15 February 2021

Mr Paul Guerra
Secretary/Chief Executive
Victorian Chamber of Commerce and Industry

By e-mail: info@victorianchamber.com.au

Dear Mr Guerra

Victorian Chamber of Commerce and Industry
Financial Report for the year ended 30 June 2020 - FR2020/89

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Victorian Chamber of Commerce and Industry (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 9 February 2021.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2020 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of management statement

Incorrect legislative reference

The two references to 'General Manager' at (e)(vi) of the committee of management statement should read 'Commissioner' in accordance with reporting guideline 26.

2. General Purpose Financial Report (GPFR)

Reporting guideline activities – not disclosed

Item 21 of the reporting guidelines states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included the GPFR or in an officer's declaration statement.

The notes/officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 14(i) – incur expenses due to holding a meeting as required under the rules of the organisation
- Item 16(b)(ii) - have a payable in respect of legal costs relating to other legal matters
- Item 16(c)(iii) - have a separation and redundancy provision in respect of holders of office
- Item 16(c)(iv) - have other employee provisions in respect of holders of office

- Item 16(d)(iii) - have a separation and redundancy provision in respect of employees (other than holders of office)
- Item 16(d)(iv) - have other employee provisions in respect of employees (other than holders of office)

AASB 15 - Separate disclosure of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 113(a) requires an entity to disclose revenue from contracts with customers separately unless already disclosed separately in the statement of comprehensive income.

It appears that no such disclosure has been made.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

K. Morgan

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

Designated Officer's Certificate

s268 Fair Work (Registered Organisations) Act 2009

Certificate for the Period Ending 30 June 2020

I, Paul Guerra 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 2020 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 18 December 2020; and

- that the full report was presented to a general meeting of members of the reporting unit on 28 January 2021 in accordance with s.266(1) of the *Fair Work (Registered Organisations) Act 2009.*

Signature

Paul Guerra

Secretary/Chief Executive

Date: 04 February 2021

ANNUAL REPORT 2020

Victorian Chamber of Commerce and Industry

Contents

From the President

As I assumed the role of President of the Victorian Chamber in November 2019, the state was battling crippling drought and devastating bushfires, and we were working hard supporting all those businesses affected.

I saw first-hand the destruction in regional Victoria, where I also witnessed the amazing self-driven support provided by local regional businesses to other businesses and the community in general. There were huge challenges to meet but none of us could have predicted the months that were still to come. The COVID-19 wrecking ball made 2019-2020 the most difficult year that most Victorian businesses have experienced.

I was at the Victorian Chamber's Annual Grand Prix Breakfast at the F1 track when the reality of COVID-19 set in as the racing was cancelled and we were all escorted off the premises. It is ironic that Victoria's largest business industry association held one of the last events that Victoria would see for months to come.

As Victoria's largest and most influential business representative organisation, we had an important role to play on many fronts. Our role as an advocate for business was more important at the start of COVID-19 than I imagine it ever has been in the past.

Government was looking to us, to the Victorian Chamber, to provide the answers to the questions around what businesses needed right then and there and what they would need going forward. And, of course, businesses, our members, needed us to be a loud voice and a strong influencer for their interests.

We spent a lot of time and put a lot of focus on what our members told us they needed – and we relayed that in almost daily conversations with government, both state and federal, as well as the Opposition. Our advocacy was central to providing support and assistance to businesses, including the Federal JobKeeper scheme which has been crucial to so many.

The Victorian Chamber tried to alleviate some of the financial burden on our members by waiving membership fees for one year for all Victorian businesses up to a value of $700. We opened this offer to new businesses joining us as well. It was not a decision we made lightly, resulting in a significant revenue impact, but we made the decision because business told us they were struggling, and we wanted to make sure every Victorian business has the best chance of success.

We were in a position to provide the support we did this year because of the excellent stewardship of the Victorian Chamber by previous boards and leadership teams. On behalf of our members, I thank our Immediate Past President, Don Rankin for his service in the role of President and I welcome Adrian Kloeden to the role of Vice President.

The Victorian Chamber is incredibly fortunate to have representatives of Don and Adrian's calibre on the Board which is made up of extremely impressive and dedicated business people. I'd like to thank my colleagues on the Board and Executive Council for their support and guidance throughout the past year.

It's been a year of transformation and rejuvenation for the Victorian Chamber. We farewelled our long-serving and highly-respected Chief Executive Mark Stone AM at the beginning of the 2020 calendar year as he passed the baton to Paul Guerra.

Paul has navigated the organisation through one of the most tumultuous periods in our history. He has continued to raise the profile of the Victorian Chamber throughout this turbulent time and ensure that the voice of business is heard and carries the gravitas that our members deserve. The Board thanks Paul for his steady hand and strong leadership.

Paul has developed an extremely capable and professional team who are focused on making Victoria the best place in Australia to operate a business. Our staff adapted to working from home and all the complications that COVID-19 restrictions presented with aplomb and have risen to every challenge presented to them.

The Victorian Chamber exists to serve our members. Member engagement has been crucial over the past financial year and I think the team has done an excellent job in keeping our members up to date, as well as making sure we were listening to what they needed.

We have also enjoyed strong advocacy and support from the Australian Chamber of Commerce and Industry (ACCI) which has been pivotal to our representations to the Federal Government and Opposition. Thank you to my ACCI counterpart Ray Sputore, CEO James Pearson and the ACCI team.

The Board and I look forward to a bright future for Victorian business in 2020-2021 as we claw back our status of the economic engine room and cultural capital of Australia. It will be a hard task, but Victorian businesses have the passion, drive and skills to make it happen.

Karyn Sobels

President

Victorian Chamber of Commerce and Industry

The Victorian Chamber Overview

The Victorian Chamber of Commerce and Industry (Victorian Chamber) is the voice of business in our great state. We are the largest and most influential business organisation in Victoria, representing 47,000 members and clients across the state.

We provide expertise across a broad range of areas, including policy and advocacy, workplace relations, training, international trade, apprenticeship services and occupational health and safety.

The Victorian Chamber's focus is delivering excellent service to help business do what they do best.

Policy and Advocacy

The Victorian Chamber's policy and advocacy in 2019-20 was largely focused on helping Victorian businesses survive one of the most difficult periods in Victoria's economic history as a result of the catastrophic drought, summer bushfires and COVID-19 pandemic.

Our team's in-depth and wide engagement with members and clients informed our work in this area. Since the onset of COVID-19, the Victorian Chamber has informed policy makers about the significant and damaging impact of the pandemic and associated border, non-essential business and social distancing restrictions, on Victoria's businesses, industries and regions.

We have leveraged member feedback into our strong relationships with state and federal governments and the Australian Chamber of Commerce and Industry, to directly influence several vital support measures that have helped keep businesses afloat and people connected to their jobs.

At the state level this included $6 billion in tax relief, cash grants and cashflow support, while at the federal level it included JobKeeper, the employer cashflow boost, apprenticeship wage subsidies, concessional loans and an expanded instant asset write-off – all reflecting the Victorian Chamber's recommendations.

We devoted considerable effort to ensuring members had a strong awareness of available government assistance and helped them to navigate the changing and complex restrictions put in place by authorities in order to keep Victorian workplaces, customers and suppliers safe.

Throughout the year we have been active in delivering the Victorian Government's Small Business Bushfire Recovery Grants program. This initiative assists businesses across regional Victoria that have required financial support to repair and replace damaged equipment, tools and assets, in the wake of the devastating bushfires that struck the state over summer.

We also welcomed the opportunity to partner with the Victorian Government to design and deliver a new Recovery and Resilience Mentoring Program, that will match small business owners and sole traders with experienced professionals who will help them to adapt their businesses and strategies in the wake of COVID-19.

With industries and workforces hit hard by the pandemic, we elevated our focus on encouraging policy makers to accelerate reforms to our education and training system, to ensure businesses get the workforce development support needed to adjust and stay competitive as the nature of work and way of doing business changes.

Member engagement underpinned our advocacy on the need to address the sharp decline in apprenticeships and traineeships that has been exacerbated by the pandemic. We supported major submissions to the Victorian Government's review into vocational and applied learning pathways, and the Skills for Victoria's Growing Economy review, led by Jenny Macklin.

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 diverse and important health sector.

The Victorian Chamber continued to be businesses' strongest voice on a range of other government policies affecting our members, through submissions made to state and federal governments on key issues impacting Victorian businesses, including:

Regulation Reform

- Wage Theft
- Workplace Manslaughter
- The Victorian Fair Jobs Code
- The Victorian Local Government Rating System Review
- The Circular Economy
- The Creative State 2020 Creative Industries Strategy
- The Electricity Distribution Code Review
- The Regional Tourism Review
- The Victorian Inquiry into the On-Demand Workforce
- New Environmental Protection Regulations.

We also continued to directly influence the work of key government advisory groups including the Victorian Planning Authority, the Equal Workplaces Advisory Council, the Worksafe Advisory Council and the EPA Strategic Advisory Group.

As Victoria shifts direction to the restart, our advocacy will remain squarely focused on ensuring governments back the business community to be a major part of the state's economic recovery.

Membership

The Victorian Chamber delivers advocacy, products and services to its members to create the environment required, and the skills and opportunities needed, for Victorian businesses of all sizes to grow and flourish.

The Victorian Chamber value proposition saves businesses time and money when complying with workplace regulation and upskilling their employees to drive growth. During 2020, to support businesses across Victoria due to the devastating bushfires, prolonged period of drought and the COVID-19 pandemic, the Victorian Chamber embarked on a significant support program for Victorian businesses through membership of VCCI. Businesses were actively encouraged to join the Victorian Chamber, which provided discounts and fee waivers amounting to more than $6 million. This support was well received widely and gave businesses access to important information, advice and tools during this tough time. The Victorian Chamber also offers specialist support to larger businesses through the Melbourne Chamber of Commerce.

Workplace Relations

The Victorian Chamber provides workplace relations advice to its members through a telephone advisory service and a specialist consulting service on a fee for service basis.

The Workplace Relations Advice Line provides verbal advice on all industrial relations and human resources matters. The team also produces a range of tools, templates, wage summaries and manuals for members which are available on the Victorian Chamber's website.

The Workplace Relations Specialist Consulting Service offers 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, secondments/HR business partnering, enterprise bargaining and contract templates. If needed, consultants can refer members to the Chamber's associated law firm for legal advice.

During 2020, the workplace relations team of expert advisors and consultants responded to the COVID-19 pandemic by providing members with expert advice on JobKeeper and the related amendments to the Fair Work Act. The consultants retained high levels of engagement with members through a series of virtual training sessions, meetings and webinars, as well as securing impressive results in virtual negotiations, mediations and arbitrations.

The Victorian Chamber's workplace relations advisors and consultants supported, coached and partnered with members to develop and implement significant organisational change, to ensure businesses are able to adapt to restrictions and ongoing changes.

Workplace Assured

Workplace Assured supported businesses to navigate through their HR-related challenges throughout the 2019-20 financial year. The service supported our members and clients to understand their obligations under ever-changing rules and requirements.

Workplace Assured is a complete workplace relations solution for small to medium sized businesses, designed to provide peace of mind when it comes to managing and complying with workplace issues.

One fixed fee safeguards 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.

Training

The Victorian Chamber is committed to providing excellence in its training services and delivers around 700 short courses, accredited diplomas and certificates, briefings and webinars across Victoria each year.

As a Registered Training Organisation, we deliver a small selection of nationally recognised diploma and certificate-level courses covering areas such as leadership and management, project management, HR management, work, health and safety and competitive systems and practices.

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.

In the 2019-20 financial year we launched several new offerings, including a selection of online learning modules. We also transitioned our services to 'connected real-time delivery' very rapidly to allow our members to continue to be able to upskill their staff through COVID-19 restrictions.

Health, Safety and Wellbeing

The Victorian Chamber's health, safety and wellbeing consultants provide a range of comprehensive solutions for business in areas such as: workplace risk assessments, incident investigations, manual handling, ergonomics, noise and plant assessments, hazard identification, developing a safety management system, establishing health and safety representatives and committees, and providing WorkCover advice and support (including claims and return to work management).

The team has expanded its services to incorporate mental health and wellbeing over the past five years, which have continued to grow over 2019-20. These services include a range of training and consulting aimed at assisting business to gain a clear understanding of the mental health risks that exist within their workplace and how they can take concrete steps towards reducing these risks.

Over the 2019-20 period, the team has developed and delivered an array of member resources, webinars and services to support business in relation to the new Workplace Manslaughter laws, and to ensure the compliance and safety of their people throughout COVID-19 restrictions and in planning to restart operations once restrictions are eased

Apprenticeship Support Australia

The Victorian Chamber has 22 years of continual service in the provision of apprenticeship support services. In 2019, the Victorian Chamber (as part of Apprenticeship Support Australia) successfully won the Federal Government tender to deliver apprenticeship services across Victoria for 2020-22.

In 2019-20, the Victorian Chamber continued to deliver high quality end-to-end advice and support services to more than 7,000 businesses to help recruit, train and retain apprentices, and provided direct support to more than 20,000 apprentices across Victoria. More than 1500 apprentices at risk of non-completion were successfully mentored and 2000 young people were supported with quality apprenticeship career advice.

The Victorian Chamber administered $42 million in incentive payments through the Australian Apprenticeships Incentives Program and Trade Support Loans for Victorian businesses and apprentices. In addition, The Chamber administered a further $22 million of payments for businesses across the state relating to the 'Supporting Apprentices and Trainees' wage subsidy, as part of the Australian Government's economic response to the Coronavirus pandemic.

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. Despite the COVID-19 pandemic drastically disrupting global supply chains and business travel, through the Victorian Chamber's China office, we have developed onsite services that help members effectively communicate with their customers and suppliers, inspect factories and perform quality audits in China, without having to leave Australia.

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.

Melbourne Chamber of Commerce

The Melbourne Chamber of Commerce (MCC) is the Victorian Chamber's premium membership program and is proud to have many of the state's largest, innovative and most remarkable businesses from multiple sectors brought together in the membership group.

The essence of the Melbourne Chamber program is connection for the members, connection for the business, connection for leaders and their teams, connection to outstanding events and activities and connection to Victoria's prosperity and success.

Conversely, the MCC members assist the Victorian Chamber to be a most effective advocate and communicator on behalf of business through the excellent case studies and the policy insights they share on a regular basis.

Some of the events and activities through which connections were fostered (pre-COVID) included five Leadership Lunches with Treasurer Pallas, Ministers Pakula, Allan and Wynne, and the Lord Mayor, Sally Capp, corporate hospitality at the AFL Finals, Australian Open Tennis, President's Dinner and an event for our EA network. Members also engaged through best practice tours at Flemington and Melbourne Museum and a range of other thought-provoking and insightful forums.

Post COVID-19, the program continued virtually with eight leadership webinars including with the Treasurer and Lord Mayor and monthly HR and other forums continued to provide advocacy and business support information as members navigated through the effects of the pandemic.

Despite the challenging circumstances, we were proud to welcome five new members and acknowledge the Bendigo Bank and Minter Ellison as long-standing members who have been with MCC for more than five years.

The team also thanks the members of our Advisory Board for its guidance and support during the year.

From the Chief Executive

The 2019-20 financial year was one of great change. I started in February this year and its a great honour. I am motivated by my responsibility to fiercely represent members and ensure the Chamber provides superior products and services to help businesses to grow and prosper, and the reception I have received so far from the President, Board, Executive Council, Staff and members has been appreciated.

In December, Mark Stone AM stepped down from his role as Chief Executive of the Victorian Chamber of Commerce and Industry (Victorian Chamber) after eight years of excellent leadership. I would like to take this opportunity to thank and congratulate Mark on his dedication and hard work leading the Chamber to become Victoria's most respected employer organisation representing the interests of a diverse range of businesses across the state.

In 2019, the Victorian Chamber delivered yet another suite of impressive industry events, including the annual VCCI Grand Final Lunch, Victorian Chamber presents: Janine Allis and a breakfast with Federal Treasurer, the Hon Josh Frydenberg MP. In August we honoured outgoing President Don Rankin for his service at our President's Dinner celebration and welcomed Karyn Sobels to the position, with Adrian Kloeden taking the reins of Vice President.

The devastating drought, summer bushfires and COVID-19 pandemic have made 2019-20 one of the most testing times in Victoria's history. The Chamber responded swiftly to these challenges. We have been active in delivering the Victorian Government's Small Business Bushfire Recovery Grants program which provides financial support to businesses to repair and replace damaged equipment, tools and assets.

Our policy and advocacy response to COVID-19 was squarely focused on ensuring policy makers are aware of how border, nonessential business and social distancing restrictions have impacted individual businesses, key industries and regions.

Throughout the year we have leveraged member feedback into our strong relationship with state and federal governments to directly influence several vital support measures that have helped keep businesses afloat and people connected to their jobs.

We also welcomed the opportunity to partner with the Andrews Government to design and successfully deliver a new Recovery and Resilience Mentoring Program, to match small business owners and sole traders with experienced professionals who will help them to adapt their businesses and strategies in the wake of COVID-19. The Chamber has continued to help inform other government policies affecting our members through several submissions to state and federal governments on issues impacting businesses, including: the Inquiry into the Victorian On-demand Workforce, workplace manslaughter legislation, the City of Melbourne Draft Transport Strategy 2030, the Port of Melbourne's proposed Port Rail Solution, the Victorian Labour Hire Licensing Scheme and the Environment Protection Amendment Bill 2018.

During the year we also led consultation among Victoria's peak business groups to develop a comprehensive and considered response to the State Government's proposed wage theft legislation. The Victorian Chamber has continued to directly influence the work of key government advisory groups including the Victorian Planning Authority, the Equal Workplaces Advisory Council, the Worksafe Advisory Council and the EPA Strategic Advisory Group. In February, we launched a 12-month membership waiver to help lower business costs in the difficult trading environment and have progressively ramped up information and advice to members on how to access government assistance and make their workplaces COVID safe.

The Chamber has not been immune from the effects of the pandemic and quickly changed the way we work to ensure the safety of our staff, clients, and customers, including those in regional offices. During these challenging times, the Chamber progressively ramped up information and advice to members on how to access government assistance and make their workplaces COVID safe.

The result for 2020 of a loss of $6.2 million, included an adverse swing of $7 million in investment portfolio valuations resulting in a book loss of $4 million for the portfolio. This was driven by local and global economic environments adversely impacted by COVID. Sound long term investment strategies, however, continued to deliver strong cash returns, with $5.4 million in investment income.

Drawing upon the strong financial foundations established over the last 160 years, in February, the board endorsed the launch of a 12-month membership waiver of over $6 million to support lower business costs in the difficult trading environment.

The 2020 accounts are presented with the first-time adoption of changed accounting policies for leased assets, provision for make good and revenue, negatively impacting the results $700,000, $353,000, and $270,000 respectively. Whilst JobKeeper funding provided support where necessary, a rationalisation of the Chamber workforce resulted in $1.2m being paid in separations and redundancies for the year. After adjusting for one-off impacts relating to investments, accounting disclosure and redundancies, the overall operations held steady with prior year performance, reflected in the strengthening of the operating cash flow for the year.

COVID-19 has sparked great innovation and change across all departments to embrace new technologies. Our Training team successfully launched several new offerings, including a selection of online learning modules and transitioned our services to 'connected real-time delivery' so members could continue to upskill their staff through COVID-19 restrictions.

Our once traditional face-to-face events have shifted to webinars in order to maintain a connection to members and keep them informed. Over the past financial year, we welcomed guests such as Victorian Treasurer Tim Pallas, Lord Mayor Sally Capp, Ministers Pakula and Symes, Small Business Commissioner Judy O'Connell and Master Builders Victoria CEO Rebecca Casson. These leaders engaged in meaningful conversations with members and provided insightful presentations on a range of topics relevant to member interests.

We also ran a separate series of popular interactive business webinars that enabled members to share their perspectives and experiences on a range of topics including health, safety and wellbeing, mental health and workplace relations. Our workplace relations team has complemented these activities with timely expert advice to members on JobKeeper and numerous related workplace relations reforms.

The pathway to COVID normal is likely to be long and challenging. We will continue to call on governments to keep Victorians safe while also mitigating the damage to business and jobs.

As restrictions ease and the health crisis abates, we will continue our close work with members to shape the roadmap to recovery and ensure policy makers put in place measures that enable Victoria, and Victorian business, to return.

I would like to thank the Victorian Chamber's Board, Executive Council and staff for their ongoing support, strategic leadership and advice to continue to drive the success of Victorian business.

The Victorian Chamber is committed to continuing to be the most trusted voice for Victorian business, leading our members out of COVID-19, and into a prosperous future.

Paul Guerra

Chief Executive

Victorian Chamber of Commerce and Industry

Report required under subsection 255(2A)

For the year ended 30 June 2020

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020.

Categories of expenditures	2020 ($)	2019 ($)
Remuneration and other employment-related costs and expenses – employees	20,514,804	19,751,851
Advertising	537,383	444,052
Operating costs	11,905,703	13,210,568
Donations to political parties	-	-
Legal costs	70,080	196,353

Signature of designated officer: ....

Name and title of designated officer: Paul Guerra, Chief Executive

Dated: 10 November 2020

Victorian Chamber of Commerce and Industry

ABN 37 650 959 904

Operating Report

For the Year Ended 30 June 2020

The Committee of Management presents its Operating Report on the Victorian Chamber of Commerce and Industry (Victorian Chamber) for the year ended 30 June 2020.

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 2020 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	Director (Immediate Past President)	20.11.2007	
Ms Karyn Sobels*	President	22.11.2011	
Mr Kevin Brown	Director	27.05.2003	14.11.2019
Mr David Richardson	Director	04.04.2016	04.07.2019
Mr Adrian Kloeden*	Director (Deputy President)	19.11.2013	
Mr Robert van Stokrom	Director	18.11.2014	
Mr Brian Negus	Director	17.11.2016	
Ms Helen Fairclough	Director	04.07.2018	
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	03.02.2020
Mr Paul Guerra	Secretary/Chief Executive	03.02.2020	
Ms Kylie Warne**	Director	14.11.2019	
Ms Michelle Winzer	Director	14.11.2019	
Mr Jeremy Blackshaw	Director	14.11.2019	

*Karyn Sobels (President) and Adrian Kloeden (Deputy President) were appointed to their positions on the 14 November 2019.

** Kylie Warne co-opted member from 16/5/19 until appointed as director on 14 November 2019

Operating Report (continued)

For the Year Ended 30 June 2020

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	11
Ms Karyn Sobels*	11	11
Mr Kevin Brown	5	4
Mr David Richardson	-	-
Mr Adrian Kloeden	11	10
Mr Robert van Stokrom	11	11
Mr Brian Negus	11	11
Ms Helen Fairclough	11	9
Mr Mark Stone	6	6
Mr Paul Guerra	5	5
Ms Kylie Warne**	11	11
Ms Michelle Winzer	6	6
Mr Jeremy Blackshaw	6	5

** Kylie Warne attended 5 meetings from July 2019 to November 2019 as a co-opted member.

Remuneration Paid to Officers

The salary ranges of the five highest paid officers of the Victorian Chamber for the year ended 30 June 2020 were:

	Remuneration ($000's)				Non-cash benefits ($000's)	
Name of officer	**0-50**	**51-100**	**150-200**	**450-500**	**0-50**	**51-100**
Mr Adrian Kloeden						
Ms Karyn Sobels						
Mr Don Rankin						
Mr Mark Stone**						
Mr Paul Guerra						

** includes separation of $232,000

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

The accompanying notes form part of these consolidated financial statements

Operating Report (continued)

For the Year Ended 30 June 2020

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 loss for the year ended 30 June 2020 of $6,210,355 (2019: profit of $293,812). The consolidated net assets at 30 June 2020 totaled $84,999,125 (2019: $91,209,480).

Membership of Victorian Chamber

In the 2020 calendar year the Victorian Chamber embarked on a significant support program for Victorian businesses through membership of VCCI. During the COVID-19 health pandemic and the bushfires where hardship and economic impact were experienced, businesses were actively encouraged to join VCCI who provided discounts and fee waivers amounting to $6,087,494 (2019: $Nil).

As at 30 June 2020, the Victorian Chamber had 16,178 members (2019: 7,141).

Employees of Victorian Chamber

As at 30 June 2020, the total number of employees was 180 (2019: 216).

Operating Report (continued)

For the Year Ended 30 June 2020

Board Committees:

The following Board Committees operated during the reporting period:

Audit and Risk Committee*

Karyn Sobels	
Robert van Stokrom	
Don Rankin	(appointed 20.02.2020)
Michelle Winzer	(appointed 20.02.2020)
Kylie Warne	(appointed 20.02.2020)

Investment Committee*

Karyn Sobels	
Adrian Kloeden	
Brian Negus	
Helen Fairclough	(resigned 20.02.2020)
Jeremy Blackshaw	(appointed 20.02.2020)

HR & Remuneration Committee

Kevin Brown	(resigned 14.11.2019)
Karyn Sobels	
Don Rankin	(resigned 20.02.2020)
Adrian Kloeden	(appointed 20.02.2020)
Helen Fairclough	(appointed 20.02.2020)

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

Events after the Consolidated Balance Sheet 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 Group, the results of those operations or the state of affairs of the Group 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.

Operating Report (continued)

For the Year Ended 30 June 2020

Manner of Resignation (continued)

(c) If a member ceases to be engaged in or as an employer in the industry the membership of such member may, subject to the member being accorded natural justice, be determined summarily by resolution of the Executive Council, provide however that such determination shall not affect the liability of the member to pay all monies owing by the member to the Organisation.

(d) Any dues payable but not paid by a former member of the Organisation, in relation to a period before the member's resignation or termination from the Organisation took effect, may be sued for and recovered in the name of the Organisation in a court of competent jurisdiction, as a debt due to the Organisation.

(e) If a member becomes unfinancial in accordance with Rule 9 his name may be struck off the Register of Members by Order of the Executive Council. Any member shall cease to be a member of the Organisation as soon as his name shall have been struck off the Register of Members by Order of the Executive Council and not sooner. Provided that where a member has become unfinancial and at least fourteen (14) days before the Executive Council orders that the member be struck off the Register of Members, the Secretary shall advise the person, in writing, that if he fails to pay the outstanding subscriptions within fourteen (14) days of the date of the letter then he will be struck off the Register of Members without further notice. If the person pays the outstanding subscriptions within that time then he shall not be struck off the Register of Members.

(f) Any member who shall be expelled from the Organisation under the Provisions of Rule 40 hereof shall thereupon cease to be a member.

(g) Members ceasing to be such from any cause whatsoever have no claim of any kind – monetary or otherwise – on the organisation or its assets.

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

Paul Guerra
Secretary and Chief Executive at Melbourne, 10 November 2020

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020	2019
		$	$
Revenue			
Membership subscriptions	2a,d	8,158,493	7,302,599
Other revenue	2b,d	16,786,082	18,856,421
Other income	2c,d	9,817,679	9,765,661
Total revenue and other income		**34,762,254**	**35,924,681**
Expenses			
Operating expenses		3,047,544	3,322,679
Employee expenses	4	20,514,804	19,751,851
Affiliation fees	3	661,000	646,329
Depreciation and amortisation expense		2,687,756	782,256
Donations		333	3,120
Federal & State Government programs		2,536,453	2,030,791
Occupancy expenses		810,083	2,232,786
Consultancy fees		1,531,093	2,110,335
Doubtful debts and loan write-off		495,351	518,861
ICT expenses		1,695,319	1,741,893
Interest expense on leased asset		681,076	-
Loss on financial assets at fair value through profit or loss		4,080,456	-
Other administration expenses		2,231,341	2,489,968
Total expenditure		**40,972,609**	**35,630,869**
Current year (deficit)/surplus before tax	3	**(6,210,355)**	**293,812**
Total comprehensive (loss)/income for the year, net of tax		(6,210,355)	293,812
Net current year (deficit)/surplus attributable to members of the entity		(6,210,355)	293,812
Total comprehensive (loss)/income attributable to members of the entity		**(6,210,355)**	**293,812**

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,144,787	2,546,684
Trade and other receivables	7	5,765,063	4,925,670
Lease incentive receivable	15(a)	-	463,512
Financial instruments	8	1,507,253	1,508,338
Total current assets		**11,417,103**	**9,444,204**
Non-current Assets			
Financial instruments	8	83,917,758	88,659,756
Intangible assets	9	2,035,954	2,350,472
Property, plant and equipment	10	3,132,909	3,577,860
Right-of-use asset	15(b)	15,927,183	-
Lease incentive receivable	15(a)	-	2,433,438
Total non-current assets		**105,013,804**	**97,021,526**
Total assets		**116,430,907**	**106,465,730**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,557,575	3,559,381
Contract liabilities	12	5,780,925	4,054,986
Lease liability	15(c)	1,107,837	463,512
Short-term provisions	13	3,117,690	2,124,099
Total current liabilities		**12,564,027**	**10,201,978**
Non-current Liabilities			
Long term provisions	13	508,524	43,156
Lease liability	15(c)	18,359,231	5,011,116
Total non-current liabilities		**18,867,755**	**5,054,272**
Total liabilities		**31,431,782**	**15,526,250**
Net assets		**84,999,125**	**91,209,480**
EQUITY			
Retained earnings		84,999,125	91,209,480
Total equity		**84,999,125**	**91,209,480**

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

	Retained earnings	Total
	$	$
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 1 July 2019	**91,209,480**	**91,209,480**
Profit attributable to members of the consolidated group	(6,210,355)	(6,210,355)
Balance at 30 June 2020	**84,999,125**	**84,999,125**

For the Year Ended 30 June 2020

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and others		17,852,819	23,373,669
Receipts from Federal and State Government programs		8,103,813	7,557,730
Interest received		5,339	46,199
Cash used			
Payments to suppliers and employees		(28,614,205)	(35,986,679)
Net cash used by operating activities	19	**(2,652,234)**	**(5,009,081)**
INVESTING ACTIVITIES			
Cash received			
Reinvestment of investment portfolio		4,213,178	6,399,330
Proceeds from the sale of investments		1,738,576	1,221,404
Cash used			
Loan to Non-Controlled Interest		-	(356,616)
Payment for purchase of property, plant , equipment and intangible assets		(401,247)	(1,539,683)
Net cash generated from investing activities		**5,550,507**	**5,724,435**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
		-	-
Lease liability		(1,300,170)	-
Net cash (used by) financing activities		(1,300,170)	-
Net increase in cash held		**1,598,103**	**715,354**
Cash & cash equivalents at the beginning of the reporting period		2,546,684	1,831,330
Cash & cash equivalents at the end of the reporting period	6	**4,144,787**	**2,546,684**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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 consolidated financial statements were authorised for issue on 22 October 2020 by the Board of Directors.

Entity information

The Victorian Chamber is a registered Employer Association under the Fair Work (Registered Organisations) Act 2009, unincorporated 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 consolidated 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 consolidated 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 consolidated financial statements are presented in Australian dollars and the consolidated financial statements have been rounded to the nearest dollar.

(a) Changes in Significant Accounting Policies

First time adoption of AASB 16: Lease – applicable from 1 July 2019

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Group is the lessor.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(a) Changes in Significant Accounting Policies

First time adoption of AASB 16: Lease – applicable from 1 July 2019

The Group has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

Instead, the Group applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1(f) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases:

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. For each lease, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Based on the above, as at 1 July 2019:

- Right-of-use assets of $17,548,687 were recognised and presented separately in the statement of financial position. This includes the adjustments to the right-of-use asset to increase the make good provision of $353,291 and the deduction of the straight-line accrual of $2,577,678.
- Additional lease liabilities of $19,772,974 were recognised.
- Lease incentive receivable of $2,433,438 and lease incentive payable of $2,433,438 relating to previous operating leases were derecognised.
- There was no impact to retained earnings.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 **Summary of Significant Accounting Policies (continued)**

(b) **Changes in Significant Accounting Policies (continued)**

First time adoption of AASB 15: Revenue with Contracts with Customers and AASB 1058: Income for Not-for-profit entities

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Group. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Group adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the Group recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the Group has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Group's consolidated financial statements upon adoption.

Impact on the consolidated statement of comprehensive income

Set out below are the amounts by which each material revenue line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	Under AASB 15 and AASB 1058	Under previous AASB's	Decrease
Membership income	**8,158,493**	8,427,954	(269,461)
Federal and State Government programs	**7,367,103**	7,367,103	-
Professional services	**6,897,872**	6,897,872	-
Training	**2,521,107**	2,521,107	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Victorian Chamber) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the 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 consolidated 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 consolidated 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. Intergroup 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.

(b) Income Tax

As a registered Employer Association, the Victorian Chamber is exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

Each class of Leasehold Improvements, Plant and Equipment is carried at cost less any accumulated depreciation, where applicable.

Leasehold Improvements

Leasehold Improvements is measured on the cost basis less depreciation and impairment losses. The carrying amount of leasehold improvements is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. If any impairment indicators exist, the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to present values in determining the recoverable amount.

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.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment (continued)

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Financial Instruments

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).

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. **Summary of Significant Accounting Policies (continued)**

   (e) Financial Instruments (continued)

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 2020, the Group applies a standardised percentage across all debtors under the expected credit loss model.

(f) Leases

Previous accounting policy under *AASB 117: 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

New accounting policy upon adoption of AASB 16: Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).The lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

- The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

(g) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

(h) Cash and cash equivalents

Cash and cash equivalents include: cash on hand, deposits held at call with banks, and other short-term highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(j) Trade and Other Receivables

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

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

(k) Trade and Other Payables

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

(l) Revenue

Previous accounting policy

(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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(l) Revenue (continued)

New accounting policy under AASB 15 & AASB 1058

The Group enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

(i) Revenue from contracts with customers

Where the Group has a contract with a customer, the Group recognises revenue when or as it transfers control of goods or services to the customer. The Group accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

(ii) Membership revenue

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of Group.

Where there is more than one distinct good or service promised in the membership subscription, the Group allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Group charges for that good or service in a standalone sale.

When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, event tickets) or as the service transfers to the customer (for example, member services or training course), the Group recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Group has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Group at their standalone selling price, the Group accounts for those sales as a separate contract with a customer.

(iii) Dividend and interest revenue

Dividends, distribution and interest 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.

(iv) Government subsidies

Government subsidies (ie. JobKeeper) are recognised as income when the Group is reasonably assured that it will comply with the conditions attached to it, and the subsidy will be received. The subsidy is recognised as a receivable when the associated wage payments to employees are made.

(v) Federal and State Government program revenue (including grants)

Grants received are accounted for under AASB 15: Revenue from Contracts with Customers when there are enforceable and sufficiently specific performance obligations embedded in the grant arrangement. Revenue is recognised from each grant as the Group satisfies each relevant performance obligation.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(l) Revenue (continued)

(v) Federal and State Government program revenue (including grants)(continued)

Grants that are not recognised under *AASB 15: Revenue from Contracts with Customers* are recognised under *AASB 1058: Income for not-for-profit entities*, whereby consideration is received by the Group to enable the entity to further its objectives. The Group recognises each of these amounts of consideration as income when the consideration is received (which is when the Group obtains control of the cash) because, based on the rights and obligations in each arrangement the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer.

(vi) Other revenue

Training and professional service revenue is for scheduled courses is recognised on an accruals basis when the performance obligation being delivering the course and/or service to the customer has occurred.

Rental income whereby the Group as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

All revenue is stated net of the amount of GST.

(m) Comparative Figures

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

(n) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) ERP/CRM Integrated Solutions

Assets relating to these projects are carried at cost less any accumulated amortisation and impairment losses. The ERP/CRM integrated solution software projects is amortised over 5 years.

(p) Project Costs and System Development

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

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

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

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(r) 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 consolidated 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 2020)
– Australian Chamber Alliance (dormant for the year-ending 30 June 2020)
– 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 (dormant for the year ending 30 June 2020)

(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 Note 7, the trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to $3,578,945 (2019: $2,884,301) 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.

Key judgements – Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the Group will make. The Group determines the likeliness to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

Key estimates – Provision for membership entitlements

Under the adoption of AASB 15: Revenue from Contracts with Customers, membership entitlements has been recognised as a second performance obligation within the standard membership contract. At year-end the directors assess the unused membership entitlements and discount the provision using

- historical usage rates for each membership entitlement category to take into account past events; and
- likelihood of the member utilising the entitlement in the future based on the expiry date.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

2. Revenue and Other Income

	2020	2019
	$	$
a. Revenue		
Membership subscriptions	**8,158,493**	**7,302,599**

Businesses during COVID-19 health pandemic and the bushfires suffered significant hardship and economic impact and were actively encouraged to join VCCI who provided discounts and fee waivers amounting to $6,087,494 (2019: $Nil).

	2020	2019
b. Other revenue		
Federal and State Government programs	7,367,103	7,557,730
Professional services	6,897,872	8,192,552
Training	2,521,107	3,106,139
	16,786,082	**18,856,421**
c. Other income		
Income from investments	5,401,343	4,501,742
Gain on financial assets at fair value through profit or loss	-	3,022,047
Dividends	458,606	628,889
Other	2,256,301	1,612,983
JobKeeper	1,701,429	-
	9,817,679	**9,765,661**
d. Timing of revenues		
Services transferred to customers		
Over time		
Membership subscriptions	8,158,493	7,302,599
	8,158,493	7,302,599
At a point in time		
Professional services	6,897,872	8,192,552
Federal and State Government programs	7,367,103	7,557,730
Training	2,521,106	3,106,139
Income from investments	5,401,343	4,501,742
Gain on financial assets at fair value through profit or loss	-	3,022,047
Dividends	458,606	628,889
Other	2,256,302	1,612,983
JobKeeper	1,701,429	-
	26,603,761	28,622,082
	34,762,254	**35,924,681**
e. Contract balances		
Trade receivables (Note 7)	3,181,337	2,527,018
Contract liabilities (Note 12)	5,780,925	4,054,986

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

2. Revenue and Other Income (continued)

f. Significant performance obligations

Membership subscriptions

There are two performance obligations within each membership subscription.

Firstly the performance obligation attached with granting the member access to membership benefits including price list. This performance obligation is satisfied over time and payment is generally received either in advance or on a monthly basis in line with the membership.

The second performance obligation is surrounding membership entitlement credits granted to each member in the form of either tickets to future events or credits to offset future services. The performance obligation is satisfied upon delivery of the event or future service.

Membership entitlements are fair valued at the end of each reporting period in line with Note 1(s).

Federal and State Government programs (including grants)

Each federal and state government program including any grants that the Group receives is treated according to the performance obligations embedded in each program and/or grant.

Where there are sufficiently specific performance obligations, revenue is allocated and recognised in line with each performance obligation over time.

Where by grants do not contain sufficiently specific performance obligations they are treated under *AASB 1058: Income for not-for-profit entities* and are then accounted in line with Note 1(l)(v).

Professional services

The performance obligation is satisfied upon delivery of the services and payment is generally received either in advance or due within the Group's standard credit terms.

Training

The performance obligation is satisfied upon delivery of the services and payment is generally received either in advance or due within the Group's standard credit terms.

3. (Deficit)/surplus before tax

	2020	2019
	$	$
(Deficit)/surplus has been determined after:		
Short term rental costs	213,889	352,771
Affiliation fees paid to ACCI Office	661,000	646,329
Occupancy expenses	810,083	2,232,786
Other legal fees	70,080	196,353
Consultancy fees	1,531,093	2,110,335
Advertising	537,383	444,052
Donations (< $1,000)	333	-
Donations (> $1,000)	-	3,120
Remuneration of Auditors		
Audit services	138,113	115,858
Other services	67,196	115,958

The accompanying notes form part of these consolidated financial statements

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

4. Employee Expenses

	2020	2019
	$	$
Employees other than office holders:		
Wages and salaries	16,332,886	16,689,794
Superannuation	1,402,598	1,398,950
Leave and other entitlements	635,067	483,907
Separation and redundancies	1,042,253	265,088
Subtotal employee expenses holders of office	**19,412,804**	**18,837,739**
Holders of office:		
Wages and salaries	797,575	819,957
Superannuation	63,887	76,195
Leave and other entitlements	8,317	17,960
Separation and redundancies	232,221	-
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	**1,102,000**	**914,112**
Total employee expenses	**20,514,804**	**19,751,851**

There were no other employee expenses incurred by the Group for 2020 or 2019.

5. Key Management Personnel Compensation

a. Directors

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
Ms Karyn Sobels	President/Committee Member	22.11.2011	-
Mr Adrian Kloeden	Deputy President/Committee Chair	19.11.2013	-
Mr Don Rankin	Director/Committee Chair	20.11.2007	-
Mr Kevin Brown	Director/Committee Chair	27.05.2003	14.11.2019
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 Chair	04.07.2018	-
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	03.02.2020
Mr Paul Guerra	Secretary/Chief Executive	03.02.2020	-
Ms Kylie Warne**	Director/Committee Member	14.11.2019	-
Ms Michelle Winzer	Director/Committee Member	14.11.2019	-
Mr Jeremy Blackshaw	Director/Committee Member	14.11.2019	-

** Kylie Warne co-opted member from 16/5/19 until appointed as director on 14 November 2019

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

5. Key Management Personnel Compensation (continued)

b. Directors and key management personnel compensation

	2020	2019
	$	$
Wages and salaries	797,575	819,957
Superannuation	63,887	76,195
Annual leave	8,317	17,960
Long Service Leave	-	-
Separation and redundancy	232,221	-
	1,102,000	**914,112**

6. Cash and Cash Equivalents

Cash at bank	**4,144,787**	**2,546,684**

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: $469,554 (2019: $674,761); and grant funding: $194,471 (2019: $252,724).

7. Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	3,578,945	2,884,301
Less: Provision for expected credit loss	(397,608)	(357,283)
	3,181,337	2,527,018
Other receivables:		
Accrued income	822,088	1,281,616
JobKeeper accrual	673,929	-
Prepayments	880,075	930,762
Other debtors	207,634	186,274
Receivables from other Reporting Units	-	-
	2,583,726	2,398,652
Amounts receivable from Workplace Assured	1,351,518	1,351,518
Impairment of loan from Workplace Assured	(1,351,518)	(1,351,518)
	5,765,063	**4,925,670**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

7. Trade and Other Receivables (continued)

Credit Risk

The main source of credit risk for the Group relates to the loan receivable from Workplace Assured, which has been fully provided for at 30 June 2020. The Group has trade receivable balances with Workplace Assured which have been separately factored into the expected credit loss model. 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.

	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
	$	$	$	$	$	$
2020						
Trade receivables	3,578,945	397,608	1,923,953	331,677	285,174	640,533
Other receivables	2,583,726	-	2,583,726	-	-	-
Amounts receivable from non-controlled entity	1,351,518	1,351,518	-	-	-	-
	7,514,189	**1,749,126**	**4,507,679**	**331,677**	**285,174**	**640,533**

	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	532,061	391,862
Other receivables	2,398,652	-	2,398,652	-	-	-
Amounts receivable from non-controlled entity	1,351,518	1,351,518	-	-	-	-
	6,634,	**1,708,801**	**3,605,458**	**396,289**	**532,061**	**391,862**

	Provision for expected credit loss
	$
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**
Charge for the year	528,913
Amounts written off	(488,588)
Carrying amount at 30 June 2020	**397,608**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

8. Financial Instruments

	2020	2019
	$	$
CURRENT		
Term deposits (Amortised cost)	**1,507,253**	1,508,338
NON-CURRENT		
Managed investments (FVTPL)	83,917,758	88,659,756
Total non-current financial instruments	**83,917,758**	**88,659,756**
Total financial instruments	**85,425,011**	**90,168,094**

9. Intangible Assets

	2020	2019
NON-CURRENT		
Software – At cost	343,463	1,067,533
Project costs and system development – At cost	-	280,988
Accumulated amortisation	(207,720)	(1,198,434)
ERP/CRM Integrated Solution	2.348,939	2,200,385
Accumulated amortisation	(448,727)	-
	2,035,954	**2,350,472**

No impairment has been recognised in either 2020 or 2019.

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	ERP/CRM Integrated Solution	Total
	$	$	$	$
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**
Amortisation expense	(54,750)	(1,390)	(448,727)	(505,102)
Additions	-	-	148,788	148,788
Disposals	(1,005,058)	-	-	(1,005,058)
Write back of depreciation	1,046,854	-	-	1,046,854
Carrying amount at 30 June 2020	**135,743**	**-**	**1,900,211**	**2,035,954**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

10. Property, Plant and Equipment

	2020	2019
	$	$
Leasehold Improvements		
Leasehold Improvements	5,294,632	5,294,632
Accumulated depreciation	(2,462,762)	(1,936,371)
Total Leasehold Improvements	**2,831,870**	**3,358,261**
Plant and Equipment		
Plant and equipment at cost	1,207,797	1,678,492
Accumulated depreciation	(906,758)	(1,458,893)
Total Plant and Equipment	301,039	219,599
Total Property, Plant and Equipment	**3,132,909**	**3,577,860**

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 2018	3,769,225	342,935	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	**3,358,261**	**219,599**	**3,577,860**
Additions	-	219,331	219,331
Depreciation expense	(526,391)	(137,891)	(664,282)
Disposals	-	(690,663)	(690,663)
Write back on depreciation	-	690,663	690,663
Carrying amount at 30 June 2020	**2,831,870**	**301,039**	**3,132,909**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

11. Trade Payables

	2020 $	2019 $
CURRENT		
Unsecured Liabilities		
Trade Payables	641,476	1,079,486
Sundry payables and accrued expenses	772,613	1,105,820
Payables to employees	619,511	692,068
Carnet deposits held in trust	523,975	682,007
Payables to other Reporting Units	-	-
Payables to employees for making payroll deductions of membership subscriptions	-	-
	2,557,575	**3,559,381**

12. Contract liability

CURRENT		
Deferred membership revenue	2,457,964	3,298,216
Deferred training revenue	86,600	262,020
Deferred grant revenue	623,745	331,185
Other deferred revenue	1,446,872	163,565
Provision for membership entitlements	269,461	-
Memberships paid in advance	896,283	-
	5,780,925	**4,054,986**

	Membership revenue $	Training revenue $	Grant revenue $	Other revenue $	Membership entitlements $	Total deferrals $
At 1 July 2019	3,298,216	262,020	331,185	163,565	-	4,054,986
Deferred	7,318,241	2,345,686	594,173	3,168,235	269,461	13,695,796
Released to profit or loss	(8,158,493)	(2,521,106)	(301,613)	(1,884,928)	-	(12,866,140)
At 30 June 2020	**2,457,964**	**86,600**	**623,745**	**1,446,872**	**269,461**	**4,884,642**
Current	**2,457,964**	**86,600**	**623,745**	**1,446,872**	**269,461**	**4,884,642**
Non-Current	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

13. Provisions

	2020	2019
	$	$
CURRENT		
Annual leave - employees	853,830	668,633
Annual leave - office bearers	16,378	70,862
Long service leave - employees	981,858	998,796
Long service leave - office bearers	167	55,169
Provision for restructure	1,095,781	-
Bonus provisions	169,676	330,639
	3,117,690	**2,124,099**

	2020	2019
NON CURRENT		
Provision for make good	353,391	-
Long service leave - employees	155,133	43,156
Long service leave - office bearers	-	-
	508,524	**43,156**

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 beyond the next 12 months.

Provision for restructure

The organisation recorded a restructuring provision in 2020. The provision relates principally to the corporate restructure surrounding downsizing staffing requirements. The restructuring plan was drawn up and announced to the employees of before year-end when the provision was recognised in its consolidated financial statements. The restructuring is expected to be completed by 2021.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

13. Provisions (continued)

	Annual Leave	Long Service Leave	Make Good	Restructure	Bonus	Total
Carrying amount at 30 June 2019	739,495	1,097,121	-	-	330,639	2,167,255
Additional provisions	508,720	165,221	353,391	1,095,781	162,498	2,285,611
Amounts used	(378,007)	(125,184)	-	-	(323,461)	(826,652)
Carrying amount at 30 June 2020	**870,208**	**1,137,158**	**353,391**	**1,095,781**	**169,676**	**3,626,214**
Current	**870,208**	**982,208**	**-**	**1,095,781**	**169,676**	**3,117,690**
Non-Current	**-**	**155,133**	**353,391**	**-**	**-**	**508,524**

14. Reserves and Retained earnings

Restriction of Reserves and Retained earnings

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	**-**	**-**

15. Leases

a. Prior period lease balances

For the year ending 30 June 2019, the Group had a lease incentive receivable and lease incentive payable being amortised over the life of the lease of $2,896,950 which upon adoption of AASB 16: Leases on 1 July 2019 has been reversed with NIL impact.

Additionally the Group had a straight-line accrual within the prior period lease liability balance valued at $2,577,678. In accordance with AASB 16: Leases, this balance has been reclassified to offset the opening Right-of-use asset upon adoption on 1 July 2019.

b. Right of use assets

	Buildings $	Total $
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
As at 1 July 2019	17,548,687	17,548,687
Depreciation expense	(1,621,504)	(1,621,504)
As at 30 June 2020	**15,927,183**	**15,927,183**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

15. Leases (continued)

c. Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

As at 1 July 2019	19,772,974	19,772,974
Accretion of interest	691,802	691,802
Payments	(997,708)	(997,708)
As at 30 June 2020	**19,467,068**	**19,467,068**
Total current lease liability	**1,107,837**	**1,107,837**
Total non-current lease liability	**18,359,231**	**18,359,231**

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 $297,439 (2019: $213,523) in respect of professional advisory and tax services and portfolio management services performed and received payments from Pitcher Partners of $239,307 (2019: $163,616) in respect of membership, sponsorship, consulting, events and training work performed. Don Rankin (Director) was a consultant (2019: President) at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $73,993 (2019: $2,980) was still outstanding in the Groups debtor ledger.

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI)

During the financial year, the Victorian Chamber made payments to ACCI of $952,051 (2019: $966,735) in respect of affiliation fees, trade documentation and events and received payments from ACCI of $200,592 (2019: $nil) in respect of rent, consulting, events and training work performed. Mark Stone (Chief Executive) and Don Rankin (Director) were both Board members of the entity during the financial year. Karyn Sobels (President) and Paul Guerra (Chief Executive) were both Directors of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June $nil (2019: $nil) was still unpaid in the Groups creditor ledger, and $133,306 (2019: $57,168) 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 $nil (2019: $164,480) in respect of funding contributions to a Federal election campaign coordinated by ACCI. VCCI is a shareholder of CSM, Mark Stone (Chief Executive) and Don Rankin (Director) were both Directors 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 $11,839 (2019: $11,230) in respect of membership subscriptions, consulting and events. Don Rankin (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 (2019: $nil) was still outstanding in the Groups debtor ledger.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

16. Related Party Transactions (Continued)

SKS HUB PTY LTD (SKS)

During the financial year, the Victorian Chamber received payments from SKS of $770 (2019: $2,670) 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 $nil (2019: $2,640) 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 (2019: $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 $15,400 (2019: $71,040) in respect of membership, sponsorship, consulting, events and training work performed. Payments were made of $161,923 (2019: $51,454). Robert van Stokrom (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2019: $440) 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 $nil (2019: $1,100) 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.

MELBOURNE CONVENTION AND EXHIBITION CENTRE (MCEC)

During the financial year, the Victorian Chamber made payments to MCEC of $229,148 (2019: $52,495) in respect of events venue hiring, Internship Program and Partnership Program and received payments from MCEC of $14,726 (2019: $103,145) 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 (2019: $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 $nil (2019: $2,228) in respect of membership, consulting, events and training work performed. Payments were made of $nil (2019: $200). 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 $nil (2019: $24,933) 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 $nil (2019: $1,155) 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

16. Related Party Transactions (Continued)

CICA (COLLABATIVE ITS) GROUP

During the financial year, the Victorian Chamber received payments from CICA of $nil (2019: $2,530) 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 (2019: $nil) was still outstanding in the Groups debtor ledger.

DEAKIN UNIVERSITY

During the financial year, the Victorian Chamber received payments from Deakin of $nil (2019: $82,820) 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, $nil (2019: $31) was still outstanding in the Groups debtor ledger.

BRAND BUREAU

During the financial year, the Victorian Chamber received payments from Brand Bureau of $385 (2019: $nil) in respect of membership, consulting, events and training work performed. Kylie Warne (Director) was the Director during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2019: $nil) was still outstanding in the Groups debtor ledger.

MINTERELLISON

During the financial year, the Victorian Chamber received payments from MinterEllison of $29,905 (2019: $nil) in respect of membership, consulting, events and training work performed. Jeremy Blackshaw (Director) was the Managing Partner during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2019: $NIL) was still outstanding in the Groups debtor ledger.

MICHELLE WINZER

During the financial year, the Victorian Chamber made payments to Michelle Winzer of $7,500 (2019: $nil) in respect to an internal project. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2019: $nil) was still outstanding in the Groups creditor ledger.

RISKINFO PTY LTD

During the financial year, the Victorian Chamber received payments from Riskinfo Pty Ltd of $385 (2019: $nil) in respect of membership. Karyn Sobels (Director) was the Director during the financial year. All services rendered were made on an arm's length commercial basis. At the 30th June, $nil (2019: $nil) was still outstanding in the Groups debtor ledger.

RELATED PARTY MEMBER TRANSACTIONS

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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	
		2020	2019
		%	%
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

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 $nil to CCI Victoria Legal Trust (2019: $131,458). During the financial year, the Victorian Chamber received $nil from CCI Victoria Legal trust (2019: $108,182).

As at 30 June 2020, the Victorian Chamber has outstanding loan balances with CCI Victoria Legal Trust of $nil (2019: $1,560,675). 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

18. Interests in Associate

b. Information about Associate

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

c. Summarised financial information about the Associate

	2020	2019
	$	$
Current Assets	2,035,380	2,075,231
Total Assets	2,035,380	2,075,231
Current Liabilities	(6,723,427)	(5,750,052)
Total Liabilities	(6,723,427)	(5,750,052)
Net Assets	**(4,688,047)**	**(3,674,821)**
Revenue	3,435,367	2,616,085
Expenses	(4,448,593)	(3,356,700)
Total Losses	(1,013,226)	(740,615)
Share of Losses	**(496,481)**	**(362,901)**

d. Share of losses in Associate

Unrecognised share of losses at 1 July 2019	(1,661,037)	(1,298,136)
Unrecognised share of losses for year-ended 30 June 2020	(496,481)	(362,901)
Cumulative total of unrecognised share of losses at 30 June	**(2,157,518)**	**(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.

Transactions between Associates

During the financial year, the Victorian Chamber received payments from Workplace Assured Pty Ltd of $1,002,124 (2019: $703,663) in respect of services performed and made an unsecured loan of $1,351,518 (fully impaired) (2019: $1,351,518). Both Paul Guerra (Chief Executive Officer) and Mark Stone (previous Chief Executive Officer) were 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

19. Cash Flow Information

	2020	2019
	$	$
Surplus after income tax	(6,210,355)	293,812
Non-cash flows:		
— Depreciation and Amortisation	2,687,756	782,256
— Provision for Bad Debts / loan impairment	495,351	518,861
— Change in fair value of investments	2,473,799	(4,243,453)
— Investment income reinvested	(458,606)	(628,889)
— Interest income reinvested	(65,960)	(133,443)
Changes in assets and liabilities:		
Increase in receivables and prepayments	(839,393)	(1,260,950)
Increase / (decrease) in payables and contract liabilities	724,132	(499,263)
(Decrease) / increase in provisions	(1,458,960)	14,497
Increase in lease liabilities	-	147,491
CASH FLOWS USED IN OPERATING ACTIVITIES	**(2,652,234)**	**(5,009,081)**

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.

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:

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

20. Financial Risk Management (continued)

Cash and Interest Rates

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash at bank	0.25	1.25	4,144,787	2,546,684	-	-	-	-	4,144,787	2,546,684
Financial assets-term deposits	1.725	2.08	-	-	1,507,253	1,508,338	-	-	1,507,253	1,508,338
Financial assets-managed investments	-	-	4,232,974	5,902,236	20,410,886	21,050,174	59,273,768	61,707,346	83,917,628	88,659,756
Trade and other receivables	-	-	-	-	-	-	5,184,169	4,925,670	5,184,169	4,925,670
Total Financial Assets	-	-	8,377,761	8,448,920	21,918,139	22,558,512	64,457,937	66,633,016	94,753,837	97,640,448
Financial Liabilities										
Trade and other payables	-	-	-	-	-	-	2,557,574	3,559,381	2,557,574	3,559,381
Total Financial Liabilities	-	-	-	-	-	-	2,557,574	3,559,381	2,557,574	3,559,381

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities primarily deposits with banks and financial institutions.

Trade receivables and contract assets

Customer credit risk is managed by the Group's finance team dictated by the Group's policies, procedures and controls relating to customer risk management.

An impairment analysis is performed at each reporting date using an expected credit loss model which is applied to all trade receivable and contract asset balances that are subject to credit risk. The Group considers the key revenue streams subject to credit risk being membership, professional service and training revenue. The Group looks at the 5 year rolling average of bad debts written off against these revenue streams adjusted for the following factors when calculating the expected credit loss model:

- Customer receivable balances over 365+ days, and
- Related party receivables whereby they have increased control on recoverability.

Based on this credit risk evaluation, the simplified expected credit loss model implies a loss rate of the revenue streams subject to credit at 30 June 2020 was 2.26% (2019: 1.92%)

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low.

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 $2,557,574 (2019: $3,559,381) which are due for payment within 1 year. With cash equaling $4,144,787 (2019: $2,546,684), and liquid assets of $11,417,103 (2019: $9,444,204) 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 2020, 11% (2019: 12%) 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 2020 is $59,273,768 (2019: $61,707,345).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

20. Financial Risk Management (continued)

Investment Risk Management (continued)

	Profit $	Equity $
Year ended 30 June 2020		
Fair value on 3% movement	+/- 1,778,214	+/- 1,778,214
Fair value on 5% movement	+/- 2,963,688	+/- 2,963,688
Fair value on 10% movement	+/- 5,927,377	+/- 5,927,377
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

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.

	2020	2019
Cash	**5%**	6%
Fixed Interest	**19%**	19%
Australian Shares	**10%**	12%
Overseas Shares	**7%**	8%
Australian property	**-%**	-%
Overseas Property	**-%**	-%
Unlisted Property	**46%**	44%
Alternatives	**7%**	6%

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 2020		
2% in interest rate	+/- 167,555	+/- 167,555
10% in listed investments	+/- 5,927,377	+/- 5,927,377
Year ended 30 June 2019		
2% in interest rate	+/- 168,978	+/- 168,978
10% in listed investments	+/- 6,170,735	+/- 6,170,735

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
Measurements 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.

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:

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

21. Fair Value Measurements (continued)

Recurring Fair Value Measurements

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2020				
Financial assets				
– Managed investments at fair value through profit or loss	83,917,758	-	-	**83,917,758**
2019				
Financial assets				
– Managed investments at fair value through profit or loss	88,659,756	-	-	**88,659,756**

There has been no change in the valuation techniques used to calculate the fair values disclosed in the consolidated 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.

	2020	2019
	$	$
Statement of Financial Position		
ASSETS		
Current assets	11,406,906	9,892,462
Non-current assets	105,013,804	97,063,583
TOTAL ASSETS	**116,420,710**	**106,956,045**
LIABILITIES		
Current liabilities	12,892,562	10,021,524
Non-current liabilities	18,514,364	5,054,272
TOTAL LIABILITIES	**31,406,926**	**15,075,796**
EQUITY		
Retained earnings	85,013,784	91,380,249
TOTAL EQUITY	**85,013,784**	**91,380,249**
Statement of Profit or Loss and Other Comprehensive Income		
Total (loss)/profit	(6,195,686)	307,294
TOTAL COMPREHENSIVE (LOSS)/INCOME	**30,681,798**	**34,952,629**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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).

Officer Declaration Statement

For the Year Ended 30 June 2020

I, Paul Guerra, being the Chief Executive Officer of the Group, declare that the following activities did not occur during the reporting period ending 30 June 2020:

The Group did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit
- have a payable with other reporting unit
- have a payable in respect of legal costs relating to litigation
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Name: Paul Guerra

Title of office held: Secretary and Chief Executive

……………………………………………………………..
Signature

10 November 2020
……………………………………………………..
Date

Committee of Management Statement

For the Year Ended 30 June 2020

On 6 November 2020, 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 2020:

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

a) The consolidated financial statements and notes comply with the Australian Accounting Standards;

b) The consolidated financial statements and notes comply with the reporting guidelines of the Commissioner;

c) The consolidated financial statements and notes give a true and fair view of the financial position as at 30 June 2020 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: Paul Guerra
Title of office held: Secretary and Chief Executive

Signature:

……………………………………………………..

Date: 10 November 2020

Name: Karyn Sobels
Title of office held: President

Signature:

……………………………………………………..

Date: 10 November 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

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

Opinion

We have audited the financial report of the Victorian Chamber of Commerce and Industry ("the Reporting Unit") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2020, 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 auditor independence requirements of the *Corporations Act 2001* and 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 directors 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 2020, 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 control.

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

We conclude on the appropriateness of the directors' 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 directors 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 directors 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 10 November 2020

Registration number: AA2017/54