



8 February 2019

Mr Mark Stone
Secretary/Chief Executive
Victorian Chamber of Commerce and Industry
Level 3, 150 Collins Street
MELBOURNE VIC 3000

By email: info@victorianchamber.com.au

CC: hunderwood@shinewing.com.au

Dear Mr Stone,

**Victorian Chamber of Commerce and Industry
Financial Report for the year ended 30 June 2018 - [FR2018/38]**

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Victorian Chamber of Commerce and Industry (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 19 November 2018. I also acknowledge a replacement copy of the financial report lodged on 10 January 2019 as the initial financial report had not included a correct auditor's report.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

Auditor's Report

Audit scope to include subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22.

The subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

I acknowledge a subsection 255(2A) report was lodged with the ROC on 31 January 2019. Please ensure in future years that the subsection 255(2A) report is audited before provided to members and lodged with the ROC.

General Purpose Financial Report

Previous issues not remedied – key management personnel compensation

When filing last year's financial report, the ROC raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that one of those issues has appeared in the current financial report for key management personnel compensation.

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports.

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the general purpose financial report to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post-employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

Note 5b to the financial statements discloses information for key management personnel compensation but not in the format required by *AASB 124*.

Nil activities disclosure

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes and the statement of comprehensive income contained nil activity information for all prescribed reporting guideline categories except the following:

- have a payable in respect of legal costs relating to litigation (reporting guideline 16(b)(i));
- have a payable in respect of legal costs relating to other legal matters (reporting guideline 16(b)(ii));
- have another entity administer the financial affairs of the reporting unit (reporting guideline 19);
- make a payment to a former related party of the reporting unit (reporting guideline 20).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

I also note that the following nil activity disclosure in the body of the notes was duplicated elsewhere in the body of the notes:

- pay legal costs relating to litigation (reporting guideline 14(j)(i)) is disclosed in both Note 3 and in Note 25.

Please note that nil activities only need to be disclosed once.

Recovery of wages disclosure

Please note that under the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

I note that a nil disclosure relating to this activity was provided in Note 2.

Operating Report

Officer-Related party remuneration and payment disclosures

In the operating report, certain information disclosed under the heading, *Remuneration Paid To Officers*, appears to relate to the new requirements under section 293J of the RO Act.

Section 293J of Part 2A of Chapter 9 of the RO Act now requires an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration¹ and payments² paid during the relevant financial year. This requirement applied to the financial year ending 30 June 2018. The statement is required to be lodged with the ROC within the period of 6 months starting at the end of the financial year, i.e. in this case, before or by no later than 31 December. I note that the reporting unit lodged an officer and related party disclosure statement with the ROC on 19 December 2018.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8.

Further information about officer and related party statements may be found on the ROC website at the following link: <http://www.roc.gov.au/running-a-registered-organisation/disclosure-obligations>.

Other

References to the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission (**FWC**) and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that item (e)(v) in the committee of management statement and Note 1 in the financial report refer to the 'General Manager' instead of the 'Commissioner'.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

¹ see section 293BC

² see section 293G

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", with a long horizontal flourish extending to the right.

David Vale
Registered Organisations Commission

Subsection 255(2A) Statement

This statement outlines the requirements as per subsection 255(2A) for the consolidated group of The Victorian Chamber of Commerce and Industry.

A. Consolidated Group

The consolidated group includes the following entities:

- Victorian Chamber of Commerce and Industry
- CCI Victoria Legal Pty Ltd as trustee for the CCI-Victoria Legal Trust
- VECCI Business Brokers Pty Ltd as trustee for the VECCI Business Brokers Trust
- VECCI Export Service Pty Ltd

B. Period of Reporting

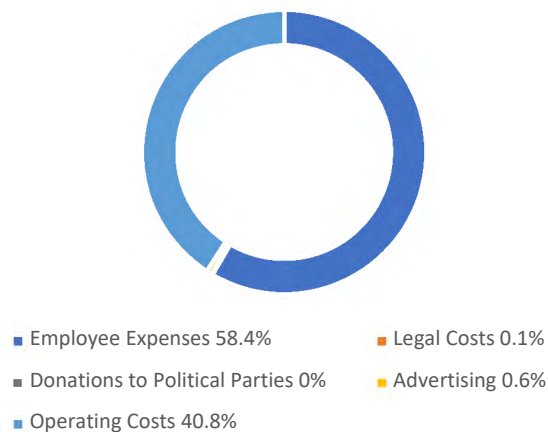
For the period of 1st June 2017 through to 30th June 2018

C. Breakdown of listed costs

The below pie graph represents the costs relating to;

- remuneration, and other employment-related costs and expenses, in respect of employees;
- advertising;
- operating costs;
- donations to political parties;
- legal costs.

2018 - Expenditure required under s. 255(2A) RO Act



Signed by the officer:

Dated: 31st January 2019



Mark Stone AM
Chief Executive
The Victorian Chamber of Commerce and Industry

Designated Officer's Certificate

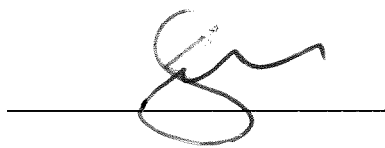
s268 Fair Work (Registered Organisations) Act 2009

Certificate for the Period Ending 30 June 2018

I, Mark Stone being the Secretary of the Victorian Chamber of Commerce and Industry ("VCCI") certify:

- that the documents lodged herewith are copies of the full report for VCCI for the period ended 30 June 2018 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 25 October 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on 15 November 2018 in accordance with s.266(1) of the *Fair Work (Registered Organisations) Act 2009*.

Signature



Mark Stone

Secretary/Chief Executive

Date: 16th November 2018

ANNUAL REPORT 2018



**Victorian
Chamber of Commerce
and Industry**

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THE VICTORIAN CHAMBER OVERVIEW

The Victorian Chamber of Commerce and Industry (Victorian Chamber) is the largest and most influential business organisation in Victoria, informing and servicing more than 15,000 members, customers and clients across the state. The Victorian Chamber's expertise spans a diverse range of areas, including policy and advocacy, workplace relations, training, international trade, apprenticeship services, and OHS.

The Victorian Chamber helps business succeed today and into the future.

Working for business. Working for Victoria.

Policy and Advocacy

Through strong engagement with Victorian businesses of all types and sizes across the state, our policy and advocacy agenda has been extensive and influential in 2017/18.

The significant contribution made by members, customers and clients to the 2017 Victoria Summit guided the Victorian Chamber's advocacy in the lead up to the 2018/19 Victorian Budget and the development of *Stronger Business Stronger Victoria*, the Victorian Chamber's 2018 State Election priorities.

Key results for members were secured in the Victorian Budget including a new lower payroll tax rate of 2.425 per cent for regional businesses, making regional Victoria the most attractive place in Australia to conduct business, and an extensive skills package to boost apprenticeships and traineeships.

The 2018/19 state and federal budgets provided a combined total amount of almost \$50 billion towards Victorian Chamber priorities and other infrastructure projects, including the North-East Link.

Over the year, the Victorian Chamber continued to be businesses strongest voice on government policies affecting our members through the 14 submissions made to state and federal governments on key issues impacting Victorian businesses. These included access to free trade agreements, small business regulation and changes to labour hire and portable long service leave.

In June, we launched our Transport Taskforce Report: *Gearing up for success*, which provided a comprehensive series of recommendations to improve Victoria's transport system, support trade and investment, boost tourism, help get people to where jobs are and improve liveability.

During 2017/18, we delivered briefing sessions across Victoria to help members identify what government grants are available and how to write successful grant applications.

We also continued to directly influence the work of key government advisory groups including the Premier's Jobs and Investment Panel, the Victorian Automotive Transition Taskforce, the Advanced Manufacturing Advisory Council, the Victorian Aboriginal Economic Board, the Equal Workplaces Advisory Council, the Worksafe Advisory Council and the Victorian Apprenticeships and Traineeships Taskforce.

Our strong relationship with the Australian Chamber of Commerce and Industry meant Victorian business interests were well represented on a range of state and federal issues throughout the year including penalty rates, the minimum wage review, taxation, infrastructure, trade policy and education and training.

Membership

The Victorian Chamber delivers advocacy, products and services to its Members to create the environment, skills and opportunities for business to flourish.

We offer membership propositions to support Victorian business of all sizes and needs. The Victorian Chamber value proposition saves businesses time and money when complying with workplace regulation and upskilling their employees to drive growth.

The Victorian Chamber also offers specialist support to the tourism industry through the Victoria Tourism Industry Council and to larger businesses through the Melbourne Chamber of Commerce.

Workplace Relations

The Victorian Chamber's Workplace Relations consultants provide Members with comprehensive solutions to workplace problems in areas such as unfair dismissal, redundancy

and change management, diversity and equal opportunity, enterprise bargaining and contracts and HR services. A range of tools, templates, wage summaries and manuals are available on the Victorian Chamber's website for Members.

Our Melbourne Chamber of Commerce, Connect and Complete Members have access to unlimited phone advice via our Workplace Relations Helpline and, if needed, legal advice and representation via its associated law firm, CCI Lawyers.

Workplace Assured

In 2017 the Victorian Chamber began offering a new product to businesses, Workplace Assured. Workplace Assured is a complete workplace relations solution for small to medium businesses designed to provide peace of mind when it comes to managing and complying with workplace issues.

One fixed fee guards businesses against a range of workplace risks including unfair dismissal, harassment, bullying and breach of contract or wage disputes. Unlike other workplace offerings in the market, Workplace Assured is delivered and endorsed by the State and Territory Chambers of Australia, not-for-profit business organisations who have been championing employer interests first since the 1800s. The Victorian Chamber is pleased to offer this product to Members, to help employers worry less about workplace relations risks and focus more on their business.

Training

The Victorian Chamber is committed to delivering excellence in training and conducts 700 short courses, accredited diplomas and certificates, briefings and webinars across Victoria each year.

As a Registered Training Organisation, the Victorian Chamber's selection of nationally recognised diploma and certificate-level courses cover a number of business topics including management, business administration, project management and HR management among others.

Our short courses cover areas as diverse as leadership and management, business, finance and productivity, human resources and workplace relations, WorkCover and OHS, information technology, and personal effectiveness.

Health, Safety and Wellbeing

The Victorian Chamber provides businesses with practical health and safety solutions to keep their employees safe. Our advice is tailored to Member needs and delivered by experienced safety practitioners.

We offer a range of consulting services such as workplace safety assessments, Victorian WorkCover Authority support, WorkCover claims and return to work management. The services also cover incident investigation and advice on corrective/preventative actions and manual handling, and ergonomic, noise and plant assessments.

Our practitioners can provide Members with advice on 'due diligence' and their legal obligations, hazard identification and risk assessment, developing a safety management system and/or audits and establishing health and safety representatives and committees.

The Victorian Chamber's Mental Health Check Program allows you to gain a clear understanding of the mental health risks that exists within your business and will assist you in taking concrete steps towards reducing these risks. Our team of experienced Workplace Consultants will work with you to design and implement a program that will deliver a measurably better mentally healthier workplace.

Apprenticeships Support Australia

Apprenticeships Support Australia (ASA) is the Victorian delivery partner of Chambers Apprenticeship Support Australia (CASA). CASA is contracted by the Australian Government to deliver quality end-to-end advice and support services to Australia's apprentices and their employers.

ASA supports more than 5,900 Victorian businesses each year to deliver a full range of marketing, information and advice to support apprentices and employers prior to commencement and while they are in training. This includes assisting employers to select the apprenticeship that is most suited to the employer and the potential apprentice, conducting training contract sign-ups, assessing eligibility for commonwealth incentive programs, and engaging with state and territory training authorities.

International trade

The Victorian Chamber's international trade, business and investment professionals provide advice and assistance on international trade opportunities and processes, enabling Victorian business to establish new, or build on existing, international opportunities.

Consultants identify opportunities, potential partners and trusted suppliers, assist with market research and market entry strategies and help businesses understand trade conditions, restrictions and quarantine.

Our international trade consultants also arrange and host international trade missions. Other services offered by the team include customs and export documentation, export skills and cultural training, integrated visa and migration services, and support in accessing financial assistance and other government programs. The Victorian Chamber is the only body in Victoria that is authorised to issue both Certificates of Origin and ATA Carnets.

FROM THE CHIEF EXECUTIVE

In 2017/18 our policy and advocacy campaign delivered significant benefits for members, customers and clients. Working for business, we lowered costs, supported trade and investment and helped create jobs across the state.

The May 2018/19 Victorian Budget contained measures that reflect our advocacy on behalf of members, including payroll tax cuts (making regional Victoria the most attractive place to do business in Australia) and an average annual infrastructure spend of \$10.1 billion over the next four years.



With a payroll tax rate of 2.425 per cent, regional Victoria is now the most attractive investment destination in Australia thanks to the Victorian Chamber's advocacy.

Our advocacy delivered positive State Budget outcomes including:

- Detailed planning for a fast train to Geelong integrated with an Airport Rail Link
- Funding for regional road upgrades
- Support for community infrastructure in fast growing interface council areas
- Additional funding to grow apprenticeships and traineeships.

Taken together, the 2018/19 state and federal budgets provide almost \$50 billion towards Victorian Chamber priorities and other infrastructure projects, including the North East Link.

Our ability to successfully advance a pro-business agenda hasn't happened by chance. It reflects the contributions, ideas and experiences of more than 700 members, customers and clients who participated in our highly successful 2017 Victoria Summit which culminated at Parliament House in November.

This engagement played a key role in informing the Victorian Chamber's 2018 State Election priorities contained in *Stronger Business Stronger Victoria* which was launched in March 2017.

In 2017/18 our role as the leading business voice on government policies was reflected in submissions to state and federal governments on a range of issues including:

- New Victorian industrial relations reforms (including long service leave portability and labour hire)
- The Productivity Commission review of the distribution of the Goods and Services Tax
- The Federal Parliamentary Inquiry into access to free trade agreements by small and medium sized enterprises
- The Victorian Government's small business regulation review
- Governance of the Great Ocean Road Region
- New state environmental laws.

We continued our public opposition to several state government policies, including the moratorium on onshore gas exploration, the continuation of the Grand Final eve public holiday and the introduction of a new labour hire licensing scheme, all of which add costs to Victorian business.

Our Transport Taskforce developed recommendations in six key areas that are fundamental to enhancing the connectivity, efficiency and capacity of Victoria's transport system for the benefit of business and all Victorians. They include aligning transport and land use planning, improving transport industry regulation and strengthening transport industry workforce skills.

Operationally, there were a number of highlights during 2017/18. Our membership rose to 6,699 during the year, an increase of 6 per cent on 2016/17.

The Victorian Chamber's export documentation service issued around 78,000 documents, helping our members and clients with trade and international engagement.

Through Apprenticeships Support Australia (ASA), the Victorian Chamber supported around 9,200 apprenticeship and traineeship commencements and 5,700 completions in 2017/18.

New regional partnerships with Business Euroa, Business Tourism East Gippsland, Business Wodonga, the Leongatha Chamber of Commerce and the Traralgon Chamber of Commerce took the total number of regional alliances to 15 during the year.

The Victorian Chamber's workplace relations advice line answered around 15,400 calls, providing members with up-to-date, independent and accurate advice on a range of workplace relations issues.

During 2017/18 we delivered briefings across Victoria helping members better understand what government grants are available to support business growth.

Special questions included in our quarterly Business Trends and Prospects survey enabled members to share their experiences on a range of topical issues including cyber security, energy prices, education and training and innovation.

We continued to directly influence the work of key government advisory groups including the Premier's Jobs and Investment Panel, the Victorian Automotive Transition Taskforce, the Victorian Aboriginal Economic Board, the Advanced Manufacturing Advisory Council, the Equal Workplaces Advisory Council and the Victorian Apprenticeships and Traineeships Taskforce.

During the year we launched our *ignite* innovation series, an exciting new collaboration between the Victorian Chamber of Commerce and Industry, the state's leading universities, CSIRO and the Victorian Government.

The *ignite* events bring business leaders and universities together to facilitate collaboration and commercialise innovative projects.

In 2017, the Victorian Chamber also introduced Workplace Assured, a complete workplace relations solution for SMEs designed to provide peace of mind when it comes to managing and complying with workplace issues.

Through the year, the Victorian Chamber's internships program provided valuable benefits to members. We have successfully placed over 300 interns in Victorian businesses over the past three years. From 1 July 2018 the program will be extended to support an additional 300 internships over the next three years.

Looking ahead, the Victorian Chamber will continue to champion member interests through *Stronger Business Stronger Victoria*. Our 2018 State Election campaign aims to secure tangible outcomes for business and strengthen our reputation as Victoria's leading business organisation.

We are also undertaking a Health Taskforce which will develop policy and program recommendations to improve the competitiveness of Victoria's diverse and important health sector.

I would like to thank the Victorian Chamber's Board, Executive Council and staff for their strategic leadership and contribution in supporting our members and promoting Victoria as a great place to do business.

In particular, I would like to acknowledge our President Don Rankin and our Deputy President Karyn Sobels.

Finally, I thank all members of the Victorian Chamber of Commerce and Industry for their valued membership and support.

Mark Stone AM
Chief Executive
The Victorian Chamber of Commerce and Industry

OPERATING REPORT

THE MEMBERS OF COMMITTEE OF MANAGEMENT

The Members of the Committee of Management (Board of Directors) comprises of elected representatives of the Executive Council of the Victorian Chamber of Commerce and Industry (Victorian Chamber) who form the Board of Directors. The Past President of the Victorian Chamber is eligible for election to the Board of Directors in the office of Past President, under rule 22A which came into effect on 18 November 2015.

The Directors present their report together with the financial report of the Victorian Chamber for the year ended 30 June 2018 and the Auditor's Report thereon.

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

| Name of Officer | Office Held | Appointed | Resigned |
|-----------------------|-------------------------------------|------------|------------|
| Mr Don Rankin* | President | 20.11.2007 | |
| Ms Karyn Sobels* | Vice President | 22.11.2011 | |
| Mr Mark Birrell | Director (Immediate Past President) | 20.11.2007 | |
| Mr Kevin Brown | Director | 27.05.2003 | |
| Ms Kerry Smith | Director | 20.11.2012 | 18.06.2018 |
| Mr Adrian Kloeden | Director | 19.11.2013 | |
| Mr Robert van Stokrom | Director | 18.11.2014 | |
| Mr David Richardson | Director | 04.04.2016 | |
| Mr Brian Negus | Director | 17.11.2016 | |
| Mr Mark Stone | Secretary/Chief Executive | 20.06.2011 | |

*Don Rankin (President) and Karyn Sobels (Vice President) were appointed to their positions on the 17th November 2016.

MEETINGS – BOARD OF DIRECTORS

The number of meetings attended by each of the members of the Board of Directors of the Victorian Chamber during the financial year was:

| Name of Officer | Number of Meetings Held while in Office | Meetings Attended |
|-----------------------|---|-------------------|
| Mr Don Rankin | 11 | 10 |
| Ms Karyn Sobels | 11 | 11 |
| Mr Mark Birrell | 11 | 10 |
| Mr Kevin Brown | 11 | 11 |
| Mr Adrian Kloeden | 11 | 9 |
| Mr Brian Negus | 11 | 10 |
| Mr David Richardson | 11 | 11 |
| Ms Kerry Smith* | 8 | 3 |
| Mr Robert van Stokrom | 11 | 9 |
| Mr Mark Stone | 11 | 10 |

*The Board approved a period of 'Leave of Absence' for part of the term.

REMUNERATION PAID TO OFFICERS

The salary ranges of the five highest paid officers of the Victorian Chamber for the year ended 30 June 2018 were:

| Name of Officer | Remuneration (\$000s) | | | Non-cash Benefits (\$000s) | | |
|-------------------|-----------------------|--------|---------|----------------------------|--------|---------|
| | 0-50 | 51-100 | 401-450 | 0-50 | 51-100 | 401-450 |
| Mr Adrian Kloeden | • | | | | | |
| Ms Karyn Sobels | • | | | | | |
| Mr Kevin Brown | | • | | | | |
| Mr Don Rankin | | • | | | | |
| Mr Mark Stone | | | • | • | | |

SUPERANNUATION TRUSTEES

| Name of Officer or Member | Position Held | Superannuation Fund | Nominated by Victorian Chamber or other Body |
|--|---------------|---------------------|--|
| Mr Wayne Kayler-Thomson | Member | VICSuper | Victorian Chamber |
| Mr Graham Sherry | Member | Vision Super | Victorian Chamber |
| Mr Mark Sibree (Resigned 31.12.2017) | Member | CARE Super | Victorian Chamber |
| Mr Jeremy Johnson (Appointed 01.01.2018) | Member | CARE Super | Victorian Chamber |

PRINCIPAL ACTIVITIES

The principal activities of the Victorian Chamber 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. The Victorian Chamber makes a positive difference to Victoria's economic, environment and ultimately the community. There was no significant change in the nature of these activities during the period.

REVIEW AND RESULTS OF OPERATIONS

The Victorian Chamber recorded a consolidated operating profit for the year ended 30 June 2018 of \$905,638 (2017: Profit \$536,869). The consolidated net assets at 30 June 2018 totalled \$90,915,668 (2017: \$90,010,030).

MEMBERSHIP OF VICTORIAN CHAMBER

As at 30 June 2018, the Victorian Chamber had 6,699 paid members (2017: 6,328).

EMPLOYEES OF VICTORIAN CHAMBER

As at 30 June 2018, the total number of employees was 216 (2017: 206).

OPERATING REPORT

BOARD COMMITTEES

The following Board Committees operated during the reporting period:

Audit and Risk Committee*

Karyn Sobels

Robert van Stokrom

David Richardson

Investment Committee*

Adrian Kloeden

Mark Birrell

Brian Negus

Remuneration Committee

Kevin Brown

Karyn Sobels

Don Rankin

*The President is an ex-officio member of all Committees.

EVENTS AFTER THE BALANCE DATE

On the 18 October 2018, the decision has been made by the Chamber to wind down the operations of both VECCI Business Brokers Pty Ltd and VECCI Export Services Pty Ltd which form part of the Consolidated Group. The impact of the decision will have an immaterial impact of the overall financial position of the consolidated group.

On the 28th August, the Chamber entered into a non-binding letter of offer to purchase a majority equity ownership (up to a maximum of 58%) in a company. Consideration payable for this transaction comprises the divestment of the Chambers Training and RTO business to the company, and a cash settlement. The Share Purchase Agreement is in the process of being drafted which requires the Chamber to pay the vendors in cash a maximum contingent consideration, dependent on the achievement of certain revenue targets in FY19, but also to receive maximum contingent consideration via shares issued in the company, based on the above mentioned revenue targets. Due diligence procedures are underway and the expected completion date is the 31st October 2018.

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.
- (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.

Signed in accordance with a resolution of the Committee of Management.



Mark Stone AM
Secretary and Chief Executive at Melbourne, 18 October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | Restated 2017 \$ |
|---|------|-------------------|------------------------|
| REVENUE | | | |
| Membership and contributors subscriptions | 2a | 6,687,211 | 7,005,535 |
| Other revenue | 2a | 18,260,901 | 18,160,831 |
| Other income | 2b | 10,130,815 | 9,959,701 |
| TOTAL REVENUE AND OTHER INCOME | | 35,078,927 | 35,126,067 |
| EXPENSES | | | |
| Operating expenses | | 3,745,354 | 3,088,979 |
| Employee expenses | 4 | 18,785,171 | 19,327,859 |
| Affiliation fees | | 692,246 | 613,500 |
| Depreciation and amortisation expense | | 819,726 | 849,470 |
| Donations | | - | 264 |
| Federal & State Government programs | | 1,867,480 | 2,355,262 |
| Occupancy expenses | | 2,120,641 | 2,069,915 |
| Consultancy fees | | 1,648,920 | 2,288,294 |
| Provision for doubtful debts | | 1,197,917 | 61,174 |
| Share of net Loss from Associate | 18 | - | 728,744 |
| Write down & impairment of assets | | - | 100,000 |
| Other administration expenses | | 3,295,834 | 3,105,737 |
| TOTAL EXPENDITURE | | 34,173,289 | 34,589,198 |
| CURRENT YEAR SURPLUS BEFORE TAX | 3 | 905,638 | 536,869 |
| NET CURRENT YEAR SURPLUS | | 905,638 | 536,869 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | 905,638 | 536,869 |
| NET CURRENT YEAR SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY | | 905,638 | 536,869 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY | | 905,638 | 536,869 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

| | Note | 2018 \$ | Restated 2017 \$ | Restated 1 st July 2016 \$ |
|--------------------------------------|-------|--------------------|------------------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 6 | 1,831,330 | 2,990,416 | 2,148,934 |
| Trade and other receivables | 7 | 3,624,625 | 3,359,215 | 3,705,714 |
| Lease incentive receivable | 15(b) | 463,512 | 463,512 | 463,512 |
| Financial assets | 8 | 1,787,614 | 1,824,095 | 1,817,070 |
| TOTAL CURRENT ASSETS | | 7,707,081 | 8,637,238 | 8,135,230 |
| Non-current assets | | | | |
| Financial assets | 8 | 91,092,834 | 88,224,828 | 86,728,033 |
| Intangible assets | 9 | 702,130 | 765,904 | 291,798 |
| Property, plant and equipment | 10 | 4,112,160 | 4,738,705 | 5,475,282 |
| Lease incentive receivable | 15(b) | 2,896,950 | 3,360,462 | 3,823,974 |
| TOTAL NON-CURRENT ASSETS | | 98,804,074 | 97,089,899 | 96,319,087 |
| TOTAL ASSETS | | 106,511,155 | 105,727,137 | 104,454,317 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 11 | 4,708,445 | 4,854,368 | 3,779,426 |
| Deferred revenue | 12 | 3,407,147 | 3,163,258 | 4,143,125 |
| Lease liability | 15(b) | 463,512 | 463,512 | 463,512 |
| Short-term provisions | 13 | 2,114,408 | 2,487,003 | 2,067,522 |
| TOTAL CURRENT LIABILITIES | | 10,693,512 | 10,968,141 | 10,453,585 |
| Non-current liabilities | | | | |
| Long term provisions | 13 | 38,350 | 74,986 | 122,551 |
| Lease liability | 15(b) | 4,863,625 | 4,673,980 | 4,405,020 |
| TOTAL NON-CURRENT LIABILITIES | | 4,901,975 | 4,748,966 | 4,527,571 |
| TOTAL LIABILITIES | | 15,595,487 | 15,717,107 | 14,981,156 |
| NET ASSETS | | 90,915,668 | 90,010,030 | 89,473,161 |
| EQUITY | | | | |
| Retained earnings | | 90,915,668 | 90,010,030 | 89,473,161 |
| TOTAL EQUITY | | 90,915,668 | 90,010,030 | 89,473,161 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

| | Retained earnings | Total |
|--|-------------------|-------------------|
| | \$ | \$ |
| Balance at 1 July 2016 | 89,473,161 | 89,473,161 |
| Profit attributed to members of the consolidated group | 536,869 | 536,869 |
| Balance at 1 July 2017 | 90,010,030 | 90,010,030 |
| Profit attributable to members of the consolidated group | 905,638 | 905,638 |
| BALANCE AT 30 JUNE 2018 | 90,915,668 | 90,915,668 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members and others | | 23,797,038 | 23,956,419 |
| Receipts from Federal and State Government programs | | 7,031,169 | 7,188,569 |
| Payments to suppliers and employees | | (34,182,309) | (33,937,073) |
| Interest received | | 83,042 | 64,878 |
| NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES | 19 | (3,271,060) | (2,727,207) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Reinvestment of investment portfolio | | 1,051,515 | 3,814,753 |
| Proceeds from the sale of investments | | 2,184,770 | 1,091,703 |
| Contribution to Investment in Associate | | - | (728,744) |
| Loan to Non-Controlled Interest | | (994,902) | - |
| Payment for purchase of property, plant, equipment and intangible assets | | (129,409) | (609,023) |
| NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES | | 2,111,974 | 3,568,689 |
| Cash at the beginning of the financial year | | 2,990,416 | 2,148,934 |
| Net increase/(decrease) in cash held | | (1,159,086) | 841,482 |
| CASH AT THE END OF THE FINANCIAL YEAR | 6 | 1,831,330 | 2,990,416 |

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

NOTES TO THE FINANCIAL STATEMENTS

CASH BASIS FOR THE YEAR ENDED 30 JUNE 2018

| Note | 2018 | 2017 |
|--|------|------|
| | \$ | \$ |
| CASH ASSET IN RESPECT OF RECOVERED MONEY AT BEGINNING OF YEAR | - | - |
| Receipts | | |
| Amounts recovered from employers in respect of wages etc. | - | - |
| TOTAL RECEIPTS | - | - |
| PAYMENTS | | |
| Payments to workers in respect of recovered money | - | - |
| TOTAL PAYMENTS | - | - |
| CASH ASSET IN RESPECT OF RECOVERED MONEY AT END OF YEAR | - | - |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of the Victorian Chamber and controlled entities ('Consolidated Group' or 'Group').

The financial statements were authorised for issue on 18 October 2018 by the Board of Directors.

ENTITY INFORMATION

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

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads 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; and
3. A reporting unit must comply with an application made under subsection (1).

Information prescribed by the Fair Work (Registered Organisations) Regulations 2009 is available to members on request.

BASIS OF PREPARATION

Reporting Basis and Conventions

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose of financial statements, the Victorian Chamber is a not-for-profit entity.

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. The financial statements are presented in Australian dollars, and the financial statements have been rounded to the nearest dollar.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Victorian Chamber) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parents controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its power over the entity. The controlling entities contained in the financial statements are the CCI Victoria Legal Pty Ltd as trustee for the CCI-Victoria Legal Trust (CCI Victoria Legal), VECCI Business Brokers Pty Ltd as trustee for VECCI Business Brokers Trust and VECCI Export Services Pty Ltd.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date of control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. Income Tax

As a registered Employer Association, the Victorian Chamber is 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 Leasehold Improvements, Plant and Equipment is carried at cost less any accumulated depreciation, where applicable.

Leasehold Improvements

Leasehold Improvements is measured on the cost basis less depreciation and impairment losses. The carrying amount of leasehold improvements is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. If any impairment indicators exist, 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 are discounted to present values in determining the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

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.

If any impairment indicators exist, 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 are discounted to present values in determining the recoverable amount.

d. Depreciation

The depreciable amount of all fixed assets 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 | Useful Life |
|------------------------|-------------|
| Leasehold Improvements | 10 years |
| Plant and equipment | 4-5 years |

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 profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. 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 subsequently 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 discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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. Gains and losses arising from changes in fair value are included in profit or loss 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. Gains and losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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. Gains and losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Financial Liabilities

Non-derivative financial liabilities, excluding financial guarantees, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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

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. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

f. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefit incidental to ownership.

Finance 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 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. Finance leases are depreciated on a straight line basis over their estimated useful lives 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. The discount rate is the interest implicit in the lease.

Operating Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis.

Lease Incentive

Lease incentives are recognised across the term of the lease, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset. The Group recognises the lease incentive using a straight line basis over the full term of the initial lease.

g. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits (as defined in AASB119 Employee Benefits). Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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.

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 Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

k. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Revenue

(i) Membership Revenue

Membership Revenue is initially recognised on receipt of payment from the member. Subsequent to initial

recognition, all membership revenue is recognised on an accruals basis over the twelve month period of the paid membership.

(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 into account the interest rates applicable to the financial assets. Rental, sponsorship and event income are recognised on an accruals basis.

(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.

(vi) Professional Services Revenue

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

All revenue is stated net of the amount of GST.

m. Comparative Figures

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

n. 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 profit or loss. 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.

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

o. Intangible Assets

Assets relating to information technology, system development and CRM development projects are carried at cost less any accumulated amortisation and impairment losses. These are amortised over their estimated useful life ranging from 2 to 4 years. Assets are capitalised on the balance sheet until such time as they begin deriving economic benefit, at such time they will be amortised on a straight line basis.

p. Project Costs and System Development

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sale the asset; the entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of the intangible assets over the estimated useful lives. Amortisation commences when the intangible asset is available for use. Other development expenditure is recognised as an expense when incurred.

q. 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.

r. 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:

Trade Receivables

Included in trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to \$2,549,916 (2017: \$1,941,349) for the Group. Management has determined that recoverability of a portion of these debts is uncertain hence a provision for impairment has been made. An assessment of all accounts outstanding for longer than the agreed trading terms has been undertaken.

s. Investments

Investments in Associates

An associate is an entity that the Group has significant influence but not control. 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
- Australian Chamber Alliance

Investments in Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to gain benefit from its activities, generally by a shareholding, giving rise to a majority of voting rights. Subsidiaries are consolidated from the date on which control is transferred, and deconsolidated from the date control ceases. In preparing the consolidated financial statements transactions, balances and unrealised gains on transactions between groups are eliminated.

The Group had the following investments in associates through the financial year:

- CCI Victorian Legal Pty Ltd
- VECCI Business Broker Pty Ltd
- VECCI Export Services Pty Ltd
- Workplace Assured Pty Ltd

t. New Accounting Standards for Application in Future Periods

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

- AASB 9: Financial Instruments (December 2015) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, the directors believe it will not be material.

- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2019).

This Standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues. This Standard will require retrospective restatement and is available for early adoption.

The directors anticipate that the adoption of AASB 15 determined there will be no material impact on the Group's financial statements, however will continue to impact review on completion of each reporting period.

- AASB 16: Leases applicable for annual reporting periods commencing on or after 1 January 2019, AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with

- less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on balance sheet and a change in how related expenses are incurred. The financial impact of this has not yet been determined.

- AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1st January 2019)

AASB 1058 applies to transactions where the consideration to purchase an asset is significantly less than its fair value in order to support the entity to further its objectives. It also applies to volunteer services.

The following are the key requirements in this standard:

- income arising from the excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets, and revenue should be immediately recognised in profit or loss. For this purpose assets, liabilities and revenue are to be measured in accordance with the applicable standard;
- a liability is recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with other standards. This liability has to be amortised to profit or loss as the entity satisfies its obligations under the transfer; and
- an entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased

if they had not been donated. Recognised volunteer services shall be measured at fair value and any excess over the related amounts (such as contribution by owners or revenue) should be immediately recognised in profit or loss.

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

The directors have reviewed the adoption of AASB 1058 and have determined there will be no material impact on the Group's financial statements, however will review on completion of each reporting period.

- AASB 1059: Service Concessional Arrangements; Grantors (applicable to annual reporting periods beginning on or after 1st January 2019)

AASB 1059 applies to the accounting treatment of service concession arrangements by prescribing the accounting for the arrangement from the grantors perspective.

The following are the key requirements in this standard:

- recognise a service concession asset constructed, developed or acquired from a third by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset

- reclassify an existing asset as a service concession asset when it meets the criteria for recognition as a service asset;
- initially measure a service concession asset at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement;
- recognise a corresponding liability measured initially at fair value of the service concession asset, adjusted for any other consideration between the grantor and the operator;
- additional disclosure requirements.

The directors have reviewed the adoption of AASB 1059 and have determined there will be no material impact on the Group's financial statements.

NOTE 2: REVENUE AND OTHER INCOME

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | \$ | \$ |
| a. REVENUE | | |
| Membership and contributors subscriptions | 6,687,211 | 7,005,535 |
| Federal and State Government programs | 7,152,288 | 7,322,857 |
| Professional services | 8,253,500 | 7,954,012 |
| Training | 2,855,113 | 2,883,962 |
| | 18,260,901 | 18,160,831 |
| b. OTHER INCOME | | |
| Income from investments | 5,106,486 | 4,545,266 |
| Gain on financial assets at fair value through profit or loss | 2,890,948 | 3,369,917 |
| Dividends | 872,657 | 925,056 |
| Other | 1,260,724 | 1,119,462 |
| | 10,130,815 | 9,959,701 |

The Victorian Chamber did not receive capitation fees, donations, compulsory levies or any other financial support during the reporting period. There was no recovery of wages activity during the financial year (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: SURPLUS FOR THE YEAR

| | 2018 | 2017 |
|--------------------------------------|-----------|-----------|
| | \$ | \$ |
| Surplus has been determined after: | | |
| Operating lease rental expense | 399,033 | 451,080 |
| Affiliation fees paid to ACCI Office | 692,246 | 613,500 |
| Rent | 2,120,641 | 2,069,915 |
| Legal expenses (Litigation) | - | - |
| Other legal fees | 46,974 | 22,316 |
| Consultancy fees | 1,648,920 | 2,288,294 |
| ICT Licence & Support | 1,433,799 | 1,214,140 |
| Audit Fees (Review) | 109,754 | 97,277 |
| Other Auditor Fees | 22,620 | 3,000 |
| Advertising | 191,618 | 158,292 |

The Victorian Chamber did not incur expenses relating to payroll deductions of membership subscriptions, capitation fees, compulsory levies; grants; fees and/or allowances paid to persons in respect of their attendances as representatives of Victorian Chamber at conferences or other meetings or penalties imposed under the RO Act with respect to the Victorian Chamber's conduct during the reporting period. No donations were made to political parties. All material expenses from Operating expenses and Other administration expenses have been disclosed.

The Victorian Chamber incurred \$5,603 operating expenses in connection with holding meetings of councils, committees, panels or other bodies for the holding of which the Victorian Chamber was wholly or partly responsible.

NOTE 4: EMPLOYEE EXPENSES

| | Employees | | Office Bearers | | Total | |
|---------------------------|-------------------|-------------------|----------------|----------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED | | | | | | |
| Wages and salaries | 15,910,904 | 16,612,692 | 755,639 | 703,232 | 16,666,543 | 17,315,924 |
| Superannuation | 1,378,597 | 1,404,265 | 71,639 | 64,598 | 1,424,802 | 1,468,863 |
| Leave entitlements | 438,836 | 513,412 | 40,434 | 19,724 | 479,270 | 533,136 |
| Separation and redundancy | 189,122 | 9,936 | - | - | 189,122 | 9,936 |
| Other employee expenses | - | - | - | - | - | - |
| | 17,917,459 | 18,540,305 | 867,712 | 787,554 | 18,785,171 | 19,327,859 |

There were no other employee expenses incurred for employees or office bearer during 2018 and 2017.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION
a. Directors

| | 2018 | 2017 |
|---------------------------|------|------|
| Total number of Directors | 10 | 9 |

The following persons were directors of Victorian Chamber during the financial year:

| Name of Officer | Office Held | Appointed | Resigned |
|-----------------------|--------------------------------|------------|------------|
| Mr Don Rankin | President/Committee Member | 20.11.2007 | |
| Ms Karyn Sobels | Vice President/Committee Chair | 22.11.2011 | |
| Mr Mark Birrell | Director/Committee Member | 20.11.2007 | |
| Mr Kevin Brown | Director/Committee Chair | 27.05.2003 | |
| Ms Kerry Smith | Director | 20.11.2012 | 18.06.2018 |
| Mr Adrian Kloeden | Director/Committee Chair | 19.11.2013 | |
| Mr Robert van Stokrom | Director/Committee Member | 18.11.2014 | |
| Mr David Richardson | Director/Committee Member | 04.04.2016 | |
| Mr Brian Negus | Director/Committee Member | 17.11.2016 | |
| Mr Mark Stone | Secretary/Chief Executive | 20.06.2011 | |

b. Directors and key management personnel compensation

| | 2018 | 2017 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Wages and salaries | 755,639 | 703,232 |
| Superannuation | 71,639 | 64,598 |
| Annual leave | 40,434 | 19,724 |
| Long Service Leave | - | - |
| Separation and redundancy | - | - |
| | 867,712 | 787,554 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|--------------|-----------|-----------|
| | \$ | \$ |
| CASH AT BANK | 1,831,330 | 2,990,416 |

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: \$740,197 (2017:\$1,452,371); Victorian Chamber Business Brokers: \$162 (2017: \$242); business migration: \$5,541 (2017: \$38,118); and grant funding: \$28 (2017: \$99,645).

NOTE 7: TRADE AND OTHER RECEIVABLES

| | Note | 2018 | 2017 |
|--|------|------------------|------------------|
| | | \$ | \$ |
| CURRENT | | | |
| Trade receivables | | 2,549,916 | 1,941,349 |
| Less: Impairment | | (241,437) | (101,917) |
| | | 2,308,479 | 1,839,432 |
| OTHER RECEIVABLES | | | |
| Accrued income | | 278,539 | 342,774 |
| Prepayments | | 721,197 | 927,956 |
| GST paid | | 184,047 | 106,645 |
| Other debtors | | 132,363 | 142,408 |
| | | 1,316,146 | 1,519,783 |
| Amounts receivable from non-controlled interests | | 994,902 | - |
| Impairment of loan from non-controlled interest | | (994,902) | - |
| | | 3,624,625 | 3,359,215 |

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.

NOTE 7: 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 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2018 | | | | | | |
| Trade receivables | 2,549,916 | 241,437 | 1,458,996 | 160,587 | 80,554 | 608,342 |
| Other receivables | 1,316,146 | - | 1,316,146 | - | - | - |
| Amounts receivable from non-controlled entity | 994,902 | 994,902 | - | - | - | - |
| | 4,860,964 | 1,236,339 | 2,775,142 | 160,587 | 80,554 | 608,342 |
| 2017 | | | | | | |
| Trade receivables | 1,941,349 | 101,917 | 994,923 | 218,869 | 195,576 | 430,064 |
| Other receivables | 1,519,783 | - | 1,519,783 | - | - | - |
| | 3,461,132 | 101,917 | 2,514,706 | 218,869 | 195,576 | 430,064 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

| | Provision for impairment of receivables \$ |
|--|--|
| Carrying amount at 30 June 2016 | 108,930 |
| Charge for the year | 61,174 |
| Amounts written off | (68,187) |
| Carrying amount at 30 June 2017 | 101,917 |
| Charge for the year | 1,197,917 |
| Amounts written off | (63,495) |
| CARRYING AMOUNT AT 30 JUNE 2018 | 1,236,339 |

NOTE 8: FINANCIAL ASSETS

| | | 2018 \$ | 2017 \$ |
|--|----|-------------------|-------------------|
| CURRENT | | | |
| Term deposits – Held to Maturity | 20 | 1,787,614 | 1,824,095 |
| NON-CURRENT | | | |
| Managed investments at fair value through profit or loss | 20 | 65,498,181 | 54,728,105 |
| Managed investments held for trading | 20 | 25,594,543 | 33,496,613 |
| Investments in subsidiaries | | - | - |
| Investments in associates | | 110 | 110 |
| | | 91,092,834 | 88,224,828 |

Held to maturity

Assets to be held until maturity are classified as such when the Group is able to, and intends to, hold the asset until their fixed maturity date.

Managed investments held for trading

Assets purchased for the purpose of selling or repurchasing in the near term, and assets that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking are classified as held for trading. All other assets are held at fair value through profit and loss.

NOTE 9: INTANGIBLE ASSETS

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Software – At cost | 882,907 | 882,907 |
| Project costs and system development – At cost | 456,738 | 456,738 |
| Accumulated amortisation | (1,309,130) | (1,245,356) |
| Project Member One (in progress) | 1,292,021 | 1,292,021 |
| Impairment | (620,406) | (620,406) |
| | 702,130 | 765,904 |

No impairment of Intangible assets was recognised in the year.

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

| | Computer software | System development | Member1 (In progress) | Total |
|--|----------------------|-----------------------|--------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount at 30 June 2016 | 140,449 | 38,299 | 113,050 | 291,798 |
| Additions | – | – | 671,615 | 671,615 |
| Disposals | – | – | (13,050) | (13,050) |
| Impairments | – | – | (100,000) | (100,000) |
| Amortisation expense | (66,542) | (17,917) | – | (184,459) |
| CARRYING AMOUNT AT 30 JUNE 2017 | 73,907 | 20,382 | 671,615 | 765,904 |
| Amortisation expense | (45,857) | (17,917) | – | (63,774) |
| CARRYING AMOUNT AT 30 JUNE 2018 | 28,050 | 2,465 | 671,615 | 702,130 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| LEASEHOLD IMPROVEMENTS | | |
| Leasehold Improvements | 5,184,096 | 5,180,896 |
| Accumulated depreciation | (1,414,871) | (899,252) |
| TOTAL LEASEHOLD IMPROVEMENTS | 3,769,225 | 4,281,644 |
| PLANT AND EQUIPMENT | | |
| Plant and equipment at cost | 1,674,570 | 1,462,979 |
| Accumulated depreciation | (1,331,635) | (1,005,918) |
| TOTAL PLANT AND EQUIPMENT | 342,935 | 457,061 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 4,112,160 | 4,738,705 |

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.

| | Leasehold Improvements | Plant and Equipment | Total |
|--|---------------------------|------------------------|------------------|
| | \$ | \$ | \$ |
| CONSOLIDATED GROUP | | | |
| Carrying amount at 30 June 2016 | 4,793,300 | 681,982 | 5,475,282 |
| Additions | 3,413 | 71,135 | 74,548 |
| Disposals/Write back of assets | - | (46,114) | (46,114) |
| Depreciation expense | (515,070) | (249,941) | (765,011) |
| CARRYING AMOUNT AT 30 JUNE 2017 | 4,281,643 | 457,062 | 4,738,705 |
| Additions | 3,200 | 126,207 | 129,407 |
| Depreciation expense | (515,619) | (240,333) | (755,952) |
| CARRYING AMOUNT AT 30 JUNE 2018 | 3,769,224 | 342,936 | 4,112,160 |

NOTE 11: TRADE PAYABLES

| | 2018 | 2017 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Unsecured Liabilities | | |
| Trade Payables | 1,335,709 | 607,047 |
| Sundry payables and accrued expenses | 1,519,490 | 2,029,422 |
| Payables to employees | 813,048 | 465,528 |
| Carnet deposits held in trust | 1,040,198 | 1,752,371 |
| | 4,708,445 | 4,854,368 |

At the balance date, there were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions.

NOTE 12: DEFERRED REVENUE

| | 2018 | 2017 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Deferred membership revenue | 3,049,295 | 2,693,278 |
| Deferred training revenue | 191,256 | 194,118 |
| Deferred grant revenue | - | 121,119 |
| Other deferred revenue | 166,596 | 154,743 |
| | 3,407,147 | 3,163,258 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: PROVISIONS

| | 2018 | 2017 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Annual leave - employees | 756,939 | 830,507 |
| Annual leave - office bearers | 58,283 | 40,840 |
| Long service leave - employees | 941,224 | 956,684 |
| Long service leave - office bearers | 48,832 | 37,230 |
| Make good provisions | 36,470 | 71,005 |
| Onerous lease provisions | - | 120,737 |
| Bonus provisions | 272,660 | 430,000 |
| | 2,114,408 | 2,487,003 |
| NON CURRENT | | |
| Long service leave - employees | 38,350 | 74,986 |
| Long service leave - office bearers | - | - |
| | 38,350 | 74,986 |

| | Annual Leave | Long Service Leave | Make Good | Onerous Lease | Bonus | Total |
|--|-----------------|--------------------------|---------------|------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED GROUP | | | | | | |
| Carrying amount at 30 June 2017 | 871,347 | 1,068,900 | 71,005 | 120,737 | 430,000 | 2,561,989 |
| Additional provisions | 1,134,541 | 4,168 | - | - | 272,660 | 1,411,369 |
| Amounts used | (1,190,666) | (44,662) | (34,535) | (120,737) | (430,000) | (1,820,600) |
| Amounts written back | - | - | - | - | - | - |
| CARRYING AMOUNT AT 30 JUNE 2018 | 815,222 | 1,028,406 | 36,470 | - | 272,660 | 2,152,758 |

Annual Leave

Staff within the Group are entitled to 20 days of Annual leave per year, with unused leave remaining at balance date recognise as a liability to the Group. It is expected the staff will continue to utilise their accrued annual leave in the following 12-month period.

Long Service Leave

Staff within the Chamber are entitled to Long Service leave after 10 years of service within the Group, and a pro rata payment of unused leave should they terminate their employment after 7 years. The group has reviewed their liability in this area and assessed, using probability of service records, a liability that reflects the probable future cash outflow to the Group. A portion has been recognized as non-current to reflect the requirement to reach the minimum 7 years of service.

NOTE 13: PROVISIONS (continued)

Make Good Provisions

The Group operates several regional offices which have varying degrees of Make Good Provisions built into contractual lease arrangements. It has been assessed that the Group will be likely to incur these liabilities in the coming 12 months as it restructures its regional office network.

Bonus Provisions

Within the Group, designated staff, have short term incentive arrangements included in their employment agreements. A review of these bonus arrangements has seen the Group recognise a liability which will be discharged fully within the next 12 months.

There were no further provisions for employees or officers including separation and redundancy.

NOTE 14: RESERVES AND RETAINED PROFITS

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 Victorian Chamber's rules (rule 48).

NOTE 15: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Non-cancellable operating leases contracted for are in the financial statements | | |
| - not later than 1 year | 1,422,071 | 1,422,071 |
| - later than 1 year but not later than 5 years | 7,110,356 | 7,110,356 |
| - later than 5 years | 1,777,589 | 3,199,660 |
| | 10,310,016 | 11,732,087 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 15: CAPITAL AND LEASING COMMITMENTS (continued)

b. Operating Lease Incentive

During the 2016 Financial Year, the Victorian Chamber entered into an agreement to lease office premises in Melbourne. This lease includes a cash incentive of \$4,635,120 which will be provided to the Victorian Chamber over the first 5 years of the lease. The lease asset and liability is contingent on the Victorian Chamber remaining at the premises for the full 10 year lease period. The lease liability will be recognized on a straight line basis over the life of the lease. No renewal clause has been entered into.

| Lease Incentive Receivable | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash lease incentive amortised over life of lease | | |
| Current | 463,512 | 463,512 |
| Non-current | 2,896,950 | 3,360,462 |
| | 3,360,462 | 3,823,974 |
| Lease Liability | 2018 | 2017 |
| | \$ | \$ |
| Current | | |
| Cash lease incentive amortised over life of lease | 463,512 | 463,512 |
| | 463,512 | 463,512 |
| Non-current | | |
| Cash lease incentive amortised over life of lease | 2,896,950 | 3,360,462 |
| Straight line adjustment | 1,966,675 | 1,313,518 |
| Total non-current lease liability | 4,863,625 | 4,673,980 |
| Total lease liability | 5,327,137 | 5,142,512 |

NOTE 16: RELATED PARTY TRANSACTIONS

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

PITCHER PARTNERS

During the financial year, the Victorian Chamber made payments to Pitcher Partners of \$190,226 (2017: \$219,285) in respect of professional advisory and tax services and portfolio management services performed and received payments from Pitcher Partners of \$146,522 (2017: \$107,725) in respect of membership, sponsorship, consulting, events and training work performed. Don Rankin (President) was a Director at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, \$2,674 (2017: \$2,335) was still outstanding in the Groups debtor ledger.

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI)

During the financial year, the Victorian Chamber made payments to ACCI of \$937,483 (2017: \$816,686) in respect of affiliation fees, trade documentation and events and received payments from ACCI of \$71,406 (2017: \$40,203) in respect of rent, consulting, events and training work performed. Don Rankin (President) and Mark Stone (Chief Executive) were Board members of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June nil (2017: \$88) was still unpaid in the Groups creditor ledger, and \$21,701 (2017: \$60,516) was outstanding in the Groups debtor ledger.

INTERNATIONAL TRADE MANAGEMENT (ITM)

During the financial year, the Victorian Chamber received payments from ITM of \$11,915 (2017: nil) in respect of membership subscriptions, consulting and events. Don Rankin (President) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, \$2,036 (2017: nil) was still outstanding in the Groups debtor ledger.

SKS HUB PTY LTD (SKS)

During the financial year, the Victorian Chamber received payments from SKS of \$1,515 (2017: \$3,769) in respect of membership, consulting, events and training work performed. Karyn Sobels (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

DFP RECRUITMENT SERVICES (DFP)

During the financial year, the Victorian Chamber received payments from DFP of \$95,036 (2016: \$95,000) in respect of membership, sponsorship, consulting, events and training work performed. Robert van Stokrom (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, nil (2017: \$3,996) was still unpaid in the Groups creditor ledger.

RPM REAL ESTATE GROUP (RPM)

During the financial year, the Victorian Chamber received payments from RPM of \$2,060 (2017: \$660) in respect of membership and events attended. Kevin Brown (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

PFD FOODS (PFD)

During the financial year, the Victorian Chamber received payments from PFD of \$26,454 (2017: \$140,451) in respect of membership, consulting, events and training work performed. Kerry Smith (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, nil (2017: \$29,606) was still outstanding in the Groups debtor ledger.

COLIBAN WATER AUTHORITY

During the financial year, the Victorian Chamber received payments from Coliban Water Authority of nil (2017: \$13,560) in respect of consulting, events and training work performed. David Richardson (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, nil (2017: \$10,130) was still outstanding in the Groups debtor ledger.

CVGT AUSTRALIA (CVGT)

During the financial year, the Victorian Chamber received payments from CVGT of \$2,190 (2017: \$3,914) in respect of membership, consulting, events and training work performed. David Richardson (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

INFRASTRUCTURE PARTNERSHIPS AUSTRALIA (IPA)

During the financial year, the Victorian Chamber made payments to IPA of \$27,200 (2017: \$26,640) in respect of membership subscriptions. Adrian Kloeden (Director) was Chairman of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16: RELATED PARTY TRANSACTIONS (continued)

ECHIDNA HOLDINGS

During the financial year, the Victorian Chamber received payments from Echidna of \$1,360 (2017: \$644) in respect of membership, consulting, events and training work performed. David Richardson (Director) was Chief Executive of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

SERCO ASIA PACIFIC

During the financial year, the Victorian Chamber received payments from Serco Asia Pacific of \$1 (2017: \$1) in respect of membership. Adrian Kloeden (Director) was a Chairman of their Advisory Board of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

ROYAL AUTOMOBILE CLUB OF VICTORIAN (RACV)

During the financial year, the Victorian Chamber received payments from RACV of \$28,450 (2017: \$31,115) in respect of membership, event and consulting work performed. Brian Negus (Director) was General Manager (Public Policy) of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, \$4,015 (2017: nil) was still outstanding in the Groups debtor ledger.

CICA (COLLABORATIVE ITS) GROUP (CICA)

During the financial year, the Victorian Chamber received payments from CICA of \$770 (2017: nil) in respect of membership, event and consulting work performed. Brian Negus (Director) was Chairman of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

DEAKIN UNIVERSITY

During the financial year, the Victorian Chamber received payments from Deakin of \$25,372 (2017: \$51,285) in respect of membership, consulting, events and training work performed. David Richardson (Director) was Partnership Manager of the Deakin University, Bendigo during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, \$60 (2017: \$16,500) was still outstanding in the Groups debtor ledger.

RELATED PARTY MEMBER TRANSACTIONS

The principal companies of which the Victorian Chamber office holders and Executive Council members are proprietor, partner, director, general manager, manager or secretary are required to hold a fully paid-up Victorian Chamber membership under Victorian Chamber rules.

NOTE 17: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of Subsidiary | Place of Principal Place of Business | Ownership Interest Held by the Group | |
|--------------------------------|--------------------------------------|--------------------------------------|-----------|
| | | 2018 % | 2017 % |
| CCI Victoria Legal Pty Ltd | Melbourne, Australia | 100 | 100 |
| VECCI Business Brokers Pty Ltd | Melbourne, Australia | 100 | 100 |
| VECCI Export Services Pty Ltd | Melbourne, Australia | 100 | 100 |

There are no non-controlling interests outside of the Group

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements

b. Significant Restrictions

There are no significant restrictions over subsidiaries

TRANSACTIONS BETWEEN SUBSIDIARIES

The Victorian Chamber is the ultimate parent company of CCI Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust and VECCI Export Services Pty Ltd. During the financial year, the Victorian Chamber made payments of \$180,139 to CCI Victoria Legal Trust (2017: \$151,861), nil payments to VECCI Business Brokers Pty Ltd (2017: nil) and nil payments to VECCI Export Services Pty Ltd (2017: nil). During the financial year, the Victorian Chamber received \$48,923 from CCI Victoria Legal trust (2017: \$45,364), nil receipts from VECCI Business Brokers (2017: nil) and nil receipts from VECCI Export Services Pty Ltd (2016: nil).

As at 30 June 2018, the Victorian Chamber has outstanding loan balances with CCI Victoria Legal Trust of \$1,225,675 (Fully provided for) (2017: \$1,225,675) and VECCI Business Brokers Pty Ltd of \$79,005 (Fully provided for) (2017: \$79,005). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, an impairment has been raised against the outstanding loan balance with VECCI Business Brokers Pty Ltd for \$49,000 (2017: nil). The total amount for CCI Victoria Legal Trust was impaired in prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: INTEREST IN ASSOCIATE

a. Information about Associate

On the 31 December 2016, the Victorian Chamber purchased a 49% shareholding in Workplace Assured Pty Ltd (ACN: 612 651 966). Workplace Assured Pty Ltd is a national business offering a complete workplace relations solution for small to medium business. This investment will be accounted for using the equity method.

| Name of Associate | Place of Principal Place of Business by the group | % Ownership interest held | Primary Activities |
|---------------------------|---|---------------------------|----------------------|
| Workplace Assured Pty Ltd | Sydney, Australia | 49% | Employment Insurance |

b. Summarised financial information about the Associate

| | 2018 | 2017 |
|---------------------|-------------|-------------|
| Current Assets | 2,075,756 | 177,964 |
| Total Assets | 2,075,756 | 177,964 |
| Current Liabilities | (5,009,962) | (1,756,315) |
| Total Liabilities | (5,009,962) | (1,756,315) |
| Net Assets | (2,934,206) | (1,578,351) |

| | 2018 | 2017 |
|-----------------|-------------|-------------|
| Revenue | 1,856,690 | 756,402 |
| Expenses | (3,212,545) | (3,845,641) |
| Total Losses | (1,355,855) | (3,089,239) |
| Share of Losses | (664,368) | (1,362,512) |

c. Share of losses in Associate

| | |
|---|--------------------|
| Unrecognised share of losses at 1 st July 2017 | (633,768) |
| Unrecognised share of losses for year-ended 30 th June 2018 | (664,368) |
| CUMULATIVE TOTAL OF UNRECOGNISED SHARE OF LOSSES AT 30 JUNE 2018 | (1,298,136) |

There are no non-controlling interests outside of the Group.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statement.

There are no significant restrictions over the associates.

Transactions between Associates

During the financial year, the Victorian Chamber received payments from Workplace Assured Pty Ltd of \$325,498 (2017: \$112,362) in respect of services performed and made a unsecured loan of \$994,902 (fully impaired) (2017: nil). Mark Stone (Secretary) was a Director at Workplace Assured Pty Ltd during the financial year. All services rendered were made on an arm's length commercial basis in accordance to the shareholders' agreement.

NOTE 19: CASH FLOW INFORMATION

| | 2018 | 2017 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Surplus after income tax | 905,638 | 536,869 |
| Non-cash flows: | | |
| – Depreciation and Amortisation | 819,726 | 871,495 |
| – Provision for Bad Debts | 1,197,917 | 61,176 |
| – Impairment losses | | – |
| – Change in fair value of investments | (5,075,719) | (4,461,620) |
| – Investment income reinvested | (872,657) | (925,057) |
| – Interest income reinvested | (119,435) | (294,856) |
| Changes in assets and liabilities: | | |
| (Increase)/Decrease in receivables and prepayments | (468,424) | 285,325 |
| Increase in payables and deferred income | 78,730 | 565,473 |
| Increase in provisions | 263,164 | 633,980 |
| CASH FLOWS USED IN OPERATING ACTIVITIES | (3,271,060) | (2,727,207) |

NOTE 20: 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 in term-deposits, managed investments portfolios, 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 Investment Committee, consisting of directors and executives of the Group, engaged independent external consultants Pitcher Partners and Emerge Capital as its investment managers during the financial year to provide professional advice with respect to the Group's investments. The Committee and investment manager 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 Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Investment Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board of Directors 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 are exposed to through its financial instruments are market risk, interest rate risk, price risk and credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

a. Interest Rate Risk

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 (calculated using the applicable interest rates and balances during the financial year), is set out below:

Cash and Interest Rates

| Consolidated | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Fixed Interest Rate | | Non-Interest Bearing | | Total | |
|--|--|------|------------------------|------------------|---------------------|-------------------|----------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | | | | | | | | | | |
| Cash at bank | 1.25 | 0.87 | 1,831,330 | 2,990,416 | - | - | - | - | 1,831,330 | 2,990,416 |
| Financial assets - term deposits | 2.10 | 2.45 | - | - | 1,787,614 | 1,824,095 | - | - | 1,787,614 | 1,824,095 |
| Financial assets - unlisted securities | | | - | - | - | - | - | - | - | - |
| Financial assets - managed investments | | | 11,488,037 | 5,830,748 | 17,831,077 | 17,398,990 | 61,773,610 | 64,994,980 | 91,092,724 | 88,224,718 |
| Trade and other receivables | | | - | - | - | - | 3,624,625 | 3,359,215 | 3,624,625 | 3,359,215 |
| Total Financial Assets | | | 13,319,367 | 8,821,164 | 19,618,691 | 19,223,085 | 65,398,235 | 68,354,195 | 98,336,293 | 96,398,444 |
| Financial Liabilities | | | | | | | | | | |
| Trade and other payables | | | - | - | - | - | 4,708,445 | 4,854,368 | 4,708,445 | 4,854,368 |
| Total Financial Liabilities | | | - | - | - | - | 4,708,445 | 4,854,368 | 4,708,445 | 4,854,368 |

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)**b. Market Risk**

The maximum exposure to market risk, which is the risk that a financial instrument's fair 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 Statement of Financial Position. Refer to the sensitivity analysis below at note 20 (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 7 (b).

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

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 \$4,708,445 (2017: \$4,053,165) which are due for payment within 1 year. With cash equalling \$1,831,330 (2017: \$2,990,416), and liquid assets of \$11,488,037 (2017: \$5,785,485) held in financial assets – managed investment, the Group has sufficient financial and liquid assets available to meet its debts as and when they fall due.

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. At 30 June 2018, 9% (2017: 8%) of its investment portfolio was held in overseas interests although it is not considered that this exposes the Group to any material foreign exchange risk.

f. Sensitivity Analysis

The Group does not have any borrowings and therefore the main exposure would be in market risk due to price movements of investments. The following table summarises the sensitivity of the Group's and the Parent's non-interest bearing financial assets to the movement in the market.

Carrying value of non-current non-interest bearing financial assets at fair value at 30 June 2018 is \$61,773,610 (2017: \$64,994,980).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

| | | Profit \$ | | Equity \$ |
|--------------------------------|-----|--------------|-----|--------------|
| Year ended 30 June 2018 | | | | |
| Fair value on 3% movement | +/- | 1,853,208 | +/- | 1,853,208 |
| Fair value on 5% movement | +/- | 3,088,681 | +/- | 3,088,681 |
| Fair value on 10% movement | +/- | 6,177,361 | +/- | 6,177,361 |
| Year ended 30 June 2017 | | | | |
| Fair value on 3% movement | +/- | 1,949,849 | +/- | 1,949,849 |
| Fair value on 5% movement | +/- | 3,249,749 | +/- | 3,249,749 |
| Fair value on 10% movement | +/- | 6,499,498 | +/- | 6,499,498 |

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 managed investments are held in the following financial assets at the end of the reporting period.

| | 2018 | 2017 |
|---------------------|------|------|
| Cash | 13% | 7% |
| Fixed Interest | 18% | 20% |
| Australian Shares | 15% | 22% |
| Overseas Shares | 7% | 7% |
| Australian property | 1% | 3% |
| Overseas Property | 1% | 1% |
| Unlisted Property | 40% | 35% |
| Alternatives | 5% | 5% |

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

g. 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 2018 | | | | |
| 2% in interest rate | +/- | 266,387 | +/- | 266,387 |
| 10 % in listed investments | +/- | 6,177,361 | +/- | 6,177,361 |
| Year ended 30 June 2017 | | | | |
| 2% in interest rate | +/- | 176,423 | +/- | 176,423 |
| 10 % in listed investments | +/- | 6,499,498 | +/- | 6,499,498 |

NOTE 21: FAIR VALUE MEASUREMENTS

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

- Financial assets at fair value through profit and loss;

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

a. Fair Value Hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FAIR VALUE MEASUREMENTS (continued)

VALUATION TECHNIQUES

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

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

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

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

RECURRING FAIR VALUE MEASUREMENTS

| | Level 1 | Level 2 | Level 3 | Total |
|--|------------|---------|---------|------------|
| | \$ | \$ | \$ | \$ |
| 2018 | | | | |
| Financial assets | | | | |
| - Managed investments at fair value through profit or loss | 91,092,724 | - | - | 91,092,724 |
| 2017 | | | | |
| Financial assets | | | | |
| - Managed investments at fair value through profit or loss | 88,224,718 | - | - | 88,224,718 |

There has been no change in the valuation techniques used to calculate the fair values disclosed in the financial statements. There has been no transfers between fair value hierarchies during the year.

NOTE 22: CORRECTIONS OF MISTATEMENTS

During 2018, the Group determined that the lease incentive associated with the rental agreement at 150 Collins Street is not in line with the requirements of AASB 117. As a consequence, occupancy expenses and its related liabilities have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

Consolidated statement of financial position

| | As previously reported | Adjustments | As restated |
|--------------------------|------------------------|-------------|--------------|
| 1 July 2017 | | | |
| Total Assets | 104,454,317 | - | 104,454,317 |
| Total Liabilities | (14,400,110) | (581,046) | (14,981,156) |
| Total Equity | 90,054,207 | 581,046 | 89,473,161 |
| 30 June 2017 | | | |
| Total Assets | 105,727,137 | - | 105,727,137 |
| Total Liabilities | (14,403,589) | (1,313,518) | (15,717,107) |
| Total Equity | 91,323,548 | 1,313,518 | 90,010,030 |

Consolidated statement of comprehensive income

| | As previously reported | Adjustments | As restated |
|---------------------------------|------------------------|-------------|-------------|
| For the year ended 30 June 2017 | | | |
| Occupancy expenses | (1,337,443) | (732,472) | (2,069,915) |
| Net Surplus/(Loss) | 1,269,341 | (732,472) | 536,869 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23: PARENT ENTITY

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

| | 2018 | 2017 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| ASSETS | | |
| Current assets | 7,012,872 | 8,102,858 |
| Non-current assets | 99,267,608 | 97,553,431 |
| TOTAL ASSETS | 106,280,480 | 105,656,289 |
| LIABILITIES | | |
| Current liabilities | 9,848,293 | 10,386,533 |
| Non-current liabilities | 5,365,487 | 5,183,534 |
| TOTAL LIABILITIES | 15,213,780 | 15,570,067 |
| EQUITY | | |
| Retained earnings | 91,066,700 | 90,086,222 |
| TOTAL EQUITY | 91,066,700 | 90,086,222 |
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Total profit | 980,478 | 572,813 |
| TOTAL COMPREHENSIVE INCOME | 34,962,007 | 34,899,481 |

NOTE 24: ASSOCIATION DETAILS

The registered office and principal place of business of the Victorian Chamber is:

Victorian Chamber of Commerce and Industry (Victorian Chamber)
150 Collins Street
MELBOURNE VIC 3000

The principal activities of the Victorian Chamber 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.

NOTE 25: ADDITIONAL DISCLOSURES - S253 OF FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 ("RO Act") Reporting Guidelines, the following disclosures are made:

- The Victorian Chamber's ability to continue as a going concern is not reliant on the agreed financial support of another entity. The Victorian Chamber has agreed to provide financial assistance to its subsidiaries the CCI - Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust, Victorian Chamber Export Services Pty Ltd and Workplace Assured Pty Ltd in order for each subsidiary to be able to pay its debts as and when they become payable. The Victorian Chamber also confirms that it will not call on or require repayment of any loans (whether in whole or in part) at any time within 12 months after the date of the signing of the audit report for each subsidiary named above for the Year Ended 30 June 2018, to the extent that the ability of the subsidiary entity to continue as a going concern would be adversely affected.
- The Victorian Chamber has not acquired any assets or liabilities during the financial year as a result of an amalgamation under Part 2 of Chapter 3 of the RO Act in which it was the amalgamated organisation; a restructure; a determination by the
- General Manager under subsection 245(1) of the RO Act of an alternative reporting structure; or a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- The Victorian Chamber was not involved in a business combination during the financial year.
- No funds or accounts were operated in respect of compulsory levies or voluntary contributions.
- No funds or accounts were operated that were required by the Victorian Chamber rules. There were no funds, accounts or controlled entities kept for a specific purpose.
- No donations were made to political parties throughout the course of the year.
- No payments were made in regards to legal expenses associated with litigation.

COMMITTEE OF MANAGEMENT STATEMENT

On 18 October 2018, the Members of the Committee of Management (Board of Directors) of the Victorian Chamber passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial Year Ended 30 June 2017.

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 Commissioner;
- (c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2018 and of the financial 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 Fair Work (Registered Organisations) Act 2009 ("RO Act");
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager;
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) During the financial year there was no recovery of wages.

This declaration is made in accordance with a resolution of the Committee of Management. For Board of Directors:

Name: Mark Stone AM
Title of Office held: Secretary and Chief Executive

Name: Don Rankin
Title of Office held: President

Signature:



Date: 18 October 2018

Signature:



Date: 18 October 2018

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF VICTORIAN CHAMBER OF COMMERCE AND INDUSTRY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victorian Chamber of Commerce and Industry and controlled entities (the "Reporting Unit"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have a realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for our audit opinion.



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

I declare that I am an approved auditor, a member of Institute of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

ShineWing Australia

ShineWing Australia
Chartered Accountants

A handwritten signature in black ink, appearing to read 'H Underwood'.

Hayley Underwood
Partner

Melbourne, 25 October 2018

Registration number: AA2017/54