERRED REVENUE

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Deferred Membership revenue	2,951,298	2,619,318	2,951,298	2,619,318
Deferred Training revenue	320,368	253,594	320,368	253,594
Deferred Grant revenue	868,518	1,354,137	868,518	1,354,137
Other Deferred revenue	535,893	262,817	535,893	262,817
	4,676,077	4,489,866	4,676,077	4,489,866

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 12: PROVISIONS

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Current				
Annual Leave	731,108	683,410	707,859	649,052
Long Service Leave	434,076	397,504	434,076	397,504
	<u>1,165,184</u>	<u>1,080,914</u>	<u>1,141,935</u>	<u>1,046,556</u>
Non-Current				
Long Service Leave	76,034	112,566	76,034	112,566
Staff Scholarship	-	11,140	-	11,140
	<u>76,034</u>	<u>123,706</u>	<u>76,034</u>	<u>123,706</u>

	Annual Leave \$	Long Service Leave \$	Staff Scholarship \$	Total \$
Consolidated Group				
Carrying amount at 1 July 2010	683,410	510,070	11,140	1,204,620
Additional provisions	1,245,916	81,966	-	1,327,882
Amounts used	(1,198,218)	(81,926)	(11,140)	(1,291,284)
Carrying amount at 30 June 2011	<u>731,108</u>	<u>510,110</u>	<u>-</u>	<u>1,241,218</u>
Parent entity				
Carrying amount at 1 July 2010	649,052	510,070	11,140	1,170,262
Additional provisions	1,213,747	81,966	-	1,295,714
Amounts used	(1,154,940)	(81,926)	(11,140)	(1,248,006)
Carrying amount at 30 June 2011	<u>707,859</u>	<u>510,110</u>	<u>-</u>	<u>1,217,970</u>

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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 14: CAPITAL AND LEASING COMMITMENTS

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
a. Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
— not later than 1 year	636,985	501,763	636,985	501,763
— later than 1 year but not later than 5 years	165,804	187,955	165,804	187,955
	802,789	689,718	802,789	689,718

b. Operating Lease Receivables

Approximately 35% of the property at 486 Albert Street is leased to tenants under 1 to 5 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	891,542	837,280	891,542	837,280
— later than 1 year but not later than 5 years	3,462,931	1,536,848	3,462,931	1,536,848
	4,354,473	2,374,128	4,354,473	2,374,128

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 \$37,017 (2010: \$21,252) in respect of professional advisory and tax services performed and to Couriers Express of \$8,362 (2010: \$7,065) for courier services. Don Rankin was the Managing Partner at Pitcher Partners during the financial year and Patrick Leggett was 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 2011 (CONTINUED)

	Consolidated		Parent	
	2011	2010	2011	2010
NOTE 16: CASH FLOW INFORMATION	\$	\$	\$	\$
a. Reconciliation of Cash Flow from Operations with profit/(loss) after Income Tax				
Profit/(loss) after income tax	4,243,142	2,990,660	4,422,360	3,140,104
Non-cash flows:				
— Depreciation and Amortisation	1,574,055	1,665,403	1,572,673	1,645,337
— Write down of assets	-	290,198	-	290,198
— Change in Fair Value of investments	(1,338,243)	(600,464)	(1,275,152)	(600,464)
— Investment income reinvested	(1,360,751)	(1,340,915)	(1,360,751)	(1,340,915)
— Interest income reinvested	(466,649)	(223,575)	(466,649)	(327,319)
Changes in assets and liabilities				
Decrease/(Increase) in receivables and prepayments	(317,275)	1,262,925	(378,479)	1,065,398
(Decrease)/Increase in payables and unearned income	940,531	2,510,169	919,628	2,309,240
(Decrease)/Increase in provisions	36,598	(58,052)	47,708	270,129
Cash flows from operations	<u>3,311,408</u>	<u>6,496,349</u>	<u>3,481,338</u>	<u>6,451,708</u>

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 directors and executives of the Group engaged independent external consultants JANA as its investment managers during the course of the year to assist with, and provide professional advice, with respect to the Group's investments. The Committee and investment managers 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.

The current investment strategy is conservative focussed on achieving medium to 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 2011 (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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash at bank	1.0	1.1	9,091,767	6,830,286	-	-	-	-	9,091,767	6,830,286
Financial assets - term deposits	4.8	4.5	11,298,107	1,017,384	-	-	-	-	11,298,107	1,017,384
Financial assets – unlisted securities	5.6	4.0	481,080	481,080	-	-	-	-	481,080	481,080
Financial assets – managed investments			-	-	-	-	27,622,912	35,094,101	27,622,912	35,094,101
Trade and other receivables			-	-	-	-	3,448,068	3,188,111	3,448,068	3,188,111
Total Financial Assets			20,870,954	8,328,750	-	-	31,070,980	38,282,212	51,941,934	46,610,962
Financial Liabilities										
Trade and other payables			-	-	-	-	4,484,707	3,730,387	4,484,707	3,730,387
Total Financial Liabilities			-	-	-	-	4,484,707	3,730,387	4,484,707	3,730,387

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 (f).

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 \$4,484,707 (2010: \$3,730,387) which are due for payment within 1 year. With cash equalling \$9,091,767 (2010: \$6,830,286), 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 2011 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

e. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

f. 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 2011 is \$28,104,102 (2010: \$35,579,087).

	Profit \$	Equity \$
Year ended 30 June 2011		
+/- 3% in fair value	+/- 843,123	+/- 843,123
+/- 5% in fair value	+/- 1,405,205	+/- 1,405,205
+/- 10% in fair value	+/- 2,810,410	+/- 2,810,410
Year ended 30 June 2010		
+/- 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

Price risk relates to the risk that the fair value of a financial instrument and future cash flows will fluctuate because of changes in market prices of securities held. Such risk is managed through diversification of investments across industries and geographic locations. The Group's investments are held in the following financial assets at the end of the reporting period.

	2011	2010
	%	%
Cash	29	39
Fixed Interest	17	17
Australian Shares	45	44
Overseas Shares	9	-
	100	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

f. Sensitivity Analysis (continued)

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2011		
2% in interest rates	+/- 417,419	+/- 417,419
10% in listed investments	+/- 2,762,291	+/- 2,762,291
Year ended 30 June 2010		
2% in interest rates	+/- 166,575	+/- 166,575
10% in listed investments	+/- 3,509,410	+/- 3,509,410

g. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

h. Net Fair Values (continued)

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).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated and Parent 2011				
Financial assets				
Managed investments – Fair value through profit or loss	27,622,912	-	-	27,622,912

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated and Parent 2010				
Financial assets				
Managed investments – Fair value through profit or loss	35,094,101	-	-	35,094,101

Financial Instrument not measured at Fair Value

The carrying value of Cash and Cash equivalents, held to maturity financial assets, trade and other receivables and payables approximate their fair value due to their short term nature.

NOTE 18: EVENTS AFTER BALANCE DATE

The financial statements were authorised for issue on 6 October 2011 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

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 Company has decided not to early adopt. At 30 June 2011, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9: Financial Instruments	1 January 2013
AASB 124: Related Party Disclosures	1 January 2011
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]	1 July 2013
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]	1 January 2011
AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	1 January 2011
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]	1 January 2011
AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	1 January 2011
AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 July 2011
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1 January 2013
AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	1 January 2012
AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	1 July 2011
AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	1 January 2013
AASB 1054: Australian Additional Disclosures	1 July 2011
AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

NOTE 20: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	1 July 2013
AASB 2011-3: Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	1 July 2012

These Standards and Interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning after the effective date of each pronouncement.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

COMMITTEE OF MANAGEMENT STATEMENT

On 6 October 2011, the Members of the Committee of Management ("Board of Directors") of VECCI passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2011.

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

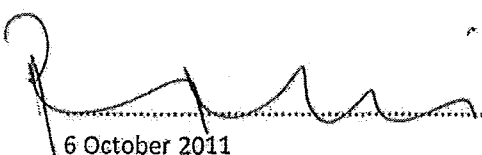
- (a) The financial statements and notes comply with Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2011 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 RAO Schedule 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: Mark Stone
Title of Office held: Secretary and Chief Executive

Signature: 
Date: 6 October 2011

Name: Peter McMullin
Title of Office held: President

Signature: 
Date: 6 October 2011

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE & INDUSTRY

Report on the Financial Statements

We have audited the accompanying financial statements of the Victorian Employers' Chamber of Commerce and Industry, which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 management, as well as evaluating the presentation of the financial statements.


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

Independence

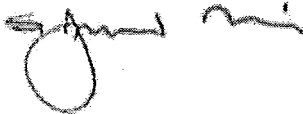
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

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 Fair Work (Registered Organisations) Act 2009.



Moore Stephens
Chartered Accountants



S David Pitt
Partner
Melbourne, 7 October 2011