VECCI annual report

Year ended 30 June 2014




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VECCI annual report

For the year ended 30 June 2014

ABN 37 650 959 904

VECCI overview

The Victorian Employers' Chamber of Commerce and Industry (VECCI) is Victoria's largest and most influential employer body, servicing more than 15,000 members, customers and clients across the state.

For more than 160 years, VECCI has provided essential leadership, information and representation to Victorian employers, helping break down the barriers to business success.

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

Policy and advocacy

VECCI considers that strong and responsible economic management and pro-business industry policies are vital to maintaining investment certainty, building job opportunities and raising competitiveness. VECCI is proactive in ensuring governments pursue policy reforms that benefit business across the state, whether large or small.

With the assistance of members, VECCI's policy and advocacy team has achieved significant 'wins' in a range of areas important to business, including tax relief, new infrastructure projects, reductions in regulation and improvements in workforce skills and training.

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

Workplace relations

VECCI's industrial relations, human resources and equal opportunity consultants offer professional advice, training and assistance on a range of employment matters. VECCI's experts provide integrated solutions to workplace problems in areas such as unfair dismissal and other claims, 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

A registered training organisation, VECCI offers more than 700 short courses, accredited diplomas and certificates, briefings and webinars at locations throughout Victoria.

VECCI's selection of nationally-recognised diploma and certificate-level courses cover areas such as management, business administration, project management, HR management, occupational health and safety, and training and assessment.

VECCI offers short courses in areas such as leadership and management, human resources and workplace relations, WorkCover and OHS, sustainability, IT, personal effectiveness, and business, finance and productivity.

International trade

VECCI Global's trade, business and investment professionals provide advice and assistance on international trade opportunities and processes.

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.

Other services include arranging customs and export documentation, conducting export skills and cultural training, providing customised advice and integrated visa and migration services, and providing support in accessing financial assistance and other government programs.

Sustainability

VECCI's sustainability consultants focus on saving businesses time and money by conducting onsite energy, waste, materials, water and carbon footprint assessments. The VECCI Sustainability team also assists with environmental policy and strategy development and environmental compliance.

VECCI's Sustainability Helpline provides VECCI Complete members with free, unlimited access to information and advice on issues such as 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.

VECCI Apprenticeships Services

VECCI Apprenticeships Services is contracted by the Australian Government to provide 'one-stop shops' across Victoria for those seeking to hire an apprentice or trainee, or take up an Australian Apprenticeship as a career path.

For more than 16 years, VECCI Apprenticeships Services has partnered with more than 70,000 businesses across Victoria and impacted thousands of young lives. VECCI takes pride in being a leading Australian Apprenticeships Centre, offering solutions that affect every stage of an Australian Apprenticeships lifecycle.

VECCI's apprenticeship specialists provide assistance with a full range of training and qualification options. They help with completing the National Apprenticeship/Traineeship Training Contract, administering employer incentives, and providing links to job matching services.

Occupational Health and Safety

VECCI's OHS consultants are all professional members of the Safety Institute of Australia and experienced safety practitioners, providing businesses with practical solutions tailored to their needs.

Consulting services include workplace safety assessments, assistance with Victorian WorkCover Authority (VWA) 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.

From the Chief Executive

VECCI has a long and successful history of advocating for Victoria's business interests, dating back to 1851. We were proud to continue these efforts in 2013-14, one of VECCI's most successful years to date and a momentous year for the business community.

VECCI achieved key pro-business wins in 2013-14, perhaps most notably through our involvement in the Small Business – Too Big to Ignore pre-federal election campaign. Run in conjunction with ACCI and other state chambers across Australia, the campaign gained significant traction by polling day, attracting more than 110,000 voices of support. We were pleased the incoming Australian Government's small business policy embraced several of our priority reform recommendations, including abolishing the carbon tax, committing $1.5 billion for Stage 1 of the East West Link, committing to reduce the company tax rate and the announcement of an inquiry into the Fair Work system.

The Victorian Budget, handed down in May 2014, also secured significant advocacy achievements for VECCI's members, customers and clients. Payroll tax relief has long been one of our top policy priorities and we were pleased when Premier Dr Denis Napthine launched budget day at VECCI with an announcement that the payroll tax rate would be cut to 4.85 per cent. Another success was the commitment by both the state and federal governments to complete Stage 2 of the East West Link, with an additional $1.5 billion for the project confirmed in the Federal Budget. Other measures at the state level included a two per cent reduction in average WorkCover premiums, a $30 million support package to assist displaced automotive workers, and funding for important regional transport and major infrastructure projects.

A key event during the year was VECCI's principal policy forum, the Victoria Summit, held at Parliament House, Melbourne, in October 2013. The Summit involved more than 100 delegates from business, government agencies, local councils and other stakeholders, with the recommendations for reform subsequently underpinning VECCI's advocacy efforts ahead of the 2014 Victorian election.

Another major milestone was VECCI's relaunch of the Melbourne Chamber of Commerce (MCC) in July 2013, uniting leading businesses across the city and the state. MCC membership has grown rapidly since that time, with close to 90 organisations onboard. The Chamber is supporting its members with policy and advocacy, collaboration and knowledge exchange, business development, branding and strategic networking, and by showcasing thought leadership and best practice.

VECCI has long recognised the importance of Victoria seizing its international opportunities and in 2013-14 we launched two projects to strengthen export ties with China. The VECCI Export Services China eCommerce platform was launched in May 2014 to market Australian food and beverage products directly to Chinese consumers online. Also in May, VECCI piloted the Victoria-Jiangsu Business Placement Program, taking six business representatives to Jiangsu Province for a three-week industry experience. We were delighted that the State Government will continue its support for the program going forward.

VECCI makes a positive difference to the business community through its diverse offering of products and services, including workplace relations, training, apprenticeship services, events, international trade, OHS and sustainability advice. I would like to thank

VECCI's staff and management team for their continued efforts to strengthen this offering in 2013-14.

Our focus is on leading business into the future, helping to secure sustainable state-wide growth and prosperity. In this task, VECCI is fortunate to have the support and strategic leadership of its Board and Executive Council. I would especially like to acknowledge and thank VECCI President Mark Birrell, who was elected to the presidency at our November AGM. Thanks also to outgoing President Peter McMullin for his outstanding work over the past three years.

Finally, I would like to acknowledge VECCI's strong and supportive member base. VECCI will continue to be the leading voice for Victorian business in 2014-15, helping you achieve growth and success.

VECCI Chief Executive Mark Stone

Operating report

For the year ended 30 June 2014

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 2014 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 Peter McMullin*	Director	22.11.2005	19.11.2013
Mr Kevin Brown	Director	27.05.2003	
Mr Richard Holyman	Director	28.03.2000	
Mr Jeremy Johnson	Director	19.11.2013	
Ms Karyn Sobels	Director	22.11.2011	
Ms Kerry Smith	Director	20.11.2012	
Mr Adrian Kloeden	Director	19.11.2013	
Mr Ian Bird	Director	05.09.2006	19.11.2013
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	

* served as Immediate Past President from 19.11.2013

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	10
Mr Peter McMullin	10	10
Mr Kevin Brown	10	10
Mr Richard Holyman	10	8
Mr Jeremy Johnson	10	8
Ms Karyn Sobels	10	9
Ms Kerry Smith	10	6
Mr Adrian Kloeden	5	4
Mr Ian Bird	5	5
Mr Mark Stone	10	10

Operating report continued

For the year ended 30 June 2014

Remuneration paid to officers

The salary ranges of the highest paid officers of VECCI for the year ended 30 June 2014 were:

	REMUNERATION ($000s)			NON-CASH BENEFITS ($000s)		
NAME OF OFFICER	0-50	51-100	351-400	0-50	51-100	351-400
Mr Jeremy Johnson	●					
Mr Richard Holyman	●					
Mr Don Rankin	●					
Mr Peter McMullin		●				
Mr Mark Birrell		●				
Mr Mark Stone			●	●		

Superannuation trustees

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 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 surplus for the year ended 30 June 2014 of $5,280,111 (2013: $3,551,547).

The consolidated net assets at 30 June 2014 totalled $78,647,256 (2013: $73,367,145).

Membership of VECCI

As at 30 June 2014, VECCI had 5,208 paid members (2013: 5,323). Further refinement to the reporting of paid members occurred during the financial year at the parent company level. In order to provide a meaningful comparison, the 2013 reported member number has been adjusted to reflect this revised position.

Employees of VECCI

As at 30 June 2014, the total number of employees was 208 (2013: 248).

Operating report continued

For the year ended 30 June 2014

Manner of resignation

Rule 10 provides for the process of resignations.

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

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

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

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

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

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

whichever is later; or

(ii) in any other case:

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

whichever is later.

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

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

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

Operating report continued

For the year ended 30 June 2014

Manner of resignation (continued)

(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

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, 16 September 2014

Statement of comprehensive income

For the year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
Revenue	2a	32,731,146	33,860,219	32,419,450	33,651,780
Other income	2b	5,896,360	6,146,704	5,896,360	6,011,747
TOTAL REVENUE AND OTHER INCOME		**38,627,506**	**40,006,923**	**38,315,810**	**39,663,527**
Operating expenses		3,215,302	4,316,395	3,211,467	4,334,727
Employee expenses	4	19,511,356	21,689,409	19,127,876	21,425,721
Affiliation fees		654,078	648,071	654,078	648,071
Depreciation and amortisation expense		1,023,516	1,222,982	1,020,695	1,220,160
Donations		1,920	19,607	1,920	19,607
Federal & State Government programs (excluding remuneration)		3,772,005	2,321,435	3,772,005	2,321,435
Occupancy		1,099,520	1,768,459	1,092,032	1,768,459
Consultancy fees		1,452,502	1,325,990	1,452,502	1,325,798
Other administration expenses		2,617,196	3,143,028	2,671,033	3,078,333
TOTAL EXPENDITURE		**33,347,395**	**36,455,376**	**33,003,608**	**36,142,311**
CURRENT YEAR SURPLUS BEFORE TAX	3	**5,280,111**	**3,551,547**	**5,312,202**	**3,521,216**
Income tax expense	1b	–	–	–	–
NET CURRENT YEAR SURPLUS		**5,280,111**	**3,551,547**	**5,312,202**	**3,521,216**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit and loss					
Revaluation of land and buildings		–	1,546,950	–	1,546,950
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	**1,546,950**	**–**	**1,546,950**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**5,280,111**	**5,098,497**	**5,312,202**	**5,068,165**
NET CURRENT YEAR SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		5,280,111	3,551,547	5,312,202	3,521,215
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		5,280,111	5,098,497	5,312,202	5,068,165

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 2014

	Note	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
ASSETS					
Current assets					
Cash and cash equivalents	6	7,184,914	4,766,832	7,137,593	4,647,892
Trade and other receivables	7	3,303,373	3,446,176	3,471,501	3,700,330
Financial assets	8	306,247	1,867,539	306,247	1,867,539
TOTAL CURRENT ASSETS		**10,794,534**	**10,080,547**	**10,915,341**	**10,215,761**
Non-current assets					
Financial assets	8	52,825,351	47,169,913	52,825,371	47,169,933
Intangible assets	9	949,178	211,442	948,438	209,772
Property, plant and equipment	10	24,950,503	25,496,543	24,933,772	25,477,920
TOTAL NON-CURRENT ASSETS		**78,725,032**	**72,877,898**	**78,707,581**	**72,857,625**
TOTAL ASSETS		**89,519,566**	**82,958,445**	**89,622,922**	**83,073,386**
LIABILITIES					
Current liabilities					
Trade and other payables	11	4,970,882	3,536,552	4,895,914	3,503,421
Deferred revenue	12	4,544,455	4,655,662	4,544,455	4,655,662
Short-term provisions	13	1,290,860	1,331,546	1,271,351	1,313,875
TOTAL CURRENT LIABILITIES		**10,806,197**	**9,523,760**	**10,711,720**	**9,472,958**
Non-current liabilities					
Provision for long service leave	13	66,113	67,540	66,113	67,540
TOTAL NON-CURRENT LIABILITIES		**66,113**	**67,540**	**66,113**	**67,540**
TOTAL LIABILITIES		**10,872,310**	**9,591,300**	**10,777,833**	**9,540,498**
NET ASSETS		**78,647,256**	**73,367,145**	**78,845,089**	**73,532,887**
Equity					
Retained earnings		69,909,907	64,629,796	70,107,740	64,795,538
Reserves		8,737,349	8,737,349	8,737,349	8,737,349
TOTAL EQUITY		**78,647,256**	**73,367,145**	**78,845,089**	**73,532,887**

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 2014

Consolidated	RETAINED EARNINGS $	ASSET REVALUATION RESERVE $	TOTAL $
Balance at 1 July 2012	61,078,249	7,190,399	68,268,648
Profit attributable to members of the consolidated group	3,551,547	–	3,551,547
Total other comprehensive income for the year	–	1,546,950	1,546,950
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 30 JUNE 2014	**69,909,907**	**8,737,349**	**78,647,256**

Parent	RETAINED EARNINGS $	ASSET REVALUATION RESERVE $	TOTAL $
Balance at 1 July 2012	61,274,322	7,190,399	68,464,721
Profit attributable to members of the parent entity	3,521,216	–	3,521,216
Total other comprehensive income for the year	–	1,546,950	1,546,950
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 30 JUNE 2014	**70,107,740**	**8,737,349**	**78,845,089**

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 2014

	Note	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
Cash flow from operating activities					
Receipts from members and others		19,206,272	16,523,048	18,919,308	17,756,641
Receipts from Federal and State Government programs		13,423,969	16,522,687	13,423,969	16,916,486
Payments to suppliers and employees		(30,737,619)	(34,926,456)	(30,419,036)	(36,555,975)
Interest received		179,779	174,423	179,779	174,334
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17	**2,072,401**	**(1,706,298)**	**2,104,020**	**(1,708,514)**
Cash flow from investing activities					
Payments for investments		(306,247)	(5,548,895)	(306,247)	(5,548,895)
Proceeds from the sale of investments		1,867,539	3,698,885	1,867,539	3,698,885
Payment for purchase of property, plant, equipment and intangible assets		(1,215,611)	(1,133,950)	(1,215,611)	(1,133,950)
Proceeds from sale of property, plant, equipment and intangible assets		–	461,370	–	461,370
Proceeds from loan repayments from subsidiary		–	–	40,000	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**345,681**	**(2,522,590)**	**385,681**	**(2,522,590)**
Net increase/(decrease) in cash held		2,418,082	(4,228,888)	2,489,701	(4,231,104)
Cash at the beginning of the financial year		4,766,832	8,995,720	4,647,892	8,878,996
CASH AT THE END OF THE FINANCIAL YEAR	6	**7,184,914**	**4,766,832**	**7,137,593**	**4,647,892**

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 2014

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 the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

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

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

Basis of preparation

Reporting basis and conventions

The financial 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 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 CCI – Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust and VECCI Export Services Pty Ltd.

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 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 Group, including any unrealised surpluses or deficits, 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 2014

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). 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.

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 timeframes established by marketplace convention.

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

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity information and statement of significant accounting policies (continued)

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

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

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

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

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity information and statement of significant accounting policies (continued)

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 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.

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

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 government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity information and statement of significant accounting policies (continued)

g. Employee benefits (continued)

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

h. Cash and cash equivalents

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

i. Goods and Services Tax (GST)

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

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

j. Trade and other receivables

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

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

k. Trade and other payables

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

l. Revenue

(i) Membership revenue

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 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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity information and statement of significant accounting policies (continued)

l. Revenue (continued)

(v) Grant revenue

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

(vi) Professional services revenue

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

All revenue is stated net of the amount of GST.

m. Comparative Figures

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

n. Impairment of assets

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

o. 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.

Costs directly attributable to the development of the Group's new CRM system are capitalised as intangible assets as technical feasibility of the project has been demonstrated, the Group has an intention and ability to complete and use the system and the costs can be measured reliably. Such costs include purchases of professional services and payroll-related costs of employees directly involved in the project. Amortisation will commence once the benefits of the CRM system are being realised by the Group.

p. 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.

q. Critical accounting estimates and judgements

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 $1,908,965 for the Group and $1,855,978 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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity information and statement of significant accounting policies (continued)

q. Critical accounting estimates and judgements (continued)

Property, plant and equipment – buildings

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.

r. 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

s. 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 Group and their potential impact on the Group when adopted in future periods is discussed below:

- AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined 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 that may affect the Group on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, 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 the hedging of non-financial items. Should the entity elect to change its hedge accounting 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, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: *Consolidated Financial Statements,* AASB 11: *Joint Arrangements,* AASB 12: *Disclosure of Interests in Other Entities,* AASB 127: *Separate Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), 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 2014).

  AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (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. This Standard is not expected to significantly impact the Group's financial statements.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 1: Entity Information and statement of significant accounting policies (continued)

s. New accounting standards for application in future periods (continued)

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

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. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

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

This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the Group's financial statements.

AASB 2013–3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the Group's financial statements.

AASB 2013–4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

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

AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements.

As the Group does not meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

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

Notes to the financial statements continued

For the year ended 30 June 2014

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 2: Revenue and other income				
a. Revenue				
Membership and contributors subscriptions	**6,842,471**	6,026,003	**6,842,471**	6,026,003
Federal and State Government programs	**13,687,351**	16,532,916	**13,687,351**	16,532,916
Professional services	**7,600,074**	7,230,023	**7,288,378**	7,021,584
Training	**3,077,288**	3,051,315	**3,077,288**	3,051,315
Dividends	**1,523,962**	1,019,962	**1,523,962**	1,019,962
	32,731,146	**33,860,219**	**32,419,450**	**33,651,780**
b. Other income				
Income from investments	**1,893,991**	2,855,617	**1,893,991**	2,855,528
Gain on financial assets at fair value through profit or loss	**3,623,063**	2,991,283	**3,623,063**	2,991,283
Other	**379,306**	299,804	**379,306**	164,936
	5,896,360	**6,146,704**	**5,896,360**	**6,011,747**

VECCI did not receive capitation fees, donations, compulsory levies or any other financial support during the reporting period.

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 3: Surplus for the year				
Surplus has been determined after:				
Depreciation and amortisation	**1,023,516**	1,222,982	**1,020,695**	1,220,160
Operating lease rental expense	**784,656**	924,897	**784,140**	924,897
Affiliation fees paid to ACCI	**654,078**	648,071	**654,078**	648,071
Legal expenses	**77,604**	101,095	**198,592**	217,229
Consultancy fees	**1,452,502**	1,325,990	**1,452,502**	1,325,798
Entertainment package expense	**852,816**	737,753	**852,816**	737,753
Remuneration of auditor	**91,600**	82,500	**79,600**	71,000

Notes to the financial statements continued

For the year ended 30 June 2014

	EMPLOYEES		OFFICE BEARERS		TOTAL	
	2014 $	2013 $	**2014 $**	2013 $	**2014 $**	2013 $

NOTE 4: Employee expenses

	EMPLOYEES 2014 $	EMPLOYEES 2013 $	OFFICE BEARERS 2014 $	OFFICE BEARERS 2013 $	TOTAL 2014 $	TOTAL 2013 $
Consolidated						
Wages and salaries	**16,829,724**	18,598,662	**721,291**	671,066	17,551,015	19,269,728
Superannuation	**1,356,076**	1,493,941	**62,296**	64,005	1,418,372	1,557,946
Leave and other entitlements	**279,271**	477,277	**–**	27,999	279,271	505,276
Separation and redundancy	**262,698**	356,459	**–**	–	262,698	356,459
	18,727,769	**20,926,339**	**783,587**	**763,070**	**19,511,356**	**21,689,409**
Parent						
Wages and salaries	**16,478,452**	18,362,314	**721,291**	671,066	17,199,743	19,033,380
Superannuation	**1,326,343**	1,473,793	**62,296**	64,005	1,388,639	1,537,798
Leave and other entitlements	**276,796**	470,085	**–**	27,999	276,796	498,084
Separation and redundancy	**262,698**	356,459	**–**	–	262,698	356,459
	18,344,289	**20,662,651**	**783,587**	**763,070**	**19,127,876**	**21,425,721**

NOTE 5: Key management personnel compensation

a. **Directors**	**2014**	2013
Total number of Diretors	8	8

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	Director/Committee Member	20.11.2007	
Mr Don Rankin	Director/Committee Member	20.11.2007	
Mr Peter McMullin*	Director/Committee Member	22.11.2005	19.11.2013
Mr Kevin Brown	Director/Committee Member	27.05.2003	
Mr Richard Holyman	Director/Committee Member	28.03.2000	
Mr Jeremy Johnson	Director/Committee Member	19.11.2013	
Ms Karyn Sobels	Director/Committee Member	22.11.2011	
Ms Kerry Smith	Director/Committee Member	20.11.2012	
Mr Adrian Kloeden	Director/Committee Member	19.11.2013	
Mr Ian Bird	Director/Committee Member	05.09.2006	19.11.2013

* served as Immediate Past President from 19.11.2013

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 5: Key management personnel compensation (continued)

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

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
c. Directors and key management personnel compensation				
Wages and salaries	721,291	671,066	721,291	671,066
Superannuation	62,296	64,005	62,296	64,005
Long service leave	–	–	–	–
	783,587	**735,071**	**783,587**	**735,071**

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 6: Cash and cash equivalents				
Cash at bank	7,184,914	4,766,832	7,137,593	4,647,892

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: $1,994,663 (2013: $922,522); VECCI Business Brokers: $765 (2013: $4,609); business migration: $18,727 (2013: $14,299); and grant funding: $1,336,917 (2013: $905,975).

Notes to the financial statements continued

For the year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
NOTE 7: Trade and other receivables					
Current					
Trade receivables		1,908,965	2,204,288	1,855,978	2,175,820
Less: impairment		(81,677)	(197,006)	(79,469)	(194,798)
		1,827,288	2,007,282	1,776,509	1,981,022
Other receivables					
Accrued income		298,651	337,602	298,651	337,602
Prepayments		884,687	891,170	866,100	885,407
GST paid		198,816	135,220	196,966	134,269
Other debtors		93,931	74,902	92,398	81,153
		1,476,085	**1,438,894**	**1,454,115**	**1,438,431**
Amounts receivable from controlled entity	7a	–	–	1,299,680	1,339,680
Impairment of related party receivables		–	–	(1,058,803)	(1,058,803)
		3,303,373	3,446,176	3,471,501	3,700,330

At parent level, trade debtors include $203 receivable from CCI – Victoria Legal Trust (2013: $138).

a. Controlled entities

Unsecured loans made to CCI – Victoria Legal Trust $1,225,675 (2013: $1,265,675) , VECCI Business Brokers Pty Ltd $74,005 (2013: $74,005) 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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 7: Trade and other receivables (continued)

			WITHIN INITIAL TRADE TERMS (age in days)		PAST BUT NOT IMPAIRED (age in days)	
	GROSS AMOUNT $	PAST DUE AND IMPAIRED $	<30 $	31–60 $	61–90 $	>90 $
Consolidated						
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	–	–	–
	3,385,050	**81,677**	**2,743,254**	**162,515**	**103,521**	**294,083**
2013						
Trade receivables	2,204,288	197,006	1,842,511	68,722	45,439	50,610
Other receivables	1,438,894	–	1,438,894	–	–	–
	3,643,182	197,006	3,281,405	68,722	45,439	50,610
Parent						
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**
2013						
Trade receivables	2,175,820	194,798	1,816,251	68,722	45,440	50,609
Other receivables	1,438,431	–	1,438,431	–	–	–
Amounts receivable from controlled entity	1,339,680	1,058,803	–	–	–	280,877
	4,953,930	1,253,600	3,254,682	68,722	45,440	331,485

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 7: Trade and other receivables (continued)

Consolidated

	PROVISION FOR IMPAIRMENT OF RECEIVABLES $
Carrying amount at 30 June 2012	323,768
Charge for the year	–
Amounts written off	(126,762)
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**

Parent

	$
Carrying amount at 30 June 2012	300,742
Charge for the year	–
Amounts written off	(105,944)
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**

Notes to the financial statements continued

For the year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
NOTE 8: Financial assets					
Current					
Term deposits – held to maturity	18	306,247	1,867,539	306,247	1,867,539
Non-current					
Managed investments at fair value through profit or loss	18	52,825,241	47,169,803	52,825,241	47,169,803
Investments in subsidiaries		–	–	20	20
Investments in associates		110	110	110	110
		52,825,351	47,169,913	52,825,371	47,169,933

NOTE 9: Intangible assets

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $	PARENT 2014 $	PARENT 2013 $
Software – at cost	**668,971**	620,806	**610,161**	561,995
Project costs and system development – at cost	**1,062,159**	1,062,159	**1,062,159**	1,062,159
Accumulated amortisation	**(1,574,091)**	(1,471,523)	**(1,516,021)**	(1,414,382)
CRM project (in progress)	**792,139**	–	**792,139**	–
	949,178	**211,442**	**948,438**	**209,772**

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 9: 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.

	COMPUTER SOFTWARE $	SYSTEM DEVELOPMENT $	CRM PROJECT (IN PROGRESS) $	TOTAL $
Consolidated				
Carrying amount at 30 June 2012	143,675	150,590	–	294,265
Additions	143,288	–	–	143,288
Disposals	(21,872)	–	–	(21,872)
Amortisation expense	(74,175)	(130,064)	–	(204,239)
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**
Parent				
Carrying amount at 30 June 2012	141,077	150,590	–	291,667
Additions	143,288	–	–	143,288
Disposals	(21,872)	–	–	(21,872)
Depreciation expense	(73,247)	(130,064)	–	(203,311)
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**

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.

*Brought forward carrying amounts from 2013 at parent level include a $717 depreciation adjustment between categories.

Notes to the financial statements continued

For the year ended 30 June 2014

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 10: Property, plant and equipment				
Land and buildings				
Freehold land at independent valuation (30 June 2013)	**9,100,000**	9,100,000	**9,100,000**	9,100,000
	9,100,000	9,100,000	**9,100,000**	9,100,000
Buildings at independent valuation (30 June 2013)	**15,428,117**	15,419,515	**15,408,602**	15,400,000
Accumulated depreciation	**(399,567)**	(3,443)	**(395,636)**	–
	15,028,550	15,416,072	**15,012,966**	15,400,000
Total Land and Buildings	**24,128,550**	24,516,072	**24,112,966**	24,500,000
Plant and equipment				
Plant and equipment at cost	**6,024,411**	5,658,592	**5,998,833**	5,633,015
Accumulated depreciation	**(5,202,458)**	(4,678,121)	**(5,178,027)**	(4,655,095)
Total Plant and Equipment	**821,953**	980,471	**820,806**	977,920
TOTAL PROPERTY, PLANT AND EQUIPMENT	**24,950,503**	**25,496,543**	**24,933,772**	**25,477,920**

Asset revaluation

The freehold land and buildings were independently valued at 30 June 2013 by Charter Keck Cramer. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $1.547 million being recognised in the revaluation surplus for the year ended 30 June 2013.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 10: 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.

Consolidated

	FREEHOLD LAND $	BUILDINGS $	PLANT AND EQUIPMENT $	MOTOR VEHICLES $	TOTAL $
Carrying amount at 30 June 2012	6,500,000	16,156,681	1,311,942	392,756	24,361,379
Additions	–	753,585	237,077	–	990,662
Revaluation	2,600,000	(1,053,050)	–	–	1,546,950
Disposals/Write back of assets	–	–	(1,262)	(382,445)	(383,707)
Depreciation expense	–	(441,144)	(567,286)	(10,311)	(1,018,741)
Carrying amount at 30 June 2013	9,100,000	15,416,072	980,471	–	25,496,543
Additions	–	8,602	366,703	–	375,305
Disposals/Write back of assets	–	–	(398)	–	(398)
Depreciation expense	–	(396,124)	(524,823)	–	(920,947)
Carrying amount at 30 June 2014	9,100,000	15,028,550	821,953	–	24,950,503

Parent

	FREEHOLD LAND $	BUILDINGS $	PLANT AND EQUIPMENT $	MOTOR VEHICLES $	TOTAL $
Carrying amount at 30 June 2012	6,500,000	16,140,121	1,307,986	392,756	24,340,863
Additions	–	753,585	237,078	–	990,663
Revaluation	2,600,000	(1,053,050)	–	–	1,546,950
Disposals/Write back of assets	–	–	(1,262)	(382,445)	(383,707)
Depreciation expense	–	(440,656)	(565,882)	(10,311)	(1,016,849)
Carrying amount at 30 June 2013	9,100,000	15,400,000	977,920	–	25,477,920
Additions	–	8,602	366,703	–	375,305
Disposals/Write back of assets	–	–	(398)	–	(398)
Depreciation expense	–	(395,636)	(523,419)	–	(919,055)
Carrying amount at 30 June 2014	9,100,000	15,012,966	820,806	–	24,933,772

Notes to the financial statements continued

For the year ended 30 June 2014

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 11: Trade and other payables				
Current				
Unsecured Liabilities				
Trade payables	**539,562**	336,862	**527,189**	336,697
Sundry payables and accrued expenses	**1,464,789**	1,531,608	**1,418,015**	1,508,489
Payables to employees	**642,513**	719,309	**626,692**	709,465
Payables to office bearers	**29,355**	26,250	**29,355**	26,250
Carnet deposits held in trust	**2,294,663**	922,523	**2,294,663**	922,522
	4,970,882	**3,536,552**	**4,895,914**	**3,503,423**

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.

NOTE 12: Deferred revenue

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
Current				
Deferred membership revenue	**2,920,365**	2,641,887	**2,920,365**	2,641,887
Deferred training revenue	**252,654**	240,673	**252,654**	240,673
Deferred grant revenue	**1,027,137**	1,315,518	**1,027,137**	1,315,518
Other deferred revenue	**344,299**	457,584	**344,299**	457,584
	4,544,455	**4,655,662**	**4,544,455**	**4,655,662**

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 13: Provisions

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
Current				
Annual leave – employees	**668,886**	783,711	**649,377**	766,040
Annual leave – office bearers*	**41,385**	12,564	**41,385**	12,564
Long service leave – employees	**580,589**	535,270	**580,589**	535,270
Long service leave – office bearers	**–**	–	**–**	–
	1,290,860	**1,331,545**	**1,271,351**	**1,313,874**
Non-current				
Long service leave – employees	**66,113**	67,540	**66,113**	67,540
Long service leave – office bearers	**–**	–	**–**	–
	66,113	67,540	**66,113**	67,540

There were no further provisions for employees or officers including separation and redundancy.
* Annual Leave provisions for 2013 includes an adjustment between Employees and Officer Bearers of $15,435.

	ANNUAL LEAVE $	LONG SERVICE LEAVE $	TOTAL $
Consolidated			
Carrying amount at 30 June 2013	796,275	602,810	1,399,085
Additional provisions	1,139,966	146,798	1,286,764
Amounts used	(1,225,970)	(102,906)	(1,328,876)
Carrying amount at 30 June 2014	**710,271**	**646,702**	**1,356,973**
Parent			
Carrying amount at 30 June 2013	778,604	602,810	1,381,414
Additional provisions	1,110,583	146,798	1,257,381
Amounts used	(1,198,425)	(102,906)	(1,301,331)
Carrying amount at 30 June 2014	**690,762**	**646,702**	**1,337,464**

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 14: 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).

NOTE 15: Capital and leasing commitments

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
a. Operating lease commitments				
Non-cancellable operating leases contracted for but not recognised in the financial statements				
– not later than one year	**1,094,150**	1,148,830	**1,094,150**	1,148,830
– later than one year but not later than five years	**388,979**	274,569	**388,979**	274,569
	1,483,129	**1,423,399**	**1,483,129**	**1,423,399**
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:				
– not later than one year	**778,734**	982,510	**778,734**	982,510
– later than one year but not later than five years	**1,202,933**	1,540,969	**1,202,933**	1,540,969
	1,981,667	**2,523,479**	**1,981,667**	**2,523,479**

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 16: 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 $267,249 (2013: $170,486) in respect of professional advisory and tax services and portfolio management services performed. Don Rankin was a partner at Pitcher Partners during the financial year. 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 $735,534 (2013:$1,123,937) in respect of shareholder payments. Mark Birrell, Mark Stone and Richard Holyman 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 (2013: Nil) in respect of membership subscriptions. Adrian Kloeden was Chairman of the entity during the financial year.

DFP Recruitment Services ("DFP") – During the financial year, VECCI made payments to DFP of $15,294 (2013: $205,245) and received payments from DFP of $79,147 (2013: $93,585) in respect of professional services performed. Robert van Stokrom (VECCI Executive Council) was Chief Executive Officer of the entity during the financial year.

3 Degrees Marketing – During the financial year, VECCI made payments to 3 Degrees Marketing of $310,030 (2013: $491,829) in respect of professional services performed. David Abela (VECCI Executive Council) was Managing Director of the entity during the financial year.

Subsidiaries

VECCI is the ultimate parent company of CCI Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust and VECCI Export Services Pty Ltd. During the financial year, VECCI made payments of $193,555 to CCI Victoria Legal Trust (2013: $143,822); Nil payment to VECCI Business Brokers Pty Ltd (2013: Nil) and nil payment to VECCI Export Services Pty Ltd (2013: not applicable). During the financial year, VECCI received $32,467 from CCI Victoria Legal trust (2013: $47,060), $2,472 from VECCI Business Brokers (2013: $1,282) and nil receipts from VECCI Export Services Pty Ltd (2013: not applicable).

As at 30 June 2014, VECCI has outstanding loan balances with CCI Victoria Legal Trust of $1,225,675 (2013: $1,265,675) and VECCI Business Brokers Pty Ltd of $74,005 (2013: $74,005). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, an impairment has been raised against the outstanding loan balance with CCI Victoria Legal Trust in prior years.

Notes to the financial statements continued

For the year ended 30 June 2014

	CONSOLIDATED		PARENT	
	2014 $	2013 $	**2014 $**	2013 $
NOTE 17: Cash flow information				
Surplus after income tax	**5,280,111**	3,551,547	**5,312,203**	3,521,216
Non-cash flows:				
— Depreciation and amortisation	**1,023,516**	1,222,982	**1,020,695**	1,220,161
— Change in fair value of investments	**(3,019,994)**	(2,906,084)	**(3,019,996)**	(2,906,084)
— Investment income reinvested	**(2,394,112)**	(2,277,199)	**(2,394,112)**	(2,277,199)
— Interest income reinvested	**(241,380)**	(431,437)	**(241,380)**	(431,437)
— Gains/(Loss) on disposal of property, plant & equipment	**447**	(55,792)	**447**	(55,792)
Changes in assets and liabilities:				
Decrease/(Increase) in receivables and prepayments	**(307,437)**	(211,017)	**(282,705)**	(178,684)
(Decrease)/Increase in payables and deferred income	**1,773,363**	(722,890)	**1,752,819**	(717,095)
(Decrease)/Increase in provisions	**(42,113)**	123,592	**(43,951)**	116,400
Cash flows generated from/(used in) operating activities	**2,072,401**	**(1,706,298)**	**2,104,020**	**(1,708,514)**

NOTE 18: 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 focussed on achieving medium to long term investment gains.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 18: Financial risk management (continued)

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:

Consolidated

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FLOATING INTEREST RATE		FIXED INTEREST RATE		NON-INTEREST BEARING		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	$	$	$	$	$	$	$	$
FINANCIAL ASSETS										
Cash at bank	2.46	3.29	7,184,914	4,766,832	–	–	–	–	7,184,914	4,766,832
Financial assets – term deposits	3.77	4.22	–	–	306,247	1,867,539	–	–	306,247	1,867,539
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			3,674,151	3,122,535	17,760,484	15,793,824	31,390,606	28,253,444	52,825,241	47,169,803
Trade and other receivables			–	–	–	–	3,303,373	3,446,176	3,303,373	3,446,176
Total Financial Assets			10,859,065	7,889,367	18,066,731	17,661,363	34,693,979	31,699,620	63,619,775	57,250,350
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	4,970,882	3,536,552	4,970,882	3,536,552
Total Financial Liabilities			–	–	–	–	4,970,882	3,536,552	4,970,882	3,536,552

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 18: Financial risk management (continued)

Parent

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FLOATING INTEREST RATE		FIXED INTEREST RATE		NON-INTEREST BEARING		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	$	$	$	$	$	$	$	$
FINANCIAL ASSETS										
Cash at bank	2.46	3.29	7,137,593	4,647,892	–	–	–	–	7,137,593	4,647,892
Financial assets – term deposits	3.77	4.22	–	–	306,247	1,867,539	–	–	306,247	1,867,539
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			3,674,151	3,122,535	17,760,484	15,793,824	31,390,606	28,253,444	52,825,241	47,169,803
Trade and other receivables			–	–	–	–	3,471,501	3,700,330	3,471,501	3,700,330
Total Financial Assets			10,811,744	7,770,427	18,066,731	17,661,363	34,862,107	31,953,774	63,740,582	57,385,564
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	4,895,914	3,503,423	4,895,914	3,503,423
Total Financial Liabilities			–	–	–	–	4,895,914	3,503,423	4,895,914	3,503,423

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 18 (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 for cash at bank is low due to all cash balances and deposits held at Australian banks with strong credit risk and deposit ratings.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 18: Financial risk management (continued)

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 $4,970,882 (2013: $3,536,552) which are due for payment within 1 year. With cash equalling $7,184,914 (2013: $4,766,832), 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. At 30 June 2014, 13% 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 2014 is $31,390,606 (2013: $28,253,444).

Year ended 30 June 2014

	Profit	Equity
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

Year ended 30 June 2013

	Profit	Equity
Fair value on 3% movement	+/- 847,603	+/- 847,603
Fair value on 5% movement	+/- 1,412,672	+/- 1,412,672
Fair value on 10% movement	+/- 2,825,344	+/- 2,825,344

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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 18: Financial risk management (continued)

f. Sensitivity analysis (continued)

	2014	2013
	%	%
Cash	7	7
Fixed interest	33	33
Australian shares	43	43
Overseas shares	11	12
Australian property	4	4
Overseas property	2	1
	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.

	CONSOLIDATED GROUP	
	Profit	Equity
Year ended 30 June 2014	**$**	**$**
2% in interest rate	+/– 217,181	+/– 217,181
10 % in listed investments	+/– 3,139,061	+/– 3,139,061
Year ended 30 June 2013		
2% in interest rate	+/– 157,787	+/– 157,787
10 % in listed investments	+/– 2,825,344	+/– 2,825,344

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 19: 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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 19: Fair value measurements (continued)

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

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

Recurring fair value measurements

Consolidated	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
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	–	15,028,550	–	15,028,550
Total non-financial assets recognised at fair value	–	24,128,550	–	24,128,550

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2013 $	$	$	$	
Financial assets				
– Managed investments at fair value through profit or loss	47,169,803	–	–	47,169,803
Non-financial assets				
– Freehold land	–	9,100,000	–	9,100,000
– Freehold buildings	–	15,416,072	–	15,416,072
Total non-financial assets recognised at fair value	–	24,516,072	–	24,516,072

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 19: Fair value measurements (continued)

Parent

2014	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
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	–	15,012,966	–	15,012,966
Total non-financial assets recognised at fair value	–	24,112,966	–	24,112,966

2013	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Financial assets				
– Managed investments at fair value through profit or loss	47,169,803	–	–	47,169,803
Non-financial assets				
– Freehold land	–	9,100,000	–	9,100,000
– Freehold buildings	–	15,400,000	–	15,400,000
Total non-financial assets recognised at fair value	–	24,500,000	–	24,500,000

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 19: Fair value measurements (continued)

b. Valuation techniques and inputs used to measure level 2 fair values

Consolidated

DESCRIPTION	FAIR VALUE AT 30 JUNE 2014	VALUATION TECHNIQUE	INPUTS USED
Non-financial assets	$		
Freehold land	9,100,000	Market approach using recent observable market data for similar properties.	Price per hectare
Freehold buildings	15,028,550	Market approach using recent observable market data for similar properties.	Price per square metre
	24,128,550		

Parent

DESCRIPTION	FAIR VALUE AT 30 JUNE 2014	VALUATION TECHNIQUE	INPUTS USED
Non-financial assets	$		
Freehold land	9,100,000	Market approach using recent observable market data for similar properties.	Price per hectare
Freehold buildings	15,012,966	Market approach using recent observable market data for similar properties.	Price per square metre
	24,112,966		

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 19: Fair value measurements (continued)

b. Valuation techniques and inputs used to measure level 2 fair values (continued)

i. The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the group to determine level 2 values.

c. 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	NOTES	FAIR VALUE HIERARCHY LEVEL	VALUATION TECHNIQUE	INPUTS USED
Assets				
Trade and other receivables	7, 18	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Liabilities				
Trade and other payables	11, 18	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.

Notes to the financial statements continued

For the year ended 30 June 2014

NOTE 20: Events after balance date

The financial statements were authorised for issue on 16 September 2014 by the Board of Directors.

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

NOTE 21: 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 22: Additional disclosures – S253 of Fair Work (Registered Organisations) Act 2009

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

- 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 Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust 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 entity for the year ended 30 June 2014, 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.
- Operating expenses include $21,229 incurred in connection with holding meetings of councils, committees, panels or other bodies for the holding of which VECCI was wholly or partly responsible.
- At the balance date, there were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions.
- 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.
- There was no recovery of wages activity during the financial year.

Committee of management statement

On 16 September 2014, 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 2014.

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 2014 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
DATE: 16 September 2014

NAME: Mark Birrell
TITLE OF OFFICE HELD: President
DATE: 16 September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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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 2014, 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.

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ACCOUNTANTS & ADVISORS

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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 22 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.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Hayley Underwood CA
Auditor Registration Number: 428374
Partner

Melbourne, 24 October 2014

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