

Hunter Business Chamber

ABN 96 083 977 459

(A Company limited by guarantee)

Annual Report – 30 June 2017

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Hunter Business Chamber

Directors' Report For the year ended 30 June 2017

Your Directors present their report on Hunter Business Chamber ("the Company") for the financial year ended 30 June 2017.

Directors

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

Richard Anicich
Gillian Geraghty
Jennifer Lyons
Ian Penfold
Sharon Smith
Ross Taggart
Jonathan Vandervoort

Narelle Redman, Geoffrey Crowe and Peter Gesling were appointed as Directors on 18 November 2016.

Vivienne Allanson, Scott Brooks, Sally Coddington, Stephen Cowan, Lynn Mangovski, John Quaife, Tim Ryan resigned as Directors on 18 November 2016.

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.

Following the signing of a new Related Party Deed with NSW Business Chamber in December 2016, the Company is to act as exclusive agent for the purpose of promotion and sale of NSW Business Chamber Limited membership in the Hunter Region of NSW.

It is through these activities that the Company was able to achieve its objectives for the financial year ended 30 June 2017.

Company Secretary

Mr Jonathan Vandervoort ceased as company secretary on 15 September 2017. Sharon Smith was appointed company secretary on 15 September 2017 and currently holds the position.

Hunter Business Chamber

Directors' Report For the year ended 30 June 2017

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 2017 – 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 2017

Operating Results

The Company recorded a loss of \$118,782 for the year (2016: loss of \$2,281). Included in the current year loss was an impairment expense of \$202,986 relating to the write down of property, plant and equipment at the company's premises.

Review of Operations

The Company's operations during the financial year have been detailed in the Statement of Operations on page 35.

Significant Changes in State of Affairs

During the period the Company renegotiated the Related Party Deed with NSW Business Chamber (NSWBC). The revised deed became effective 1 December 2016. Under the revised deed NSW Business Chamber became responsible for the administration of the Company's core membership, as a result 8 staff members transferred to NSWBC. NSWBC retains all revenue from core membership and is liable for all costs associated with core membership pertaining to the Company. The Company retains the Hunter First class of membership, revenue thereon, major event income and pays 50% of the salary of the CEO and full salary cost of a Policy & Public Affairs Manager. The Related Party Deed continues to provide for NSWBC to make available to Directors a letter of comfort should the Company present and NSWBC accept an annual budget which forecasts a loss. Further, the Related Party Deed provides that NSWBC will take over the office accommodation lease.

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 2017 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*.

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2017

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.

Auditor

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

Information on Directors

Jonathan Vandervoort

Title: President

Qualifications: BCom, GAICD, FCPA, FAIMA

Experience & expertise: Jonathan joined Australian Rail Track Corporation (ARTC) in January 2016 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, Executive Committee, Company Secretary

Gillian Geraghty

Title: Senior Vice President

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

Experience & expertise: Gillian is Director of Passion for Projects working primarily as Business Case Leader for NSW Health Infrastructure since July 2017. Prior to that Gillian was the Regional General Manager of the Northern NSW office for APP Corporation. 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 2017

Sharon Smith

Title: Vice President

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.

Special Responsibilities: Chair, Audit & Governance Committee

Alan "Ross" Taggart

Title: Immediate Past 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.

Richard Anicich

Title: Director and 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.

Special Responsibilities: Chair, Nominations Committee

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2017

Geoffrey Crowe

Title: Director

Qualifications: BCom, MAICD, FCPA

Experience & expertise: Geoff joined Port of Newcastle (PON) as Chief Executive Officer in July 2015. He has extensive experience in the Hunter region's coal mining sector, having held senior leadership roles with Port Waratah Coal Services and a number of mining companies. Geoff played a key role in developing the Long Term Commercial Framework with industry whilst at Port Waratah and also served as a Director of the Hunter Valley Coal Chain Coordinator.

At PON he leads an experienced, local team who deliver a range of services for the port, including vessel scheduling, dredging and survey services, trade, cruise and business development, maintenance of major port assets, wharf and berth services and the management of 792 hectares of port land.

As the CEO and a Novocastrian, Geoff has a special interest in seeing the port diversify and grow along with Newcastle and the broader Hunter region.

Special Responsibilities: Chair, Hunter Business Chamber Membership Committee

Peter Gesling

Title: Director

Qualifications: M Bus, B Eng. (Civil), A Dip Town Planning, FAICD, FIE Aust., FAIM

Experience and expertise: Peter is self-employed as a Director, facilitator, trainer and mentor. He is Chair of Newcastle Airport, Director of Hunter Region Botanic Gardens, and has accreditation in several career development products.

He has worked as a Senior Executive in Local Government with over 20 years at Port Stephens Council. During his career, Peter has gained extensive experience as a non-executive Director on 'not-for-profit', community, public and private boards in a range of industry sectors. These have included aviation, community arts, community services, economic development, education, engineering, environmental, government, heritage, humanitarian, investment, land development, legal, records management, tourism and waste sectors.

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 and Deputy Chair, Business Development Forum Committee. Deputy Chair, Business Development Forum Committee

Hunter Business Chamber

Directors' Report

For the year ended 30 June 2017

Ian Penfold

Title: Director

Qualifications: FAICD

Experience & expertise: Ian was appointed to the Board of Australian Chamber of Commerce and Industry in 2007. He is a Past President of NSW Business Chamber and has been a councillor since 1997. An experienced Chairman and Chief Executive, Ian's particular skills and experience were acquired as the head of major corporations with licenses for well-known international retail brands. Ian is a former Chairman and Managing Director of Speedo Australia, and Chairman and President of Pentland Australia, which in addition to Speedo, owned the license for other international brands including Lacoste and Ellesse. He is also a former Managing Director of Cork International, a leading consumer products business with international brands and of Charles Parsons & Company Pty Ltd, a major subsidiary of the Charles Parsons Group - a multi-faceted supplier and converter of textile products in Australia. He was also Chairman of Australian Business Lawyers & Advisors. Ian is also Defence Reserves Support Council Sydney Metropolitan Regional Chairman and Committee Member, Corrective Industries Consultative Committee. Ian has been a Director of Hunter Business Chamber since 2012.

Narelle Redman

Title: Director

Experience & expertise: Narelle is a Director of Silveradoh Promotional Products based in Cardiff. Together with her husband Gary they have operated small businesses for over 25 years. Narelle is passionate about helping others succeed in business which has led her to becoming involved in local Chambers of Commerce. Over the past 12 years Narelle has held the positions of Secretary at Warners Bay Chamber, President of Business Charlestown Chamber and a Director of Lake Macquarie Business. She has been a committee member of HBC Business Development Forum for the past 7 years and has also been invited by LMCC onto several of their business and community committees. In 2014 Narelle was awarded the Lake Macquarie Business Person of the Year.

Special Responsibilities: Chair, Business Development Forum Committee

Hunter Business Chamber

Directors' Report For the year ended 30 June 2017

Meetings of Directors

During the financial year 21 meetings were held.

Attendances were:

	Board Meetings		Audit, Executive & Nominations Committee Meetings	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Vivienne 'Viv' Allanson	3	4	0	0
Richard Anicich	7	8	7	7
Scott Brooks	2	4	1	1
Sally Coddington	3	4	0	0
Stephen Cowan	3	4	1	1
Geoff Crowe	4	4	0	0
Gillian Geraghty	6	8	9	10
Peter Gesling	3	4	0	0
Jennifer Lyons	7	8	0	0
Lynn Mangovski	0	4	0	0
Narelle Redman	4	4	0	0
Ian Penfold	4	8	0	0
John Quaife	3	4	0	0
Tim Ryan	4	4	0	0
Sharon Smith	7	8	6	8
Alan 'Ross' Taggart	6	8	11	12
Jonathan Vandervoort	8	8	12	13

Hunter Business Chamber

Directors' Report For the year ended 30 June 2017

Members Liability

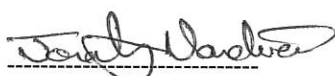
Every voting member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up during the time that they were a voting member, or within one year afterwards, for payment of the liabilities of the Company contracted before the time at which they cease to be 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.

	2017	2016
Number of voting members	642	721
Number of non voting members	1,353	1,148
Total number of members	1,995	1,869

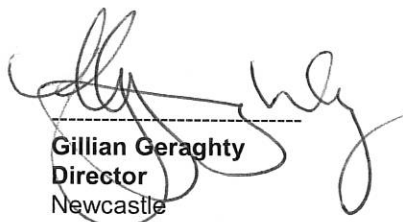
Directors and Executive Officers Emoluments

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.



Jonathan Vandervoort
Director
Newcastle



Gillian Geraghty
Director
Newcastle

15 September 2017



Auditor's Independence Declaration

As lead auditor for the audit of Hunter Business Chamber for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read "J McElvogue".

James McElvogue
Partner
PricewaterhouseCoopers

Sydney
15 September 2017

Hunter Business Chamber

ABN 96 083 977 459

(A Company limited by guarantee)

Annual Financial Report – 30 June 2017

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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 15 September 2017. 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 2017

	Notes	2017 \$	2016 \$
Revenue			
Sales revenue	3	1,736,635	1,842,485
Other income	4	39,179	48,260
Total income		<u>1,775,814</u>	<u>1,890,745</u>
Expenses			
Employee expenses	5	(605,183)	(745,555)
Event costs		(203,817)	(209,826)
Occupancy expenses	5	(39,321)	(50,269)
Marketing and advertising expenses		(12,712)	(24,281)
Finance, HR, payroll and member entitlements		(554,000)	(605,858)
Information technology expenses		(25,572)	(34,781)
Impairment of plant and equipment	5	(202,986)	-
Communication expenses		(12,013)	(17,315)
Depreciation	5	(37,283)	(37,804)
Commercial products	5	(41,898)	(57,950)
Other expenses from ordinary activities		(159,811)	(109,387)
Total expenditure		<u>(1,894,596)</u>	<u>(1,893,026)</u>
(Loss) / Profit before income tax expense		(118,782)	(2,281)
Income tax expense		-	-
(Loss) / Profit attributable to members of Hunter Business Chamber	12	<u>(118,782)</u>	<u>(2,281)</u>
Other Comprehensive income for the year, net of tax	12	-	-
Total comprehensive (Loss) / Profit for the year		<u>(118,782)</u>	<u>(2,281)</u>
Total comprehensive (Loss) / Profit for the period is attributable to:			
Owners of Hunter Business Chamber		<u>(118,782)</u>	<u>(2,281)</u>

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

Hunter Business Chamber

Balance Sheet As at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current Assets			
Cash and cash equivalents	6	777,869	880,286
Trade and other receivables	7	75,300	110,590
Total current assets		<u>853,169</u>	<u>990,876</u>
Non-current Assets			
Plant, property and equipment	8	13,980	254,249
Total non-current assets		<u>13,980</u>	<u>254,249</u>
Total assets		<u>867,149</u>	<u>1,245,125</u>
Liabilities			
Current liabilities			
Trade and other payables	9	286,131	512,247
Provisions	10	12,961	39,845
Total current liabilities		<u>299,092</u>	<u>552,092</u>
Non-current liabilities			
Provisions	11	6,013	12,207
Total non-current liabilities		<u>6,013</u>	<u>12,207</u>
Total liabilities		<u>305,105</u>	<u>564,299</u>
Net assets		<u>562,044</u>	<u>680,826</u>
Equity			
Retained profits	12	562,044	680,826
Total equity		<u>562,044</u>	<u>680,826</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 2017

	Notes	2017 \$	2016 \$
Retained earnings at the beginning of the financial year		680,826	683,107
(Loss) / Profit for the period	12	(118,782)	(2,281)
Other comprehensive income	12	-	-
Retained earnings at the end of the financial year		<u>562,044</u>	<u>680,826</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 2017

	Notes	2017 \$	2016 \$
Cash Flows from operating activities			
Receipts from customers		1,708,066	2,065,506
Property rentals received		24,460	36,097
		<u>1,732,526</u>	<u>2,101,603</u>
Payments to suppliers and employees		<u>(1,851,886)</u>	<u>(2,048,761)</u>
Net cash (outflow) / inflow from operating activities	13	<u>(119,360)</u>	<u>52,842</u>
Cash flows from investing activities			
Interest received		<u>16,943</u>	<u>15,445</u>
Net cash inflow from investing activities		<u>16,943</u>	<u>15,445</u>
Net (decrease) / increase in cash held		(102,417)	68,287
Cash at the beginning of the financial year		<u>880,286</u>	<u>811,999</u>
Cash at the end of the financial year	6	<u>777,869</u>	<u>880,286</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 2017

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 2017

(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. There are no restrictions on cash balances held at 30 June 2017.

(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 2017

(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 2017

(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.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

(o) 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 Company for the annual reporting period ended 30 June 2017. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	AASB 9 <i>Financial Instruments</i>
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>While the Company has yet to undertake a detailed assessment of the classification and measurement of financial assets, it is believed that there will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 <i>Revenue from Contracts with Customers</i>, lease receivables, loan commitments and certain financial guarantee contracts.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>
Mandatory application date/ Date of adoption by Company	Must be applied for financial years commencing on or after 1 January 2018.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

Title of standard	AASB 15 Revenue from Contracts with Customers
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	<p>While the Company has yet to assess the effects of applying the new standard on the Company's financial statements, the following areas may be affected:</p> <ul style="list-style-type: none"> the application of AASB 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under AASB 15.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2018.
Title of standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p>
Impact	<p>The accounting for lessors will not significantly change.</p> <p>The standard will not affect the accounting for the Company's operating leases as the Company does not have any operating lease commitments at 30 June 2017.</p> <p>Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.</p>
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

(p) 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 2017

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) Managing Capital

The Company invests excess cash in term deposits with banks and financial institutions that have a minimum credit rating of 'BBB' or better. The intention is to earn a competitive return on the funds while minimising risk. Consideration is given to the rate of return and term, taking into account liquidity requirements.

(b) 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 2017

Note 2. Financial Risk Management (continued)

Credit quality of financial assets held at balance date

	2017 \$	2016 \$
Trade receivables		
<i>(Counterparties without external credit rating)</i>		
- Membership	37,038	52,499
- Other	25,631	47,534
Total trade receivables	62,669	100,033
Cash at bank		
- Westpac (Rated Aa3 by Moody's Investors Service, Inc)	239,284	356,298
Deposits at call		
- National Australia Bank Limited (Rated Aa3 by Moody's Investors Service, Inc)	538,185	523,588

(c) 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 2017					
Trade and other payables	68,152	-	-	68,152	68,152
Lease commitments	-	-	-	-	-
	68,152	-	-	68,152	68,152
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

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 3. Sales revenue		
Membership fees	545,302	603,751
Events	347,742	347,868
Sponsorship from NSW Business Chamber Limited	720,095	775,097
Other revenue	123,496	115,769
	<u>1,736,635</u>	<u>1,842,485</u>

Note 4. Other income

Rental revenue	22,236	32,815
Interest	16,943	15,445
	<u>39,179</u>	<u>48,260</u>

Note 5. Expenses

Loss before income tax includes the following specific expenses:

Depreciation expense		
- plant & equipment	<u>37,283</u>	<u>37,804</u>
Rental Expense on operating lease		
- minimum lease payments	<u>39,321</u>	<u>50,269</u>
Employee expenses	<u>605,183</u>	<u>745,555</u>
Commercial Products	<u>41,898</u>	<u>57,950</u>
Impairment of plant and equipment	<u>202,986</u>	<u>-</u>

The company has impaired its plant and equipment by \$202,986 in the current financial year as a result of exiting the current building lease.

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 6. Current assets - cash and cash equivalents		
Cash at bank and in hand	239,684	303,731
Deposits at call	538,185	508,268
	<u>777,869</u>	<u>811,999</u>
 Note 7. Current assets - trade and other receivables		
Trade receivables	62,669	100,033
Provision for doubtful debts	-	-
	<u>62,669</u>	<u>100,033</u>
 Prepayments	12,631	10,557
Other receivables	-	-
	<u>75,300</u>	<u>110,590</u>
 Ageing analysis of receivables		
0 - 30 days	19,955	36,462
30 - 90 days *	20,317	31,396
90 days plus *	22,397	32,175
Total	<u>62,669</u>	<u>100,033</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.		
 Trade receivables past due but not considered impaired **	<u>42,714</u>	<u>63,571</u>

** 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 2017

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

	\$
At 1 July 2015	
Cost or fair value	356,517
Accumulated depreciation	(64,464)
Net book amount	<u>292,053</u>
Year ended 30 June 2016	
Opening net book amount	292,053
Depreciation charge	(37,804)
Closing net book amount	<u>254,249</u>
At 30 June 2016	
Cost or fair value	356,517
Accumulated depreciation	(102,268)
Net book amount	<u>254,249</u>
Year ended 30 June 2017	
Opening net book amount	254,249
Impairment	(202,986)
Depreciation charge	(37,283)
Closing net book amount	<u>13,980</u>
At 30 June 2017	
Cost or fair value	153,531
Accumulated depreciation	(139,551)
Net book amount	<u>13,980</u>

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 9. Current liabilities - trade and other payables		
Trade payables	41	11,795
Unearned income	217,979	436,967
Other payables	68,111	63,485
	<u>286,131</u>	<u>512,247</u>
Note 10. Current liabilities - provisions		
Employee benefits	12,961	39,845
	<u>12,961</u>	<u>39,845</u>
Note 11. Non-current liabilities - provisions		
Employee benefits	6,013	12,207
	<u>6,013</u>	<u>12,207</u>
Note 12. Retained earnings		
Movement in retained earnings is as follows:		
Balance at the beginning of the financial year	680,826	683,107
(Loss) / Profit for the year	(118,782)	(2,281)
Other comprehensive income for the year	-	-
Balance at the end of the financial year	<u>562,044</u>	<u>680,826</u>

Hunter Business Chamber
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$	2016 \$
Note 13. Reconciliation of loss after income tax to net cash inflow from operating activities		
(Loss) / Profit for the period	(118,782)	(2,281)
Non-cash flows in loss for the period		
Depreciation	37,283	37,804
Impairment	202,986	-
Interest	(16,943)	(15,445)
Change in assets and liabilities		
Decrease in trade debtors	37,364	163,758
(Increase) in prepayments	(2,074)	(1,722)
(Decrease) in payables	(226,116)	(133,484)
(Decrease) / Increase in provision for employee entitlements	(33,078)	4,212
Cash flow from operations	<u>(119,360)</u>	<u>52,842</u>

Note 14. Lease Commitments

Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	27,869

Note 15. Key management personnel

Short term employee benefits	253,066	334,370
Post-employment benefits	24,042	31,765
	<u>277,108</u>	<u>366,135</u>

Note 16. Remuneration of auditors

Assurance services		
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit of financial reports	<u>11,000</u>	<u>10,000</u>

Hunter Business Chamber

Notes to the Financial Statements

For the year ended 30 June 2017

Note 17. 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 18. Related Party Disclosures

The Company renegotiated the Related Party Deed (Deed) with NSW Business Chamber (NSWBC), effective 1 December 2016. As part of the Deed, 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 NSWBC's insurance policies.

Provided the Strategic Plan and Budget for the Company is approved each year during the term of the Deed by the respective Boards of the Company and NSWBC as part of the annual business planning and budget cycle, NSWBC will be responsible for any operating deficit incurred by the Company for the period of the approved Strategic Plan and Budget and will provide the Board of the Company with a letter of comfort so as to provide the directors of the Company the required level of protection.

Subject to the above paragraph, nothing in the Deed is intended to constitute a guarantee by NSWBC of all or any of the debts or obligations of the Company to third parties and the Company must not hold itself out as having NSWBC as a surety or guarantor of the liabilities of the Company.

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 19. Events occurring after the reporting period

No matter, circumstance or event of a material or unusual nature has arisen since 30 June 2017 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.

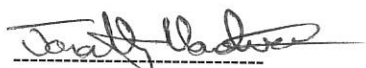
Hunter Business Chamber

Directors' Declaration For the year ended 30 June 2017

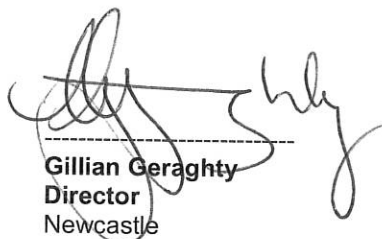
In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 30 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 2017 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.



Jonathan Vandervoort
Director
Newcastle



Gillian Geraghty
Director
Newcastle

15 September 2017



Independent auditor's report

To the members of Hunter Business Chamber

Our opinion

In our opinion:

The accompanying financial report of Hunter Business Chamber (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the

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financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Hunter Business Chamber for the year ended 30 June 2017 included on Hunter Business Chamber's web site. The directors of the Company are responsible for the integrity of Hunter Business Chamber'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 blue ink, likely belonging to a representative of PricewaterhouseCoopers.

PricewaterhouseCoopers

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

James McElvogue
Partner

Sydney
15 September 2017

Hunter Business Chamber

Additional Financial Information For the year ended 30 June 2017

The following page, comprising the Statement of Operations for the year ended 30 June 2017 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 2017

	2017	2016
	\$	\$
Income		
Events	347,742	347,868
Membership fees	545,302	603,751
Other income	123,496	115,769
Rental income	22,236	32,815
Sponsorship from NSW Business Chamber Limited	720,095	775,097
	<u>1,758,871</u>	<u>1,875,300</u>
Less Expenses		
Advertising	9,165	11,875
Auditing and other services	11,000	10,000
Bank and credit card charges	8,168	9,559
Commercial products	41,898	57,950
Consultants & contractors services	-	3,000
Depreciation	37,283	37,804
Entertainment	2,063	1,273
Finance, HR, payroll and member entitlements	554,000	605,858
ICT equipment	25,572	34,781
Impairment	202,986	-
Marketing	3,547	12,406
Events	203,817	209,826
Miscellaneous expenses	121,674	58,027
Postage & couriers	7,016	10,364
Printing and stationery	3,996	7,447
Occupancy	39,321	50,269
Employee benefits including on-costs	605,183	745,555
Telephone	12,013	17,315
Travel	5,894	9,717
Total Expenses	<u>1,894,596</u>	<u>1,893,026</u>
Net operating (loss) / profit	<u>(135,725)</u>	<u>(17,726)</u>
Investment Activities and Abnormal Items		
Interest income	16,943	15,445
Net operating (loss) / profit	<u>(118,782)</u>	<u>(2,281)</u>