

**THE AUSTRALIAN CHAMBER OF COMMERCE IN HONG KONG
(A COMPANY LIMITED BY GUARANTEE)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Directors' Report
For the year ended 30 June 2019

The directors have pleasure in submitting their annual report together with the audited account financial statements for the year ended 30 June 2019.

Principal activities

The Chamber has a mission to promote and represent Australian business and values while enabling members to connect, engage, and grow bilateral relationships. It seeks to connect, engage and represent its members.

Fund

The surplus for the year of HK\$ 113,767 (2018: HK\$ 992,060 deficit) has been transferred to reserves. Other movements in reserves are set out in the statement of changes in funds.

Business review

The Chamber falls within reporting exemption for the financial year ended 30 June 2019. Accordingly, the Chamber is exempted from preparing a business review.

Directors

The directors of the Chamber during the year were as follow:-

Andrew Keith Macintosh	
Fiona Louise Nott	
Darren Raymond Bowdern	
Robert James Quinlivan	
Gautam Dev	(resigned on 29 July 2019)
Bina Gupta	
Samuel James Guthrie	(resigned on 25 September 2019)
Lee George Lam	
Deborah Woon Kan Leung	(resigned on 18 June 2019)
Ciqiang Lu	
Paul Andrew James Scroggie	
Alex Stephen Oxford	
Lai Ling Ivy Au Yueng	(appointed on 13 September 2018)
Wai Che, Wendy Tong Barnes	
Simone Wheeler	(appointed on 13 March 2019)
Andrew Frank Whitford	(appointed on 18 June 2019)

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Directors' Report (continued)
For the year ended 30 June 2019

Directors (continued)

The directors of the Chamber during the year were as follows:

The Chamber received no notice in writing from Gautam Dev and Deborah Woon Kan Leung and Samuel James Guthrie specifying that their resignation was due to reasons relating to the affairs of the Chamber.

No contract of significance to which the Chamber was a party and in which a director of the Chamber had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Chamber a party to any arrangement to enable the directors and chief executive of the Chamber (including their spouses and children under 18 years of age) to acquire by means of the acquisition of shares in, or debentures of, the Chamber or any other body corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Chamber were entered into or existed during the year.

Permitted indemnity provision

At no time during the financial year ended 30 June 2019 were there any permitted indemnity provisions in force for the benefit of one or more directors of the Chamber.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Chamber.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Directors' Report (continued)
For the year ended 30 June 2019

Auditors

The financial statements for the year ended 30 June 2019 have been audited by Messrs. Richard Albuquerque & Co., Certified Public Accountants. A resolution for the re-appointment of Messrs. Richard Albuquerque & Co., Certified Public Accountants, as auditors of the Chamber is to be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board



Andrew Keith Macintosh
Chairman

Hong Kong:

13 FEB 2020

**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE AUSTRALIAN CHAMBER OF COMMERCE IN HONG KONG
(A company incorporated in Hong Kong and limited by guarantee)**

Opinion

We have audited the financial statements of The Australian Chamber Of Commerce In Hong Kong ("the Chamber") set out on pages 8 to 28, which comprise the statement of financial position as at 30 June, 2019, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Chamber as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSA) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Chamber in accordance with the HKICPA's Code of Ethics for Professional Accountants (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE AUSTRALIAN CHAMBER OF COMMERCE IN HONG KONG**

(continued)

(A company incorporated in Hong Kong and limited by guarantee)

Other Information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Chamber's ability 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 Chamber or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chamber's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 HKSAs 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 these financial statements.

**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE AUSTRALIAN CHAMBER OF COMMERCE IN HONG KONG
(continued)**

(A company incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Chamber's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chamber's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Chamber to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE AUSTRALIAN CHAMBER OF COMMERCE IN HONG KONG
(continued)**

(A company incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Richard Albuquerque & Co.

Richard Albuquerque & Co.
Certified Public Accountants
Rooms A & B, 2/F.,
Lee Kee Commercial Building,
221 – 227 Queen's Road Central,
Hong Kong

Hong Kong: 13 FEB 2023

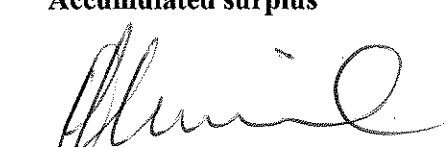
The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Statement of Comprehensive Income
For the year ended 30 June 2019

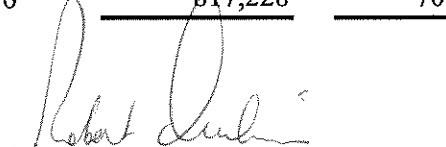
	<i>Note</i>	<i>2019</i> HK\$	<i>2018</i> HK\$
Revenue			
Turnover	4	9,518,835	7,760,913
Other revenue	5	<u>1,483,573</u>	<u>1,212,747</u>
Total revenue		<u>11,002,408</u>	<u>8,973,660</u>
Expenses			
Staff costs	6(a)	6,093,494	5,629,792
Event expenses		2,742,684	1,814,255
Project expenses		482,070	554,455
Rental expenses under operating lease	6(b)	537,373	524,286
Depreciation	6(b)	73,151	28,065
Other operating expenses		<u>1,012,851</u>	<u>1,414,867</u>
Total expenses		<u>10,941,623</u>	<u>9,965,720</u>
Surplus/(deficit) before taxation		60,785	(992,060)
Income tax credit	7	<u>52,982</u>	<u>-</u>
Surplus/(deficit) and total comprehensive income/(loss) for the year		<u>113,767</u>	<u>(992,060)</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Statement of Financial Position
As at 30 June 2019

	<i>Note</i>	<i>2019</i> HK\$	<i>2018</i> HK\$
Non-current assets			
Property, plant and equipment	9	<u>386,820</u>	<u>76,715</u>
Current assets			
Accounts receivable	10	419,779	599,883
Deposits and prepayments	10	337,321	294,540
Cash and cash equivalents	11	<u>3,773,058</u>	<u>3,589,549</u>
		<u>4,530,158</u>	<u>4,483,972</u>
Current liabilities			
Accounts payable and accrued charges	12	736,849	987,741
Subscriptions in advance	12	2,780,214	2,201,098
Deferred income	12	374,637	325,940
Provision for taxation	7 (d)	<u>-</u>	<u>203,747</u>
		<u>3,891,700</u>	<u>3,718,526</u>
Net current assets		<u>638,458</u>	<u>765,446</u>
Total assets less current liabilities		1,025,278	842,161
Non-current liability			
Provision for reinstatement costs	14	<u>208,050</u>	<u>138,700</u>
Net assets		<u>817,228</u>	<u>703,461</u>
Funds			
Accumulated surplus	16	<u>817,228</u>	<u>703,461</u>


 Andrew Keith Macintosh
 Director


 Robert James Quinlivan
 Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Statement of Cash Flows
For the year ended 30 June 2019

	<i>Note</i>	<i>2019</i>	<i>2018</i>
		HK\$	HK\$
Surplus/(deficit) before taxation		60,785	(992,060)
Adjustments for:-			
Depreciation		73,151	28,065
Interest income		(6)	-
Changes in working capitals			
(Increase)/decrease in deposits and prepayments		(42,781)	1,188
Decrease/(increase) in accounts receivable		180,104	(257,914)
(Decrease)/increase in accounts payable and accrued charges		(250,892)	489,245
Increase in deferred income		48,697	8,512
Increase in subscriptions in advance		<u>579,116</u>	<u>585,140</u>
Cash generated from/(used in) operating activities		648,174	(137,824)
Interest received		6	-
Tax paid		<u>(150,765)</u>	<u>-</u>
Net cash generated from/(used in) operating activities		<u>497,415</u>	<u>(137,824)</u>
Investing activities			
Payment for the purchase of fixed assets		<u>(313,906)</u>	<u>(77,558)</u>
Net cash used in investing activities		<u>(313,906)</u>	<u>(77,558)</u>
Net increase/(decrease) in cash and cash equivalents		183,509	(215,382)
Cash and cash equivalents at 1 July		<u>3,589,549</u>	<u>3,804,931</u>
Cash and cash equivalents at 30 June	11	<u>3,773,058</u>	<u>3,589,549</u>

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Statement of Changes in Funds
For the year ended 30 June 2019

	<i>Accumulated surplus HK\$</i>
Balance at 1 July 2017	1,695,521
Change in equity for 2018:	
Deficit and total comprehensive loss	<u>(992,060)</u>
Balance at 30 June 2018 and 1 July 2018	703,461
Change in equity for 2019:	
Surplus and total comprehensive profit	<u>113,767</u>
Balance at 30 June 2019	<u>817,228</u>

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(1) Reporting Entity

The Australian Chamber of Commerce in Hong Kong (“the Chamber”) is a private company limited by guarantee, incorporated and domiciled in Hong Kong. The address of its registered office is Flat 301-2, 3/F, Lucky Building, 39 Wellington Street, Central.

The Chamber has a mission to promote and represent Australian business and values while enabling members to connect, engage, and grow bilateral relationships. It seeks to connect, engage and represent its members

(2) Adoption of Hong Kong Financial Reporting Standards ("HKFRS")

The Chamber's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies adopted by the Chamber is set out in note 3.

(3) Significant accounting policies

(a) Basis of preparation and accounting policies

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(a) Basis of preparation and accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:-

Leasehold improvements	2 – 3 years
Furniture and fixtures	5 years
Computer and office equipment	$3\frac{1}{3}$ years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of fixed assets are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amounts of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time Value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(c) Operating lease charges

Lease which do not transfer substantially all the risk and rewards of ownerships to the Chamber are classified as operating leases.

Where the Chamber has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(d) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Chamber about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(d) Receivables (continued)

Impairment losses for accounts receivable from members whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Chamber is satisfied that recovery is remote, the amount considered irrecoverable is written off against accounts receivable from members directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(e) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(g) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognized.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(i) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Chamber has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(i) Provision and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Chamber and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Members' subscriptions are accounted for on a pro-rata basis over the period of membership.
- (ii) Income from events held is recognised when the event takes place.
- (iii) Income from projects mainly arose from directory and newsletter advertisement fee.
- (iv) Income is recognised upon publication of directory and newsletter.
- (v) Interest income is recognised as it accrues using the effective interest method.

(k) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(l) Related parties

- (a) A person, or a close member of that person's family, is related to the Chamber if that person:
 - (i) has control or joint control over the Chamber;
 - (ii) has significant influence over the Chamber; or
 - (iii) is a member of the key management personnel of the Chamber or the Chamber's parent.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(3) Significant accounting policies (continued)

(l) Related parties (continued)

(b) An entity is related to the Chamber if any of the following conditions applies:

- (i) The entity is a post-employment benefit plan for the benefit of employees of either the Chamber or an entity related to the Chamber.
- (ii) The entity is controlled or jointly controlled by a person identified in (a).
- (iii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(4) Turnover

The Chamber is principally engaged in enhancing the profile of Australian business in Hong Kong and creating and sustaining network and business development opportunities for members.

Membership subscription and entrance fees for events received from members of the Chamber were conducted in the normal course of operations at terms no less than those charged to, and contracted with, other third parties, apart from non-members who were charged a small entrance fee premium. Sponsors, including members of the Chamber, were charged special rates for entrance fees to events as part of the usual sponsorship agreements.

Turnover recognised during the year is as follows:

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
Members' subscriptions	5,119,331	4,617,995
Income from events	<u>4,399,504</u>	<u>3,142,918</u>
	<u>9,518,835</u>	<u>7,760,913</u>

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(5) Other revenue

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
Project income	1,279,130	1,206,321
Other income	204,443	6,426
	<u>1,483,573</u>	<u>1,212,747</u>

(6) Surplus/(deficit) before taxation

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
(a) Staff costs		
Salaries, wages and other benefits	5,933,231	5,475,169
Contributions to defined contribution retirement plan	160,263	154,623
	<u>6,093,494</u>	<u>5,629,792</u>

Included in staff costs is remuneration of key management personnel of \$1,886,400 (2018: \$1,639,419)

(b) Other items

Depreciation	73,151	28,065
Operating lease charges on office premises	<u>537,373</u>	<u>524,286</u>

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(7) Taxation

- (a) Income tax expense represents provision for Hong Kong profits tax for the year calculated at 16.5% of the assessable profits for the year (2018: 16.5%).

As at 30 June 2019, there was cumulative tax losses of HK\$543,281 (2018: \$493,581) available to be carried forward against future taxable profits.

- (b) Reconciliation between tax credit and accounting surplus/ (deficit) at applicable tax rate:

	2019	2018
	HK\$	HK\$
Surplus/(deficit) before taxation	<u>60,785</u>	<u>(992,060)</u>
Notional tax on surplus/(deficit) before taxation, calculated at 16.5% (2018: 16.5%)	10,028	(163,689)
Tax effect of non-taxable income	(844,688)	(761,969)
Tax effect of non-deductible expenses	867,364	881,612
Tax effect of temporary differences not recognised	(40,904)	(4,951)
Over-provision for previous years	52,982	-
Tax loss for the year	<u>8,200</u>	<u>48,997</u>
Income tax credit	<u>52,982</u>	<u>-</u>

- (c) Deferred tax assets not recognised

The Chamber has not recognized deductible temporary differences of HK\$201,962 that give rise to deferred tax assets of \$33,324 as at 30 June 2019 in respect of estimated cumulative tax losses, as it is not probable that future taxable profits against which the losses can be utilized will be available. No provision for deferred tax has been made on other deductible temporary differences including those arising from depreciation charges in excess of related depreciation allowances. The tax losses do not expire under current tax legislation.

The Australian Chamber of Commerce in Hong Kong
(A company limited by guarantee)
Notes to the financial statements
For the year ended 30 June 2019

(7) Taxation (continued)

**(d) Income tax liabilities in the
Statement of financial position represent:**

	<i>2019</i> <u>HK\$</u>	<i>2018</i> <u>HK\$</u>
Estimated liability to Profit tax for previous years	203,747	203,747
Profit tax paid	(150,765)	-
Over provision in previous years	<u>(52,982)</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>203,747</u></u>

(8) Directors' remuneration

No director's remuneration as defined as Section 383(1) of the Hong Kong Companies Ordinance was paid or payable for the year (2018: Nil).

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(9) Property, plant and equipment

	<i>Leasehold improvements</i>	<i>Furniture and fixture</i>	<i>Computer and office equipment</i>	<i>Total</i>
Cost:	HK\$	HK\$	HK\$	HK\$
At 1 July 2017	1,151,733	149,582	1,448,419	2,749,734
Additions	<u>25,718</u>	<u>-</u>	<u>51,840</u>	<u>77,558</u>
At 30 June 2018	<u>1,177,451</u>	<u>149,582</u>	<u>1,500,259</u>	<u>2,827,292</u>
Accumulated depreciation:				
At 1 July 2017	(1,151,733)	(141,365)	(1,429,414)	(2,722,512)
Charge for the year	<u>(2,143)</u>	<u>(1,700)</u>	<u>(24,222)</u>	<u>(28,065)</u>
At 30 June 2018	<u>(1,153,876)</u>	<u>(143,065)</u>	<u>(1,453,636)</u>	<u>(2,750,577)</u>
Net book value:				
At 30 June 2018	<u>23,575</u>	<u>6,517</u>	<u>46,623</u>	<u>76,715</u>

The Australian Chamber of Commerce in Hong Kong
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(9) Property, plant and equipment (continued)

	<i>Leasehold improvements</i>	<i>Furniture and fixture</i>	<i>Computer and office equipment</i>	<i>Total</i>
Cost:	HK\$	HK\$	HK\$	HK\$
At 1 July 2018	1,177,451	149,582	1,500,259	2,827,292
Additions	<u>69,350</u>	<u>3,760</u>	<u>310,146</u>	<u>383,256</u>
At 30 June 2019	<u>1,246,801</u>	<u>153,342</u>	<u>1,810,405</u>	<u>3,210,548</u>
Accumulated depreciation:				
At 1 July 2018	(1,153,876)	(143,065)	(1,453,636)	(2,750,577)
Charge for the year	<u>(8,572)</u>	<u>(2,013)</u>	<u>(62,566)</u>	<u>(73,151)</u>
At 30 June 2019	<u>(1,162,448)</u>	<u>(145,078)</u>	<u>(1,516,202)</u>	<u>(2,823,728)</u>
Net book value:				
At 30 June 2019	<u>84,353</u>	<u>8,264</u>	<u>294,203</u>	<u>386,820</u>

(10) Accounts receivable, deposits and prepayments

	2019 HK\$	2018 HK\$
Accounts receivable	421,999	612,328
Less: allowance for doubtful debts	<u>(2,220)</u>	<u>(12,445)</u>
	419,779	599,883
Deposits and prepayments	<u>337,321</u>	<u>294,540</u>
	<u>757,100</u>	<u>894,423</u>

The amount of the Chamber's deposits and prepayments expected to be recovered or recognised as expense after more than one year is Nil (2018: \$9,288). All of other accounts receivable, deposits and prepayments are expected to be recovered or recognised as expense within one year.

The Australian Chamber of Commerce in Hong Kong
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Notes to the financial statements
For the year ended 30 June 2019

(10) Accounts receivable, deposits and prepayments (continued)

Accounts receivable is due within 30 days from the date of billing. Details on the Chamber's credit policy are set out in note 17(a).

The ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
Less than 1 month past due	163,335	439,933
2 to 3 months past due	110,000	70,850
More than 3 months past due	<u>146,444</u>	<u>89,100</u>
	<u>419,779</u>	<u>599,883</u>

Receivables that were neither past due nor impaired relate to a wide range of the Chamber's members for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent Chamber's members that have a good track record with the Chamber. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

All of the account receivables have been settled.

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For the year ended 30 June 2019

(11) Cash and cash equivalents

Cash and cash equivalents include the following components:	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
Cash at banks and in hand	<u>3,773,058</u>	<u>3,589,549</u>

(12) Payables

All of the payables are expected to be settled within one year or are repayable on demand.

(13) Employee retirement benefits

The Chamber operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees. The MPF scheme is defined contribution retirement scheme administered by independent trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of \$30,000. Contributions to the plan vest immediately.

(14) Provision for reinstatement costs

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
At 1 July	138,700	138,700
Addition	69,350	-
At 30 June	<u>208,050</u>	<u>138,700</u>
Less: Current portion	<u>-</u>	<u>-</u>
Non-current portion	<u>208,050</u>	<u>138,700</u>

The Chamber is required to reinstate the property at the end of the lease. Provision is therefore made for the best estimate of the expected costs that relate to the restoration of the alternations made to the property under the operating lease.

The Australian Chamber of Commerce in Hong Kong
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Notes to the financial statements
For the year ended 30 June 2019

(15) Limited by guarantee

The Chamber is limited by guarantee, such that under the provisions of the Chamber's memorandum of association every member shall, in the event of the Chamber being wound up, contribute such amount as may be required to meet the liabilities and expenses of the Chamber, but not exceeding HK\$100 each.

Should there remain any property on winding up, after satisfaction of all the Chamber's liabilities, this is required to be transferred or given to other institutions with similar objectives to those of the Chamber.

(16) Funds

(a) Components of the Chamber's funds

The opening and closing balances of each component of the Chamber's funds and reconciliation between these amounts are set out in the statement of changes in funds.

(b) Funds management

The Chamber's primary objectives when managing funds are to safeguard the Chamber's ability to continue as a going concern, so that it can continue to provide services to the Chamber's members by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Chamber is not subject to externally imposed fund requirements in either the current or prior year.

(c) Estate fund reserve

HK\$ 9,326 of estate fund reserve is included in accumulated surplus.

(17) Financial risk management and fair values

Exposure to credit and liquidity risks arises in the normal course of the Chamber's activities. The Chamber's exposure to these risks and the financial risk management policies and practices to manage these risks are described below.

The Australian Chamber of Commerce in Hong Kong
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Notes to the financial statements
For the year ended 30 June 2019

(17) Financial risk management and fair values (continued)

(a) Credit risk

The Chamber's credit risk is primarily attributable to accounts receivable and cash and cash equivalents. The Chamber has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank deposits and cash at bank are normally only deposited with counterparties with sound credit ratings. Given their high credit ratings, the Chamber does not expect any counterparty to fail to meet its obligations.

At the end of the reporting period, the Chamber has minimal concentration of risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the end of the reporting period. The Chamber does not provide any guarantees which would expose the Chamber to credit risk.

Further quantitative disclosures in respect of the Chamber's exposure to credit risk arising from accounts receivables are set out in note 10.

(b) Liquidity risk

The Chamber's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Chamber's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Chamber can be required to pay.

The Australian Chamber of Commerce in Hong Kong
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Notes to the financial statements
For the year ended 30 June 2019

(17) Financial risk management and fair values (continued)**(b) Liquidity risk (continued)**

<u>2019</u>	<u>Contractual undiscounted cash outflow</u>				Carrying amount at 30 June HK\$
	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 year but less than 3 years HK\$	Total HK\$	
Accounts payable and accrued charges	736,849	-	-	736,849	736,849
Provision for reinstatement costs	-	-	208,050	208,050	208,050
	<u>736,849</u>	<u>-</u>	<u>208,050</u>	<u>944,899</u>	<u>944,899</u>
<u>2018</u>					
Accounts payable and accrued charges	987,741	-	-	987,741	987,741
Provision for reinstatement costs	-	-	138,700	138,700	138,700
	<u>987,741</u>	<u>-</u>	<u>138,700</u>	<u>1,126,441</u>	<u>1,126,441</u>

(c) Fair values

All financial instruments are carried at amount not materially different from their fair value at 30 June 2019 and 2018.

The Australian Chamber of Commerce in Hong Kong
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Notes to the financial statements
For the year ended 30 June 2019

(18) Operating leases commitments

At 30 June 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	<i>2019</i>	<i>2018</i>
	HK\$	HK\$
Within 1 year	565,896	359,390
After 1 year but within 5 years	377,264	-
	<u>943,160</u>	<u>359,390</u>

(19) Material related party transactions

There is no material related party for the year that enquires disclosure under Hong Kong Accounting Standard 24 “Related party disclosures”.

Transaction with key management personnel

The remuneration of key management personnel of the Chamber is disclosed in note 8.

The Australian Chamber of Commerce in Hong Kong
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Detailed Income Statement
For the year ended 30 June 2019
(For Management Purpose Only)

	2019 HK\$	2018 HK\$
Income		
Members' subscriptions	5,119,331	4,617,995
Event income	4,399,504	3,142,918
Project income	1,279,130	1,206,321
Other income	204,443	6,426
	<u>11,002,408</u>	<u>8,973,660</u>
Administrative expenses		
AGM and EGM	2,980	5,344
Air conditioning and management fee	93,710	92,940
Auditor's remuneration	50,400	43,200
Bank chargers	8,386	12,155
Business registration fee	2,250	2,250
Computer expenses	226,932	185,069
Delegation expense	13,158	27,475
Depreciation	73,151	28,065
Directory advertising expenses	138,505	172,104
Electricity	16,059	16,114
Entertainment	91,992	72,240
Event expenses	2,742,684	1,814,255
Hospitality	8,607	13,854
Insurance premium	33,447	33,036
Marketing expenses	12,635	156,999
Medical insurance	126,116	88,886
Professional fee	20,014	6,785
Project expenses	482,070	554,455
Office supplies and maintenance	59,706	84,991
Provision for bad debt	-	5,945
Rates	17,625	20,000
Recruitment	5,269	261,760
Rental expenses under operating leases	537,373	524,286
Social media	24,787	44,270
Staff costs	6,093,494	5,629,792
Telephone and fax	36,004	46,446
Trademark	4,095	3,469
Travelling	20,174	19,535
	<u>10,941,623</u>	<u>9,965,720</u>
Surplus/ (deficit) before taxation	<u>60,785</u>	<u>(992,060)</u>