Victorian Employers Chamber of Commerce and Industry

Annual Report

Year ended 30 June 2015

ABN 37 650 959 904

Table of contents

VECCI overview

The Victorian Employers Chamber of Commerce and Industry (VECCI) is the most influential business organisation in Victoria, informing and servicing more than 15,000 members, customers and clients across the state.

VECCI's expertise spans a diverse range of areas, including policy and advocacy, workplace relations, training, international trade, apprenticeship services, OHS and sustainability.

VECCI helps business prosper today and into the future, for the good of Victoria.

VECCI. Working for business. Working for Victoria.

Policy and advocacy

VECCI continues to enhance its support for business by strengthening its policy and advocacy across all priority industry sectors, driving competitiveness throughout metropolitan and regional businesses of all sizes.

In 2014/15 this included the 2014 State Election business campaign, Taking Care of Business. The campaign shaped the pre-election agenda of both major parties and secured a range of policy wins throughout the priority areas of jobs, infrastructure, skills and international engagement.

In a continued sign of the campaign's success, the Victorian 2015 / 16 State Budget of the new Andrews Government contained many measures consistent with these priorities.

The policy team also oversees VECCI's policy taskforces, including the VECCI Small Business Taskforce and VECCI Higher Education Taskforce, which both brought together business and sector leaders to develop recommendations to shape the policy direction of these areas.

The team keeps members up-to-date and involved with key business issues through major policy events such as the VECCI Victoria Summit 2015 – Regional Victoria and publications including the VECCI Survey of Business Trends and Prospects and the quarterly Business Excellence magazine.

Workplace relations

VECCI's industrial relations, human resources and equal opportunity consultants provide professional advice, training and assistance on a range of employment matters.

The team provides solutions to workplace problems in areas such as unfair dismissal, redundancy and change management, diversity and equal opportunity, enterprise bargaining and contracts, and HR services.

VECCI Complete/CONNECT members have access to free, unlimited over-the-phone advice via VECCI's Workplace Relations Helpline. VECCI also provides legal representation and advice on employment and workplace relations matters via its associated law firm, CCI Lawyers. A range of tools, templates, wage summaries and manuals are available to members on the VECCI website.

Training

VECCI continues to deliver excellence in training through its 700 short courses, accredited diplomas and certificates, briefings and webinars at locations throughout metropolitan and regional Victoria.

As a registered training organisation, VECCI's selection of nationally-recognised diploma and certificate-level courses cover areas including management, business administration, project management, HR management, occupational health and safety, and training and assessment.

VECCI's short courses cover areas as diverse as leadership and management, human resources and workplace relations, WorkCover and OHS, sustainability, IT, personal effectiveness, and business, finance and productivity.

Membership

VECCI's purpose is to deliver advocacy, products and services to Members to create the environment, skills and opportunities for business to flourish in Victoria.

We offer membership propositions to support businesses of all sizes and needs. The VECCI value proposition saves Members' time and money in complying with workplace regulation, and upskill employees to drive growth.

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

VECCI is dedicated to generating value to Members through advocacy, products and services.

VECCI Apprenticeships Services

VECCI Apprenticeships Services is an integral part of a national platform, Chambers Apprenticeship Support Australia, contracted by the Australian Government to deliver quality end-to-end advice and support services to Australia's apprentices and their employers.

Through the provision of services designed to deliver integrated and targeted support to apprentices and employers prior to commencement and while they are in training, VECCI Apprenticeships Services, after more than 17 years and across 13 offices, continues to partner with over 25,000 business each year throughout Victoria.

These services provide a full range of marketing, information and advice, assisting employers to select the apprenticeship that is most suited to the employer and the potential apprentice, conducting Training Contract sign-ups, assessing eligibility for Commonwealth Incentive Programs, including loans, and engaging with State and Territory Training Authorities.

Occupational Health and Safety

VECCI provides business with practical health and safety solutions, tailored to their needs, through its consultants who are all experienced safety practitioners and professional members of the Safety Institute of Australia.

Consulting services include workplace safety assessments, assistance with Victorian WorkCover Authority matters, assistance with WorkCover claims and return to work plans, incident investigation and advice on corrective actions, and manual handling, ergonomic, noise and plant assessments.

Other services include advice on 'due diligence' and legal obligations, hazard identification and risk assessment, safety management system development or audits, and establishing health and safety representatives and committees.

International trade

VECCI Global's trade, business and investment professionals provide advice and assistance on international trade opportunities and processes, enabling Victorian business to establish new, or grow existing, international engagement operations.

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. VECCI Global also arranges and hosts international trade missions.

Services offered also include customs and export documentation, export skills and cultural training, customised advice and integrated visa and migration services, and support in accessing financial assistance and other government programs.

Sustainability

VECCI's sustainability advice saves business time and money. Consultants conduct onsite energy, waste, materials, water and carbon footprint assessments and also assist with environmental policy development and compliance.

VECCI Complete members have access to information and advice on issues including forecasted energy and wage prices, waste and recycling disposal, and sustainability funding.

VECCI consultants also run briefings, webinars and workshops in areas such as lighting technologies, solar energy and negotiating energy contracts.

From the Chief Executive

As we prepare to embark on an exciting new chapter with new headquarters, a new look and new name, I am proud to reflect on what has been a successful year for our organisation and the Victorian business community.

In November we congratulated Victorian Labor on its election to government and were pleased to see the Premier's plans for jobs and economic growth prioritising a number of the actions from our Taking Care of Business pre-election campaign. At a VECCI Business Leaders event in March, the Hon Daniel Andrews MP told guests that VECCI's advocacy on the challenges facing Victorian business makes his government a stronger one. I was also pleased to be invited to join the Premier's Jobs and Investment Panel on behalf of VECCI.

In April, with the release of our Small Business Taskforce report 'Small Business. Big Opportunities', we reiterated the need for policymakers to prioritise red tape reform and cuts to direct business costs to drive small business growth. Many of the report's recommendations have resinated at a federal level, with legislation introduced to extend unfair contract provisions to small business and tax changes to employee share schemes for instance. The reforms identified in our Higher Education Taskforce report 'Reforming the Victorian Vocational Education and Training (VET) System', were reflected in the draft recommendations of the state government's VET funding review. These widely quoted policy papers reaffirmed the importance of VECCI's regular taskforces, which capture the insights and expertise of members in order to secure practical and direct gains for Victorian business.

Following a successful pilot in 2014, our international trade team secured another dynamic and immersive itinerary for the Victoria-Jiangsu Business Placement Program in May. The 12 Victorian business owners and directors who took part in the two-week tour gained unique insights into Chinese commercial culture, while at home we were proud to facilitate a number of local food and beverage exporters via the China eCommerce Platform. Through our extensive range of consulting services and advocacy work, VECCI shall continue to drive Victoria's expansion into international trade and investment further in the coming year.

The first budget of the Andrews Government, handed down in May, secured a number of significant advocacy achievements for VECCI's members, customers and clients with its focus on job-creating infrastructure. The confirmation of funding to progress the Melbourne Metro Rail and Melbourne Convention and Exhibition Centre expansion, as well as $500 million for the Regional Jobs and Infrastructure Fund, were among these. Reflecting our pre-election recommendations to strengthen youth employment pathways, we also welcomed a $100 million commitment to the TAFE Back to Work Fund and $32 million for Local Learning and Employment Networks. The introduction of legislation to progress the enable the lease of the Port of Melbourne too supported a long-term priority for VECCI. We believe this step will reinforce Victoria's position as Australia's premier freight and logistics capital.

Commencing in late May, we ran a series of seven regional workshops in preparation for our principal policy forum, the Victoria Summit 2015 – Regional Victoria. The practical recommendations to come out of this dialogue with more than 300 regional business leaders will inform VECCI's 2016 state budget submission and advocacy in the lead up to the federal election.

During the summit event, held in Bendigo Town Hall, we also celebrated a new alliance with the Bendigo Business Council (BBC). The agreement enables VECCI to enhance its reach and policy work for the benefit of the region, as well as allowing our members in Bendigo to participate in the BBC's membership offerings.

Looking ahead, VECCI is in a strong position to continue positively impacting the business landscape through its diverse offering of products and services, including workplace relations and sustainability consulting, training and events, global trade and OHS advice.

VECCI is fortunate to have the strategic leadership of its Board and Executive Council as we usher in a new era for the national chamber network through the use of a common identifying brand. Earlier this year, I was delighted to welcome Sally Capp to the executive team as Chief Operating Officer, bringing her wealth of national and international business experience and enthusiasm to assist VECCI in improving the support we provide.

I would like to thank VECCI's Board, Executive Council and staff for their continued efforts in helping to secure statewide growth and prosperity. I would especially like to acknowledge the hard work of the VECCI Apprenticeships Services staff, who continue to service Victorian employers under government contract and also now have scope to advise nationwide businesses as part of newly created company Apprenticeship Support Australia.

Finally, I would like to thank VECCI's strong and supportive members upon whom our capacity to effectively advocate on behalf of Victorian business depends.

VECCI Chief Executive Mark Stone

Operating report

MEMBERS OF COMMITTEE OF MANAGEMENT

The Members of the Committee of Management (Board of Directors) comprise of elected representatives of the Executive Council of Victorian Employers' Chamber of Commerce and Industry (VECCI) who form the Board of Directors. The Immediate Past President of VECCI is able to attend meetings of the Board of Directors but is not entitled to be a member of the Board, nor move or second a vote on any motion.

The Directors present their report together with the financial report of VECCI for the year ended 30 June 2015 and the Auditor's Report thereon.

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

Key Management Person	Position	Appointed	Resigned
Mr Mark Birrell	President	20.11.2007	
Mr Don Rankin	Vice President	20.11.2007	
Mr Kevin Brown	Director	27.05.2003	
Mr Richard Holyman	Director	23.11.2010	18.11.2014
Mr Jeremy Johnson	Director	19.11.2013	
Mr Adrian Kloeden	Director	19.11.2013	
Ms Kerry Smith	Director	20.11.2012	
Ms Karyn Sobels	Director	22.11.2011	
Mr Robert Van Stokrom	Director	18.11.2014	
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	

MEETINGS – BOARD OF DIRECTORS

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

	Number of Meetings Held while in Office	Meetings Attended
Mr Mark Birrell	10	10
Mr Don Rankin	10	8
Mr Kevin Brown	10	8
Mr Richard Holyman	5	4
Mr Jeremy Johnson	10	9
Mr Adrian Kloeden	10	9
Ms Kerry Smith	10	9
Ms Karyn Sobels	10	8
Mr Robert Van Stokrom	5	5
Mr Mark Stone	10	10

Mr Peter McMullin attended 7 meetings in his capacity as Immediate Past President.

REMUNERATION PAID TO OFFICERS

The salary ranges of the six highest paid officers of VECCI for the year ended 30 June 2015 were:

	Remuneration ($000s)			Non-cash Benefits ($)		
Name of Officer	**0-50**	**51-100**	**401-450**	**0-50**	**51-100**	**401-450**
Ms Kerry Smith	•					
Mr Kevin Brown	•					
Mr Don Rankin	•					
Mr Jeremy Johnson	•					
Mr Mark Birrell		•				
Mr Mark Stone			•	•		

SUPERANNUATION TRUSTEES

The following information is required under S.254(2)(d) of the Fair Work (Registered Organisations) Act 2009:

Name of Officer or Member	Position Held	Superannuation Fund	Nominated by VECCI or other Body
Mr Wayne Kayler-Thomson	Member	VICSuper	VECCI
Mr Graham Sherry	Member	Vision Super	VECCI
Mr Mark Sibree	Member	CARE Super	VECCI

PRINCIPAL ACTIVITIES

The principal activities of VECCI during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value added professional services. VECCI 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

VECCI recorded a consolidated operating profit for the year ended 30 June 2015 of $2,165,434 (2014: $5,280,111).
The consolidated net assets at 30 June 2015 totalled $93,072,766 (2014: $78,647,256).

MEMBERSHIP OF VECCI

As at 30 June 2015, VECCI had 5,529 members (2014: 5,208) paid members.

EMPLOYEES OF VECCI

As at 30 June 2015, the total number of employees was 211 (2014:208).

Operating report continued

BOARD COMMITTEES

The following Board Committees operated during the reporting period:

Audit and Risk Committee*

Don Rankin – Chair
Jeremy Johnson
Karyn Sobels
Robert van Stokrom

Investment Committee*

Kerry Smith – Chair
Adrian Kloeden
Peter McMullin

Remuneration Committee

Kevin Brown – Chair
Don Rankin
Mark Birrell

*Note: the President is an ex-officio member of these Committees.

MANNER OF RESIGNATION

Rule 10 provides for the process of resignations.

(a) (i) A member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary. Such notice shall be taken to have been received by the Organisation when delivered to the Secretary.

(ii) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered to the Secretary.

(iii) A resignation from membership of the Organisation is valid even if it is not effected in accordance with paragraph (i) hereof if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.

(b) A notice of resignation from membership of the Organisation takes effect:

(i) where the member ceases to be eligible to become a member of the Organisation:
1. on the day on which the notice is received by the Organisation; or
2. on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
whichever is later; or

(ii) in any other case:
1. at the expiration of 2 weeks after the notice is received by the Organisation; or
2. on the day specified in the notice;
whichever is later.

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

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

MANNER OF RESIGNATION (continued)

(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.

EVENTS AFTER BALANCE DATE

VECCI entered into a three-year office lease agreement in Melbourne with a value of $566,413 for its apprenticeship services operations, with a commencement date of 7 September 2015.

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

Signed: Secretary and Chief Executive
Mark Stone
At Melbourne, 22 October 2015

Statement of comprehensive income

for the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Revenue	2a	30,044,299	31,939,007	29,786,278	31,627,311
Other income	2b	5,128,155	5,896,360	5,107,856	5,896,360
TOTAL REVENUE AND OTHER INCOME		35,172,454	37,835,367	34,894,134	37,523,671
Operating expenses		3,608,784	3,215,302	3,604,827	3,211,467
Employee expenses	4	18,912,383	19,300,874	18,581,205	18,917,394
Affiliation fees		622,860	654,078	622,860	654,078
Depreciation and amortisation expense		662,321	1,023,516	659,944	1,020,695
Donations		210	1,920	210	1,920
Federal & State Government programs		3,293,516	3,772,005	3,293,516	3,772,005
(excluding remuneration)		–	–	–	–
Occupancy		1,061,504	1,099,520	1,053,944	1,092,032
Consultancy fees		1,651,352	1,194,248	1,651,352	1,194,248
Impairment losses		527,886	–	512,790	–
Other administration expenses		2,666,204	2,293,793	2,744,706	2,347,630
TOTAL EXPENDITURE		33,007,020	32,555,256	32,725,354	32,211,469
CURRENT YEAR SURPLUS BEFORE TAX	3	2,165,434	5,280,111	2,168,780	5,312,202
Income tax expense	1b	–	–	–	–
NET CURRENT YEAR SURPLUS		2,165,434	5,280,111	2,168,780	5,312,202
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit and loss					
Revaluation of freehold land and buildings	11	12,260,076	–	12,260,076	–
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		12,260,076	–	12,260,076	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		14,425,510	5,280,111	14,428,856	5,312,202
NET CURRENT YEAR SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		2,165,434	5,280,111	2,168,780	5,312,202
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		14,425,510	5,280,111	14,428,856	5,312,202

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

Statement of financial position

as at 30 June 2015

	Note	Consolidated		Parent	
		2015	2014	2015	2014
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	8,755,898	7,184,914	8,685,690	7,137,593
Trade and other receivables	7	5,146,771	3,303,373	5,343,521	3,471,501
Assets held for sale	8	36,236,984	–	36,236,984	–
Financial assets	9	1,503,080	306,247	1,503,080	306,247
TOTAL CURRENT ASSETS		51,642,733	10,794,534	51,769,275	10,915,341
Non-current assets					
Financial assets	9	55,004,111	52,825,351	55,004,131	52,825,371
Intangible assets	10	181,925	949,178	181,925	948,438
Property, plant and equipment	11	955,695	24,950,503	955,695	24,933,772
TOTAL NON-CURRENT ASSETS		56,141,731	78,725,032	56,141,751	78,707,581
TOTAL ASSETS		107,784,464	89,519,566	107,911,026	89,622,922
LIABILITIES					
Current liabilities					
Trade and other payables	12	4,173,004	4,970,882	4,118,484	4,895,914
Deferred revenue	13	8,896,230	4,544,455	8,896,230	4,544,455
Short-term provisions	14	1,502,298	1,290,860	1,482,201	1,271,351
TOTAL CURRENT LIABILITIES		14,571,532	10,806,197	14,496,915	10,711,720
Non-current liabilities					
Provision for long service leave		140,166	66,113	140,166	66,113
TOTAL NON-CURRENT LIABILITIES		140,166	66,113	140,166	66,113
TOTAL LIABILITIES		14,711,698	10,872,310	14,637,081	10,777,833
NET ASSETS		93,072,766	78,647,256	93,273,945	78,845,089
EQUITY					
Retained earnings		72,075,341	69,909,907	72,276,520	70,107,740
Reserves		20,997,425	8,737,349	20,997,425	8,737,349
TOTAL EQUITY		93,072,766	78,647,256	93,273,945	78,845,089

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

Statement of changes in equity

for the year ended 30 June 2015

Consolidated	Retained earnings	Asset revaluation reserve	Total
	$	$	$
Balance at 1 July 2013	64,629,796	8,737,349	73,367,145
Profit attributable to members of the consolidated group	5,280,111	–	5,280,111
Total other comprehensive income for the year	–	–	–
Balance at 1 July 2014	69,909,907	8,737,349	78,647,256
Profit attributable to members of the consolidated group	2,165,434	–	2,165,434
Total other comprehensive income for the year	–	12,260,076	12,260,076
BALANCE AT 30 JUNE 2015	**72,075,341**	**20,997,425**	**93,072,766**

Parent	Retained earnings	Asset revaluation reserve	Total
	$	$	$
Balance at 1 July 2013	64,795,538	8,737,349	73,532,887
Profit attributable to members of the parent entity	5,312,202	–	5,312,202
Total other comprehensive income for the year	–	–	–
Balance at 1 July 2014	70,107,740	8,737,349	78,845,089
Profit attributable to members of the parent entity	2,168,780	–	2,168,780
Total other comprehensive income for the year	–	12,260,076	12,260,076
BALANCE AT 30 JUNE 2015	**72,276,520**	**20,997,425**	**93,273,945**

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

Statement of cash flows

for the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members and others		23,446,902	19,206,272	23,024,501	18,919,308
Receipts from Federal and State Government programs		10,491,157	13,423,969	10,491,157	13,423,969
Payments to suppliers and employees		(32,454,789)	(30,737,619)	(32,050,277)	(30,419,036)
Interest received		115,955	179,779	115,955	179,779
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	19	1,599,225	2,072,401	1,581,336	2,104,020
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for investments		(4,304,922)	(306,247)	(4,304,922)	(306,247)
Proceeds from the sale of investments		5,100,000	1,867,539	5,100,000	1,867,539
Payment for purchase of property, plant, equipment and intangible assets		(823,319)	(1,215,611)	(823,317)	(1,215,611)
Proceeds from/(payments to) subsidiaries		–	–	(5,000)	40,000
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		(28,241)	345,681	(33,239)	385,681
Net increase/(decrease) in cash held		1,570,984	2,418,082	1,548,097	2,489,701
Cash at the beginning of the financial year		7,184,914	4,766,832	7,137,593	4,647,892
CASH AT THE END OF THE FINANCIAL YEAR	6	8,755,898	7,184,914	8,685,690	7,137,593

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of VECCI and its controlled entities (Consolidated Group or Group) and the separate financial statements and notes of VECCI as an individual parent entity (Parent Entity).

The financial statements were authorised for issue on 22 October 2015 by the Board of Directors.

ENTITY INFORMATION

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

In accordance with the requirements of the *RO Act*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

1. A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit; and
3. A reporting unit must comply with an application made under subsection (1).

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

BASIS OF PREPARATION

Reporting Basis and Conventions

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *RO Act*. VECCI is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report has been prepared on a going concern basis.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (VECCI) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent 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 through its power over the entity. The controlled entities contained in the financial statements are CCI Victoria Legal Pty Ltd as trustee for the CCI-Victoria Legal Trust (CCI Victoria Legal), VECCI Business Brokers Pty Ltd as trustee for the VECCI Business Brokers Trust (VECCI Business Brokers) and VECCI Export Services Pty Ltd.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or 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, VECCI 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 property, plant and equipment is carried at cost or fair value less any accumulated depreciation, where applicable.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction). At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity through Other Comprehensive Income. Decreases that offset previous increases of the same asset reduce the reserves directly in equity through Other Comprehensive Income. All other decreases are recognised in profit or loss.

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

c. Property, Plant and Equipment (continued)

Property (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. 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 asset's employment and subsequent disposal. The expected net cash flows are discounted to present values in determining the recoverable amount.

d. Non-current Assets Held for Sale

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversals of impairment recognised on classification as held for sale or prior to such classification are recognised as a gain in profit or loss in the period in which it occurs.

e. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

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

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

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

(iv) Financial Liabilities

Non-derivative financial liabilities, excluding financial guarantees, are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements

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

e. Financial Instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

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

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

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

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

f. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	20-27%

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 revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. Leases

Leases are classified at their inception as either operating or finance leaes 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 and 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.

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.

Any lease incentives are taken as a reduction in the lease expense.

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

h. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term 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' annual 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 corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

i. Cash and Cash Equivalents

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

j. Goods and Services Tax (GST)

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

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

k. Trade and Other Receivables

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

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

l. Trade and Other Payables

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

m. Revenue

(i) Membership Revenue

General Membership Revenue is initially recognised on receipt of payment from the member. Melbourne Chamber of Commerce membership revenue is initially recognised when a sales invoice for membership dues is raised. 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 is recognised using the effective interest method. Rental, sponsorship and event income are recognised on an accruals basis.

Notes to the financial statements

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

m. Revenue (continued)

(iv) Dividend Revenue

Dividend and distribution revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

(v) Grant Revenue

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

(vi) Professional Services Revenue

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

All revenue is stated net of the amount of GST.

n. Prior Year Restatements

Statement of Comprehensive Income

The prior year Statement of Comprehensive Income did not include an elimination adjustment that would have had the effect of reducing both revenue and expenditure by $792,139.

Note 2: Revenue and other income, Note 3: Surplus for the year and Note 4: Employee expenses have all been restated to reflect the above changes.

This restatement has no impact upon the prior year financial result.

o. Comparative Figures

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

p. Impairment of Non-financial 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.

q. Intangible Assets – Systems Development and Software

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

r. Research and 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 sell the asset; the entity has sufficient resources; and intent to complete the development and its cost can be measured reliably.

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

s. 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.

t. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Management are required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

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

t. Critical Accounting Estimates and Judgments (continued)

Trade Receivables

Included in trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to $3,709,231 for the Group and $3,672,025 for the parent entity. Management has determined that recoverability of a portion of these debts is uncertain hence a provision for impairment has been made. An assessment of all accounts outstanding for longer than the agreed trading terms has been undertaken.

Property, Plant and Equipment – Buildings

Buildings held during the year were classified as property, plant and equipment and not an investment property, despite the fact that the Group received property income for the leased proportion on the basis that the proportion occupied by the Group was considered to be significantly greater than that being leased.

Impairment – CRM Project

With respect to the ongoing CRM Project, a review of expenditure to date on VECCI's CRM project identified expenditure associated to works that will not form part of the implemented solution. This has resulted in an impairment charge of $507,356 and a revised carrying amount of $100,000.

u. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

The Group had the following investments in associates which were dormant during the period:

– Business Advisory Centre
– Australian Chamber Alliance

v. New Accounting Standards for Application in Future Periods

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

– AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

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

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

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact

– AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

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

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

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

The directors anticipate that the adoption of AASB 15 will not have a significant impact on the Group's financial statements.

Notes to the financial statements

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
a. REVENUE				
Membership and contributors subscriptions	7,366,986	6,842,471	7,366,986	6,842,471
Federal and State Government programs	11,251,017	12,895,212	11,251,017	12,895,212
Professional services	7,315,374	7,600,074	7,057,353	7,288,378
Training	2,997,312	3,077,288	2,997,312	3,077,288
Dividends	1,113,610	1,523,962	1,113,610	1,523,962
	30,044,299	**31,939,007**	**29,786,278**	**31,627,311**
b. OTHER INCOME				
Income from investments	3,676,202	1,893,991	3,676,202	1,893,991
Gain on financial assets at fair value through profit or loss	537,802	3,623,063	537,802	3,623,063
Other	914,151	379,306	893,852	379,306
	5,128,155	**5,896,360**	**5,107,856**	**5,896,360**

VECCI did not receive capitation fees, donations, compulsory levies or any other financial support during the reporting period. There was no recovery of wages activity during the financial year.

NOTE 3: SURPLUS FOR THE YEAR

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Surplus has been determined after:				
Depreciation and amortisation	662,321	1,023,516	659,944	1,020,695
Operating lease rental expense	558,915	784,656	558,585	784,140
Affiliation fees paid to ACCI	622,860	654,078	622,860	654,078
Impairment losses	527,886	–	512,790	–
Legal expenses	194,038	77,604	329,861	198,592
Consultancy fees	1,651,352	1,194,248	1,651,352	1,194,248
Entertainment package expense	601,360	852,816	601,360	852,816
Remuneration of auditor	100,000	91,600	89,500	79,600

VECCI did not incur expenses relating to payroll deductions of membership subscriptions, capitation fees, compulsory levies, grants, fees and/or allowances paid to persons in respect of their attendances as representatives of VECCI at conferences or other meetings or penalties imposed under the *RO Act* with respect to VECCI's conduct during the reporting period.

VECCI incurred $7,055 of operating expenses in connection with holding meetings of councils, committees, panels or other bodies for the holding of which VECCI was wholly or partly responsible.

NOTE 4: EMPLOYEE EXPENSES

Consolidated	Employees		Office Bearers		Total	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Wages and salaries	15,850,025	16,639,127	793,129	721,291	16,643,154	17,360,418
Superannuation	1,336,351	1,344,660	71,634	62,296	1,407,985	1,406,956
Leave and other entitlements	732,650	270,802	27,072	–	759,722	270,802
Separation and redundancy	101,522	262,698	–	–	101,522	262,698
	18,020,548	18,517,287	891,835	783,587	18,912,383	19,300,874

Parent	Employees		Office Bearers		Total	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Wages and salaries	15,545,329	16,287,855	793,129	721,291	16,338,458	17,009,146
Superannuation	1,310,893	1,314,927	71,633	62,296	1,382,526	1,377,223
Leave and other entitlements	731,627	268,327	27,072	–	758,699	268,327
Separation and redundancy	101,522	262,698	–	–	101,522	262,698
	17,689,371	18,133,807	891,834	783,587	18,581,205	18,917,394

There were no other employee expenses incurred for employees or office bearers during 2014 and 2015.

Notes to the financial statements

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Directors

	2015	2014
Total number of Directors	8	8

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

Key management person	Position	Appointed	Resigned
Mr Mark Birrell	President	20.11.2007	
Mr Don Rankin	Vice President	20.11.2007	
Mr Kevin Brown	Director	27.05.2003	
Mr Richard Holyman	Director	23.11.2010	18.11.2014
Mr Jeremy Johnson	Director	19.11.2013	
Mr Adrian Kloeden	Director	19.11.2013	
Ms Kerry Smith	Director	20.11.2012	
Ms Karyn Sobels	Director	22.11.2011	
Mr Robert Van Stokrom	Director	18.11.2014	

b. Other key management personnel

The following person also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Appointed
Mr Mark Stone	Secretary / Chief Executive	20.06.2011

c. Directors and key management personnel compensation

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Wages and salaries	793,127	721,291	793,127	721,291
Superannuation	71,633	62,296	71,633	62,296
Long service leave	–	–	–	–
	864,760	783,587	864,760	783,587

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
CASH AT BANK	8,755,898	7,184,914	8,685,690	7,137,593

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: $1,240,709 (2014: $1,994,663); VECCI Business Brokers: $3,716 (2014: $765); business migration: $33,066 (2014: $18,727); and grant funding: $573,905 (2014: $1,336,917).

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	Consolidated		Parent	
		2015	2014	2015	2014
		$	$	$	$
CURRENT					
Trade receivables		3,709,231	1,908,965	3,672,025	1,855,978
Less: Impairment		(57,763)	(81,677)	(55,903)	(79,469)
		3,651,468	1,827,288	3,616,122	1,776,509
OTHER RECEIVABLES					
Accrued income		207,070	298,651	207,070	298,651
Prepayments		1,059,757	884,687	1,050,592	866,100
GST paid		149,795	198,816	148,015	196,966
Other debtors		78,681	93,931	75,845	92,398
		1,495,304	**1,476,085**	**1,481,522**	**1,454,115**
Amounts receivable from controlled entity	7a	–	–	1,304,680	1,299,680
Impairment of related party receivables		–	–	(1,058,803)	(1,058,803)
		5,146,771	3,303,373	5,343,521	3,471,501

At parent level, trade receivables include $94 receivable from CCI Victoria Legal (2014: $203).

Trade receivables in 2015 includes $1,379,070 relating to the advanced annual billing of revenue for apprenticeships services.

a. Controlled Entities

Unsecured loans made to CCI Victoria Legal $1,225,675 (2014: $1,225,675) and VECCI Business Brokers $79,005 (2014: $74,005) are interest free.

b. Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. Trade and Other Receivables is considered to be the main source of credit risk related to the Group. At parent level, the unsecured loan to CCI Victoria Legal referred to in (a) above is considered to be a credit risk. As a result the loan has been impaired in prior years.

Notes to the financial statements

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

Consolidated	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
	$	$	$	$	$	$
2015						
Trade receivables	3,709,231	57,763	2,936,404	127,066	459,315	128,683
Other receivables	1,495,304	–	1,495,304	–	–	–
Amounts receivable from controlled entity		–	–	–		
	5,204,535	57,763	4,431,708	127,066	459,315	128,683
2014						
Trade receivables	1,908,965	81,677	1,267,169	162,515	103,521	294,083
Other receivables	1,476,085	–	1,476,085	–	–	–
Amounts receivable from controlled entity		–	–	–		
	3,385,050	81,677	2,743,254	162,515	103,521	294,083

Parent

2015						
Trade receivables	3,672,025	55,903	2,905,474	126,108	457,687	126,853
Other receivables	1,481,522	–	1,481,522	–	–	–
Amounts receivable from controlled entity	1,304,680	1,058,803	–	–	–	245,877
	6,458,227	1,114,706	4,386,996	126,108	457,687	372,730
2014						
Trade receivables	1,855,978	79,469	1,238,020	156,174	103,521	278,794
Other receivables	1,454,115	–	1,454,115	–	–	–
Amounts receivable from controlled entity	1,299,680	1,058,803	–	–	–	240,877
	4,609,773	1,138,272	2,692,135	156,174	103,521	519,671

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

	Provision for impairment of receivables
	$
CONSOLIDATED GROUP	
Carrying amount at 30 June 2013	197,006
Charge for the year	25,655
Amounts written off	(140,984)
Carrying amount at 30 June 2014	81,677
Charge for the year	(23,914)
CARRYING AMOUNT AT 30 JUNE 2015	57,763
PARENT	
Carrying amount at 30 June 2013	194,798
Charge for the year	25,655
Amounts written off	(140,984)
Carrying amount at 30 June 2014	79,469
Charge for the year	(23,566)
CARRYING AMOUNT AT 30 JUNE 2015	55,903

NOTE 8: ASSETS HELD FOR SALE

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Freehold land	13,594,286	–	13,594,286	–
Buildings	22,945,072	–	22,945,072	–
Plant and equipment	60,642	–	60,642	–
Costs to sell	(363,016)		(363,016)	
	36,236,984	–	36,236,984	–

On 11 November 2014, VECCI entered into a sales contract for the sale of its commercial property at, 486 Albert Street, East Melbourne, Victoria. The sale of the building will settle on 30 September 2015. As a result, at 11 November 2014, the building and agreed items of plant and equipment were reclassified as assets held for sale.

Notes to the financial statements

NOTE 9: FINANCIAL ASSETS

	Note	Consolidated		Parent	
		2015	2014	2015	2014
		$	$	$	$
CURRENT					
Term deposits – held to maturity	20	1,503,080	306,247	1,503,080	306,247
NON-CURRENT					
Managed investments at fair value through profit or loss	20	55,004,001	52,825,241	55,004,001	52,825,241
Investments in subsidiaries		–	–	20	20
Investments in associates		110	110	110	110
		55,004,111	52,825,351	55,004,131	52,825,371

NOTE 10: INTANGIBLE ASSETS

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
NON-CURRENT				
Software – at cost	675,421	668,971	616,611	610,161
Project costs and system development – at cost	1,062,159	1,062,159	1,062,159	1,062,159
Accumulated amortisation	(1,655,655)	(1,574,091)	(1,596,845)	(1,516,021)
CRM project (in progress) – at cost	607,356	792,139	607,356	792,139
Impairment	(507,356)	–	(507,356)	–
	181,925	949,178	181,925	948,438

NOTE 10: INTANGIBLE ASSETS (continued)

Movements in Carrying Amounts

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

SYSTEM DEVELOPMENT AND COMPUTER SOFTWARE

	Computer software	System development	CRM project (In progress)	Total
	$	$	$	$
CONSOLIDATED GROUP				
Carrying amount at 30 June 2013	190,916	20,526	–	211,442
Additions	48,166	–	792,139	840,305
Disposals	–	–	–	–
Depreciation expense	(94,237)	(8,332)	–	(102,569)
Carrying amount at 30 June 2014	144,845	12,194	792,139	949,178
Additions	6,450	–	–	6,450
Amounts expensed previously capitalised	–	–	(184,783)	(184,783)
Disposals	–	–	–	–
Impairments	–	–	(507,356)	(507,356)
Depreciation expense	(73,232)	(8,332)	–	(81,564)
CARRYING AMOUNT AT 30 JUNE 2015	78,063	3,862	100,000	181,925
PARENT ENTITY				
Carrying amount at 30 June 2013	189,246	20,526	–	209,772
Additions	48,166	–	792,139	840,305
Disposals	–	–	–	–
Depreciation expense	(93,307)	(8,332)	–	(101,639)
Carrying amount at 30 June 2014	144,105	12,194	792,139	948,438
Additions	6,450	–	–	6,450
Amounts expensed previously capitalised	–	–	(184,783)	(184,783)
Disposals	–	–	–	–
Impairments	–	–	(507,356)	(507,356)
Depreciation expense	(72,492)	(8,332)	–	(80,824)
CARRYING AMOUNT AT 30 JUNE 2015	78,063	3,862	100,000	181,925

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

Impairment

During the year, a review of expenditure to date on VECCI's CRM project identified expenditure associated to works that will not form part of the implemented solution. This has resulted in an impairment charge of $507,356.

Notes to the financial statements

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
LAND AND BUILDINGS				
Freehold land at independent valuation (30 June 2013)	–	9,100,000	–	9,100,000
	–	9,100,000	–	9,100,000
Buildings at independent valuation (30 June 2013)	–	15,372,314	–	15,352,799
Accumulated depreciation	–	(396,777)	–	(392,846)
	–	14,975,537	–	14,959,953
TOTAL LAND AND BUILDINGS	–	24,075,537	–	24,059,953
LEASEHOLD IMPROVEMENTS				
Leasehold Improvements	298,309	55,803	298,309	55,803
Accumulated depreciation	(16,582)	(2,790)	(16,582)	(2,790)
TOTAL LEASEHOLD IMPROVEMENTS	281,727	53,013	281,727	53,013
PLANT AND EQUIPMENT				
Plant and equipment at cost	5,873,203	6,024,411	5,847,626	5,998,833
Accumulated depreciation	(5,199,235)	(5,202,458)	(5,173,658)	(5,178,027)
TOTAL PLANT AND EQUIPMENT	673,968	821,953	673,968	820,806
TOTAL PROPERTY, PLANT AND EQUIPMENT	955,695	24,950,503	955,695	24,933,772

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (continued)

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.

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Total
		$	$	$	$
CONSOLIDATED GROUP					
Carrying amount at 30 June 2013	9,100,000	15,360,269	55,803	980,471	25,496,543
Additions	–	8,602	–	366,703	375,305
Disposals/Write back of assets	–	–	–	(398)	(398)
Depreciation expense	–	(393,334)	(2,790)	(524,823)	(920,947)
CARRYING AMOUNT AT 30 JUNE 2014	9,100,000	14,975,537	53,013	821,953	24,950,503
Additions	–	2,590	242,506	345,204	590,300
Revaluation	4,494,286	8,128,806	–	–	12,623,092
Impairment	–	(15,096)	–	(5,434)	(20,530)
Assets held for sale	(13,594,286)	(22,945,072)	–	(60,642)	(36,600,000)
Disposals/Write back of assets	–	–	–	(6,915)	(6,915)
Depreciation expense	–	(146,765)	(13,792)	(420,198)	(580,755)
CARRYING AMOUNT AT 30 JUNE 2015	–	–	281,727	673,968	955,695
PARENT					
Carrying amount at 30 June 2013	9,100,000	15,344,197	55,803	977,920	25,477,920
Additions	–	8,602	–	366,703	375,305
Disposals/Write back of assets	–	–	–	(398)	(398)
Depreciation expense	–	(392,846)	(2,790)	(523,419)	(919,055)
CARRYING AMOUNT AT 30 JUNE 2014	9,100,000	14,959,953	53,013	820,806	24,933,772
Additions	–	2,590	242,506	345,204	590,300
Revaluation	4,494,286	8,128,806	–	–	12,623,092
Impairment	–	–	–	(5,434)	(5,434)
Assets held for sale	(13,594,286)	(22,945,072)	–	(60,642)	(36,600,000)
Disposals/Write back of assets	–	–	–	(6,915)	(6,915)
Depreciation expense	–	(146,277)	(13,792)	(419,051)	(579,120)
CARRYING AMOUNT AT 30 JUNE 2015	–	–	281,727	673,968	955,695

Notes to the financial statements

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (continued)

Asset Revaluation

On 11 November 2014, VECCI entered into a sales contract for the sale of its commercial property at 486 Albert Street, East Melbourne, Victoria. The sale of the building will settle on 30 September 2015. As a result, we have evidence that the building and certain agreed items of plant and equipment should be revalued at 30 June 2015 to reflect the selling price and subsequently reclassified as assets held for sale.

The revaluation of the asset was based on the lower of its carrying amount and its fair value less costs to sell. The revaluation resulted in a revaluation increment of $12.260 million being recognised in the revaluation surplus for the year ended 30 June 2015.

NOTE 12: TRADE AND OTHER PAYABLES

		Consolidated		Parent	
		2015	2014	2015	2014
	Note	$	$	$	$
CURRENT					
Unsecured Liabilities					
Trade payables		322,200	539,562	322,024	527,189
Sundry payables and accrued expenses		2,048,768	1,464,789	1,996,297	1,418,015
Payables to employees		261,327	642,513	259,454	626,692
Payables to office bearers		–	29,355	–	29,355
Carnet deposits held in trust		1,540,709	2,294,663	1,540,709	2,294,663
	20	4,173,004	4,970,882	4,118,484	4,895,914

At the balance date, there were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions and there were no payables in respect of legal costs and other expenses related to litigation and other legal matters.

NOTE 13: DEFERRED REVENUE

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
CURRENT				
Deferred membership revenue	3,251,408	2,920,365	3,251,408	2,920,365
Deferred training revenue	225,953	252,654	225,953	252,654
Deferred grant revenue	267,277	1,027,137	267,277	1,027,137
Deposits received in advance	3,660,000	–	3,660,000	–
Other deferred revenue	1,491,592	344,299	1,491,592	344,299
	8,896,230	4,544,455	8,896,230	4,544,455

NOTE 14: PROVISIONS

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
CURRENT				
Annual leave – employees	790,907	668,886	770,810	649,377
Annual leave – office bearers	40,840	41,385	40,840	41,385
Long service leave – employees	670,551	580,589	670,551	580,589
Long service leave – office bearers	–	–	–	–
	1,502,298	1,290,860	1,482,201	1,271,351
NON-CURRENT				
Long service leave – employees	140,166	66,113	140,166	66,113
Long service leave – office bearers	–	–	–	–
	140,166	66,113	140,166	66,113

	Annual Leave	Long Service Leave	Total
CONSOLIDATED GROUP			
Carrying amount at 30 June 2014	710,271	646,702	1,356,973
Additional provisions	1,166,172	229,720	1,395,892
Amounts used	(1,044,696)	(65,705)	(1,110,401)
CARRYING AMOUNT AT 30 JUNE 2015	831,747	810,717	1,642,464
PARENT ENTITY			
Carrying amount at 30 June 2014	690,762	646,702	1,337,464
Additional provisions	1,144,802	229,720	1,374,522
Amounts used	(1,023,914)	(65,705)	(1,089,619)
CARRYING AMOUNT AT 30 JUNE 2015	811,650	810,717	1,622,367

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

NOTE 15: RESERVES AND RETAINED PROFITS

a) Nature and purpose of reserves – Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment.

b) Restriction of reserves and retained profits

The retained profits and reserves are not available for distribution to members. The retained profits are available for the operations of the Group. In the event of the Group winding up, the retained profits and reserves shall be given or transferred to some other institution or institutions in compliance with VECCI's rules (rule 48).

Notes to the financial statements

NOTE 16: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

During the financial year, VECCI entered into an agreement to lease office premises in Melbourne. This has resulted in a significant increase in operating lease commitments in 2015.

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Non-cancellable operating leases contracted for but not recognised in the financial statements				
- not later than 1 year	1,108,093	1,094,150	1,108,093	1,094,150
- later than 1 year but not later than 5 years	5,242,001	388,979	5,242,001	388,979
	6,350,094	1,483,129	6,350,094	1,483,129

b. Operating Lease Receivables

Approximately 34% of the property at 486 Albert Street is leased to tenants under 1 to 5 year operating leases with rentals payable monthly in advance. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
- not later than 1 year	251,862	778,734	251,862	778,734
- later than 1 year but not later than 5 years	–	1,202,933	–	1,202,933
	251,862	1,981,667	251,862	1,981,667

NOTE 17: RELATED PARTY TRANSACTIONS

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

PITCHER PARTNERS

During the financial year, VECCI made payments to Pitcher Partners of $249,181 (2014: $267,249) in respect of professional advisory and tax services and portfolio management services performed. Don Rankin (Deputy President), was a partner at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis.

FORT KNOX (MCMULLIN GROUP)

During the financial year, VECCI made payments to Fort Knox Records management of $10,790 (2014: $206) in respect of professional services performed. Peter McMullin (Immediate Past President) is a director of the McMullin Group of which Fort Knox is a subsidiary. All services rendered were made on an arm's length commercial basis.

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI)

During the financial year, VECCI made payments to ACCI of $907,022 (2014:$735,534) in respect of affiliation fees, contributions towards national rebranding and supplementary funding. Mark Birrell (President), Mark Stone (Secretary) and Richard Holyman (Director) were board members of the entity during the financial year.

INFRASTRUCTURE PARTNERSHIPS AUSTRALIA

During the financial year, VECCI made payments to Infrastructure Partnerships Australia of $27,500 (2014: $27,500) in respect of membership subscriptions. Adrian Kloeden (Director) was Chairman of the entity during the financial year.

DFP RECRUITMENT SERVICES (DFP)

During the financial year, VECCI made payments to DFP of $41,569 (2014: $15,294) and received payments from DFP of $79,147 (2013: $93,585) in respect of professional services performed. Robert van Stokrom (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

NOTE 17: RELATED PARTY TRANSACTIONS (continued)

RELATED PARTY MEMBER TRANSACTIONS

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

NOTE 18: 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	Principal Place of Business	Ownership Interest Held by the Group	
		2015	2014
		%	%
CCI Victoria Legal Pty Ltd	Melbourne, Australia	100	100
VECCI Business Brokers Pty Ltd	Melbourne, Australia	100	100
VECCI Export Services Pty Ltd	Melbourne, Australia	100	100

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

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

b. Significant Restrictions

There are no significant restrictions over subsidiaries.

TRANSACTIONS BETWEEN SUBSIDIARIES

During the financial year, VECCI made payments of $176,248 to CCI Victoria Legal (2014: $193,555), nil payment to VECCI Business Brokers (2014: nil) and nil payment to VECCI Export Services Pty Ltd (2014: nil). During the financial year, VECCI received $29,548 from CCI Victoria Legal (2014: $32,467), $2,107 from VECCI Business Brokers (2014: $2,472) and nil receipts from VECCI Export Services Pty Ltd (2014: nil).

As at 30 June 2015, VECCI has outstanding loan balances with CCI Victoria Legal of $ 1,225,675 (2014: $1,225,675) and VECCI Business Brokers of $79,005 (2014: $74,004). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, an impairment has been raised against the outstanding loan balance with CCI Victoria Legal in prior years.

Notes to the financial statements

NOTE 19: CASH FLOW INFORMATION

	Consolidated		Parent	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Surplus/(defecit) after income tax	2,165,435	5,280,111	2,168,779	5,312,203
Non–cash flows:				
– Depreciation and Amortisation	662,321	1,023,516	659,944	1,020,695
– Impairment losses	946,151	–	931,055	–
– Change in fair value of investments	(1,233,810)	(3,019,994)	(1,233,810)	(3,019,996)
– Investment income reinvested	(2,658,843)	(2,394,112)	(2,658,843)	(2,394,112)
– Interest income reinvested	(278,019)	(241,380)	(278,019)	(241,380)
– Gains/(Loss) on disposal of property, plant & equipment	–	447	–	447
Changes in assets and liabilities:				
Decrease/(Increase) in receivables and prepayments	(1,843,398)	(307,437)	(1,867,018)	(282,705)
(Decrease)/Increase in payables and deferred income	3,553,896	1,773,363	3,574,344	1,752,819
(Decrease)/Increase in provisions	285,492	(42,113)	284,904	(43,951)
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,599,225	2,072,401	1,581,336	2,104,020

NOTE 20: FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments in term-deposits, managed investments portfolios, accounts receivable and payable, loans to and from subsidiaries, and leases. The Group does not speculate in the trading of financial instruments.

i. Investment Risk Management

The Investment Committee consisting of directors and executives of the Group engaged independent external consultants Pitcher Partners as its investment managers during the financial year to provide professional advice with respect to the Group's investments. The Committee and investment managers meet on a regular basis to analyse financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Investment Committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis.

The current investment strategy is conservative, focused on achieving medium to long term investment gains.

ii. Financial Risk Exposures and Management

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

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 and overpage:

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	$	$	$	$	$	$	$	$
FINANCIAL ASSETS										
Cash at bank	2.09	2.46	8,755,898	7,184,914	–	–	–	–	8,755,898	7,184,914
Financial assets – term deposits	3.06	3.77	–	–	1,503,080	306,247	–	–	1,503,080	306,247
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			4,520,620	3,674,151	17,625,255	17,760,484	32,858,126	31,390,606	55,004,001	52,825,241
Trade and other receivables			–	–	–	–	5,146,771	3,303,373	5,146,771	3,303,373
TOTAL FINANCIAL ASSETS			13,276,518	10,859,065	19,128,335	18,066,731	38,004,897	34,693,979	70,409,750	63,619,775
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	4,173,004	4,970,882	4,173,004	4,970,882
TOTAL FINANCIAL LIABILITIES			–	–	–	–	4,173,004	4,970,882	4,173,004	4,970,882

Notes to the financial statements

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

a. Interest Rate Risk (continued)

Parent	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	$	$	$	$	$	$	$	$
FINANCIAL ASSETS										
Cash at bank	2.09	2.46	8,685,690	7,137,593	–	–	–	–	8,685,690	7,137,593
Financial assets – term deposits	3.06	3.77	–	–	1,503,080	306,247	–	–	1,503,080	306,247
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			4,520,620	3,674,151	17,625,255	17,760,484	32,858,126	31,390,606	55,004,001	52,825,241
Trade and other receivables			–	–	–	–	5,343,521	3,471,501	5,343,521	3,471,501
TOTAL FINANCIAL ASSETS			13,206,310	10,811,744	19,128,335	18,066,731	38,201,647	34,862,107	70,536,292	63,740,582
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	4,118,484	4,895,914	4,118,484	4,895,914
TOTAL FINANCIAL LIABILITIES			–	–	–	–	4,118,484	4,895,914	4,118,484	4,895,914

b. Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Statement of Financial Position. Refer to the sensitivity analysis below at note 20 (f).

c. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

Details with respect to credit risk of trade and other receivables are detailed in note 7 (b).

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

d. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of $4,173,004 (2014: $4,970,882) which are due for payment within 1 year. With cash equalling $8,755,898 (2014: $7,184,914), the Group has sufficient funds available to meet its debts as and when they fall due.

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

e. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. At 30 June 2015, 14% of its investment portfolio was held in overseas interests although it is not considered that this exposes the Group to any material foreign exchange risk.

f. Sensitivity Analysis

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

Carrying value of non-current non-interest bearing financial assets at fair value at 30 June 2015 is $32,858,126 (2014: $31,390,606).

	Profit $	Equity $
CONSOLIDATED GROUP		
Year ended 30 June 2015		
Fair value on 3% movement	+/- 985,744	+/- 985,744
Fair value on 5% movement	+/- 1,642,906	+/- 1,642,906
Fair value on 10% movement	+/- 3,285,813	+/- 3,285,813
Year ended 30 June 2014		
Fair value on 3% movement	+/- 941,718	+/- 941,718
Fair value on 5% movement	+/- 1,569,530	+/- 1,569,530
Fair value on 10% movement	+/- 3,139,061	+/- 3,139,061

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.

	2015 %	2014 %
Cash	8	7
Fixed Interest	32	33
Australian Shares	42	43
Overseas Shares	12	11
Australian Property	4	4
Overseas Property	2	2
	100	100

Notes to the financial statements

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

f. Sensitivity Analysis (continued)

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

	Profit $	Equity $
CONSOLIDATED GROUP		
Year ended 30 June 2015		
2% in interest rate	+/- 265,530	+/- 265,530
10 % in listed investments	+/- 3,285,813	+/- 3,285,813
Year ended 30 June 2014		
2% in interest rate	+/- 217,181	+/- 217,181
10 % in listed investments	+/- 3,139,061	+/- 3,139,061

NOTE 21: FAIR VALUE MEASUREMENTS

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

– Financial assets at fair value through profit and loss; and
– Freehold land and buildings.

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

a. Fair Value Hierarchy

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

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

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

VALUATION TECHNIQUES

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

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

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

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

Notes to the financial statements

NOTE 21: FAIR VALUE MEASUREMENTS (continued)

RECURRING FAIR VALUE MEASUREMENTS

	Level 1 $	Level 2 $	Level 3 $	Total $
CONSOLIDATED GROUP 2015				
Financial assets				
– Managed investments at fair value through profit or loss	55,004,001	–	–	55,004,001
Non–financial assets				
– Assets held for sale	36,236,984	–	–	36,236,984
– Freehold land	–	–	–	–
– Freehold buildings	–	–	–	–
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**36,236,984**	**–**	**–**	**36,236,984**
CONSOLIDATED GROUP 2014				
Financial assets				
– Managed investments at fair value through profit or loss	52,825,241	–	–	52,825,241
Non-financial assets				
– Freehold land	–	9,100,000	–	9,100,000
– Freehold buildings	–	14,975,537	–	14,975,537
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**–**	**24,075,537**	**–**	**24,075,537**
PARENT 2015				
Financial assets				
– Managed investments at fair value through profit or loss	55,004,001	–	–	55,004,001
Non–financial assets				
– Assets held for sale	36,236,984	–	–	36,236,984
– Freehold land	–	–	–	–
– Freehold buildings	–	–	–	–
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**36,236,984**	**–**	**–**	**36,236,984**
PARENT 2014				
Financial assets				
– Managed investments at fair value through profit or loss	52,825,241	–	–	52,825,241
Non-financial assets				
– Freehold land	–	9,100,000	–	9,100,000
– Freehold buildings	–	14,959,953	–	14,959,953
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**–**	**24,059,953**	**–**	**24,059,953**

NOTE 21: FAIR VALUE MEASUREMENTS (continued)

There was one transfer between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2014: nil transfers). The transfer occurred as a result of VECCI entering into an agreement to sell its commercial property at 486 Albert Street, Melbourne, Victoria. See Note 8: Assets held for sale for details.

Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- accounts receivable and other debtors
- accounts payable and other payables

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques and inputs used:

Consolidated and Parent

Description	Note	Fair Value Hierarchy Level	Valuation Technique	Inputs used
ASSETS				
Trade and other receivables	7, 20	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
LIABILITIES				
Trade and other payables	12, 20	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

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

NOTE 22: EVENTS AFTER BALANCE DATE

VECCI entered into a three-year office lease agreement in Melbourne with a value of $566,413 for its apprenticeship services operations, with a commencement date of 7 September 2015.

NOTE 23: ASSOCIATION DETAILS

The registered office and principal place of business of Victorian Employers' Chamber of Commerce and Industry (VECCI) is:

150 Collins Street, Melbourne, Victoria 3000

The principal activities of VECCI during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value added professional services.

Notes to the financial statements

NOTE 24: ADDITIONAL DISCLOSURES - s.253 OF FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the *RO Act* Reporting Guidelines, the following disclosures are made:

- VECCI's ability to continue as a going concern is not reliant on the agreed financial support of another entity. VECCI has agreed to provide financial assistance to its subsidiaries CCI Victoria Legal, VECCI Business Brokers and VECCI Export Services Pty Ltd in order for each subsidiary to be able to pay its debts as and when they become payable. VECCI also confirms that it will not call on or require repayment of any loans (whether in whole or in part) at any time within 12 months after the date of the signing of the audit report for each subsidiary named above for the year ended 30 June 2015, to the extent that the ability of the subsidiary entity to continue as a going concern would be adversely affected.
- VECCI has not acquired any assets or liabilities during the financial year as a result of an amalgamation under Part 2 of Chapter 3 of the *RO Act* in which it was the amalgamated organisation; a restructure; a determination by the General Manager under subsection 245(1) of the *RO Act* of an alternative reporting structure; or a revocation by the General Manager under subsection 249(1) of the *RO Act* of a certificate issued to an organisation under subsection 245(1).
- VECCI was not involved in a business combination during the financial year.
- No funds or accounts were operated in respect of compulsory levies or voluntary contributions.
- No funds or accounts were operated that were required by the VECCI rules.
- There were no funds, accounts or controlled entities kept for a specific purpose.

Committee of management statement

On 22 October 2015, the Members of the Committee of Management (Board of Directors) of VECCI passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2015.

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

(a) The financial statements and notes comply with Australian Accounting Standards;
(b) The financial statements and notes comply with the reporting guidelines of the General Manager;
(c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2015 and of the performance and cash flows for the year ended on that date for the reporting unit;
(d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
(e) During the financial year to which the general purpose financial report relates and since the end of that year:
   i. meetings of the board of directors were held in accordance with the rules of the organisation including the rules of a branch concerned;
   ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
   iii. the financial records of the reporting unit have been kept and maintained in accordance with the *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) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.

For Board of Directors:

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

Signature:

Date: 22 October 2015

Name: Mark Birrell
Title of Office held: President

Signature:

Date: 22 October 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Victorian Employers' Chamber of Commerce and Industry ("VECCI"), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, other explanatory information and the Committee of Management statement of the consolidated entity comprising VECCI and the entities it controlled at the year's end or from time to time during the financial year.

Committee of Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Independence

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

Opinion

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

Other Matter

We draw your attention to Note 24 to the financial statements which describes VECCI's ability to continue as a going concern. We believe that the audit evidence we have obtained is sufficient and appropriate to support the Committee of Management's basis of going concern.

ShineWing Australia

SHINEWING AUSTRALIA (formerly Moore Stephens)
Chartered Accountants

Hayley Underwood CA
Auditor Registration Number: 428374
Partner

Melbourne, 23 October 2015