VECCI Annual Report

Year Ended 30 June 2012

VECCI is the peak body for employers in Victoria, informing and servicing more than 15,000 members, customers and clients around the state.

VECCI's success over more than 150 years is built on consistently providing leadership, information, representation and networking opportunities to businesses across the state.

VECCI makes a positive difference to Victoria's economic, environment and community health. It influences Victoria's future through business leadership and services focused on policy solutions, innovation and excellence.

In the past year, VECCI has supported businesses through a difficult economic period, characterised by a combination of weak consumer confidence and spending, a high Australian dollar, rising utility costs and softening resource prices.

A range of submissions were made on behalf of VECCI members to the Victorian Competition and Efficiency Commission seeking to influence the direction of reform in areas such as tourism investment, manufacturing and reduction of red tape while highlighting the importance of a state reform agenda.

Following the 2012 State Budget, VECCI welcomed the forecast $155 million surplus for the next year that will help retain the state's AAA credit rating. VECCI also welcomed a three per cent reduction in WorkCover premiums that will benefit many employers, as well as investment in manufacturing strategy, a $50 million international engagement strategy and an investment of $1.2 billion to redevelop the Port of Melbourne.

Significant contribution to VECCI's profile was made by its Workplace Relations Services function in assuming carriage of the VECCI submission to the Fair Work Act review and various modern award review applications.

VECCI continues to strengthen its trade and investment ties with international partners, signing a Memorandum of Understanding with the Bombay Chamber of Commerce and Industry, and taking part in the Victorian Premier's Super Trade Missions to India in early 2012.

The peak body was again contracted by the Commonwealth Department of Industry, Science, Research and Tertiary Education to deliver Australian Apprenticeships Support Services, and Mentoring and Advisers Program, to more than 8,000 employers and 35,000 apprentices and trainees throughout Victoria.

VECCI was also successful in securing a grant for three years under the Commonwealth Government's Energy Efficiency Information Grants Program to deliver its Carbon Compass program, which will point Victorian SMEs in the direction of energy efficiency opportunities and trusted information.

As well as maintaining its policy and advocacy role, VECCI offers a range of products and services to assist Victorian businesses. These include training, consulting services, networking events, publications, tools and template provision, international trade documentation, and business sustainability advice.

VECCI Annual Report

For the year ended 30 June 2012

Operating Report

For the year ended 30 June 2012

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, nor vote on any motion.

The Directors present their report together with the financial report of VECCI for the year ended 30 June 2012 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:

Mr Peter McMullin	President	Appointed 22.11.05
Mr Mark Birrell	Vice President	Appointed 20.11.07
Mr Richard Holyman	Director	Appointed 28.03.00
Mr Kevin Brown	Director	Appointed 27.05.03
Ms Wendy Swift	Director	Appointed 07.06.05
Mr Ian Bird	Director	Appointed 05.09.06
Mr Don Rankin	Director	Appointed 20.11.07
Ms Karyn Sobels	Director	Appointed 22.11.11
Mr Mark Stone	Secretary/Chief Executive	Appointed 20.06.11

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 were:

	NUMBER OF MEETINGS HELD WHILE IN OFFICE	MEETINGS ATTENDED
Mr Peter McMullin	11	9
Mr Mark Birrell	11	10
Mr Richard Holyman	11	10
Mr Kevin Brown	11	10
Ms Wendy Swift	11	10
Mr Ian Bird	11	10
Mr Don Rankin	11	10
Ms Karyn Sobels	6	6
Mr Mark Stone	11	11

Mr Jeremy Johnson has attended 10 Board meetings throughout the year, in his capacity as immediate Past President.

Operating Report continued

For the year ended 30 June 2012

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 economic, environment and community health. 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 2012 of $1,226,854 (2011: $4,243,142).

The consolidated Net Assets at 30 June 2012 totalled $68,268,648 (2011: $67,041,794).

Membership of VECCI

As at 30 June 2012, VECCI had 6,841 (2011: 6,405) members.

Employees of VECCI

As at 30 June 2012 the total number of employees was 246 (2011: 265).

Manner of Resignation

Rule 10 provides for the process of resignations.

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

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

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

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

(i) where the member ceases to be eligible to become a member of the Organisation:

1. on the day on which the notice is received by the Organisation; or
2. on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

(ii) in any other case:

1. at the expiration of 2 weeks after the notice is received by the Organisation; or
2. on the day specified in the notice;

whichever is later.

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

Operating Report continued

For the year ended 30 June 2012

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

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

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

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

Superannuation Trustees

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

Events After Balance Date

There are no material known events subsequent to the reporting date that are required to be disclosed.

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

Signed: Secretary and Chief Executive

Mark Stone
At Melbourne, 25 October 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
Revenue	2a	33,010,580	33,988,341	32,727,438	33,687,052
Other income	2b	446,812	4,152,059	490,508	4,166,378
TOTAL REVENUE AND OTHER INCOME		**33,457,392**	**38,140,400**	**33,217,946**	**37,853,430**
Operating expenses		3,508,113	4,146,031	3,499,034	4,136,274
Affiliation fees		509,244	481,281	509,244	481,281
Depreciation and amortisation expense	3	1,586,451	1,574,055	1,583,874	1,572,673
Donations		26,780	120,514	26,780	120,514
Federal & State Government programs (excluding remuneration)		1,907,220	3,718,713	1,907,410	3,718,713
Occupancy		1,689,508	1,757,154	1,689,508	1,757,154
Remuneration – employees		18,024,714	17,545,297	17,658,396	17,043,170
Remuneration – office bearers	4c	574,911	560,109	574,911	560,109
Superannuation – employees		1,434,486	1,450,741	1,403,929	1,412,482
Superannuation – office bearers	4c	98,035	98,250	98,035	98,250
Other administration expenses		2,871,076	2,445,113	2,954,107	2,530,447
TOTAL EXPENDITURE		**32,230,538**	**33,897,258**	**31,905,228**	**33,431,067**
PROFIT FOR THE YEAR	3	**1,226,854**	**4,243,142**	**1,312,718**	**4,422,360**
Income tax expense	1b	–	–	–	–
PROFIT FOR THE YEAR		**1,226,854**	**4,243,142**	**1,312,718**	**4,422,360**
Other comprehensive income		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,226,854**	**4,243,142**	**1,312,718**	**4,422,360**
Profit attributable to the members of the parent entity		1,226,854	4,243,142	1,312,718	4,422,360
Total comprehensive income attributable to the members of the parent entity		1,226,854	4,243,142	1,312,718	4,422,360

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

Statement of Financial Position

For the year ended 30 June 2012

		CONSOLIDATED		PARENT	
	Note	**2012 $**	2011 $	**2012 $**	2011 $
Current Assets					
Cash and cash equivalents	5	**8,995,720**	9,091,767	**8,878,996**	8,990,564
Trade and other receivables	6	**2,784,918**	3,448,068	**3,050,112**	3,579,028
Financial assets	7	**–**	11,298,107	**–**	11,298,107
TOTAL CURRENT ASSETS		**11,780,638**	**23,837,942**	**11,929,108**	**23,867,699**
Non-Current Assets					
Financial assets	7	**41,572,722**	28,104,102	**41,572,742**	28,104,122
Intangible assets	8	**294,265**	550,010	**291,667**	550,010
Property, plant and equipment	9	**24,361,379**	24,951,742	**24,340,863**	24,934,694
TOTAL NON-CURRENT ASSETS		**66,228,366**	**53,605,854**	**66,205,272**	**53,588,826**
TOTAL ASSETS		**78,009,004**	**77,443,796**	**78,134,380**	**77,456,525**
Current Liabilities					
Trade and other payables	10	**3,534,219**	4,484,707	**3,474,001**	4,410,476
Deferred revenue	11	**4,930,644**	4,676,077	**4,930,644**	4,676,077
Short-term provisions	12	**1,125,360**	1,165,184	**1,114,881**	1,141,935
TOTAL CURRENT LIABILITIES		**9,590,223**	**10,325,968**	**9,519,526**	**10,228,488**
Non-Current Liabilities					
Provision for Long Service Leave	12	**150,133**	76,034	**150,133**	76,034
TOTAL NON-CURRENT LIABILITIES		**150,133**	**76,034**	**150,133**	**76,034**
TOTAL LIABILITIES		**9,740,356**	**10,402,002**	**9,669,659**	**10,304,522**
NET ASSETS		**68,268,648**	**67,041,794**	**68,464,721**	**67,152,003**
Members' Funds					
Retained earnings		**61,078,249**	59,851,395	**61,274,322**	59,961,604
Reserves		**7,190,399**	7,190,399	**7,190,399**	7,190,399
TOTAL MEMBERS' FUNDS		**68,268,648**	**67,041,794**	**68,464,721**	**67,152,003**

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

Statement of Changes in Members' Funds

For the year ended 30 June 2012

CONSOLIDATED	RETAINED EARNINGS	ASSET REVALUATION RESERVE	TOTAL
	$	$	$
Balance at 1 July 2010	55,608,253	7,190,399	62,798,652
Profit attributable to members of the parent entity	4,243,142	–	4,243,142
Total other comprehensive income for the year	–	–	–
Balance at 30 June 2011	59,851,395	7,190,399	67,041,794
Profit attributable to members of the parent entity	1,226,854	–	1,226,854
Total other comprehensive income for the year	–	–	–
BALANCE AT 30 JUNE 2012	**61,078,249**	**7,190,399**	**68,268,648**

PARENT	RETAINED EARNINGS	ASSET REVALUATION RESERVE	TOTAL
	$	$	$
Balance at 1 July 2010	55,539,244	7,190,399	62,729,643
Profit attributable to members of the parent entity	4,422,360	–	4,422,360
Total other comprehensive income for the year	–	–	–
Balance at 30 June 2011	59,961,604	7,190,399	67,152,003
Profit attributable to members of the parent entity	1,312,718	–	1,312,718
Total other comprehensive income for the year	–	–	–
BALANCE AT 30 JUNE 2012	**61,274,322**	**7,190,399**	**68,464,721**

The Statement of Changes in Member's Funds should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2012

	Note	CONSOLIDATED		PARENT	
		2012 $	2011 $	**2012 $**	2011 $
Cash Flow From Operating Activities					
Receipts from members and others		**14,148,284**	18,434,279	**14,128,241**	17,449,956
Receipts from Federal and State Government Programs		**16,527,526**	16,136,049	**16,527,526**	16,136,049
Payments to suppliers and employees		**(31,560,300)**	(31,532,286)	**(31,475,446)**	(30,405,441)
Interest received		**467,192**	273,366	**467,120**	300,774
NET CASH PROVIDED FROM OPERATING ACTIVITIES	16a	**(417,298)**	**3,311,408**	**(352,559)**	**3,481,338**
Cash Flow From Investing Activities					
Payments for acquisition of new investments		**(12,250,541)**	(13,349,511)	**(12,339,443)**	(13,499,772)
Proceeds from the sale of investments		**13,312,135**	13,705,619	**13,312,135**	13,705,619
Payment for purchase of property, plant, equipment and intangible assets		**(740,343)**	(1,406,036)	**(731,701)**	(1,417,735)
Proceeds from sale of property, plant, equipment and intangible assets		**–**	–	**–**	–
NET CASH USED IN INVESTING ACTIVITIES		**321,251**	**(1,049,927)**	**240,991**	**(1,211,887)**
Net increase/(decrease) in cash held		**(96,047)**	2,261,481	**(111,568)**	2,269,451
Cash at the beginning of the financial year		**9,091,767**	6,830,286	**8,990,564**	6,721,113
CASH AT THE END OF THE FINANCIAL YEAR	5	**8,995,720**	**9,091,767**	**8,878,996**	**8,990,564**

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

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 1: Entity Information and Statement of Significant Accounting Policies

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

Entity Information

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

In accordance with section 272 – information to be provided to members, of the Fair Work (Registered Organisations) Act 2009:

(a) 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;

(b) 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

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

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 and the Fair Work (Registered Organisations) Act 2009. 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.

a. Principles of Consolidation

A controlled entity is any entity over which VECCI has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

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

As at reporting date, the assets and liabilities of the controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the Consolidated Group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

There are no minority interests held by persons outside of the Group.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 1: Entity Information and Statement of Significant Accounting Policies (continued)

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), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity 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.

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

Plant and Equipment

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

d. 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 time frames established by marketplace convention.

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or 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.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 1: Entity Information and Statement of Significant Accounting Policies (continued)

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

(iv) Financial Liabilities

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

Fair value

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

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

e. Depreciation

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

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

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

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

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

f. Leases

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 Consolidated Group are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. 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.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 1: Entity Information and Statement of Significant Accounting Policies (continued)

f. Leases (continued)

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.

g. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual leave and long service leave which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits and on-costs payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred.

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.

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

i. Revenue

(i) Membership Revenue

Revenue is initially recognised on receipt of payment from the member. Membership subscription revenue is recognised on an accruals basis over the twelve month period of the paid membership.

(ii) Training Revenue

Training revenue for scheduled courses is recognised on an accruals basis and recognised in the month that the course is held.

(iii) Other Revenue

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

(iv) Dividend Revenue

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

(v) Grant Revenue

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

All revenue is stated net of the amount of GST.

(vi) Professional Services Revenue

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

j. Comparative Figures

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

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 1: Entity Information and Statement of Significant Accounting Policies (continued)

k. Prior Year Restatements

Revenue and other income

Within the prior year Statement of Comprehensive Income, a reclassification between Revenue and Other Income has occurred. This reclassification is a result of recognising a gain on financial assets at fair value through the profit and loss as Revenue. The correct classification for this item is Other Income.

The impact to the Statement of Comprehensive Income for the year ending 30 June 2011 was that Revenue was decreased by $4,386,849 and Other Income has increased by $4,386,849. These restatements have no impact to the prior year financial result.

l. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to 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.

m. Intangible Assets

System Development and Software

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

n. Provisions

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

o. Critical Accounting Estimates and Judgments

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

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 $1,749,277 for the Group and $1,725,650 for the parent entity. Management has determined that the recoverability 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

Property, plant and equipment - buildings are classified as property, plant and equipment and not an investment property, despite the fact that the Group receives property income for the leased proportion, on the basis the proportion occupied by the Group is considered to be significantly greater than that being leased.

p. Investments in Associates

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

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

Business Advisory Centre

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

Australian Chamber Alliance

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED		PARENT	
	2012 $	2011 $	2012 $	2011 $
NOTE 2: Revenue and other income				
a. Revenue				
Membership and contributors subscriptions	6,707,288	6,551,713	6,707,288	6,551,713
Federal and State Government programs	15,291,767	17,398,085	15,291,767	17,398,085
Professional services	7,111,944	6,296,226	6,828,802	5,994,937
Training	3,393,238	3,193,568	3,393,238	3,193,568
Dividends	506,343	548,749	506,343	548,749
	33,010,580	**33,988,341**	**32,727,438**	**33,687,052**
b. Other Income				
Income from investments	2,276,152	2,499,857	2,319,983	2,577,267
Gain on financial assets at fair value through profit or loss	(2,014,028)	1,338,243	(2,014,028)	1,349,941
Debt forgiven for Subsidiary	–	–	–	(74,789)
Other	184,688	313,959	184,553	313,959
	446,812	**4,152,059**	**490,508**	**4,166,378**
NOTE 3: Profit/Loss				
Profit/Loss has been determined after:				
Depreciation and amortisation	1,586,451	1,574,055	1,583,874	1,572,673
Conference and meeting expenses	84,395	156,427	84,395	156,427
Impairment of receivables	53,798	149,731	53,798	149,731
Bad debts written off	69,635	–	57,287	–
Operating lease rental expense	909,762	866,965	909,762	866,965
Legal expenses	71,949	52,944	187,574	160,245
Remuneration of auditor				
— audit fees	86,865	87,810	73,150	67,005

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 4: Key management personnel compensation

a. Directors

	2012	2011
Total number of Directors	8	8

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

KEY MANAGEMENT PERSON	POSITION
Mr Peter McMullin	Director/Committee Member
Mr Mark Birrell	Director/Committee Member
Mr Richard Holyman	Director/Committee Member
Mr Kevin Brown	Director/Committee Member
Ms Wendy Swift	Director
Mr Ian Bird	Director/Committee Member
Mr Don Rankin	Director/Committee Member
Ms Karyn Sobels	Director

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
Mr Mark Stone	Secretary / Chief Executive (appointed 20.06.11)

c. Key management personnel compensation

	CONSOLIDATED		PARENT	
	2012 $	2011 $	2012 $	2011 $
Short-term employee benefits	574,911	560,109	574,911	560,109
Post-employment benefits	98,035	98,250	98,035	98,250
Long-term benefits	–	–	–	–
	672,946	**658,359**	**672,946**	**658,359**

Notes to the Financial Statements continued

For the year ended 30 June 2012

	Note	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
NOTE 5: Cash and Cash Equivalents					
Cash at bank		**8,995,720**	9,091,767	**8,878,996**	8,990,564

Cash at bank includes: Carnet deposits: **$1,162,556** (2011: $981,121); VECCI Business Brokers Cash at bank: **$4,900** (2011: $27,596); Business Migration deposits held in trust :**$14,231** (2011: $33,062); and Grant Funding: **$1,684,461** (2011: $968,538).

VECCI maintains an overdraft facility limit of $300,000 on its main operating account which is unutilised at year end (2011: Nil).

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	**8,995,720**	9,091,767	**8,878,996**	8,990,564

NOTE 6: Trade and other receivables

	Note	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
Trade debtors		**1,749,277**	1,255,553	**1,725,650**	1,180,456
Less: Impairment		**(323,768)**	(339,605)	**(300,742)**	(304,231)
		1,425,509	915,948	**1,424,908**	876,225
Other receivables		**1,359,409**	2,532,121	**1,344,327**	2,510,828
Amounts receivable from controlled entities	6a	**–**	–	**1,339,680**	1,250,777
Impairment of related party receivables		**–**	–	**(1,058,803)**	(1,058,803)
		2,784,918	3,448,068	**3,050,112**	3,579,028

a. Controlled Entities

Unsecured loans made to CCI - Victoria Legal Trust, VECCI Business Brokers Pty Ltd and VECCI Business Brokers Trust 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.

c. Other Receivables

Other Receivables include: GST Paid; Prepayments; and Sundry Debtors.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 6: Trade and other receivables (continued)

	GROSS AMOUNT $	PAST DUE AND IMPAIRED $	WITHIN INITIAL TRADE TERMS (age in days) < 30 $	WITHIN INITIAL TRADE TERMS (age in days) 31–60 $	PAST BUT NOT IMPAIRED (age in days) 61–90 $	PAST BUT NOT IMPAIRED (age in days) > 90 $
2012						
Trade receivables	1,749,277	323,768	1,165,994	15,880	53,990	189,645
Other receivables	1,359,409	–	1,359,409	–	–	–
	3,108,686	323,768	2,525,403	15,880	53,990	189,645
2011						
Trade receivables	1,255,553	339,605	520,861	238,761	17,349	138,977
Other receivables	2,532,121	–	2,532,121	–	–	–
	3,787,673	339,605	3,052,982	238,761	17,349	138,977

	PROVISION FOR IMPAIRMENT OF RECEIVABLES
Consolidated Group	**$**
Carrying amount at 1 July 2010	358,386
Charge for the year	149,731
Amounts written off	(168,512)
Carrying amount at 30 June 2011	339,605
Charge for the year	53,798
Amounts written off	(69,635)
Carrying amount at 30 June 2012	**323,768**
Parent Entity	
Carrying amount at 1 July 2010	297,272
Charge for the year	149,731
Amounts written off	(142,772)
Carrying amount at 30 June 2011	304,231
Charge for the year	53,798
Amounts written off	(57,287)
Carrying amount at 30 June 2012	**300,742**

Notes to the Financial Statements continued

For the year ended 30 June 2012

	Note	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
NOTE 7: Financial assets and other investments					
Current					
Financial assets	7a	–	11,298,107	–	11,298,107
Non Current					
Financial assets	7a	41,572,612	28,103,992	41,572,612	28,103,992
Other investments	7b	110	110	130	130
		41,572,722	28,104,102	41,572,742	28,104,122
a. Financial assets					
Current					
Term deposits – Held to Maturity	17	–	11,298,107	–	11,298,107
Non-current					
Unlisted securities – Held to Maturity	17	–	481,080	–	481,080
Managed investments – Fair valued through profit or loss	17	41,572,612	27,622,912	41,572,612	27,622,912
		41,572,612	28,103,992	41,572,612	28,103,992
Non-current					
Investments in subsidiaries		–	–	20	20
Investments in associates		110	110	110	110
		110	110	130	130
NOTE 8: Intangible assets					
Software – At cost		582,760	532,704	523,950	477,334
Project Costs and System Development – At cost		1,062,159	1,031,299	1,062,159	1,031,299
Accumulated amortisation		(1,350,654)	(1,013,993)	(1,294,442)	(958,623)
		294,265	550,010	291,667	550,010

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 8: Intangible assets (continued)

a. Movements in Carrying Amounts

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

	COMPUTER SOFTWARE	SYSTEM DEVELOPMENT	TOTAL
	$	$	$
Consolidated Group			
Carrying amount at 1 July 2010	48,393	686,962	735,355
Additions	150,008	–	150,008
Disposals	–	–	–
Amortisation expense	(47,917)	(287,436)	(335,354)
Carrying amount at 30 June 2011	150,484	399,526	550,010
Additions	50,056	30,860	80,916
Disposals	–	–	–
Amortisation expense	(56,865)	(279,796)	(336,661)
Carrying amount at 30 June 2012	**143,675**	**150,590**	**294,265**
Parent Entity			
Carrying amount at 1 July 2010	48,393	686,962	735,355
Additions	150,008	–	150,008
Disposals	–	–	–
Amortisation expense	(47,917)	(287,436)	(335,354)
Carrying amount at 30 June 2011	150,484	399,526	550,010
Additions	46,616	30,860	77,476
Disposals	–	–	–
Amortisation expense	(56,023)	(279,796)	(335,819)
Carrying amount at 30 June 2012	**141,077**	**150,590**	**291,667**

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED		PARENT	
	2012 $	2011 $	2012 $	2011 $
NOTE 9: Property, Plant and Equipment				
Land and Buildings				
Freehold land at independent valuation (30 June 2010)	**6,500,000**	6,500,000	**6,500,000**	6,500,000
	6,500,000	6,500,000	**6,500,000**	6,500,000
Buildings at independent valuation (30 June 2010)	**17,012,789**	16,852,148	**16,993,274**	16,832,633
Accumulated depreciation	**(856,108)**	(422,203)	**(853,153)**	(419,735)
	16,156,681	16,429,945	**16,140,121**	16,412,898
Total Land and Buildings	**22,656,681**	22,929,945	**22,640,121**	22,912,898
Plant and equipment at cost	**6,820,159**	6,327,827	**6,794,582**	6,307,452
Accumulated depreciation	**(5,508,217)**	(4,899,004)	**(5,486,596)**	(4,878,629)
Total Plant and Equipment	**1,311,942**	1,428,823	**1,307,986**	1,428,823
Motor Vehicles at cost	**1,001,089**	1,001,089	**1,001,089**	1,001,089
Accumulated depreciation	**(608,333)**	(408,115)	**(608,333)**	(408,115)
Total Motor Vehicles	**392,756**	592,974	**392,756**	592,974
TOTAL PROPERTY, PLANT AND EQUIPMENT	**24,361,379**	**24,951,742**	**24,340,863**	**24,934,695**

Valuation Basis

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2010 revaluation was based on independent assessments by a Certified Practising Valuer. The revaluation surplus was credited to the revaluation reserve.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 9: Property, Plant and Equipment (continued)

a. Movements in Carrying Amounts

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

	FREEHOLD LAND	BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	TOTAL
	$	$	$	$	$
Consolidated Group					
Carrying amount at 1 July 2010	6,500,000	16,617,535	1,023,689	793,192	24,934,416
Additions	–	232,633	1,035,094	–	1,267,727
Disposals/Write back of assets	–	–	(13,263)	–	(13,263)
Depreciation expense	–	(420,223)	(618,261)	(200,218)	(1,238,702)
Depreciation write back	–	–	1,564	–	1,564
Carrying amount at 30 June 2011	6,500,000	16,429,945	1,428,823	592,974	24,951,742
Additions	–	160,641	498,786	–	659,427
Disposals/Write back of assets	–	–	(6,453)	–	(6,453)
Depreciation expense	–	(433,905)	(615,667)	(200,218)	(1,249,790)
Depreciation write back	–	–	6,453	–	6,453
Carrying amount at 30 June 2012	**6,500,000**	**16,156,681**	**1,311,942**	**392,756**	**24,361,379**
Parent					
Carrying amount at 1 July 2010	6,500,000	16,600,000	1,011,096	793,192	24,904,288
Additions	–	232,633	1,035,094	–	1,267,727
Disposals/Write back of assets	–	–	–	–	–
Depreciation expense	–	(419,735)	(617,367)	(200,218)	(1,237,320)
Depreciation write back	–	–	–	–	–
Carrying amount at 30 June 2011	6,500,000	16,412,898	1,428,823	592,974	24,934,695
Additions	–	160,641	493,584	–	654,225
Disposals/Write back of assets	–	–	(6,453)	–	(6,453)
Depreciation expense	–	(433,418)	(614,421)	(200,218)	(1,248,057)
Depreciation write back	–	–	6,453	–	6,453
Carrying amount at 30 June 2012	**6,500,000**	**16,140,121**	**1,307,986**	**392,756**	**24,340,863**

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 9: Property, Plant and Equipment (continued)

b. Carrying Amount that would have been recognised if land and building were stated at cost

If freehold land and building were stated on the historical cost basis the amounts would be as follows:

	CONSOLIDATED		PARENT	
	2012 $	2011 $	**2012 $**	2011 $
Freehold land at cost	**1,100,000**	1,100,000	**1,100,000**	1,100,000
Building at cost	**18,687,006**	18,526,365	**18,667,491**	18,506,850
Accumulated Depreciation	**(4,232,468)**	(3,656,036)	**(4,229,513)**	(3,653,568)
	14,454,538	14,870,329	**14,437,978**	14,853,282

NOTE 10: Trade and other payables

Current

Unsecured Liabilities

Trade Payables	**24,953**	69,285	**24,953**	69,285
Sundry payables and accrued expenses	**1,651,545**	2,367,978	**1,606,319**	2,334,132
Payables to employees and office bearers	**695,165**	1,066,323	**680,173**	1,025,937
Carnet deposits held in trust	**1,162,556**	981,121	**1,162,556**	981,121
	3,534,219	4,484,707	**3,474,001**	4,410,476

NOTE 11: Deferred revenue

Deferred Membership revenue	**2,813,427**	2,951,298	**2,813,427**	2,951,298
Deferred Training revenue	**236,892**	320,368	**236,892**	320,368
Deferred Grant revenue	**1,387,747**	868,518	**1,387,747**	868,518
Other Deferred revenue	**492,578**	535,893	**492,578**	535,893
	4,930,644	4,676,077	**4,930,644**	4,676,077

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
NOTE 12: Provisions				
Current				
Annual Leave	**752,644**	731,108	**742,165**	707,859
Long Service Leave	**372,716**	434,076	**372,716**	434,076
	1,125,360	1,165,184	**1,114,881**	1,141,935
Non-Current				
Long Service Leave	**150,133**	76,034	**150,133**	76,034
	150,133	76,034	**150,133**	76,034

	ANNUAL LEAVE $	LONG SERVICE LEAVE $	TOTAL $
Consolidated Group			
Carrying amount at 1 July 2011	731,108	510,110	1,241,218
Additional provisions	1,218,910	100,237	1,319,147
Amounts used	(1,197,374)	(87,498)	(1,284,872)
Carrying amount at 30 June 2012	**752,644**	**522,849**	**1,275,493**
Parent entity			
Carrying amount at 1 July 2011	707,859	510,110	1,217,969
Additional provisions	1,198,954	100,237	1,299,191
Amounts used	(1,164,648)	(87,498)	(1,252,146)
Carrying amount at 30 June 2012	**742,165**	**522,849**	**1,265,014**

NOTE 13: Reserves and retained profits

a) *Nature and purpose of reserves – Asset revaluation reserve*

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

b) *Restriction of Reserves and Retained profits*

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

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED		PARENT	
	2012 $	2011 $	2012 $	2011 $

NOTE 14: Capital and Leasing Commitments

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	2012 $	2011 $	2012 $	2011 $
– not later than 1 year	**1,159,181**	636,985	**1,159,181**	636,985
– later than 1 year but not later than 5 years	**1,192,006**	165,804	**1,192,006**	165,804
	2,351,187	802,789	**2,351,187**	802,789

b. Operating Lease Receivables

Approximately 35% of the property at 486 Albert Street is leased to tenants under 1 to 5 year operating leases with rentals payable monthly in advance. Minimum lease payments under non-cancellable operating leases of investment properties not recognized in the financial statements are receivable as follows:

	2012 $	2011 $	2012 $	2011 $
– not later than 1 year	**685,085**	891,542	**685,085**	891,542
– later than 1 year but not later than 5 years	**1,535,878**	3,462,931	**1,535,878**	3,462,931
	2,220,963	4,354,473	**2,220,963**	4,354,473

NOTE 15: Related Party Transactions

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

During the financial year, VECCI made payments to Pitcher Partners for $149,238 (2011: $37,017) in respect of professional advisory and tax services and portfolio management services performed. Don Rankin was the Managing Partner at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis.

VECCI is the ultimate parent company of CCI Victoria Legal Trust, VECCI Business Brokers Pty Ltd and VECCI Business Brokers Trust. During the financial year, VECCI made payments of $42,552.20 to CCI Victoria Legal Trust (2011: $100,000); Nil payment to VECCI Business Brokers Pty Ltd (2011: $37,500) and Nil payment to VECCI Business Brokers Trust (2011: Nil). As at 30 June 2012, VECCI has outstanding loan balances with CCI Victoria Legal Trust of $1,265,675 (2011: $1,176,772) and VECCI Business Brokers Pty Ltd of $74,004 (2011: $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 Trust.

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED		PARENT	
	2012 $	2011 $	**2012 $**	2011 $

NOTE 16: Cash Flow information

a. Reconciliation of Cash Flow from Operations with profit/(loss) after Income Tax

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $	PARENT 2012 $	PARENT 2011 $
Profit/(loss) after income tax	**1,226,854**	4,243,142	**1,312,718**	4,422,360
Non-cash flows:				
– Depreciation and Amortisation	**1,586,451**	1,574,055	**1,583,874**	1,572,673
– Change in Fair Value of investments	**(2,014,028)**	(1,338,243)	**(2,014,028)**	(1,275,152)
– Investment income reinvested	**(1,060,591)**	(1,360,751)	**(1,060,591)**	(1,360,751)
– Interest income reinvested	**(157,488)**	(466,649)	**(157,488)**	(466,649)
Changes in assets and liabilities				
Decrease/(Increase) in receivables and prepayments	**663,150**	(317,275)	**617,818**	(378,479)
(Decrease)/Increase in payables and unearned income	**(695,921)**	940,531	**(681,907)**	919,628
(Decrease)/Increase in provisions	**34,275**	36,598	**47,045**	47,708
Cash flows from operations	**(417,298)**	3,311,408	**(352,559)**	3,481,338

NOTE 17: Financial Risk Management

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, in term deposits, managed investment 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 Finance, Audit and Investment Committee consisting of directors and executives of the Group engaged independent external consultants JANA and Pitcher Partners as its investment managers during the course of the year to assist with, and provide professional advice, with respect to the Group's investments. The Committee and investment managers meet on a regular basis to analyse financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

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

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

ii. Financial Risk Exposures and Management

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

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 17: Financial Risk Management (continued)

a. Cash and 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, is set out below:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FLOATING INTEREST RATE		FIXED INTEREST RATE		NON-INTEREST BEARING		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash at bank	3.8	1.0	8,995,720	9,091,767	–	–	–	–	8,995,720	9,091,767
Financial assets – term deposits	–	4.8	–	11,298,107	–	–	–	–	–	11,298,107
Financial assets – unlisted securities	–	5.6	–	481,080	–	–	–	–	–	481,080
Financial assets – managed investments			–	–	–	–	41,572,612	27,622,912	41,572,612	27,622,912
Trade and other receivables			–	–	–	–	2,784,918	3,448,068	2,784,918	3,448,068
Total Financial Assets			8,995,720	20,870,954	–	–	44,357,530	31,070,980	53,353,250	51,941,934
Financial Liabilities										
Trade and other payables			–	–	–	–	3,534,219	4,484,707	3,534,219	4,484,707
Total Financial Liabilities			–	–	–	–	3,534,219	4,484,707	3,534,219	4,484,707

The weighted average rate of interest has been calculated using the applicable interest rates and balances at the beginning and the end of the financial year.

b. Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Statement of Financial Position. Refer to the sensitivity analysis below at note 17 (f).

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 17: Financial Risk Management (continued)

c. Credit Risk

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

Details with respect to credit risk of trade and other receivables are detailed in note 6 (b).

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

d. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of $3,534,219 (2011: $4,484,707) which are due for payment within 1 year. With cash equalling $8,995,720 (2011: $9,091,767), the Group has sufficient funds available to meet its debts as and when they fall due.

e. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group is not exposed 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 unit price movements of investment. The following table summarises the sensitivity of the Group's and the Parent's financial assets to the movement in the market.

Carrying value of Non-Current Financial Assets at fair value at 30 June 2012 is $41,572,722 (2011: $28,104,102).

	PROFIT	EQUITY
	$	$
Year ended 30 June 2012		
+/- 3% in fair value	**+/- 1,247,182**	**+/- 1,247,182**
+/- 5% in fair value	**+/- 2,078,636**	**+/- 2,078,636**
+/- 10% in fair value	**+/- 4,157,272**	**+/- 4,157,272**
Year ended 30 June 2011		
+/- 3% in fair value	+/- 843,123	+/- 843,123
+/- 5% in fair value	+/- 1,405,205	+/- 1,405,205
+/- 10% in fair value	+/- 2,810,410	+/- 2,810,410

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 17: Financial Risk Management (continued)

f. Sensitivity Analysis (continued)

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.

	2012	2011
	%	%
Cash	10	29
Fixed Interest	28	17
Australian Shares	46	45
Overseas Shares	13	9
Australian Property	3	–
	100	**100**

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

	PROFIT	EQUITY
Year ended 30 June 2012	$	$
2% in interest rates	+/- 179,914	+/- 179,914
Year ended 30 June 2011		
2% in interest rates	+/- 417,419	+/- 417,419

g. Net Fair Values

Fair Value Estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Notes to the Financial Statements continued

For the year ended 30 June 2012

	CONSOLIDATED	PARENT

NOTE 17: Financial Risk Management (continued)

g. Net Fair Values (continued)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

CONSOLIDATED AND PARENT	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
2012				
Financial assets				
Managed investments – Fair value through profit or loss	41,572,612	–	–	41,572,612

CONSOLIDATED AND PARENT	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
2011				
Financial assets				
Managed investments – Fair value through profit or loss	27,622,912	–	–	27,622,912

Financial Instruments not Measured at Fair Value

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

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 18: Events after Balance Date

The financial statements were authorised for issue on 25 October 2012 by the Board of Directors.

There are no other material known events subsequent to the reporting date that are required to be disclosed.

NOTE 19: Association Details

The registered office and principal place of business of VECCI is:

Victorian Employers' Chamber of Commerce and Industry (VECCI)
486 Albert Street
East Melbourne VIC 3002

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

NOTE 20: New Accounting Standards and Interpretations

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 20: New Accounting Standards and Interpretations (continued)

The IASB has issued Mandatory Effective Date of IFRS 9 and Transition Disclosures, the effect of which is to defer the mandatory application date of IFRS 9 from 1 January 2013 to 1 January 2015. It is anticipated that the AASB will publish an Australian equivalent the IASB's Standard, thereby deferring the mandatory application of AASB 9 and AASB 2010-7 to 1 January 2015.

In light of these expected changes, the directors anticipate the Group will adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the amounts reported in respect of financial instruments for the period ending 30 June 2016. However, it is impracticable at this stage to provide a reasonable estimate of the possible impact on the Group's financial statements from applying AASB 9 and AASB 2010-7.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements [August 2011], AASB 128: Investments in Associates and Joint Ventures [August 2011] and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

- AASB 10 replaces parts of AASB 127 [March 2008, as amended] and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

  These Standards are not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 20: New Accounting Standards and Interpretations (continued)

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

– AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paragraphs Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- the Federal Government is intending to amend the Corporations Act (2001) prior to the mandatory application of AASB 2011-4 to have the related party disclosure requirements in the Act apply to all entities subject to the Act; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

– AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group's financial statements.

– AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 [September 2011] also includes changes to:

(a) require only those benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits , as appropriate; and

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

These Standards are not expected to significantly impact the Group's financial statements.

Notes to the Financial Statements continued

For the year ended 30 June 2012

NOTE 20: New Accounting Standards and Interpretations (continued)

– AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Amending Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2013)

– AASB 2012-3 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

  This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASBs 1, 101, 116, 132 & 134 and Interpretation 2] (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Amending Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and
- AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

Committee of Management Statement

On 25 October 2012, 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 2012.

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 General manager, Fair Work Australia;

(c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2012 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 and the Fair Work (Registered Organisations) Regulations 2009;

iv. There has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009;

v. The information sought in any request of a member of the reporting unit or General Manager, Fair Work Australia has been furnished to the member or General Manager, Fair Work Australia. VECCI have complied with Section 272 – information to be provided to members or General Manager, Fair Work Australia, including subsection:

(1) A member of a reporting unit, or the General Manager, Fair Work Australia, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;

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

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

For Board of Directors:

NAME: Mark Stone
TITLE OF OFFICE HELD: Secretary and Chief Executive
DATE: 25 October 2012

NAME: Peter McMullin
TITLE OF OFFICE HELD: President
DATE: 25 October 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Victorian Employers' Chamber of Commerce and Industry, which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, other explanatory information and the Committee of Management statement.

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.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Opinion

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

MOORE STEPHENS
Chartered Accountants

S David Pitt
Partner

Melbourne, 26 October 2012

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