

Australia China Business Council

ACN 075 909 625

Special Purpose Financial Report

For the year ended 30 June 2017

Australia China Business Council ACN 075 909 625
Special Purpose Financial Report – 30 June 2017

Contents

	Page
Directors Report	3
Auditors' independence declaration	5
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of changes in equity	10
Statement of Cash flows	12
Notes to the financial statements	13
Directors declaration	23
Independent audit report to the members	20

Australia China Business Council Directors Report

30 June 2017

Directors report

Your Directors present this report on the company for the financial year ended 30 June 2017.

Directors

The names of each person who has been a director during the year and at the date of this report are:

Mr John Brumby AO
 Mr Sean Keenihan
 Mr Tim Hogan-Doran
 Mr Ian McCubbin
 Dr Craig Emerson (Appointed 30 November 2016)
 Mr Daryl Guppy
 Mr Burckhard Schulz
 Mr James Young
 Mr Ken Smith
 Mr Martin Rees (Resigned 22 June 2017)
 Mr Adam Handley
 Mr Benjamin Foscett
 Ms Lili Pan
 Ms Jingmin Qian
 Mr Lawrence Smith
 Dr James Harrowell (Resigned 30 November 2016)
 Mr Peter Phillips (Resigned 22 March 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the company during the financial year were to promote two way trade and investment, economic cooperation and understanding between the business communities of Australia and China; to provide an opportunity for Australian business from all States and Territories to network on China business activities with their peers.

Short and Long Term Objectives

The company's short term objectives are to:

- Promote greater utilisation of ChAFTA by Australian and Chinese businesses through the commissioning of reports and delivery of projects and events for members.
- Extend the membership of ACBC beyond 1,000 members, across multiple sectors.

The company's long term objectives are to:

- Promote greater trade and investment between Australia and China businesses.
- Contribute to government policy to advocate for improved bilateral trade and investment.
- Enhance cultural understanding between Australia and China.
- Continue to be recognised as the peak body for matters related to Australia-China trade and investment.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- The company raises funds from members and stakeholders to deliver events that promote Australia-China trade and investment, business links and policy development.
- The company enters into partnerships with a range of governmental and community stakeholders to educate members and promote Australian resources and services.

- The company continually enhances the value proposition for membership so as to grow the ACBC membership beyond 1,000 members.

Australia China Business Council
Directors Report
30 June 2017

Key Performance Measures

The company measures its own performance through the use of quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

	2017	
Members	Actual	Goal
- Number of ACBC members	838	1,000
Operational & Financial		
Proportion of funding provided by:		
- Membership dues	26%	33%
- Sponsorships	34%	33%
- Event registrations & grants	35%	33%
Operating Cash Reserves:		
- Operating costs coverage	4.4 months	3 months

Information on Directors and Officers

Name	Qualification and Experience	Special Responsibilities
Mr John Mansfield Brumby AO	Company Director and former Premier of Victoria	National President & Chairman
Mr Sean Keenihan	Partner, Norman Waterhouse Lawyers	National Vice President
Mr Tim Hogan-Doran	Director, ShineWing Australia Pty Ltd	National Treasurer
Mr Ian McCubbin	Director and Solicitor	Immediate Past President
Dr Craig Emerson Appointed: 30/11/2016	Economist, former Federal Foreign & Trade Minister	Director, NSW Representative
Mr Daryl Guppy	CEO, Guppytraders.com	Director, NT Representative
Mr Burckhard Schulz	Owner and Managing Director, Bernie Schulz & Associates	Director, QLD Representative
Mr James Young	State Chief Executive, Colliers International	Director, SA Representative
Mr Ken Smith	Business Consultant, Former Speaker of the Lower House Victoria	Director, Vic Representative
Mr Martin Rees Resigned: 22 June 2017	Managing Partner, KPMG Tasmania	Director, Tas Representative
Mr Adam Handley	Managing Partner, Minter Ellison Lawyers, Head China Practice	Director, WA Representative
Mr Benjamin Foscett	Executive Director, Pathway Services	Director

Ms Lili Pan	Senior Associate & Executive Director China Business, Minter Ellison	Director
Ms Jingmin Qian	Company Director and Consultant	Director
Mr Lawrence Smith	Consultant, Former Executive Director International - Austrade	Director
Dr James Harrowell Resigned: 30/11/2016	Solicitor, Hunt & Hunt Lawyers	Director, NSW Representative
Mr Peter Phillips Resigned: 22/03/ 2017	Business Consultant	Director, ACT Representative
Ms Helen Sawczak	National CEO ACBC	Company Secretary

Australia China Business Council Directors Report 30 June 2017

Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr John Brumby AO	6	6
Mr Sean Keenihan	6	6
Mr Tim Hogan-Doran	6	6
Mr Ian McCubbin	6	6
Dr Craig Emerson	6	1
Mr Daryl Guppy	4	4
Mr Burckhard Schulz	6	6
Mr James Young	6	6
Mr Ken Smith	6	4
Mr Martin Rees	6	5
Mr Adam Handley	6	3
Mr Benjamin Foscett	5	5
Ms Lili Pan	6	5
Ms Jingmin Qian	6	5
Mr Lawrence Smith	6	5
Dr James Harrowell	6	5
Mr Peter Phillips	6	6
	6	6
	2	2
	5	4

Operating results

The operating profit for the year was \$164,482 (2016: surplus of \$213,583).

Dividends

The income and property of the Council, however derived, must be applied solely towards the promotion of the objects of the Council as set for in the Memorandum of Association and no part may be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the members of the Council other than payment in good faith of remuneration to any members, officers, or employees of the Council. Accordingly, no dividends have been declared or paid and no dividend is recommended by the directors.

Review of operations

Total members' funds are \$1,028,759 as at 30 June 2017 (2016: \$864,277)

State of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Council that occurred during the financial year under review.

Events subsequent to the balance due

Since the end of the financial year the directors are not aware of any matter or circumstance not otherwise dealt with in the report that has significantly or may significantly affect the operations of the Council, the results of those operations or the state of affairs of the Council in subsequent financial years.

Environmental regulation

The Council’s operations are not subject to any significant environmental regulations under either the Commonwealth or State legislation.

Likely developments

Further information about likely developments in the operation of the Council and the expected results of those operations in future financial years has not been included in this report because disclosures of the information would be likely to result in unreasonable prejudice to the Council.

Indemnification of office bearers

The Council’s constitution agrees to indemnify directors, officers and the auditor of the Council, out of the assets of the Council against any liability arising out of the execution of their position, except where the liability arises out of conduct involving a lack of good faith.

Auditor’s independence declaration

The Auditor’s independence declaration for the year ended 30 June 2017 has been received and can be found on page 6 of the financial report.

Australia China Business Council Directors Report
30 June 2017

Signed in accordance with a resolution of the Board of Directors.

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Director

AUSTRALIA CHINA BUSINESS COUNCIL
ACN 075 909 625

Sydney

Dated this day of2017



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AUSTRALIA CHINA BUSINESS COUNCIL

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 TO THE MEMBERS
OF THE AUSTRALIA CHINA BUSINESS COUNCIL**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- (i) the auditors independence requirement as set out in the Corporations Act 2001 in relation the audit; and
- (ii) any applicable code of professional conduct in relation to the audit

SWT SYDNEY

.....
R M TAYLOR

SYDNEY

Dated

Liability limited by a Scheme approved under the Professional Standards Legislation

Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from continuing operations	2	2,781,097	2,355,161
Other income	2	138,780	70,978
Total revenue		2,919,877	2,426,139
Employee expenses		(1,193,687)	(643,798)
Catering expenses		(564,545)	(500,938)
Communication expenses		(87,283)	(30,074)
Printing, stationary, postage and office expenses		(79,289)	(36,515)
Insurance expense		(11,737)	(14,659)
Rent expenses	3	(29,100)	(54,600)
Travel expenses		(112,296)	(89,793)
Accounting and auditing fees Bank and Merchant fees		(88,124)	(93,615)
Depreciation and amortisation expenses	3	(33,701)	(25,230)
Other expenses from ordinary activities		(6,815)	(6,933)
Total expenses		(548,818)	(716,411)
Net (Deficit) / Surplus		(2,755,395)	(2,212,556)
Other Comprehensive Income		164,482	213,583
Total Comprehensive Income		164,482	213,583
		164,482	213,583

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

Statement of Financial Position

As at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash assets	13(a)	1,300,419	1,035,298
Receivables	7	57,228	10,576
Other assets	8	9,024	0

Total current assets		1,366,671	1,045,874
Non-current assets			
Plant and equipment	5		
Intangible assets	6	11,303	10,573
Total non-current assets		-	-
		11,303	10,573
Total assets		1,377,974	1,056,447
LIABILITIES			
Current liabilities			
Payables	9		
Provisions	10	316,292	185,562
Total current liabilities		32,923	6,608
		349,215	192,170
Total liabilities			
		349,215	192,170
Net assets			
		1,028,759	864,277
Members' funds			
Contributed equity	11		
Retained earnings	12	12	12
Total members' funds		1,028,747	864,265
		1,028,759	864,277

The above statement of finance position should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 June 2017

Australia China Business Council

2017	2016
\$	\$

Total members' funds at the beginning of the financial year

864,277	650,694
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(Deficit) / Surplus for the year

164,482	213,583
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Total members' funds at the end of the financial year

<u>1,028,759</u>	<u>864,277</u>
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Statement of Cash flows

For the year ended 30 June 2017

	272,666	315,585
	(7,545)	(1,077)
	-	-
	(7,545)	(1,077)
	265,121	314,508
	1,035,298	720,790
	1,300,419	1,035,298
	2017 \$	2016 \$

Notes

Cash flows from operating activities

Cash receipts

2,950,546

2,512,157

Cash payments

(2,684,425)

(2,200,769)

Interest received

6,545

4,197

Net cash inflows from operating activities

13(b)

Cash flows from investing activities

Payment for plant and equipment

Payment for intangible assets

Net cash (outflows) from financing activities

Net increase in cash

Cash at the beginning of the year

Cash at the end of the year 13(a)

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

Notes to the financial statements

30 June 2017

Contents of the notes to the financial statements

	Page
1 Summary of significant accounting policies	12
2 Revenue from continuing operations	15
3 Expenses	15
4 Auditors remuneration	15
5 Plant and equipment	15
6 Intangible assets	15
7 Receivables	16
8 Other assets	16
9 Payables	16
10 Provisions	16
11 Contributed equity	16
12 Retained earnings	16
13 Notes to the statement of cash flows	17

14	Entity Details	17
15	Members’ guarantee	17
16	Related Party Transactions	18

The financial statements cover Australia China Business Council as an individual entity, incorporated and domiciled in Australia. Australia China Business Council is a company limited by guarantee.

1 Summary of significant accounting policies

The directors have prepared the financial statements on the basis that the council is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The council is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Australia China Business Council (The Council) receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

All revenue is stated net of the amount of goods and services tax.

(b) Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

(c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

1 Summary of significant accounting policies (continued)

(d) Employee Provisions

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

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

(e) Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts

(f) Accounts Receivables and Other Debtors

Accounts receivable and other debtors include amounts due from members, sponsors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented net of the amount of GST.

(h) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(i) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the council during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount normally paid within 30 days of recognition of the liability.

(j) Employee leave benefits

Wages, salaries, annual leave

Liabilities for wages and salaries, annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

1 Summary of significant accounting policies (continued)

(k) Significant Accounting Judgements, Estimates And Assumptions

The preparation of the financial statements requires management to make 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, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

	2017	2016
	\$	\$
2 Revenue from continuing operations		
Revenue from continuing operations:		
Member subscriptions	769,975	748,792
Functions	817,368	714,470
Sponsorship	995,580	782,431
Management fees received	-	-
Sponsor granted research	198,174	109,468
Advertising	-	-

	2,781,097	2,355,161
Other income:		
Interest revenue	6,545	4,197
Other	132,235	66,781
	138,780	70,978
	2,919,877	2,426,139

3 Expenses

Profit from ordinary activities has been arrived at after charging the following items:

Depreciation and amortisation	6,815	6,933
Rent expense	29,100	54,600

4 Auditors remuneration

Audit services: Auditors of the Council

14,000	13,500
---------------	---------------

5 Plant and equipment

Office furniture and equipment

At cost	28,970	12,607
Less: Accumulated depreciation	17,667	10,573
	11,303	23,180

Reconciliations:

Office furniture and equipment		
Carrying amounts at beginning of year	10,573	16,429
Adjustments		
Additions	7,545	1,077
Depreciation	(6,815)	(6,933)
	11,303	10,573

6 Intangible assets

Website development costs

At cost	46,147	46,147
Less: Accumulated amortisation	(46,147)	(46,147)
	-	-

Reconciliations:

Website development costs	-	
Carrying amounts at beginning of year	-	-
Additions		-
Adjustments	-	-
Amortisation	-	-
	-	-

2017	2016
\$	\$

7 Receivables

Trade debtors	57,228	5,536	Sundry debtors	-	5,040
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57,228	10,576
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8 Other assets

Prepayments

9,024	-
9,024	-

9 Payables

Fees received in advance

Sundry creditors and accruals

189,179	111,858
127,113	73,704
316,292	185,562

10 Provisions

Employee entitlements

32,923	6,608
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11 Contributed equity

Issued and paid up shares

12 ordinary shares, fully paid

12	12
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12 Retained earnings

Retained earnings at beginning of the year

Net (Deficit) / Surplus

Retained earnings at end of the year

864,265	650,682
164,482	213,583
1,028,747	864,265
2017	2016
\$	\$

13 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash included cash at bank. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the income statement as follows:

Cash at bank

Bank overdraft

1,300,419	1,035,298
-	-

	1,300,419	1,035,298
<i>(b) Reconciliation of net surplus/(deficit) to net cash provided by ordinary activities</i>		
Net (Deficit) / Surplus	164,482	213,583
Adjusted for non-cash items		
Depreciation and amortisation	6,815	6,933
Change in net assets and liabilities:		
Decrease / (Increase) in receivables	-	127,959
Decrease / (Increase) in other assets	(9,024)	-
(Decrease) / Increase in payables	84,078	(2,582)
(Decrease) / Increase in provisions	26,315	(30,308)
Net cash (outflows) / inflows from operating activities	272,666	315,585

14 Entity Details

The registered office of the company is:

International Chamber House
Level 5 121 Exhibition Street
Melbourne VIC 3000

The principal place of business is:

International Chamber House
Level 5 121 Exhibition Street
Melbourne VIC 3000

15 Members' guarantee

Every member of the Council has undertaken to contribute to the property of the Council, in the event of it being wound up while the member is a member or within one year after the member ceases to be a member, for payment of the debts and liabilities of the Council contracted before the member ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves, such amounts as may be required, not exceeding ten dollars (\$10.00). Currently there are 838 members.

16 Related Party Transactions

The Group's main related parties are as follows

Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Transactions with related parties

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

		2017	2016
		\$	\$
ShineWing Australia Pty Ltd	<p>The nature of transactions includes a sublease between ACBC and ShineWing Australia Pty Ltd for the provision of office space for the ACBC New South Wales Branch within the ShineWing offices at Level 8, 167 Macquarie Street, Sydney.</p> <p>Tim Hogan-Doran is a director of ACBC and a director of ShineWing Australia Pty Ltd. The landlord is ShineWing Australia Pty Ltd.</p> <p>ACBC pays ShineWing Australia Pty Ltd approx. \$1,650.00 (2016: \$0.00) per month for these offices. The amount charged to ACBC is less than the actual cost to ShineWing Australia Pty Ltd per month. ACBC is able to secure office space to meet the needs of the New South Wales offices in prestigious premises at a discounted rate. In addition, ACBC has access to ShineWing Australia Pty Ltd facilities to conduct events, receive official delegations and hold executive committee meetings for the New South Wales Branch at no cost.</p>	13,500.00	0.00
Hunt & Hunt Lawyers	<p>The nature of transactions includes a sublease between ACBC and Hunt & Hunt Lawyers for the provision of office space for the ACBC National Office and New South Wales Branch within the Hunt & Hunt offices at Level 13, 1 Macquarie Place, Sydney.</p> <p>Jim Harrowell is a director of ACBC and a Partner of Hunt & Hunt Lawyers. The landlord is Hunt & Hunt Lawyers.</p> <p>ACBC pays Hunt & Hunt Lawyers approx. \$0.00 (2016: \$2,000.00) per month for these offices. The amount charged to ACBC represents less than the actual cost to Hunt & Hunt per month. ACBC is able to secure office space to meet the needs of the National and New South Wales offices in prestigious premises at a discounted rate. In addition ACBC has access to Hunt & Hunt facilities to conduct events, receive official delegations and hold monthly board meeting for the New South Wales Branch at no cost.</p>	0.00	24,000.00

Directors declaration

30 June 2017

In accordance with a resolution of the directors of Australia China Business Council, the directors declare that:

1. The financial statements and notes, as set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, and:
 - (a) complying with Australian Accounting Standards applicable to the Council; and
 - (b) giving a true and fair view of the financial position of the Council's as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Director

Sydney

Dated

AUSTRALIA CHINA BUSINESS COUNCIL

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIA CHINA BUSINESS COUNCIL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australia China Business Council (The Council), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of The Council is in accordance with the Corporations Act 2001, including:

- (i). giving a true and fair view of the council's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii). complying with Australian Accounting Standards to the extent described in Note 1, and the Corporation Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's responsibilities for the *Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence requirements of the *Corporation 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.

We confirm that the independence requirements of the Corporations Act 2001 which has been given to the directors of The Council, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

We draw your attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors' for the Financial Report

The directors of The Council are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the 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 company's ability to continue as a going concern disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Liability limited by a Scheme approved under the Professional Standards Legislation



ABN 75 110 379 649

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AUSTRALIA CHINA BUSINESS COUNCIL

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIA CHINA BUSINESS COUNCIL

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 this financial report.

As part of the audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial report, 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 risks 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 purposes of expressing an opinion on the effectiveness of the Council'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 council'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 report 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 council to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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R M TAYLOR

SYDNEY

Dated