Australian Government
Registered Organisations Commission

10 January 2020

Mark Stone
Chief Executive
Victorian Chamber of Commerce and Industry

Dear Sir

Re: – Victorian Chamber of Commerce and Industry - financial report for year ending 30 June 2019 (FR2019/95)

I refer to the financial report of the Victorian Chamber of Commerce and Industry. The documents were lodged with the Registered Organisations Commission (**ROC**) on 27 November 2019.

The financial report has 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 2020 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 when preparing the next report.

Non-compliance with previous requests

While we filed last year's financial report, certain issues were identified for the reporting unit to address in the preparation of future financial reports. I note that issues identified last year re-appeared in the 2019 report, namely:

(i) The omission within the Notes of explicit nil activity disclosures for
- RG13(e) - recovery of wages revenue (to replace declaration (f) in the *committee of management statement*)
- RG16(b) - legal cost liabilities/provisions
- RG19 - administration by 3rd party
- RG20 - payments to former related parties

(ii) The mis-reference to "General Manager" (instead of "Commissioner") in declaration (e)(v) in the committee of management statement.

In addition, the following nil activity information appears to have been inadvertently omitted as a result of inserting the Notice required under section 272 under Note 24 – Additional Disclosures - on page 50 of the report:

(iii) In respect of:
- RG10 - agree to receive financial support from another reporting unit to continue as a going concern
- RG11 - agree to provide financial support to another reporting unit to ensure they continue as a going concern

- RG12 - acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission

These nil activity disclosures should be included, as appropriate, in the next report.

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.

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Designated Officer's Certificate

s268 Fair Work (Registered Organisations) Act 2009

Certificate for the Period Ending 30 June 2019

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 2019 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 22 October 2019; and

- that the full report was presented to a general meeting of members of the reporting unit on 14 November 2019 in accordance with s.266(1) of the *Fair Work (Registered Organisations) Act 2009.*

Signature

Mark Stone

Secretary/Chief Executive

Date: 27 November 2019

ANNUAL REPORT 2019

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 2018/19.

Members, customers and clients made a significant contribution to our submissions on state and federal budgets, as well as the national election campaign, managed in collaboration by the Australian, Victorian and other chambers.

Key results for members were secured in the Victorian Budget including lower payroll tax rates. As a result, regional Victoria remains the most attractive place in Australia to conduct business.

Over the year, the Victorian Chamber continued to be businesses strongest voice on government policies affecting our members through submissions made to state and federal governments on key issues impacting Victorian businesses, including:

- workplace manslaughter
- City of Melbourne Draft Transport Strategy 2030
- 2019-20 State and Federal Budgets
- Port of Melbourne's proposed Port Rail Solution
- Inquiry into the Victorian On-demand Workforce
- Inquiry into the provisions of the Treasury Laws Amendment (Making Sure Multinational Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018 – R&D Tax Incentive
- Red Tape Committee inquiry into policy and process to limit and reduce red tape
- Victorian Labour Hire Licensing Scheme – Exposure Draft Regulations
- Owner Drivers and Forestry Contractors Bill
- Environment Protection Amendment Bill 2018.

During 2018/19, we continued 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, representation at the Fair Work Commission, diversity and equal opportunity, investigations and mediations, enterprise bargaining and contract templates 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 Advice Line. If needed, we can refer Members to our associated law firm for legal advice.

Workplace Assured

In 2016 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 around 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, health, safety and wellbeing, marketing, sales and service 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 highly qualified and experienced safety practitioners.

We offer a range of consulting services such as workplace risk assessments and Victorian WorkCover Authority support, including 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, developing a safety management system and establishing health and safety representatives and committees.

The Victorian Chamber's workplace mental health and wellbeing services include a range of training and consulting services aimed at assisting business to gain a clear understanding of the mental health risks that exist within your business and how you can take concrete steps towards reducing these risks. Our team of experienced Consultants will work with you to design and implement a program that will deliver a measurably better mentally healthier workplace.

Apprenticeships Support Australia

Chambers Apprenticeship Support Australia (CASA) is an established company, owned by four equal shareholders: the Victorian Chamber of Commerce and Industry, NSW Business Chamber, South Australian Employer's Chamber of Commerce and Industry and the Chamber of Commerce and Industry of Western Australia.

Trading as Apprenticeship Support Australia (ASA), ASA is contracted by the Australian Government to deliver high quality end-to-end advice and support services for employers to help recruit, train and retain apprentices/trainees. Over the last 21 years, ASA in Victoria has supported 45,000 businesses, signed up over 300,000 apprentices and administered $600 million in incentive payments to Victorian businesses through the Australian Apprenticeship Incentives Program.

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, 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 a year that included both state and federal elections, the Victorian Chamber of Commerce and Industry is proud to have achieved significant policy and advocacy gains that will help thousands of Victorian businesses grow their operations and jobs.

Over the past year, the Victorian Chamber introduced new frameworks to guide the way we work and ensure our policy and advocacy efforts are squarely aligned to member priorities.

In November, we successfully deployed new campaign technology, pioneered in US presidential elections, that targeted our *Stronger Business, Stronger Victoria* State Election campaign messaging to politicians within 25 meters of Parliament House Melbourne.

Our election campaign demonstrated to decision makers that the chamber network has a strong backing from Victorian businesses and secured commitments to several projects and initiatives aligned with our policy priorities including infrastructure, education and training and regional development.

Nearly 1,600 members, customers and clients directly connected with key Government and Opposition MPs through business election lunches and major evening events.

The Andrews Government was re-elected for another four-year term, and in May delivered a state budget that saw Victoria's payroll tax threshold lifted to $700,000 by 2022-23 and the regional payroll tax rate cut to 1.21 per cent over the same period. Both measures follow the Chamber's advocacy and will help lower the cost of doing business and grow jobs.

In May, the Federal Election signalled a new approach to our advocacy as we supported a targeted digital campaign across the Chamber network. Aligning with other Chambers meant our members were represented as part of a wider movement, a tactic that was acknowledged by the major political parties in their pre-election commitments to make it easier for businesses to hire people, lower power prices and invest in skills.

Working with the Australian Chamber of Commerce and Industry throughout the year ensured Victorian business was well represented on federal issues such as penalty rates, the minimum wage review, taxation, infrastructure, trade policy and education and training.

In 2018-19, the Victorian Chamber also made submissions to state and federal governments on red tape, workplace manslaughter, the on-demand economy, environmental legislation, government procurement, labour hire licensing, and a range of local government strategies.

Our Health Industry Taskforce brought together key health industry experts and practitioners to identify the reforms needed to ensure the future success of Victoria's health industry and the health and wellbeing of people in Victoria and further afield.

The Victorian Chamber partnered with the Bank of Melbourne, the Federal Department of Industry, Innovation and Science and regional councils to deliver a series of government grants briefings, and also participated in key government advisory groups including: ICN, Workplace Manslaughter Implementation Taskforce, the Advanced Manufacturing Advisory Council, the Victorian Aboriginal Economic Board, the Transport Industry Council and the Equal Workplaces Advisory Council.

Growing Victorian exports and supply chains was a priority for the Victorian Chamber during the year. In May, a group of Victorian business delegates visited Jiangsu Province in China, meeting businesses in their relevant sectors to create relationships that will help grow their operations and take their businesses globally.

The Victorian Chamber's global services have proven to be invaluable to trade engaged members over the past decade, with the volume of carnets and certificates of origin issued growing by 100 per cent over the past 10 years. We now process more export documents than any other licensed provider in Australia.

Victorian Chamber membership rose to over 7,000 over the past twelve months and our 92 per cent retention rate confirms that we are delivering services and events that members want, need and use.

Over the past year the executive has continued to focus on reducing costs and growing revenue, with operational savings locked in for the current and future years. I'm pleased to advise that membership has grown in excess of 6 per cent, with further increases in services provided to member up 3 per cent.

When businesses report that one of the top challenges they face is finding the right people, there is nothing more important than equipping workers with the skills they need to find the right jobs.

Apprenticeships Support Australia has supported thousands of apprentices and employers through the chamber movement nationally. The Victorian Chamber's internship program has been tremendously popular with employers and interns, with more than 400 young people participating in the program in just four years.

I would like to thank the Victorian Chamber's Board, Executive Council and staff for the ongoing strategic leadership and guidance in continuing to support and promote Victorian businesses and our State as a great place to do business.

I would especially like to acknowledge the leadership and guidance of our President Don Rankin, who concludes his three-year term in November 2019.

Finally, I thank all members of the Victorian Chamber of Commerce and Industry for their continued membership and support. With our 168-year history and established networks, the Victorian Chamber is well placed to continue in its role as the most influential voice of business in Victoria in the year ahead, and many years to come.

Mark Stone AM
Chief Executive
Victorian Chamber of Commerce and Industry

Report required under subsection 255(2A)

For the year ended 30 June 2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2019.

Categories of expenditures	2019 ($)	2018 ($)
Remuneration and other employment-related costs and expenses – employees	19,751,851	18,785,171
Advertising	444,052	377,514
Operating costs	13,210,568	13,131,833
Donations to political parties	-	-
Legal costs	196,353	46,974

Signature of designated officer: ....

Name and title of designated officer: Mark Stone AM, Chief Executive

Dated: 17 October 2019

Operating Report

For the Year Ended 30 June 2019

The Committee of Management presents its Operating Report on the Victorian Chamber of Commerce and Industry (Victorian Chamber) for the year ended 30 June 2019.

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 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 2019 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	15.11.2018
Mr Kevin Brown	Director	27.05.2003	
Mr Adrian Kloeden	Director	19.11.2013	
Mr Robert van Stokrom	Director	18.11.2014	
Mr David Richardson	Director	04.04.2016	11.07.2019
Mr Brian Negus	Director	17.11.2016	
Ms Helen Fairclough	Director	04.07.2018	
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	
Ms Kylie Warne	Co-opted member	16.05.2019	

*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	9
Ms Karyn Sobels	11	11
Mr Mark Birrell	5	5
Mr Kevin Brown	11	9
Mr Adrian Kloeden	11	9
Mr Brian Negus	11	9
Mr David Richardson	11	9
Mr Robert van Stokrom	11	11
Ms Helen Fairclough	11	9
Mr Mark Stone	11	11
Ms Kylie Warne	2	2

Operating Report

For the Year Ended 30 June 2019

Remuneration Paid to Officers

The salary ranges of the five highest paid officers of the Victorian Chamber for the year ended 30 June 2019 were:

	Remuneration ($000's)			Non-cash benefits ($000's)		
Name of officer	**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 Jeremy Johnson	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 economy, 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 2019 of $293,812 (2018: Profit $905,638). The consolidated net assets at 30 June 2019 totaled $91,209,480 (2018: $90,915,668).

Membership of Victorian Chamber

As at 30 June 2019, the Victorian Chamber had 7,141 paid members (2018: 6,699).

Employees of Victorian Chamber

As at 30 June 2019, the total number of employees was 216 (2018: 216).

Operating Report

For the Year Ended 30 June 2019

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 (resigned 15.11.2018)
Brian Negus
Helen Fairclough (appointed 10.02.2019)

Remuneration Committee
Kevin Brown
Karyn Sobels
Don Rankin

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

Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

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.

Operating Report

For the Year Ended 30 June 2019

(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, 17 October 2019

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019	2018
		$	$
Revenue			
Membership and contributors subscriptions	2a	**7,302,599**	6,687,211
Other revenue	2b	**18,856,421**	18,260,901
Other income	2c	**9,765,661**	10,130,815
Total revenue and other income		**35,924,681**	35,078,927
Expenses			
Operating expenses		**3,322,679**	3,745,354
Employee expenses	4	**19,751,851**	18,785,171
Affiliation fees	3	**646,329**	692,246
Depreciation and amortisation expense		**782,256**	819,726
Donations		**3,120**	-
Federal & State Government programs		**2,030,791**	1,867,480
Occupancy expenses		**2,232,786**	2,120,641
Consultancy fees		**2,110,335**	1,648,920
Doubtful debts and loan write-off		**518,861**	1,197,917
Share of net Loss from Associate		**-**	-
Write down & impairment of assets		**-**	-
ICT expenses		**1,741,893**	1,456,702
Other administration expenses		**2,489,968**	1,839,132
Total expenditure		**35,630,869**	34,173,289
Current year surplus before tax	3	**293,812**	905,638
Net current year surplus		**293,812**	905,638
Total comprehensive income for the year, net of tax		**293,812**	905,638
Net current year surplus attributable to members of the entity		**293,812**	905,638
Total comprehensive income attributable to members of the entity		**293,812**	905,638

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**2,546,684**	1,831,330
Trade and other receivables	7	**4,925,670**	3,624,625
Lease incentive receivable	15	**463,512**	463,512
Financial instruments	8	**1,508,338**	1,787,614
Total current assets		**9,444,204**	7,707,081
Non-current Assets			
Financial instruments	8	**88,659,756**	91,092,834
Intangible assets	9	**2,350,472**	702,130
Property, plant and equipment	10	**3,577,860**	4,112,160
Lease incentive receivable	15	**2,433,438**	2,896,950
Total non-current assets		**97,021,526**	98,804,074
Total assets		**106,465,730**	106,511,155
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**3,559,381**	4,708,445
Deferred revenue	12	**4,054,986**	3,407,147
Lease liability	15	**463,512**	463,512
Short-term provisions	13	**2,124,099**	2,114,408
Total current liabilities		**10,201,978**	10,693,512
Non-current Liabilities			
Long term provisions	13	**43,156**	38,350
Lease liability	15	**5,011,116**	4,863,625
Total non-current liabilities		**5,054,272**	4,901,975
Total liabilities		**15,526,250**	15,595,487
Net assets		**91,209,480**	90,915,668
EQUITY			
Retained earnings		**91,209,480**	90,915,668
Total equity		**91,209,480**	90,915,668

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

	Retained earnings	Total
	$	$
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 1 July 2018	**90,915,668**	**90,915,668**
Profit attributable to members of the consolidated group	**293,812**	**293,812**
Balance at 30 June 2019	**91,209,480**	**91,209,480**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and others		**23,373,669**	23,797,038
Receipts from Federal and State Government programs		**7,557,730**	7,031,169
Interest received		**46,199**	83,042
Cash used			
Payments to suppliers and employees		**(35,986,679)**	(34,182,309)
Net cash used by operating activities	19	**(5,009,081)**	(3,271,060)
INVESTING ACTIVITIES			
Cash received			
Reinvestment of investment portfolio		**6,399,330**	1,051,515
Proceeds from the sale of investments		**1,221,404**	2,184,770
Cash used			
Contribution to Investment in Associate		**-**	-
Loan to Non-Controlled Interest		**(356,616)**	(994,902)
Payment for purchase of property, plant , equipment and intangible assets		**(1,539,683)**	(129,409)
Net cash generated from investing activities		**5,724,435**	2,111,974
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**-**	-
Other		**-**	-
Cash used			
Repayment of borrowings		**-**	-
Other		**-**	-
Net cash generated from/(used by) financing activities		**-**	-
Net increase/(decrease) in cash held		**715,354**	(1,159,086)
Cash & cash equivalents at the beginning of the reporting period		**1,831,330**	2,990,416
Cash & cash equivalents at the end of the reporting period	6	**2,546,684**	1,831,330

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

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

The financial statements were authorised for issue on 17 October 2019 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 and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose 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 statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and the financial statements have been rounded to the nearest dollar.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(a) Changes in Significant Accounting Policies

First time adoption of AASB 9: Financial Instruments – applicable from 1 July 2018

AASB 9: Financial Instruments replaces *AASB 139: Financial Instruments: Recognition and Measurement* has been adopted by the Group for the annual period beginning on 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied AASB 9 retrospectively with an initial application date of 1 July 2018. Differences arising from the adoption of AASB 9 are not material and therefore comparatives have not been restated.

In summary, upon the adoption of AASB 9, the Group had the following required or elected reclassifications as at 1 July 2018.

Changes in classification on transition to AASB 9

Financial instrument as at 30 June 2018	AASB 139 classification and measurement	AASB 9 classification and measurement	Carrying value at 30 June 2018	Carrying value at 1 July 2018 upon adoption of AAB 9
Trade and other receivables	Loans and Receivable measured at amortised cost	Amortised cost	$2,549,916	$2,549,916
Trade and other payables	Amortised cost	Amortised cost	($1,335,709)	($1,335,709)
Term deposits – Held to Maturity	Held to maturity	Amortised cost	$1,787,614	$1,787,614
Managed investments at fair value through profit or loss	Available for sale	FVTPL	$65,498,181	$65,498,181
Managed investments held for trading	Held for trading	FVTPL	$25,594,543	$25,594,543

Impairment

Upon adoption of AASB 9 the Group has adopted a forward looking expected credit loss approach. Fundamentally there has been no significant change in the way the Group accounts for their provision for doubtful debtors and an adjustment has been raised to reflect the expected credit loss model. Refer to note 1(f) for more detail in relation to the detailed accounting policies.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1. Summary of Significant Accounting Policies (Continued)

(b) 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 parent's 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 unrealized 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.

(c) 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.

(d) 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(e) 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.

(f) Financial Instruments – applicable up to 30 June 2018

Recognition and 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(f) Financial Instruments – applicable up to 30 June 2018 (Continued)

Classification and Subsequent Measurement

i) Financial assets at fair value through profit or loss

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(f) Financial Instruments – applicable up to 30 June 2018 (Continued)

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.

Financial Instruments – applicable from 1 July 2018

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial Assets measured at Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

(a) The asset is held within a business model with the objective of collective the contractual cash flows; and
(b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(f) Financial Instruments – applicable from 1 July 2018 (Continued)

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL) ;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other revenue (note 2b), except for impairment of trade receivables which is presented in provision for doubtful debts.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

The Group's investment in equity instruments are through a managed fund. Under the guidance of AASB the Group do not have the option to irrevocably elect to account for these as Equity FVTOCI (see below) due to the limited life of a managed fund.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to the Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. At 30 June 2019, the Group applies a standardised percentage across all debtors under the expected credit loss model.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(g) 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 leasee'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.

(h) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(h) Employee Benefits (Continued)

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.

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.

(i) 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.

(j) 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.

(k) 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(f) for further discussion on the determination of impairment losses.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(l) 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.

(m) 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 recognized on an accruals basis taking into account the interest rates applicable to the financial assets. Rental, sponsorship and event income are recognized on an accrual 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.

(n) Comparative Figures

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(o) 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.

(p) Member1 project

Assets relating to Member1 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.

(q) 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.

(r) 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.

(s) 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 is required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

Key judgements – provision for expected credit loss

Included in the trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to $2,884,301 (2018: $2,549,916) for the Group. Management have examined doubtful debts provision, which is determined based on the expected credit loss model as defined under AASB 9. This takes into effect the historical losses over the past years on relative debtors, and is then adjusted for current and potential future events.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(t) 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 during the period:

– Business Advisory Centre (dormant for the year-ending 30 June 2019)
– Australian Chamber Alliance (dormant for the year-ending 30 June 2019)
– Workplace Assured Pty Ltd

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 subsidiaries through the financial year:

– CCI Victorian Legal Pty Ltd (ceased operations from 30 June 2019)
– VECCI Business Broker Pty Ltd (ceased operations from 20 October 2018)
– VECCI Export Services Pty Ltd (ceased operations from 20 October 2018)

(u) New, revised or amending accounting standards and interpretations adopted

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases *(applicable to annual reporting periods beginning on or after 1 January 2019)*

When effective, this Standard 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(u) New, revised or amending accounting standards and interpretations adopted (Continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors anticipates that the adoption of AASB 16 will have an impact on the Group's financial statements, it is expected that a right-to-use asset and corresponding liability will be recognised on the statement of financial position to the extent of the net present value of future lease payment as per note 15 at the date of adoption.

AASB 15: Revenue from contracts with customers *(applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015 8: Amendments to Australian Accounting Standards, Effective Date of AASB 15).*

When effective, this standard 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 the Standard 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 process:

- 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(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The Group is in the process of considering the impacts of AASB 15, however early indications are that they are unlikely to have a material impact.

AASB 1058: Income recognition by not-for-profits (NFPs) *(applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace most of the NFP income recognition requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners.

The purpose of AASB 1058 is to more closely recognise NFP income transactions that are not contracts with customers in accordance with their economic reality. AASB 1058 needs to be considered in conjunction with AASB 15 Revenue from contracts with customers which will also apply to NFPs from 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(u) New, revised or amending accounting standards and interpretations adopted (Continued)

The main impacts of AASB 1058 are:

- The timing of income recognition will depend on whether there is any performance obligation or other liability. This will result in better matching of income related expenses
- All NFP entities can elect to recognise volunteer services if they can be reliably measured
- NFPs lessees will now recognise peppercorn leases as right- of-use assets at fair value.

The transitional provisions of AASB 1058 allows for either full retrospective transition, or a modified retrospective transition. The Group is in the process of considering the impacts of AASB 1058, however early indications are that they are unlikely to have a material impact.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation *(applicable from 1 January 2019, with earlier application permitted)*

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The Group is in the process of considering the impacts of the amendment, however early indications are that they will not have a material impact.

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement *(applicable from 1 January 2019, with earlier application permitted)*

The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The Group believes that the effects of this amendment to AASB 119 will not have a material impact.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (Continued)

(u) New, revised or amending accounting standards and interpretations adopted (Continued)

AASB 2017-7 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation *(applicable from 1 January 2019, with earlier application permitted)*

The amendments clarify that an entity applies AASB 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in AASB 9 applies to such long-term interests.

The Group believes that the effects of this amendment to AASB 9 will not have a material impact.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle *(applicable from 1 January 2019, with earlier application permitted)*

These improvements include:

- AASB 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

Amendment applies to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

- AASB 123 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Amendment applies for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

The Group believes that the effects of this amendment to AASB 11 and 123 will not have a material impact.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2. Revenue and Other Income

		2019 $	2018 $
a.	**Revenue**		
	Membership and contributors subscriptions	**7,302,599**	6,687,211
b.	**Other revenue**		
	Federal and State Government programs	**7,557,730**	7,152,288
	Professional services	**8,192,552**	8,253,500
	Training	**3,106,139**	2,855,113
		18,856,421	18,260,901
c.	**Other income**		
	Income from investments	**4,501,742**	5,106,486
	Gain on financial assets at fair value through profit or loss	**3,022,047**	2,890,948
	Dividends	**628,889**	872,657
	Other	**1,612,983**	1,260,724
	Capitation fees	**-**	-
	Donations	**-**	-
	Levies	**-**	-
		9,765,661	10,130,815

3. Surplus for the Year

Surplus has been determined after:		
Operating lease rental expense	**352,771**	399,033
Affiliation fees paid to ACCI Office	**646,329**	692,246
Rent	**2,232,786**	2,120,641
Legal expenses (Litigation)	**-**	-
Other legal fees	**196,353**	46,974
Consultancy fees	**2,110,335**	1,648,920
Advertising	**444,052**	377,514
Capitation fees	**-**	-
Operating expenses in connection with holding meetings of councils, committees, panels or other bodies	**-**	5,603
Grants (< $1,000)	**-**	-
Grants (> $1,000)	**-**	-
Donations (< $1,000)	**-**	-
Donations (> $1,000)	**3,120**	-
Paid to employers for payroll deductions of membership subscriptions	**-**	-
Penalties – via RO Act or the *Fair Work Act 2009*	**-**	-
Compulsory levies	**-**	-
Remuneration of Auditors		
Audit services	**115,858**	109,754
Other services	**115,958**	22,620

Notes to the Financial Statements

For the Year Ended 30 June 2019

4. Employee Expenses

	2019 $	2018 $
CONSOLIDATED		
Employees other than office holders:		
Wages and salaries	**16,689,794**	15,910,904
Superannuation	**1,398,950**	1,378,597
Leave and other entitlements	**483,907**	438,836
Separation and redundancies	**265,088**	189,122
Subtotal employee expenses holders of office	**18,837,739**	17,917,459
Holders of office:		
Wages and salaries	**819,957**	755,639
Superannuation	**76,195**	71,639
Leave and other entitlements	**17,960**	40,434
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
Subtotal employee expenses employees other than office holders	**914,112**	867,712
Total employee expenses	**19,751,851**	18,785,171

There were no other employee expenses incurred for employees or office bearer during 2019 and 2018.

5. Key Management Personnel Compensation

a. Directors

	2019	2018
Total number of Directors	**10**	10

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	15.11.2018
Mr Kevin Brown	Director/Committee Chair	27.05.2003	-
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	11.07.2019
Mr Brian Negus	Director/Committee Member	17.11.2016	-
Ms Helen Fairclough	Director/Committee Member	04.07.2018	-
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	-

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Key Management Personnel Compensation (Continued)

b. Directors and key management personnel compensation

	2019	2018
	$	$
Wages and salaries	**819,957**	755,639
Superannuation	**76,195**	71,639
Annual leave	**17,960**	40,434
Long Service Leave	**-**	-
Separation and redundancy	**-**	-
	914,112	867,712

6. Cash and Cash Equivalents

Cash at bank	**2,546,684**	1,831,330

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: $674,761 (2018: $740,197); Victorian Chamber Business Brokers: $nil (2018: $162); business migration: $3,635 (2018: $5,541); and grant funding: $252,724 (2018: $28).

7. Trade and Other Receivables

CURRENT		
Trade receivables	**2,884,301**	2,549,916
Less: Provision for expected credit loss	**(357,283)**	(241,437)
	2,527,018	2,308,479
Other receivables:		
Accrued income	**1,281,616**	278,539
Prepayments	**930,762**	721,197
GST paid	**-**	184,047
Other debtors	**186,274**	132,363
Receivables from other Reporting Units	**-**	-
	2,398,652	1,316,146
Amounts receivable from non-controlled interests	**1,351,518**	994,902
Impairment of loan from non-controlled interest	**(1,351,518)**	(944,902)
	4,925,670	3,624,625

Credit Risk

The main source of credit risk for the Group relates to the amount receivable from Workplace Assured, which has been fully provided for at 30 June 2019. The Group has no other significant concentration of credit risk with respect to any other single counterparty or group of counterparties in relation to its trade and other receivables.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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
	$	$	$	$	$	$
2019						
Trade receivables	**2,884,301**	**357,283**	**1,206,806**	**396,289**	**532,060**	**391,862**
Other receivables	**2,398,651**	**-**	**2,398,651**	**-**	**-**	**-**
Amounts receivable from non-controlled entity	**1,351,518**	**1,351,518**	**-**	**-**	**-**	**-**
	6,634,470	**1,708,801**	**3,605,457**	**396,289**	**532,060**	**391,862**

	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

	Provision for expected credit loss $
Carrying amount at 30 June 2017	101,917
Charge for the year	203,015
Amounts written off	(63,495)
Carrying amount at 30 June 2018	**241,437**
Charge for the year	**157,651**
Amounts written off	**(41,805)**
Carrying amount at 30 June 2019	**357,283**

Notes to the Financial Statements

For the Year Ended 30 June 2019

8. Financial Instruments

	2019	2018
	$	**$**
CURRENT		
Term deposits (Amortised cost)	**1,508,338**	1,787,614
NON-CURRENT		
Managed investments (FVTPL)	**88,659,756**	91,092,724
Investments in associates	**-**	110
Total non-current financial instruments	**88,659,756**	91,092,834
Total financial instruments	**90,168,094**	92,880,448

9. Intangible Assets

NON-CURRENT		
Software – At cost	**1,067,533**	882,907
Project costs and system development – At cost	**280,988**	456,738
Accumulated amortisation	**(1,198,434)**	(1,309,130)
Project Member One (In progress)	**2,200,385**	1,292,021
Impairment	**-**	(620,406)
	2,350,472	702,130

No impairment of Intangible assets was recognized 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.

	Computer software	System development	Member1	Total
	$	$	$	$
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
Amortisation expense	**(47,039)**	**(1,075)**	**-**	**(48,114)**
Additions	**167,686**	**-**	**1,528,770**	**1,696,456**
Disposals	**(58,810)**	**-**	**-**	**(58,810)**
Write back of depreciation	**58,810**	**-**	**-**	**58,810**
Carrying amount at 30 June 2019	**148,697**	**1,390**	**2,200,385**	**2,350,472**

Notes to the Financial Statements

For the Year Ended 30 June 2019

10. Property, Plant and Equipment

	2019 $	2018 $
Leasehold Improvements		
Leasehold Improvements	**5,294,632**	5,184,096
Accumulated depreciation	**(1,936,371)**	(1,414,871)
Total Leasehold Improvements	**3,358,261**	3,769,225
Plant and Equipment		
Plant and equipment at cost	**1,678,492**	1,674,570
Accumulated depreciation	**(1,458,893)**	(1,331,635)
Total Plant and Equipment	**219,599**	342,935
Total Property, Plant and Equipment	**3,577,860**	4,112,160

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 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
Additions	**110,536**	**89,306**	**199,842**
Depreciation expense	**(521,500)**	**(212,642)**	**(734,142)**
Disposals	**-**	**(135,697)**	**(135,697)**
Write back on depreciation	**-**	**135,697**	**135,697**
Carrying amount at 30 June 2019	**3,358,260**	**219,600**	**3,577,860**

11. Trade Payables

	2019 $	2018 $
CURRENT		
Unsecured Liabilities		
Trade Payables	**1,079,486**	1,335,709
Sundry payables and accrued expenses	**1,105,820**	1,519,490
Payables to employees	**692,068**	813,048
Carnet deposits held in trust	**682,007**	1,040,198
Payables to other Reporting Units	**-**	-
Payables to employees for making payroll deductions of membership subscriptions	**-**	-
	3,559,381	4,708,445

Notes to the Financial Statements

For the Year Ended 30 June 2019

12. Deferred Revenue

	2019 $	2018 $
CURRENT		
Deferred membership revenue	**3,629,401**	3,049,295
Deferred training revenue	**262,020**	191,256
Other deferred revenue	**163,565**	166,596
	4,054,986	3,407,147

13. Provisions

CURRENT		
Annual leave - employees	**668,633**	756,939
Annual leave - office bearers	**70,862**	58,283
Long service leave - employees	**998,796**	941,224
Long service leave - office bearers	**55,169**	48,832
Make good provisions	**-**	36,470
Bonus provisions	**330,639**	272,660
	2,124,099	2,114,408
NON CURRENT		
Long service leave - employees	**43,156**	38,350
Long service leave - office bearers	**-**	-
	43,156	38,350

Annual Leave

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

Long Service Leave

Staffs 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.

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 it regional office network.

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Provisions (Continued)

Bonus Provisions

Within the Group, designated staff has short term incentive arrangements included in their employment agreements. A review of these bonus arrangements has seen the Group recognize 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.

	Annual Leave $	Long Service Leave $	Make Good $	Bonus $	Total $
CONSOLIDATED GROUP					
Carrying amount at 30 June 2018	815,222	1,028,406	36,470	272,660	2,152,758
Additional provisions	296,277	314,722	-	345,676	956,675
Amounts used	(372,004)	(246,007)	(36,470)	(287,697)	(942,178)
Amounts written back	-	-	-	-	-
Carrying amount at 30 June 2019	**739,495**	**1,097,121**	**-**	**330,639**	**2,167,255**

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).

Compulsory levy/voluntary contribution fund – if invested in assets

Other funds required by rules

Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2019

15. Capital and Leasing Commitments

	2019 $	2018 $
a. Operating Lease Commitments		
Non-cancellable operating leases contracted for are in the financial statements		
– not later than 1 year	**892,596**	1,422,071
– later than 1 year but not later than 5 years	**7,804,273**	7,110,356
– later than 5 years	**2,213,846**	1,777,589
	10,910,715	10,310,016

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

	2019 $	2018 $
Cash lease incentive amortised over life of lease		
Current	**463,512**	463,512
Non-current	**2,433,438**	2,896,950
	2,896,950	3,360,462
Lease Liability		
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	**2,433,438**	2,896,950
Straight line adjustment	**2,577,678**	1,966,675
Total non-current lease liability	**5,011,116**	4,863,625
Total lease liability	**5,474,628**	5,327,137

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 $213,523 (2018: $190,226) in respect of professional advisory and tax services and portfolio management services performed and received payments from Pitcher Partners of $163,616 (2018: $146,522) in respect of membership, sponsorship, consulting, events and training work performed. Don Rankin (President) was a consultant (2018: Director) at Pitcher Partners during the financial year . All services rendered were made on an arm's length commercial basis. At the 30th June, $2,980 (2018: $2,674) was still outstanding in the Groups debtor ledger.

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Related Party Transactions (Continued)

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI)

During the financial year, the Victorian Chamber made payments to ACCI of $966,735 (2018: $937,483) in respect of affiliation fees, trade documentation and events and received payments from ACCI of $nil (2018: $71,406) 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 (2018: $nil) was still unpaid in the Groups creditor ledger, and $57,168 (2018: $21,701) was outstanding in the Groups debtor ledger.

CAMPAIGN FOR SMALL BUSINESS PTY LTD (CSM)

During the financial year, the Victorian Chamber made payments to CSM totaling $164,480 (2018: $nil) in respect of funding contributions to a Federal election campaign coordinated by ACCI. VCCI is a shareholder of CSM and Mark Stone (Chief Executive) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis

INTERNATIONAL TRADE MANAGEMENT (ITM)

During the financial year, the Victorian Chamber received payments from ITM of $11,230 (2018: $11,915) 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, $nil (2018: $2,036) 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 $2,670 (2018: $1,515) 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.

TELSTRA LICENSEE ASSOCIATION (TLA)

During the financial year, the Victorian Chamber received payments from TLA of $2,640 (2018: $nil) in respect of memberships. 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. At the 30th June, $nil (2018: $nil) was still outstanding in the Groups debtor ledger.

DFP RECRUITMENT SERVICES (DFP)

During the financial year, the Victorian Chamber received payments from DFP of $71,040 (2018: $95,036) in respect of membership, sponsorship, consulting, events and training work performed. Payments were made of $51,454 (2018: $nil). 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, $440 (2018: $nil) was still unpaid in the Groups creditor and debtor ledger.

RPM REAL ESTATE GROUP (RPM)

During the financial year, the Victorian Chamber received payments from RPM of $1,100 (2018: $2,060) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Related Party Transactions (Continued)

MELBOURNE CONVENTION AND EXHIBITION CENTRE (MCEC)

During the financial year, the Victorian Chamber made payments to MCEC of $52,495(2018: $20,41) in respect of events venue hiring, Internship Program and Partnership Program and received payments from MCEC of $103,145 (2018: $79,046) in respect of membership, event and training work performed. Helen Fairclough was a Director at MCEC during the financial year. All services rendered were made in an arm's length commercial basis. At the 30th June, $nil (2018: $nil) was outstanding in the Groups debtor and creditor ledger.

CVGT AUSTRALIA (CVGT)

During the financial year, the Victorian Chamber received payments from CVGT of $2,228 (2018: $2,190) in respect of membership, consulting, events and training work performed. Payments were made of $200 (2018: $nil). 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 $24,933 (2018: $27,200) 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.

ECHIDNA HOLDINGS

During the financial year, the Victorian Chamber received payments from Echidna of $1,155 (2018: $1,360) 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 $nil (2018: $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.

CICA (COLLABATIVE ITS) GROUP

During the financial year, the Victorian Chamber received payments from CICA of $2,530 (2018: $770) in respect of membership. Brian Negus (Director) was Chairman of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2018: $nil) was still outstanding in the Groups debtor ledger.

DEAKIN UNIVERSITY

During the financial year, the Victorian Chamber received payments from Deakin of $82,820 (2018: $25,372) 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, $31 (2018: $60) was still outstanding in the Groups debtor ledger.

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Related Party Transactions (Continued)

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.

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	
		2019	2018
		%	%
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

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.

VECCI Business Brokers Pty Ltd and VECCI Export Services Pty Ltd both ceased operating from 20 October 2018. CCI Victoria Legal Pty Ltd has ceased operating from 30 June 2019.

b. Significant Restrictions

There are no significant restrictions over subsidiaries

TRANSACTIONS BETWEEN SUBSIDARIES

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 $131,458 to CCI Victoria Legal Trust (2018: $180,139). During the financial year, the Victorian Chamber received $108,182 from CCI Victoria Legal trust (2018: $48,923).

As at 30 June 2019, the Victorian Chamber has outstanding loan balances with CCI Victoria Legal Trust of $1,560,675 (Fully provided for) (2018: $1,225,675). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, the total amount for CCI Victoria Legal Trust is impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2019

18. Interests 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

	2019 $	2018 $
Current Assets	2,075,231	2,075,756
Total Assets	2,075,231	2,075,756
Current Liabilities	(5,750,052)	(5,009,962)
Total Liabilities	(5,750,052)	(5,009,962)
Net Assets	**(3,674,821)**	(2,934,206)
Revenue	2,616,085	1,856,690
Expenses	(3,356,700)	(3,212,545)
Total Losses	(740,615)	(1,355,855)
Share of Losses	**(362,901)**	(664,368)

c. Share of losses in Associate

Unrecognised share of losses at 1st July 2018	(1,298,136)
Unrecognised share of losses for year-ended 30th June 2019	(362,901)
Cumulative total of unrecognised share of losses at 30 June 2019	**(1,661,037)**

Associate 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Interests in Associate (Continued)

c. Share of losses in Associate (Continued)

Transactions between Associates

During the financial year, the Victorian Chamber received payments from Workplace Assured Pty Ltd of $703,663 (2018: $325,498) in respect of services performed and made an unsecured loan of $1,406,697 (fully impaired) (2018: $994,902). 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.

19. Cash Flow Information

	2019 $	2018 $
Surplus after income tax	**293,812**	905,638
Non-cash flows:		
— Depreciation and Amortisation	**782,256**	819,726
— Provision for Bad Debts / loan impairment	**518,861**	1,197,917
— Change in fair value of investments	**(4,243,453)**	(5,075,719)
— Investment income reinvested	**(628,889)**	(872,657)
— Interest income reinvested	**(133,443)**	(119,435)
Changes in assets and liabilities:		
(Increase) / decrease in receivables and prepayments	**(1,260,950)**	(468,424)
(Decrease) / increase in payables and deferred income	**(499,263)**	78,730
Increase in provisions and lease liability	**161,988**	263,164
CASH FLOWS USED IN OPERATING ACTIVITIES	**(5,009,081)**	(3,271,060)

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.

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 analyze financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Financial Risk Management (Continued)

The Committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimizing 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 focused on achieving medium to long term investment gains.

(i) Financial Risk Exposures and Management

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

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	
	2019 %	2018 %	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial Assets										
Cash at bank	**1.25**	1.25	**2,546,684**	1,831,330	**-**	**-**	**-**	-	**2,546,684**	1,831,330
Financial assets-term deposits	**2.08**	2.10	**-**		**1,508,338**	1,787,614	**-**	-	**1,508,338**	1,787,614
Financial assets-managed investments	**-**	-	**5,902,236**	11,488,037	**21,050,174**	17,831,077	**61,707,346**	61,773,610	**88,659,756**	91,092,724
Trade and other receivables	**-**	-	**-**	-	**-**	-	**4,925,670**	3,624,625	**4,925,670**	3,624,625
Total Financial Assets	**-**	-	**8,448,920**	13,319,367	**22,558,512**	19,618,691	**66,516,235**	65,398,235	**97,640,448**	98,336,293
Financial Liabilities										
Trade and other payables	**-**	-	**-**	-	**-**	-	**3,559,381**	4,708,445	**3,559,381**	4,708,445
Total Financial Liabilities	**-**	-	**-**	-	**-**	-	**3,559,381**	4,708,445	**3,559,381**	4,708,445

Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Financial Risk Management (Continued)

Investment 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 recognized 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 $3,559,381 (2018: $4,708,445) which are due for payment within 1 year. With cash equaling $2,546,684 (2018: $1,831,330), and liquid assets of $9,444,204 (2018: $11,488,037) 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 2019, 12% (2018: 9%) 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 summarizes 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 2019 is $61,707,345 (2018: $61,773,610).

Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Financial Risk Management (Continued)

Investment Risk Management (Continued)

	Profit $	Equity $
Year ended 30 June 2019		
Fair value on 3% movement	**+/- 1,851,220**	**+/- 1,851,220**
Fair value on 5% movement	**+/- 3,085,367**	**+/- 3,085,367**
Fair value on 10% movement	**+/- 6,170,735**	**+/- 6,170,735**
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

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.

	2019	2018
Cash	**6%**	13%
Fixed Interest	**19%**	18%
Australian Shares	**12%**	15%
Overseas Shares	**8%**	7%
Australian property	**0%**	1%
Overseas Property	**0%**	1%
Unlisted Property	**44%**	40%
Alternatives	**6%**	5%

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 2019		
2% in interest rate	+/- 168,978	+/- 168,978
10% in listed investments	+/- 6,170,735	+/- 6,170,735
Year ended 30 June 2018		
2% in interest rate	+/- 266,387	+/- 266,387
10% in listed investments	+/- 6,177,361	+/- 6,177,361

Notes to the Financial Statements

For the Year Ended 30 June 2019

21. Fair Value Measurements

The Group measures and recognizes 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 categorizes 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 categorized into as follows:

Level 1	Level 2	Level 3
Measurement based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can assess 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 maximize, 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.

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 maximize the use of observable inputs and minimize 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

21 Fair Value Measurements (Continued)

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

Recurring Fair Value Measurements

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2019				
Financial assets				
– Managed investments at fair value through profit or loss	**88,659,756**	**-**	**-**	**88,659,756**
2018				
Financial assets				
– Managed investments at fair value through profit or loss	91,092,724	-	-	91,092,724

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

22. 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.

	2019	2018
	$	$
Statement of Financial Position		
ASSETS		
Current assets	**9,892,462**	7,012,872
Non-current assets	**97,063,583**	99,267,608
TOTAL ASSETS	**106,456,045**	106,280,480
LIABILITIES		
Current liabilities	**10,021,524**	9,848,293
Non-current liabilities	**5,054,272**	5,365,487
TOTAL LIABILITIES	**15,075,796**	15,213,780
EQUITY		
Retained earnings	**91,380,249**	91,066,700
TOTAL EQUITY	**91,380,249**	91,066,700
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	**307,294**	980,478
TOTAL COMPREHENSIVE INCOME	**34,952,629**	34,962,007

Notes to the Financial Statements

For the Year Ended 30 June 2019

23. Organisation 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.

24. Additional Disclosures - S253 of 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:

Information to be provided to members or Commissioner:

1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

3) A reporting unit must comply with an application made under subsection (1).

Committee of Management Statement

For the year ended 30 June 2019

On 17 October 2019, 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 (**GPFR**) for the financial year ended 30 June 2019:

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

a) The financial statements and notes comply with the Australian Accounting Standards;
b) The financial statements and notes comply with the reporting guidelines of the 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 GPFR 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.

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

Signature:

....

Date: 17 October 2019

Name: Don Rankin
Title of office held: President

Signature:

....

Date: 17 October 2019

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

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of The Victorian Chamber of Commerce and Industry (the "Reporting Unit"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

- the Australian Accounting Standards; and
- 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).

I 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 are responsible for the other information. The other information comprises the information included in the Reporting Unit's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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 the 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 no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our 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 this 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 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.

We 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 controls.
We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.

We conclude on the appropriateness of the committee member'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, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

We 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.

We communicate with the committee members 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.

We also provide the committee members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the committee members, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We declare that the signing audit partner is an auditor registered under the RO Act.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 22 October 2019

Registration number: AA2017/54