

Hunter Business Chamber

ABN 96 083 977 459

(A Company limited by guarantee)

Annual Report – 30 June 2016

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Hunter Business Chamber

Directors' Report For the year ended 30 June 2016

Your Directors present their report on Hunter Business Chamber ("the Company") for the financial year ended 30 June 2016.

Directors

The following persons were Directors of the Company since the start of the financial year to the date of this report:

Vivienne Allanson
Richard Anicich
Scott Brooks
Sally Coddington
Stephen Cowan
Gillian Geraghty
Lynn Mangovski
Ian Penfold
John Quaife
Tim Ryan
Sharon Smith
Ross Taggart
Jonathan Vandervoort

Jennie Lyons was appointed as a Director on 20 May 2016

Ian Pettigrew resigned as a Director on 20 December 2015
Steve Thomson resigned as a Director on 15 December 2015

Principal Activities

The principal activities of the Company during the course of the year were to promote and develop the commercial activities of the Hunter Region of NSW. It is through these activities that the Company was able to achieve its objectives.

There were no significant changes in the nature of the principal activities of the Company during the year.

Hunter Business Chamber

Directors' Report For the year ended 30 June 2016

Short and Long Term Objectives

	Objectives	Key Indicators
Members	Members are our first priority and our services and events will reflect member needs. We will provide them with a high value membership proposition aimed at making it easier for them to do business.	<ul style="list-style-type: none">• Promote the strength of the Hunter First membership program via key events and policy initiatives• Build on success of new member attraction & retention achievements and more strategically and proactively promote the benefits of financial membership• Continue the program of local chamber engagement in conjunction with NSWBC
Policy priorities	As the preeminent regional business organisation, the Chamber will continue to develop, promote and advocate our position on key regional issues.	<ul style="list-style-type: none">• Develop & strongly advocate strategic policy positions on vital issues in the Hunter• Reinforce political engagement program at federal, state & local government levels• Strengthen & fortify our position as the voice of first choice in the Hunter• Lead the ongoing collaboration with key allies who have interests in the Hunter• HBC values its strong positive relationship with NSWBC and will actively engage as an active participant in the national Chamber movement.

Performance Measurement

The Company's performance is constantly measured against the following key performance indicators:

Outcomes for year ending 30 June 2016 – Key Performance Indicators

- HBC has a strong and engaged membership base
- Chamber events are the 'events of first choice' for the Hunter and continue to be renowned at regional, state and national levels
- Communication channels are attractive, engaging and a 'must read' for all members
- Highly regarded, clear, and proactive policy positions on priority issues
- Ongoing calendar of engagement with key federal, state and local decision makers (both high profile events and strategic advocacy meetings)

Key Internal and External Drivers

Internal

- Organisational structure and responsibilities are effective and strategically developed to meet member needs
- The HBC team are knowledgeable, innovative and highly skilled to deliver full range of services to members
- The team has the opportunity to undertake a range of appropriate professional development programs to further enhance career opportunities

External

- New NSW government direction, policies & decision makers
- The importance of an enduring and positive relationship with our key external partner, NSWBC
- Cumulative effect of global market conditions and emerging government influence on locally based industry & issues

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Operating Results

The Company recorded a loss of \$2,281 for the year (2015: loss of \$136,195). Included in this is a current year loss of \$23,994 from the *Energy Efficiency Information Grant*. Please refer to Note 17 for further information.

Review of Operations

The Company's operations during the financial year have been detailed in the Statement of Operations on page 33.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs during the year.

Matters subsequent to the end of the financial year

In the opinion of Director's, no matter, circumstance or event of a material or unusual nature has arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Future Developments

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Officers

During the financial year, NSW Business Chamber paid a premium under contract to insure Directors, Councillors and all executive officers of the Company and related bodies corporate, including the Hunter Business Chamber. Disclosure of the premium payable, and a summary of the nature of liability covered by the insurance contract, is prohibited by a confidentiality clause in the contract.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

Whilst the Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important, to date, the auditor has not been engaged in any non-audit services.

Auditors Independence Declaration

A copy of the Auditors Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 10.

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Auditor

PricewaterhouseCoopers was appointed auditor and continues in office in accordance with Section 327 of the *Corporations Act 2001*.

Information on Directors

Alan "Ross" Taggart

Title: President

Qualifications: BCom, FCPA

Experience & expertise: Ross is the Managing Director of Taggart Business Advisors and is a highly respected business manager assisting his clients to reach sound and achievable goals. He specialises in assessing new business and preparing sustainable strategies for those businesses including succession planning and family business planning. Ross joined public practice in 1979 and was admitted as a Partner of Taggart Partners in July 1985. He was appointed Managing Director of the firm in 2000. Ross is a Registered Tax Agent and Self Managed Superannuation Fund Auditor. He is personally committed to the provision of teaching support for the CPA Australia's continuing professional development activities. Ross is a Director of Westpac Rescue Helicopter Service and has been a Director of the Chamber since 2008.

Special Responsibilities: Chair, Executive Committee

Jonathan Vandervoort

Title: Senior Vice President

Qualifications: BCom, GAICD, FCPA, FAIMA

Experience & expertise: Jonathan joined Australian Rail Track Corporation (ARTC) in January 2015 as Executive General Manager - Hunter Valley. Jonathan has been involved in the Australian coal mining industry for almost thirty years. For twelve years before joining ARTC Jonathan was instrumental in developing NSW's coal infrastructure network, including two years as Executive General Manager Infrastructure at Whitehaven Coal, five years as the founding Chief Executive Officer of Hunter Valley Coal Chain Coordinator and five years at Port Waratah Coal Services. Jonathan continues as a Director of the Hunter Valley Coal Chain Coordinator and is a past Director of the Newcastle Coal Infrastructure Group. He is a Fellow of Australian Institute of Management and CPA Australia and a Graduate of the Australian Institute of Company Directors. Jonathan has been a Director of the Chamber since 2010.

Special Responsibilities: Chair, Audit & Governance Committee, Company Secretary 2015-2016

Gillian Geraghty

Title: Vice President

Qualifications: B Engineering (Civil), Ad Dip Project Management, GAICD

Experience & expertise: Gillian is the Regional General Manager of the Northern NSW office for APP Corporation. APP is an Australian-owned professional services consultancy working in the Property and Infrastructure industries. The Northern NSW office consists of 40 professionals delivering property solutions from Sydney to Tweed Heads. Gillian is a Member of Engineers Australia, the Australian Institute of Project Management and the Australian Institute of Company Directors. Gillian has been a Director of Hunter Business Chamber since 2012.

Special Responsibilities: Chair, Regional Infrastructure Committee

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Richard Anicich

Title: Immediate Past President

Qualifications: BCom, LLB, FAICD, FCPA

Experience & expertise: Richard is a partner of Sparke Helmore, a national law firm with its origins in Newcastle. He has held various management roles with the Firm including periods on the national partnership board, managing partner of the Newcastle office and is currently a member of the Firm's audit and risk committee. He has been a Director of Hunter Business Chamber since 2008 and was the President 2011- 2014. Richard is a Conjoint Professor of Practice in the School of Law, Faculty of Business and Law at the University of Newcastle, Chair of the Australian Institute of Company Director's Hunter committee and a member of the Port of Newcastle Community Liaison Group.

Vivienne 'Viv' Allanson

Title: Director

Qualifications: Master of Health Services Management. Dip in Nursing Admin. RGN. Assoc Fellow AIM, GAICD

Experience & expertise: Viv was promoted from the Executive Director of Nursing position to the position of CEO of Maroba Caring Communities (Residential Aged care & Retirement Living) in 2000. Bringing her nursing experience to the role has enabled her to maintain her focus on the clinical and care issues whilst progressing Maroba's business performance. Viv was elected to the Aged and Community Services Association of NSW & ACT board of directors in 2007 and is current President. She was also Vice President of the National Board and remains a Director of the International Association of Homes & Services for the Aged. Viv has been a Director of the Chamber since 2010.

Scott Brooks

Title: Director

Qualifications: BCom, CA, GradCertFinPlan

Experience and Expertise: Currently with Maxim Accounting & Business Advisors, Scott has over 15 years of experience in the accounting and financial services industries. After spending 7 years working at a senior level for JP Morgan in London, he returned to Newcastle in 2014. This combined experience enables Scott to offer a comprehensive perspective when advising businesses. Scott is also a Director of ConnectAbility Australia, a not-for-profit organisation providing disability services to the Hunter. Scott commenced as a Director of the Chamber in 2014.

Sally Coddington

Title: Director

Qualifications: BBus, MBA

Experience and Expertise: Sally is the Managing Director of Curb-Cut Effect. Curb-Cut Effect supports businesses to innovate products, services, spaces and experiences that are inclusive of people with a disability - commercially superior solutions that promote consumer empowerment for people with disability. Sally's diverse commercial experience spans over 20 years across financial services, human services, B2B, B2C, for profit and for purpose industries around the world. She has mentored micro, small and medium businesses in the USA and Australia in implementing outcome-focused marketing and business development strategies. Sally is a member of the NSW Disability Council, lectures in Industrial Marketing Management (b2b Marketing) at the University of Newcastle, is Director of Endeavour Group Australia, a not-for-profit disability support and services provider and, Director of the Centre for Universal Design Australia. Sally commenced as a Director of the Chamber in 2014.

Special Responsibilities: Chair, Business Development Forum Committee

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Stephen Cowan

Title: Director

Experience & expertise: Stephen is the General Manager - NSW & VIC for public company, Pacific National. An experienced and dynamic executive with demonstrated success in change management and whole of business turnarounds. Stephen has a combination of challenging strategic thinking, exceptional hands-on capability, and outstanding interpersonal skills. He is highly developed in general management and board experience. His career was built from a technical background, from trades through to professional engineering. Stephen has a blue chip foundation in significant global and Australian companies. He commenced as Director of the Chamber in 2014.

Jennifer Lyons

Title: Director

Experience & expertise: Pride Dry Cleaning & Laundry is a family owned business. Their objective is to continually grow, become more environmentally aware and energy efficient. Jennie and husband Phil enjoy a better work/ life balance by working smarter on the business, outsourcing some tasks and taking short breaks which also allows key staff members to grow and obtain greater autonomy within their roles. Jennie has been a Director of the Chamber since 2016.

Special Responsibilities: Chamber Alliance Partner Program representative

Lynn Mangovski

Title: Director

Qualifications: AdvDipBus and Bus. Management, MAICD

Experience and expertise: Lynn Mangovski has been employed by the Greater Building Society since 1995. She has extensive experience in the property, finance and small business sectors, along with strong networks and honed communication, marketing and business skills. Lynn currently sits on the Property Council of Australia Hunter Chapter, the Hunter Future Directions Committee and Hunter Medical Research Foundation, she also previously served as a Director of the Honeysuckle Development Corporation. Lynn has a lifelong passionate interest in regional development in the Hunter, urban renewal in Newcastle and the development of women with strong involvement in business. Lynn commenced as a Director of the Chamber in 2014.

Ian Penfold

Title: Director

Qualifications: FAICD

Experience & expertise: Ian is a Director of NSW Business Chamber. A successful businessman with extensive Board Chairmanship, Non-Executive Director and Chief Executive experience gained from a 25-year corporate career at both national and international level. Ian is a good communicator and team builder, with a track record of commercial success in building branded and unbranded businesses both organically and by acquisition. Ian is a Councillor of NSW Business Chamber and Australian Chamber of Commerce and Industry, Chairman of Australian Business Lawyers & Advisors.

Ian is a member of the Correctional Services Industries Consultative Council of NSW (CICC) and Sydney Metropolitan Regional Chairman of Defence Reserves Support Council. Ian has been a Director of Hunter Business Chamber since 2012.

John Quaife AM

Title: Director

Experience & expertise: John is a Director of JQ Perspectives, an independent Defence and Management consultancy. John is a member of the Defence Honours and Awards Appeals Tribunal and an Air Vice-Marshal in the RAAF active reserve. John is also President of Fighter World Incorporated and he has been a Director of the Hunter Business Chamber since 2011.

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Tim Ryan

Title: Director

Qualifications: GAICD

Experience & expertise: Tim Ryan is an equity partner and Business Coach with AltusQ. With over 30 years of practical business capability and over 10 years of facilitation and coaching experience, Tim has the skills to assist business owners, CEO's and boards develop strategy, improve their profit and cash flow, build their team and achieve their vision. Tim currently works with a diverse range of business including professional services, technology, hospitality, property, construction, mining, real estate, HR & recruitment. Tim is current Chairman of Merewether National Surfing Reserve Committee and a Life Member of Merewether Surfboard Club. He has been a Director of the Chamber since 2012.

Special Responsibilities: Chair, Hunter Business Chamber Membership Committee

Sharon Smith

Title: Director

Qualifications: Bcom, ACA, GAICD, F Fin

Experience & Expertise: Sharon Smith is charged with leading the team at Hunter Valley Training Company (HVTC) through the next phase of its growth and contributing to its ongoing success as Australia's premier group training organisation. She has an outstanding record of achievement over 20 years as a dynamic and influential Senior Executive in the Utilities, Regional Development and private sectors. This includes Chief Financial Officer and General Manager in various roles leading large operational and shared services teams across Finance, Human Resources, Information Technology, Procurement and Business Development areas. Sharon has significant experience working with Boards of Directors in developing and executing strategy including Group Training Australia, Hunter Water Corporation, Hunter Water Australia, Regional Land Management Corporation and as Non-Executive Director of Hunter Development Corporation and Newcastle Grammar School.

Hunter Business Chamber

Directors' Report For the year ended 30 June 2016

Meetings of Directors

During the financial year, 23 meetings of Directors (Audit, Executive & Nominations Committee) were held.

Attendances were:

	Director's Meetings		Audit, Executive & Nominations Committee Meetings	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Vivienne 'Viv' Allanson	6	8	0	0
Richard Anicich	5	8	10	10
Scott Brooks	8	8	2	3
Sally Coddington	7	8	0	0
Stephen Cowan	5	8	2	2
Gillian Geraghty	7	8	8	10
Jennifer Lyons	1	1	0	0
Lynn Mangovski	8	8	0	0
Ian Penfold	4	8	0	0
Ian Pettigrew	0	5	0	4
John Quaife	5	8	0	0
Tim Ryan	7	8	0	0
Sharon Smith	8	8	1	1
Alan 'Ross' Taggart	7	8	13	15
Steve Thomson	2	5	0	0
Jonathan Vandervoort	8	8	12	13

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2016

Members Liability

Every voting member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up during the time that they were a voting member, or within one year afterwards, for payment of the liabilities of the Company contracted before the time at which they cease to be a voting member, to the expenses of winding up the Company, and for the adjustment of the rights of the contributors among themselves, with such amount as may be required not exceeding \$50.

	2016	2015
Number of voting members	721	792
Number of non voting members	1,148	1,174
Total number of members	1,869	1,966

Directors and Executive Officers Emoluments

Since the previous financial year no Director of the Company has received, or is entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related entity) by reason of a contract made by the Company or a related entity with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.

Signed in accordance with a resolution of Directors.



Ross Taggart
Director
Newcastle



Jonathan Vandervoort
Director
Newcastle

16 September 2016



Auditor's Independence Declaration

As lead auditor for the audit of Hunter Business Chamber Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'James McElvogue', written over the printed name.

James McElvogue
Partner
PricewaterhouseCoopers

Sydney
16 September 2016

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Hunter Business Chamber

ABN 96 083 977 459

(A Company limited by guarantee)

Annual Financial Report – 30 June 2016

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These financial statements cover Hunter Business Chamber. These financial statements are presented in Australian currency.

Hunter Business Chamber is a Company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Hunter Business Chamber
Hunter TAFE, B Block
91 Parry Street
Newcastle West NSW 2302

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the Directors' report which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 16 September 2016. The directors have the power to amend and reissue the financial statements.

Hunter Business Chamber

Statement of Comprehensive Income For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue			
Sales revenue	3	1,842,485	1,808,163
Other income	4	48,260	171,093
Total income		<u>1,890,745</u>	<u>1,979,256</u>
Expenses			
Employee expenses	5	(745,555)	(799,332)
Event costs		(209,826)	(293,976)
Occupancy expenses	5	(50,269)	(48,823)
Marketing and advertising expenses		(24,281)	(47,730)
Finance, HR, payroll and member entitlements		(605,858)	(605,378)
Information technology expenses		(34,781)	(40,855)
Communication expenses		(17,315)	(33,049)
Depreciation	5	(37,804)	(39,970)
Commercial products	5	(57,950)	(61,882)
Other expenses from ordinary activities		(109,387)	(144,456)
Total expenditure		<u>(1,893,026)</u>	<u>(2,115,451)</u>
Loss before income tax expense		(2,281)	(136,195)
Income tax expense		-	-
Loss attributable to members of Hunter Business Chamber	12	(2,281)	(136,195)
Other Comprehensive income for the year, net of tax	12	-	-
Total comprehensive loss for the year		<u>(2,281)</u>	<u>(136,195)</u>
Total comprehensive loss for the period is attributable to:			
Owners of Hunter Business Chamber		<u>(2,281)</u>	<u>(136,195)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Hunter Business Chamber

Balance Sheet As at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Current Assets			
Cash and cash equivalents	6	880,286	811,999
Trade and other receivables	7	<u>110,590</u>	<u>272,626</u>
Total current assets		<u>990,876</u>	<u>1,084,625</u>
Non-current Assets			
Plant, property and equipment	8	<u>254,249</u>	<u>292,053</u>
Total non-current assets		<u>254,249</u>	<u>292,053</u>
Total assets		<u>1,245,125</u>	<u>1,376,678</u>
Liabilities			
Current liabilities			
Trade and other payables	9	512,247	645,731
Provisions	10	<u>39,845</u>	<u>35,163</u>
Total current liabilities		<u>552,092</u>	<u>680,894</u>
Non-current liabilities			
Provisions	11	<u>12,207</u>	<u>12,677</u>
Total non-current liabilities		<u>12,207</u>	<u>12,677</u>
Total liabilities		<u>564,299</u>	<u>693,571</u>
Net assets		<u>680,826</u>	<u>683,107</u>
Equity			
Retained profits	12	<u>680,826</u>	<u>683,107</u>
Total equity		<u>680,826</u>	<u>683,107</u>

The above balance sheet should be read in conjunction with the accompanying notes

Hunter Business Chamber

Statement of Changes in Equity For the year ending 30 June 2016

	Notes	2016 \$	2015 \$
Retained earnings at the beginning of the financial year		683,107	819,302
Loss for the period	12	(2,281)	(136,195)
Other comprehensive income	12	-	-
Retained earnings at the end of the financial year		<u>680,826</u>	<u>683,107</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Hunter Business Chamber

Statement of Cash Flows For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash Flows from operating activities			
Receipts from customers		2,065,506	2,197,277
Property rentals received		<u>36,097</u>	<u>36,827</u>
		2,101,603	2,234,104
Payments to suppliers and employees		<u>(2,048,761)</u>	<u>(2,282,387)</u>
Net cash inflow / (outflow) from operating activities	13	<u>52,842</u>	<u>(48,283)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	500
Interest received		<u>15,445</u>	<u>16,414</u>
Net cash inflow from investing activities		<u>15,445</u>	<u>16,914</u>
Net increase / (decrease) in cash held		68,287	(31,369)
Cash at the beginning of the financial year		<u>811,999</u>	<u>843,368</u>
Cash at the end of the financial year	6	<u>880,286</u>	<u>811,999</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Hunter Business Chamber

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Notes to the Financial Statements

For the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Hunter Business Chamber ("the Company").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Historical cost convention

These financial statements are prepared on an accruals basis under the historical cost convention, except for the revaluation of financial instruments, which are at fair value through profit or loss. Unless stated otherwise the accounting policies described below are consistent with those applied in the prior year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Foreign currency

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- (i) Membership fees comprise annual subscriptions for the year and are recognised as revenue on a monthly basis over the period of membership;
- (ii) Member functions revenue is brought to account when the service is provided;
- (iii) Other revenue is brought to account when the service is provided;
- (iv) Interest income is recognised when earned;
- (v) Rental revenue is brought to account when the service is provided;

(d) Contributions

Contributions from the government are recognised as revenue at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(e) Income Tax

The Company is a not-for-profit association and is exempt from income tax under section 50.10 of the *Income Tax Assessment Act 1997*.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

(f) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Impairment of assets

Assets are reviewed for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows for other assets or groups of assets (cash generating units).

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement 30 days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The amount of the provision is expensed in the Statement of Comprehensive Income.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

(j) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, or in the case of leasehold improvements, the shorter lease term as follows:

	Useful life
Plant and equipment	2 - 10 years
Leasehold Improvements	9 years

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

(m) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority is included with other receivables or payables in the balance sheet.

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 Australian Taxation Office, are presented as operating cash flows.

(o) NSW Business Chamber

The Company has on-going support from NSW Business Chamber Limited. The related party deed confirms NSW Business Chamber Limited's commitment to the Company.

(p) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 30 June 2016. The impact of these new or amended Accounting Standards and Interpretations most relevant to the entity are yet to be assessed.

(q) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

Note 2. Financial Risk Management

The Company's activities expose it to credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include regular review of trade receivables ageing analysis for credit risk.

Risk management is carried out by the Chief Executive Officer (CEO) and overseen, under policies approved, by the Board of Directors. The Executive & Finance Committee and CEO identify and evaluate financial risks in co-operation with the NSW Business Chamber. The Audit Committee and CEO provide written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

The Company has no substantial financial assets or liabilities that are exposed to interest rate risk.

(a) Credit Risk

Credit risk arises from exposure to counterparties that may not meet their contractual obligations with the Company. The Company's exposure to credit risk primarily arises from its trade receivables.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

Note 2. Financial Risk Management (continued)

Credit quality of financial assets held at balance date

	2016 \$	2015 \$
Trade receivables		
<i>(Counterparties without external credit rating)</i>		
- Membership	52,499	233,461
- Other	47,534	30,330
Total trade receivables	100,033	263,791
Cash at bank		
- Westpac (Rated AA2 by Moody's Investors Service, Inc)	356,298	266,361
- Newcastle Permanent Building Society (Rated A1 by Moody's Investors Service, Inc)	-	36,970
	356,298	303,331
Deposits at call		
- National Australia Bank Limited (Rated AA2 by Moody's Investors Service, Inc)	523,588	-
- Newcastle Permanent Building Society (Rated A1 by Moody's Investors Service, Inc)	-	508,268
	523,588	508,268

(b) Liquidity Risk

The Company's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The table below shows the contractual maturity of the Company's financial liabilities.

Financial Liabilities	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount
	\$	\$		\$	\$
As at 30 June 2016					
Trade and other payables	75,280	-	-	75,280	75,280
Lease commitments	27,869	-	-	27,869	-
	103,149	-	-	103,149	75,280
As at 30 June 2015					
Trade and other payables	83,537	-	-	83,537	83,537
Lease commitments	55,384	28,101	-	83,485	-
	138,921	28,101	-	167,022	83,537

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$	2015 \$
Note 3. Sales revenue		
Membership fees	603,751	643,835
Events	347,868	316,698
Sponsorship from NSW Business Chamber Limited	775,097	771,188
Other revenue	<u>115,769</u>	<u>76,442</u>
	<u>1,842,485</u>	<u>1,808,163</u>
Note 4. Other income		
Government grants	-	121,200
Rental revenue	32,815	33,479
Interest	<u>15,445</u>	<u>16,414</u>
	<u>48,260</u>	<u>171,093</u>
Note 5. Expenses		
Loss before income tax includes the following specific expenses:		
Depreciation expense		
- plant & equipment	<u>37,804</u>	<u>39,970</u>
Bad & doubtful debts		
- provision for doubtful debts (writeback of provision)	-	-
- bad debts expense	<u>-</u>	<u>-</u>
Net movement	<u>-</u>	<u>-</u>
Rental Expense on operating lease		
- minimum lease payments	<u>50,269</u>	<u>48,762</u>
Employee expenses	<u>745,555</u>	<u>799,332</u>
Commercial Products	<u>57,950</u>	<u>61,882</u>

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$	2015 \$
Note 6. Current assets - cash and cash equivalents		
Cash at bank and in hand	356,698	303,731
Deposits at call	<u>523,588</u>	<u>508,268</u>
	<u>880,286</u>	<u>811,999</u>
Note 7. Current assets - trade and other receivables		
Trade receivables	100,033	263,791
Provision for doubtful debts	<u>-</u>	<u>-</u>
	100,033	263,791
Prepayments	10,557	8,835
Other receivables	<u>-</u>	<u>-</u>
	<u>110,590</u>	<u>272,626</u>
Ageing analysis of receivables		
0 - 30 days	36,462	150,460
30 - 90 days *	31,396	74,875
90 days plus *	<u>32,175</u>	<u>38,456</u>
Total	<u>100,033</u>	<u>263,791</u>
 Trade receivables past due but not considered impaired **	 <u>63,571</u>	 <u>113,331</u>

* Past due not impaired (subject to provision for doubtful debts). Within the 30-90 days and 90 days plus ageing categories there are a number of members who choose to pay their subscription by the month rather than 12 months in advance.

** These relate to a number of independent customers for whom there is no recent history of default.

Hunter Business Chamber

Notes to the Financial Statements For the year ended 30 June 2016

Note 8. Non-current assets - plant, property and equipment

\$

At 1 July 2014

Cost or fair value	360,550
Accumulated depreciation	<u>(28,023)</u>
Net book amount	<u>332,527</u>

Year ended 30 June 2015

Opening net book amount	332,527
Additions	-
Disposals - cost	(4,033)
Disposals - Accumulated depreciation	3,529
Depreciation charge	<u>(39,970)</u>
Closing net book amount	<u>292,053</u>

At 30 June 2015

Cost or fair value	356,517
Accumulated depreciation	<u>(64,464)</u>
Net book amount	<u>292,053</u>

Year ended 30 June 2016

Opening net book amount	292,053
Depreciation charge	<u>(37,804)</u>
Closing net book amount	<u>254,249</u>

At 30 June 2016

Cost or fair value	356,517
Accumulated depreciation	<u>(102,268)</u>
Net book amount	<u>254,249</u>

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$	2015 \$
Note 9. Current liabilities - trade and other payables		
Trade payables	11,795	-
Unearned income	436,967	562,194
Other payables	63,485	83,537
	<u>512,247</u>	<u>645,731</u>
Note 10. Current liabilities - provisions		
Employee benefits	39,845	35,163
	<u>39,845</u>	<u>35,163</u>
Note 11. Non-current liabilities - provisions		
Employee benefits	12,207	12,677
	<u>12,207</u>	<u>12,677</u>
Note 12. Retained earnings		
Movement in retained earnings is as follows:		
Balance at the beginning of the financial year	683,107	819,302
Loss for the year	(2,281)	(136,195)
Other comprehensive income for the year	-	-
Balance at the end of the financial year	<u>680,826</u>	<u>683,107</u>

Hunter Business Chamber
Notes to the Financial Statements
For the year ended 30 June 2016

	2016	2015
	\$	\$
Note 13. Reconciliation of loss after income tax to net cash inflow from operating activities		
Loss for the period	(2,281)	(136,195)
Non-cash flows in loss for the period		
Depreciation	37,804	39,970
Interest	(15,445)	(16,414)
Loss on disposal of fixed assets	-	4
Change in assets and liabilities		
Decrease / (Increase) in trade debtors	163,758	(21,303)
(Increase) / Decrease in prepayments	(1,722)	2,289
(Decrease) / Increase in payables	(133,484)	85,363
Increase / (Decrease) in provision for employee entitlements	4,212	(1,997)
Cash flow from operations	<u>52,842</u>	<u>(48,283)</u>

Note 14. Commitments

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	27,869	55,384
One to five years	-	28,101
More than five years	-	-
	<u>27,869</u>	<u>83,485</u>

Note 15. Key management personnel

Short term employee benefits	334,370	335,456
Post-employment benefits	31,765	31,836
	<u>366,135</u>	<u>367,292</u>

Note 16. Remuneration of auditors

Assurance services		
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit of financial reports	<u>10,000</u>	<u>15,000</u>

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2016

Note 17. Grants

The Company completed the *Energy Efficiency Information Grant* on behalf of the Department of Resources, Energy and Tourism during the financial year. The revenue and associated costs of running the grant are shown below and are included within the expense categories and other income in the *Statement of Comprehensive Income*.

	2016 \$	2015 \$
Grant income	-	121,200
Associated costs	(23,994)	(218,132)
Deficit	<u>(23,994)</u>	<u>(96,932)</u>

The Company's grants policy requires revenue to be recognised when the funds are received and the Company is confident it will comply with the grant conditions. In 2016 the Company successfully completed its delivery of the EEIG project.

Note 18. Contingent Liabilities

The Directors are not aware of any contingent liabilities that arose during the course of or since the end of the financial year.

Note 19. Related Party Disclosures

As part of the related party deed with NSW Business Chamber Limited, the Company received various services throughout the year, including finance, company secretarial, treasury, payroll, human resources, information & communication technology, marketing, member services, member entitlements, policy and advocacy support, at no cost to the Company (although a notional value of these services is shown in the Statement of Comprehensive Income under both Revenue and Expenses). Further, the Company is covered under NSW Business Chamber Limited's insurance policies.

The Company promotes a Member to Member Program, whereby members are encouraged to purchase each others' goods and services. As members of the Company, the Directors and their businesses participate in the program. All transactions between the Directors and the Chamber are no more favourable to either party than that which is available to members. The Company also endeavours to purchase goods and services from members.

Note 20. Events occurring after the reporting period

No matter, circumstance or event of a material or unusual nature has arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.


Hunter Business Chamber

Directors' Declaration For the year ended 30 June 2016

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 28 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2016 and of the performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Ross Taggart
Director
Newcastle

16 September 2016



Jonathan Vandervoort
Director
Newcastle



Independent auditor's report to the members of Hunter Business Chamber Limited

Report on the financial report

We have audited the accompanying financial report of Hunter Business Chamber Limited (the company), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 the directors, as well as evaluating the overall presentation of the financial report.

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 the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion:

- (a) the financial report of Hunter Business Chamber Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Hunter Business Chamber Limited (the company) for the year ended 30 June 2016 included on Hunter Business Chamber Limited's web site. The company's directors are responsible for the integrity of Hunter Business Chamber Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in dark ink, likely belonging to a representative of PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature in dark ink, likely belonging to James McElvogue.

James McElvogue
Partner

Sydney
16 September 2016

Hunter Business Chamber

Additional Financial Information

For the year ended 30 June 2016

The following page, comprising the Statement of Operations for the year ended 30 June 2016 does not form part of the statutory financial statements of the Hunter Business Chamber and as such has not been subject to audit.

Hunter Business Chamber

Statement of Operations For the year ended 30 June 2016

	2016 \$	2015 \$
Income		
Grants - EEIG	-	121,200
Events	347,868	316,698
Membership fees	603,751	643,835
Other income	115,769	76,442
Rental income	32,815	33,479
Sponsorship from NSW Business Chamber Limited	775,097	771,188
	1,875,300	1,962,842
Less Expenses		
Advertising	11,875	32,667
Auditing and other services	10,000	31,964
Bank and credit card charges	9,559	9,465
Commercial products	57,950	61,882
Consultants & contractors services	3,000	1,636
Depreciation	37,804	39,970
Entertainment	1,273	4,062
Finance, HR, payroll and member entitlements	605,858	605,378
ICT equipment	34,781	40,855
Marketing	12,406	15,063
Events	209,826	293,976
Miscellaneous expenses	58,027	51,130
Postage & couriers	10,364	23,339
Printing and stationery	7,447	15,615
Occupancy	50,269	48,823
Employee benefits including on-costs	745,555	799,332
Telephone	17,315	33,049
Travel	9,717	7,245
Total Expenses	1,893,026	2,115,451
Net operating loss	(17,726)	(152,609)
Investment Activities and Abnormal Items		
Interest income	15,445	16,414
Net operating loss	(2,281)	(136,195)