

CHAMBER OF COMMERCE AND INDUSTRY WESTERN AUSTRALIA LIMITED

TWENTY NINTH ANNUAL GENERAL MEETING

Wednesday, 18 November 2020 at 4pm

Level 5, 235 St Georges Terrace, Perth | MS Teams

(Teams link provided on registration)

AGENDA

1. Opening of Meeting
2. Previous Minutes
3. Chairman's Report
4. FY20 Audit
5. Appointment of Auditor
6. Election of a Member Elected Director
7. Board Attendance Register
8. Any Other Business

If you have not already done so, please register your attendance or request a Proxy Appointment Form by **COB Tuesday, 17 November 2020** via rachel.bidstrup@cciwa.com or 08 9365 7625

1. Opening of Meeting

To open the meeting and establish a quorum.

2. Previous Minutes

To approve the minutes of the Twenty Eighth Annual General Meeting of the Chamber of Commerce and Industry Western Australia Limited (CCIWA), held on Thursday, 21 November 2019.

MINUTES OF THE 2019 CCIWA ANNUAL GENERAL MEETING HELD IN THE BOARDROOM, 180 HAY STREET, EAST PERTH ON THURSDAY, 21 NOVEMBER 2019 AT 10AM

| | | |
|----------------------------|---|---|
| Present: | Ray Sputore, President & Chair Nicolle Jenkins, CCIWA Marcus Stafford AM, CCIWA Andy Byk, CCIWA Virginia Christie, CCIWA David Harrison, Murdoch University Alan Langford, Bankwest | Jane Cousins, NDS WA Amanda Williams, PwC Chris Rodwell, CCIWA (CEO) Matt Golds, CCIWA (Company Secretary) Rachel Bidstrup, CCIWA (Minutes) |
| Proxy appointments: | Christopher How, Bethanie Diana Quintero, Ocean Phoenix Kevin Brown, Perth Airport Nicki Ivory, CCIWA / Deloitte Steve Harris, Brand Agency Kitty Prodonovich, RCCI | Trina Pitt, WA General Practice Education Tricia Murray, Wanslea David Parker, Albemarle David Gray, David Gray & Assoc. Pat Leighton, Pat Leighton FCA Christine Hoycard, John Matthew & Sons |

The President opened the Twenty Eighth Annual General Meeting of the Chamber of Commerce and Industry of Western Australia Limited at 10.11am, a quorum being present.

1. MINUTES OF THE PREVIOUS MEETING

The minutes of the Twenty Seventh Annual General Meeting of the Chamber of Commerce and Industry of Western Australia, held on Thursday, 8 November 2018 were taken as read.

Proposed: Andy Byk
Seconded: Nicolle Jenkins

The motion was carried unanimously.

2. REPORT OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of the Board of Directors provided the following report on the 2018-19 financial year – *"In the last year, CCIWA has continued to modernise and sharpen our operations, to secure our status as the foremost champion of business in this State.*

With leadership from the Board and our CEO Chris Rodwell, we've introduced a new corporate strategy, focused on our members and enhancing our commercial offering.

Our efforts to transform the organisation are significant with the imminent launch of our digital platform, which aims to better engage with members, attract new ones and develop new revenue streams.

Of course, we remain the peak advocate in this State, winning the defining advocacy victory here of the last decade; the reform of the GST. It was built on strong qualitative and quantitative analysis and a strong campaigning capacity, but ultimately drew on CCIWA's trusted reputation as the peak business and industry body.

Thanks to this success, the State Government has a chance to perform Budget repair, and all West Australians will be better off into the future.

And we have built upon our success.

Since our AGM last year, CCIWA has campaigned for relief on payroll tax, which is ultimately a tax on jobs. It resulted in the State Government giving us more than we asked for; in just the last month, the Premier provided 12,000 local businesses relief from the jobs tax. 1,000 WA businesses will now pay no payroll tax whatsoever.

Successes like these reinforce our long tradition of sober and precise analysis. They enable us to strengthen trust in business and forge a more favourable policy environment for our members.

Our advocacy is supported by continuous engagement with State and Federal Parliamentarians, Departments, agencies and the Australian Chamber.

Last financial year we also hosted the State Budget Breakfast with over 600 attendees. The pinnacle of the year, however, was our hosting of the Prime Minister's first major economic address following the re-election of the Morrison Government. It was a clear demonstration of the reputation the organisation holds with key decision makers in the country. In an address earlier in the financial year, the Prime Minister remarked that our advocacy on the GST was one of the best campaigns in years.

Our support for businesses goes beyond advocacy. Services are a critical foundation for our members in areas such as workplace relations, consulting and legal services, international trade, the Employee Relations Advice Centre (ERAC), the Industry Capability Network, and the Entrepreneurs Programme.

I would like to take this opportunity to note my decision to step down as President and Board Chair at our December Board meeting.

It has been an honour to hold this position and I have greatly valued the support and input of my fellow board members over the years.

I am proud of our achievements, which I think demonstrate that CCIWA is a more effective and respected body than ever.

I will remain on the Board as a Director and look forward to working with the incoming President and Board Chair when they are appointed.

Finally, I'd like to thank and congratulate Chris Rodwell and every member of our staff for their efforts this year. CCIWA is rightly at the forefront of economic reform and continuously working to modernise and improve our value proposition to members.

Together we have made great strides to build WA's reputation as the best place to live and do business."

3. AUDITED FINANCIAL REPORT

The audited financial reports for the year 2018-19 financial year were taken as read. Nil questions were posed to PwC. The President formally moved that the accounts be received and adopted by the meeting.

Proposed: Marcus Stafford

Seconded: Tony Joyner

The motion was passed unanimously.

4. ELECTION OF MEMBER ELECTED DIRECTOR

The President advised that Mr Tony Joyner's current term as a Member Elected Director has ended and that he is now eligible for election. There being no further nominations for this vacancy, the President confirmed Mr Joyner's appointment for a further three-year term.

5. RESIGNATION OF MEMBER ELECTED DIRECTOR

The President advised that due to conflicting business commitments and priorities, Ms Janelle Marr had tendered her resignation from the Board of Directors. Ms Marr's resignation was noted by all.

6. RE-ELECTION OF MEMBER ELECTED MEMBERS OF THE GENERAL COUNCIL

The President advised that per the Transitional Provisions set out in Schedule 3 of the Constitution, all Member Elected Councillors are deemed to have retired from office at the first AGM held after the effective date of the new Constitution (being 11 January 2019). Therefore, the following councillors are eligible for re-election:

- Rowena Albones, Rio Tinto
- Kevin Brown, Perth Airport
- Brett Darley, Santos
- Kate Stannett, UBER
- Andrew Hill, Crown Perth
- Tricia Murray, WANSLEA Family Services
- Kitty Prodonovich, Regional Chambers of Commerce & Industry
- Jon Stagg, Wesfarmers

In accordance with the Rules and there being no further nominations, a ballot was not necessary. Therefore, the President confirmed the re-election of the above-mentioned Councillors.

7. DIRECTOR REMUNERATION

The President outlined the proposal to remunerate Directors, advising that following numerous Board discussions independent advice had been sought from board consultant, Lester Blades, to provide an assessment on Not for Profit industry director remuneration.

The report concluded that:

- Boards are facing intensive scrutiny and accountability requiring increased investment of time by directors
- Offering remuneration to directors means a broader cohort of people are available to take up the role
- There is a general trend of boards being remunerated in both corporate and NFP sectors
- The workload commitment of the CCIWA Board is significant – with Directors required to attend an average of 20 Board, Committee and General Council meetings a year

The recommendation, therefore, is to introduce Board remuneration appropriate to the CCIWA context. The level of remuneration being proposed is below the median/average point for directors on a similar sized board and sits just above the 25th percentile.

There being no questions or comments, approval for the following resolution was sought by members: ***The Members of the Chamber of Commerce and Industry Western Australia Limited, resolve to approve the payment of fees to CCIWA Directors to a maximum annual pool cap of \$280,000 plus annual CPI increase, commencing 1 January 2020.***

In order to avoid any conflicts of interest, the President and other Board members abstained from the vote.

Proposed: David Harrison
Seconded: Alan Langford

The motion was carried unanimously.

8. ELECTION OF AUDITORS

The President advised members that PwC retire as auditor and are eligible for re-election. The Rules require that the Auditor be appointed at the Annual General Meeting, upon terms recommended by the Board.

The Board, via recommendation from the Audit, Risk and Financial Oversight Committee, have requested that a tender process be undertaken to determine the appropriate audit partner going forward. PwC will be invited to participate in the tender. This process is being carried out early in 2020, with an appointment to be made soon after.

The President therefore moved that PwC remain as Auditor until the tender is complete and that the Audit, Risk and Financial Oversight Committee will then determine the auditor for FY20 and the related remuneration.

Proposed: Nicolle Jenkins
Seconded: Tony Joyner

The motion was carried unanimously.

9. GENERAL BUSINESS

The Vice President advised that the Board would like to award a member for their contribution to the Chamber of Commerce and Industry WA.

Awarding Life Membership is one of the few ways the Chamber can recognise and celebrate the involvement, support and impact a member has delivered. This member has been involved with the Chamber in a variety of roles since 1998, accumulating more than two decades of involvement. Beginning as a member of the Construction Industry Council which transitioned to the now Infrastructure Forum, he has contributed both his industry experience and guidance into the Chamber setting – to provide leadership and influence, particularly his way of working through industrial matters impacting members in the construction and resourcing sectors.

Moving through the last two decades, he joined General Council in 2003 and eventually the Board in 2010. He has Chaired or been a member of the REM Committee, audit and risk, and a Director of Apprenticeships Australia. You may realise who he is now – our current President, Ray Sputore.

Ray has led the organisation the last two years as President, through a significant transformation process. He has been an excellent chairman for WA, and even better, he will continue to be on our Board for years to come. But it doesn't end there, Ray is also currently the Deputy President of the Australian Chamber of Commerce and Industry and next week will (more than likely) be elected as the next President of the Australian Chamber.

If you know Ray, you will already know that is he genuine, committed and steadfast in his duty to make WA the best place to live and do business. These are more than words to him, he has dedicated an enormous amount of time and richness to this organisation. As a token of our respect and gratitude, we thank you Ray and welcome you to Life Membership of CCIWA.

There being no objections, Mr Sputore's Life Membership was confirmed.

The President thanked the Vice President and members for the recognition. There being no further business, the meeting was closed at 10.29am.

Signed: _____

Date: _____

3. Chairman's Report

To receive a verbal update from the Chairman on behalf of the Board, on the Chamber's activities throughout the year.

4. FY20 Audit

To receive the audited Financial Report for the financial year ended 30 June 2020, together with the Directors' Report and the Independent Audit Report.

**CHAMBER OF COMMERCE AND
INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

ANNUAL REPORT – 30 June 2020

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

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This financial report covers the entity of the Chamber of Commerce and Industry of Western Australia Limited and its subsidiaries outlined in Note 18.

The financial statements are presented in the Australian currency.

The Chamber of Commerce and Industry of Western Australia Limited is a company limited by guarantee domiciled in Western Australia. Its registered office and principal place of business is:

Level 5, 235 St Georges Terrace
Perth
WA 6000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' reports which is not part of the financial report.

The financial statements were authorised for issue by the directors on 28 August 2020. The directors have the power to amend and reissue the financial statements.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

DIRECTORS' REPORT

The directors present their report on the Chamber of Commerce and Industry of Western Australia Limited and its controlled entities for the year ended 30 June 2020. The financial report covers the Group consisting of the Chamber of Commerce and Industry of Western Australia Limited as the parent company and its subsidiaries Apprenticeships Australia Pty Ltd and Business Law WA Pty Ltd.

Directors

The following persons were directors of CCIWA during the financial year and up to the date of this report:

Board of Directors

Ms N Jenkins (Chairperson from 21 November 2019)
Mr M Stafford
Mr R Sputore (Chairperson to 20 November 2019)
Mr T Joyner
Ms N Ivory
Mr A Byk
Ms V Christie
Ms J Marr (resigned on 21 November 2019)

Chief Executive Officer

Mr C S Rodwell

Public Officer

Mr M J A Golds

Principal Activities

The Chamber of Commerce and Industry of Western Australia Limited is the leading business association in Western Australia and has been the voice of business for 130 years. CCIWA represents employer members from across all regions and industries in Western Australia, including local chambers of commerce, industry associations and employers, particularly small and medium enterprises, both in the private and government sectors. CCIWA's principal services aim to make Western Australia the best place to live and do business. These activities include, but are not limited to Employer Relations Advice, Training, Apprentice and Trainee Employment, On-site specialist IR support, Supply Chain support and International Trade Services.

Dividends

Under the terms of the Constitution, there is no ability for the directors to declare a dividend.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT (Continued)

Review of Operations

A summary of revenues and results by significant activities is set out below:

| | Revenue | | Results | |
|---|-------------------|-------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Subscription Revenue | 4,254,810 | 4,597,043 | | |
| Service Revenue | 16,209,120 | 16,156,586 | | |
| Revenue from contracts with customers | 1,013,042 | 1,218,429 | | |
| Service Contract | 310,618 | 643,889 | | |
| Rental Income | 22,837 | 150,374 | | |
| Government Stimulus | 1,803,380 | - | | |
| Fair Value Adjustment on Investment Funds Portfolio | 438,121 | 752,221 | | |
| Distribution Income | 450,056 | 705,729 | | |
| Interest Received | 86,933 | 178,305 | | |
| Other income | 18,000 | 62,155 | | |
| | <u>24,606,917</u> | <u>24,464,731</u> | | |
| Profit before Income Tax Expense | | | 1,372,549 | 1,348,123 |
| Income Tax (Expense) | | | (66,627) | (33,207) |
| Profit after Income Tax Expense | | | <u>1,305,922</u> | <u>1,314,916</u> |

Comments on operations and the results of those operations are set out below:

Throughout the year CCIWA continued its mission to be the champions for business promoting free enterprise, providing value adding services and strong advocacy on the issues that matter to the West Australian business community. The organisation continued to deliver strong outcomes for its members, succeeding in its campaign for payroll tax relief in November 2019, with further relief provided as a result of COVID-19 in April 2020.

CCIWA's business transformation also continued with the launch of its new digital presence in November 2019, following by the launch of its eLearning offer in June 2020. This work is helping to deepen the value proposition to its members. The advent of COVID-19 spurred the team to work tirelessly to support its members and the broader business community. Its creation of covid19.cciwa.com facilitated extraordinary engagement with business across WA with more than 17,000 document downloads from the site. The organisation launched its #smallshoutout campaign to encourage West Australians to support local businesses as well as a free-trial membership package to the market. Our employee relations advice centre and membership team provided unprecedented levels of support to members. The Apprenticeship Support Australia (ASA) contract with the Federal Government has been extended for a further two years.

CCIWA continues to stand for business and is committed to putting members at the centre of everything we do.

Matters Subsequent to the end of the Financial Year

On 16 July 2019 CCIWA signed an agreement to sell the head office premises at 180 Hay Street East Perth WA. At 30 June 2020 the asset has been transferred to current assets and is classified as held for sale. The premises was sold on 31 July 2020 for \$12,595,000 plus GST.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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DIRECTORS' REPORT (Continued)

Environmental Regulation

CCIWA is subject to minimal environmental regulation in respect of its operations.

Remuneration of Members of the General Council and Board

Non-executive directors receive a board fee, fees for chairing the board and committees, and Australian Chamber of Commerce and Industry board fees, refer to the table below. They do not receive performance-based pay or retirement allowances. The fees are exclusive of superannuation. Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed with effect from 1 January 2020.

The maximum annual aggregate directors' fee pool limit is \$280,000 plus annual CPI increase and was approved by shareholders at the annual general meeting on 21 November 2019.

| <i>Annual Base fees</i> | Full Year fees | From 1 January 2020 to 30 June 2020 |
|---|-----------------------|--|
| President/Chair | \$40,000 | \$20,000 |
| Other non-executive directors | \$20,000 | \$10,000 |
| <i>Annualised Additional fees</i> | | |
| Audit, Risk and Financial Oversight Committee – Chair | \$5,000 | \$2,500 |
| Nomination and Remuneration Committee – Chair | \$5,000 | \$2,500 |
| Australian Chamber of Commerce and Industry non-executive directors | \$5,000 | \$2,500 |

All non-executive directors enter into a service agreement with the consolidated company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Insurance of Officers

During the financial year, CCIWA paid a premium to insure all present and past directors and officers of CCIWA and its subsidiaries. The insurance grants indemnity against liabilities of directors and officers. In accordance with normal commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

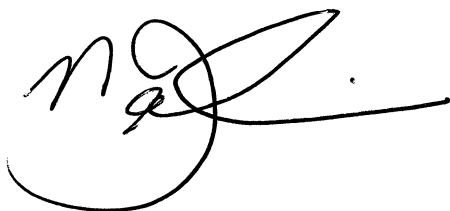
Auditor

PricewaterhouseCoopers continues in office in accordance with the policy of the Parent Entity.

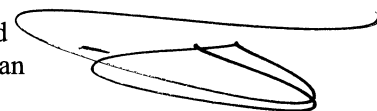
A copy of the Auditor's Independence Declaration as required under section 60:40 of the *Australian Charities and Not-for-Profits Commission Act 2012* is set out on page 4.

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

Nicolle Jenkins
Chairman



Marcus Stafford
Deputy Chairman



Perth
28 August 2020



Auditor's Independence Declaration

As lead auditor for the audit of Chamber of Commerce and Industry of Western Australia Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Chamber of Commerce and Industry of Western Australia Limited and the entities it controlled during the period.

Amanda Williams

Amanda Williams
Partner
PricewaterhouseCoopers

Perth
28 August 2020

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

CORPORATE GOVERNANCE STATEMENT

The Chamber of Commerce and Industry of Western Australia Limited (CCIWA) and the Board are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of members.

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the members for the performance of the Group in both the short and the long term and seek to serve the interests of members, employees, clients and the broader community honestly, fairly, diligently and in accordance with the governing constitution and board charter.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Management.

A description of the group's main corporate governance practices is set out below. All these practices unless otherwise stated, were in place for the entire year.

The Board of Directors

The Board operates in accordance with the principles set out in its charter and the governing constitution. The constitution details the Board's composition and responsibilities.

Board Composition

The constitution states:

- the Board is to be comprised of up to three directors appointed by and from the members of the General Council, up to five directors appointed by members and up to two directors appointed by the Board.
- the President of the General Council is the chairperson of the Board.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, it is the express objective of the Board to comprise a majority of independent directors.
- the Board is required to undertake an annual performance review and consider the appropriate mix of skills required to maximise its effectiveness and its contribution.

Responsibilities

The Board has leadership responsibility for the overall management and strategic direction of the organisation and for delivering accountable organisational performance in accordance with the organisation's goals and objectives. In performing its role, the responsibilities of the Board include:

- providing strategic direction to the organisation and deciding upon the organisation's strategies and objectives in conjunction with the CEO
- monitoring the strategic direction of the organisation and the attainment of its strategies and objectives in conjunction with the CEO
- monitoring the operational and financial position and performance of the organisation
- assuring the principal risks faced by the organisation are identified and overseeing that appropriate control and monitoring systems are in place to manage and mitigate these risks
- reviewing on a regular and continuing basis:
 - i) executive succession planning including the Chief Executive Officer; and
 - ii) executive performance and development activities.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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CORPORATE GOVERNANCE STATEMENT (Continued)

Board Members

Details of members of the Board and appointment dates are set out in the directors' report.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision making.

Term of Office

The CCIWA's constitution specifies that:

- a director shall retire from office no later than the conclusion of the first meeting of the Board after the Annual General Meeting occurring after the anniversary of the ninth consecutive year in office by that director since the director's first appointment provided that this provision does not apply to a director who serves as a representative or nominee director on behalf of the organisation on the Board of Australian Chamber of Commerce and Industry (or its successor organisations) for so long as that person continues to serve on the Board of that organisation in such a capacity
- the maximum term of office for the President is three years, with a maximum period of twelve years of total combined service as a director and Chair.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at CCIWA's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld.

Corporate Reporting

The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

- that the financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group; and
- are in accordance with the relevant accounting standards, to the extent described in the financial report.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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CORPORATE GOVERNANCE STATEMENT (Continued)

Board Committees

The Board has a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Nomination and Remuneration Committee and Audit, Risk and Financial Oversight Committee. Each is comprised entirely of non-executive directors.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed annually. All matters determined by the committees are submitted to the full Board as recommendations for Board decisions.

Minutes of committee meetings are tabled at the subsequent Board meeting, with the exception of the Nominations and Remuneration Committees which are circulated to the directors outside of the Board meetings.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of the following non-executive directors:

Mr R Sputore (Chairperson)
Ms N Jenkins
Mr M Stafford
Ms V Christie
Ms J Marr (resigned 21 November 2019)

The Nominations and Remuneration Committee operates in accordance with its charter and the main responsibilities of the committee are to:

- review and make recommendations on the operation and performance of the Board, particularly in respect of the membership of the Board.
- review the Board composition and make recommendation for appointments to the Board (including the retirement and/or removal of directors):
 - i) to fill a vacancy;
 - ii) to fill casual vacancies;
 - iii) where the committee considers the Board would benefit from the services of a new director with the necessary or desirable expertise or skills.
- review the Board's succession plans.
- ensure an effective induction program is in place for directors.
- review the composition of the Board committees and submit recommendations to the Board for changes to those committees when it is considered appropriate.
- review and recommend to the Board, remuneration policies and packages for the Chief Executive Officer and Chief Officers.
- recommend to the Board any changes in remuneration policy including superannuation, other benefits and remuneration structure for executives and which is likely to have a material impact on CCIWA.
- review and recommend to the Board proposals for short and long term incentive programs for the organisation.
- review and recommend to the Board any changes to non-executive directors' fees.
- be informed of and consulted on:
 - i) current trends in executive remuneration and associated incentive initiatives.
 - ii) legislative issues associated with executive remuneration programs; and
 - iii) current remuneration strategies applicable to all staff.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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CORPORATE GOVERNANCE STATEMENT (Continued)

Audit, Risk and Financial Oversight Committee

The Committee consists of the following non-executive directors:

Ms N Ivory (Chairperson)
Mr T Joyner
Mr R Sputore
Mr A Byk
Ms N Jenkins (appointed 21 November 2019)

The Audit, Risk and Financial Oversight Committee operates in accordance with its charter and the main responsibilities of the committee are to:

- monitor the procedures in place to ensure that CCIWA's external financial reporting is in compliance with The Australian Charities and Not-for-profits Act, Corporations Act (where applicable), Accounting Standards and other legislative and reporting requirements. In relation to this the Committee shall:
 - i) Review, assess and make recommendations on the appropriateness of accounting policies and principles.
 - ii) Review, assess and make recommendations on any significant estimates and judgements in financial reports.
 - iii) Upon receipt of information from management relating to accounting policy choice or method for making significant judgements, seek the opinion and view of external auditors.
 - iv) Review and assess information from external auditors that may affect the quality of financial reports.
 - v) Review and assess documents and reports to relevant regulators and make recommendations to the Board on their approval or amendment.
- make recommendations on the appointment of the external auditor and to monitor the effectiveness and independence of the external auditor.
- review the appropriateness of the internal and external audit approach, scope and methodology, ensure both internal and external audit is adequate, and emphasis is placed on areas where the Committee, management or the auditors believe special attention is necessary.
- ensure there have been no unjustified restrictions or limitations placed on the auditors (internal and external).
- review the efficiency and effectiveness of the internal and external auditors in relation to their respective responsibilities.
- review all internal and external audit reports to ensure that if material deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.
- review and assess non-audit service provision by the external auditor, with particular consideration to the potential for the provision of these services to impair the external auditor's judgement or independence.
- review and make recommendations on the external auditor's audit fee. In addition to reviewing the audit fee, the Committee should review and assess total fees paid to the external auditor, considering in particular fees for non-audit services and these fees as a proportion of total fees
- be satisfied that effective systems of accounting, legal and internal control are established and maintained to manage corporate risk.
- be satisfied that audit has appropriate involvement in corporate risk assessment.
- ensure that CCIWA has an effective risk management system in place, and that the Committee assesses this system.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

CORPORATE GOVERNANCE STATEMENT (Continued)

Audit, Risk and Financial Oversight Committee (Continued)

- ensure the Board is aware of any matters that might have a significant impact on the financial condition of CCIWA.
- review reports on any major defalcations, frauds and thefts from CCIWA and to ensure that internal control procedures are adequate.
- review the accounting and financial impact of significant transactions and projects which are not a normal part of the entity's business.
- review proposed transactions between CCIWA, its directors and members of management with a view to avoiding conflicts of interest.
- To oversee and review findings and recommendations made by the Investment Committee as outlined in CCIWA Investment Policy Statement.
- report any matter that the Committee considers should be brought to the attention of the Board.
- undertake any task or action that the Board requests or authorises, and
- assess its own performance on a regular basis.

External Auditors

The Board through the Audit, Risk and Financial Oversight Committee, appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. PricewaterhouseCoopers was first appointed as the external auditor in 1998 and have been reappointed each year by a motion at the Annual General Meeting.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the annual report, in note 3 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit, Risk and Financial Oversight Committee.

The external auditors meet twice yearly with the Audit, Risk and Financial Oversight Committee and attend the Annual General Meeting and are available to answer any member questions about the conduct of the audit and the preparation and content of the audit report.

Risk Assessment and Management

The Board, through the Audit, Risk and Financial Oversight Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, these policies are designed to protect CCIWA's members, clients and staff, CCIWA's reputation, CCIWA's position as a provider of quality business services and products and its assets.

CCIWA's risk management policy and the operation of the risk managements and compliance system are managed by the executive, with delegated authority through the Chief Executive Officer for day to day management.

Regular reports are provided to the Board, via the Audit, Risk and Financial Oversight Committee and on an annual basis the policy and strategy is reviewed.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**STATEMENT OF THE CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER**

As detailed in Note 1 to the financial statements, the Chamber of Commerce and Industry of Western Australia Limited (CCIWA) is not a reporting entity because, in the opinion of the Board of Directors, there are no users dependant on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the financial reporting requirements of the Australian Charities and Not-for-profit Commission Act 2012 and the needs of the Members.

The financial report is prepared in accordance with the books and records of the CCIWA and applicable Accounting Standards and other mandatory professional reporting requirements, to the extent described in Note 1.

In the Director's opinion, the financial statements and notes set out on pages 11 to 33 are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* including:

- i) Complying with the Australian Accounting Standards, the *Australian Charities and Not-for-profit Commission Act 2012* and other mandatory professional reporting requirements; and
- ii) Giving a true and fair view of Group's financial position as at 30 June 2020 and its performance for the financial year ended on that date.



C S Rodwell
Chief Executive Officer



M J A Golds
Chief Financial Officer

Perth WA

28 August 2020

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2020**

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|-------------------------|-------------------------|
| Revenues | | | |
| Revenue from contracts with customers | 2 | 21,787,590 | 22,615,947 |
| Other Income | | 2,819,327 | 1,848,784 |
| Total revenue and other income | | <u>24,606,917</u> | <u>24,464,731</u> |
| Expenditure from Operating Activities | | | |
| Employee benefits expenses | | (17,206,806) | (15,985,315) |
| Depreciation and amortisation expenses | 3 | (912,764) | (533,316) |
| Impairment expense | 3 | (15,416) | (437,023) |
| Finance Costs | 3 | (200,975) | (17,926) |
| Service contract expenses | | (310,618) | (643,889) |
| Insurance expenses | | (245,267) | (229,270) |
| Rental expenses | | (59,125) | (73,700) |
| General and administrative expenses | | (4,283,397) | (5,196,169) |
| Total expenditure | | <u>(23,234,368)</u> | <u>(23,116,608)</u> |
| Profit for the year | | 1,372,549 | 1,348,123 |
| Income tax expense | 4 | (66,627) | (33,207) |
| Total Comprehensive Income | 16 | <u>1,305,922</u> | <u>1,314,916</u> |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2020**

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 7,197,192 | 7,812,598 |
| Receivables | 6 | 5,018,474 | 2,699,478 |
| Financial assets at fair value through profit or loss | 8 | 23,113,572 | 22,275,479 |
| Carnet trust | 9 | 56,408 | 14,430 |
| Unspent service contracts | | 1,124 | - |
| | | <u>35,386,770</u> | <u>32,801,985</u> |
| Assets classified as held for sale | 10(a) | 8,294,379 | 7,918,931 |
| Total Current Assets | | <u>43,681,149</u> | <u>40,720,916</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10(b) | 200,672 | 356,816 |
| Intangible assets | 10(c) | 1,353,863 | 1,082,598 |
| Right-of-use assets | 12 | 8,999,240 | - |
| Deferred tax asset | 7 | 1,176 | 2,101 |
| Other financial assets | 11 | 43 | 35 |
| Total Non-Current Assets | | <u>10,554,994</u> | <u>1,441,550</u> |
| TOTAL ASSETS | | <u>54,236,143</u> | <u>42,162,466</u> |
| CURRENT LIABILITIES | | | |
| Payables | 13 | 1,968,640 | 1,654,793 |
| Income tax payable | | 13,652 | 11,585 |
| Lease liabilities | 12 | 1,188,148 | - |
| Deferred revenue | | 2,664,118 | 1,835,179 |
| Employee entitlements | 14 | 1,744,595 | 1,472,029 |
| Carnet trust | 9 | 56,408 | 14,430 |
| Unspent service contracts | | 273,687 | 372,637 |
| Total Current Liabilities | | <u>7,909,248</u> | <u>5,360,653</u> |
| NON-CURRENT LIABILITIES | | | |
| Employee entitlements | | 103,806 | 96,391 |
| Lease liabilities | 12 | 8,211,745 | - |
| Total Non-Current Liabilities | | <u>8,315,551</u> | <u>96,391</u> |
| TOTAL LIABILITIES | | <u>16,224,799</u> | <u>5,457,044</u> |
| NET ASSETS | | <u>38,011,344</u> | <u>36,705,422</u> |
| EQUITY | | | |
| Retained profits | 16 | 38,011,344 | 36,705,422 |
| TOTAL EQUITY | | <u>38,011,344</u> | <u>36,705,422</u> |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2020**

| | Business Research & Development Fund | Retained Earnings | Total |
|--|---|------------------------------|--------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2018 | 191,878 | 35,198,628 | 35,390,506 |
| Profit for the period | - | 1,314,916 | 1,314,916 |
| Transfer to retained earnings | (191,878) | 191,878 | - |
| Total comprehensive income for the year ended 30 June 2019 | (191,878) | 1,506,794 | 1,314,916 |
| Balance at 30 June 2019 | - | 36,705,422 | 36,705,422 |
| Balance at 1 July 2019 | - | 36,705,422 | 36,705,422 |
| Profit for the period | - | 1,305,922 | 1,305,922 |
| Total comprehensive income for the year ended 30 June 2020 | - | 1,305,922 | 1,305,922 |
| Balance at 30 June 2020 | - | 38,011,344 | 38,011,344 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2020**

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 25,095,332 | 24,191,329 |
| Payments to suppliers and employees (inclusive of GST) | | (24,401,425) | (24,002,373) |
| Income taxes (paid)/received | | (63,635) | 18,414 |
| Interest received | | 86,933 | 178,305 |
| Interest paid | | (167,101) | - |
| Net cash inflow from operating activities | 17 | <u>550,104</u> | <u>385,675</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 18,000 | 449,962 |
| Payments for property, plant and equipment | | (508,131) | (65,546) |
| Payments for intangible assets | | (489,793) | (309,930) |
| Net cash (outflow)/inflow from investing activities | | <u>(979,924)</u> | <u>74,486</u> |
| Cash flows from financing activities | | | |
| Lease liability payments | | (185,578) | - |
| Payments for shares acquired from associates | | (8) | - |
| Net cash (outflow)/inflow from financing activities | | <u>(185,586)</u> | <u>-</u> |
| Net (decrease)/increase in Cash and Cash Equivalents | | (615,406) | 460,161 |
| Cash and Cash Equivalents at the beginning of the financial year | | <u>7,812,598</u> | <u>7,352,437</u> |
| Cash and Cash Equivalents at the end of the financial year | 5 | <u><u>7,197,192</u></u> | <u><u>7,812,598</u></u> |

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying notes.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated 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 the consolidated entity consisting of the Chamber of Commerce and Industry of Western Australia Limited and its subsidiaries.

Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of preparation

(i) *Special purpose financial report*

In the directors' opinion, CCIWA is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose to meet the financial reporting requirements of the *Australian Charities and Not-for-profit Commission Act 2012* and of the Constitution.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. It contains only those disclosures considered necessary by the directors to meet the needs of the members. The Chamber of Commerce and Industry of Western Australia Limited and its controlled entities is a not-for-profit entity for the purpose of preparing financial statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(ii) *New and amended standards adopted by the group*

The entity has applied the following standard for the first time for their annual reporting period commencing 1 July 2019:

This note explains the adoption of AASB 15 on the company's financial statements.

The company has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the company has adopted the new rules using the simplified transition method.

As a result the amount by which each financial statement line item is affected by the adoption has been disclosed in note 2.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) New and amended standards adopted by the group

This note explains the adoption of AASB 16 on the group's financial statements.

As indicated in note 12 below, the group has adopted AASB 16 Leases retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provision in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 1(g).

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as operating lease under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.98%.

(b) Principles of Consolidation

The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by CCIWA as at the end of financial year and the results of all controlled entities for the year then ended. CCIWA and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Investments in associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below), after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity method

Unrealised gains on transactions between the group are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the members of the group.

(c) Income Tax

- (i) CCIWA (Parent entity) is exempt from income tax under section 50-40 of Income Tax Assessment Act (1997).
- (ii) Apprenticeships Australia Pty Ltd, a wholly owned subsidiary, is exempt from income tax via an endorsement as an Income Tax Exempt Charitable entity received from the Australian Taxation Office with effect from 1 July 2003.
- (iii) Business Law WA Pty Ltd, a wholly owned subsidiary, is subject to income tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income Tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Property, Plant and Equipment

Land and Buildings are recorded at cost plus incidental costs directly attributable to their acquisition. All other property, plant and equipment are recognised 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 group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(e) Intangible Assets

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials and service.

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software – 3 - 10 years

(f) Depreciation and amortisation

Depreciation is calculated so as to write off the net cost of each fixed asset during its expected useful life. The rates applied are as follows:

| | |
|---------------------------------|-------------|
| Motor vehicles | 25% |
| Equipment and fixtures | 10% - 33% |
| Buildings | 1% - 2% |
| Computer Equipment/IT Equipment | 10% -16.66% |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leased Non-Current Assets

(i) The group has changed its accounting policy for leases where the group is a lessee. The new policy impact of the change is shown in note 12 below.

The group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years, but may have extension options. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leased Non-Current Assets (continued)

(ii) To determine the incremental borrowing rate, the group:

- Where possible, uses recent third-party financing received by individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing and
- Makes adjustments specific to the lease, e.g. term and security

The group is not exposed to potential future increases in variable lease payments based on an index or rate, as all lease payments are negotiated at a fixed rate applicable at the beginning of the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee Entitlements

(i) *Wages and salaries, and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amount expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for the long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date 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 reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(i) Revenue Recognition

Subscription Revenue

Subscription revenue is derived from membership subscriptions which expire on an annual basis. This revenue is recognised on a straight-line basis over the subscription period. Subscription revenue is derived from membership subscriptions which are paid annually in advance and revenue is deferred and recognised equally over the duration of the membership contract.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue Recognition (continued)

Service Revenue

Consulting services are provided under both fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Contract revenue is recognised as and when services are provided in terms of the contract and only if the customer is able to control (use the advice) as and when it is received. Contract Revenue is recognised over time by measuring the progress towards completion of performance obligations. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised based on the distinct deliverables, where they are bundled into a contract, which can be upfront deliverables, specific deliverables during the course of the contract and ongoing support. Revenue is recognised in accordance with separate deliverables of the respective contracts.

Where each deliverable is not directly observable, estimates are made. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which we have a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Training and event revenue are recognised on the completion of the event. All monies received in advance of the training or events are recorded as liabilities.

Where service are provided in terms of a government fee for service contract and there is no entitlement to the revenue until full completion of all required tasks and submission of the claim to the government system, revenue is recognised upon the point in time at which the submission is made in the government system.

Where services are provided in terms of a government fee for service contract where funds are received in advance and a service is required to be available over a period of time, advance payment received is recorded as a liability and revenue is recognised equally over the duration during which these services are to be made available.

Service Contract revenue

Grant funds received are held as a liability and grant revenue is recognised as and when grant expenses are incurred.

Revenue from Contracts

Revenue from contracts is recognised upon the point in time that an international trade related document is issued

Interest Income

Interest income is recognised using the effective interest method.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of Assets

Assets are reviewed for impairment 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.

(k) Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See Note 6 for further information about the groups accounting for trade receivables.

(i) *Classification as trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(k) Trade Receivables (continued)

(ii) *Trade receivables and contract assets*

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2020 or 1 July 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days end the of the month.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(m) 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 taxation authority. 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 Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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(ACN 099 891 611)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

2 REVENUE

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Revenue recognised over time | | |
| Subscription revenue | 4,254,810 | 4,597,043 |
| Service revenue | 11,235,279 | 10,623,898 |
| Service contract revenue | 310,618 | 643,889 |
| Revenue from contracts with customers | 34,907 | 43,813 |
| | <u>15,835,614</u> | <u>15,908,643</u> |
| Revenue recognised at a point in time | | |
| Service revenue | 4,973,841 | 5,532,688 |
| Revenue from contracts with customers | 978,135 | 1,174,616 |
| | <u>5,951,976</u> | <u>6,707,304</u> |
| Other Income | | |
| Interest received | 86,933 | 178,305 |
| Rental Income | 22,837 | 150,374 |
| Fair value adjustment from investment designated at fair value through profit or loss | 438,121 | 752,221 |
| Distribution Income | 450,056 | 705,729 |
| Government Stimulus | 1,803,380 | - |
| | <u>2,801,327</u> | <u>1,786,629</u> |
| Profit and Other Income | | |
| Gain on disposal of property, plant and equipment | 18,000 | 62,155 |
| | <u>24,606,917</u> | <u>24,464,731</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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(ACN 099 891 611)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

3 EXPENSES

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Expenditure from operating activities includes the following specific expenses: | | |
| Expenses | | |
| Finance Costs | | |
| Lease Interest paid and bank charges | 200,975 | 17,926 |
| Depreciation and amortisation | | |
| Building depreciation | - | 136,437 |
| Plant & equipment depreciation | 108,006 | 216,045 |
| Computer Software amortisation | 218,528 | 180,834 |
| Depreciation Right-of-use assets | 586,230 | - |
| Total Depreciation and amortisation | <u>912,764</u> | <u>533,316</u> |
| Impairment | | |
| Plant and Equipment | 15,416 | - |
| Computer Software | - | 437,023 |
| Total Impairment | <u>15,416</u> | <u>437,023</u> |
| Auditor's remuneration | | |
| PricewaterhouseCoopers | | |
| Audit services | 45,425 | 77,617 |
| Other Assurance Services (Service Contracts) | - | 3,000 |
| Other services | 6,120 | 5,365 |
| | <u>51,545</u> | <u>85,982</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

4 INCOME TAX EXPENSE

| | 2020 | 2019 |
|--|----------------------|----------------------|
| | \$ | \$ |
| (a) Income Tax Expense | | |
| Current Tax | 65,702 | 31,835 |
| Deferred Tax | 925 | 1,372 |
| | <u>66,627</u> | <u>33,207</u> |
| Decrease in deferred tax assets (note 7) | <u>925</u> | <u>1,372</u> |
| | | |
| | 2020 | 2019 |
| | \$ | \$ |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Profit from continuing operations | <u>1,462,495</u> | <u>1,348,123</u> |
| Tax at the Australian tax rate of 27.5% | 402,186 | 370,734 |
| Income Tax Exempt | <u>(335,559)</u> | <u>(337,527)</u> |
| Income Tax Expense | <u>66,627</u> | <u>33,207</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

5 CURRENT ASSETS – Cash and Cash Equivalents

| | 2020 | 2019 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 3,697,192 | 2,312,598 |
| Deposits at call | 3,500,000 | 5,500,000 |
| | <u>7,197,192</u> | <u>7,812,598</u> |

6 CURRENT ASSETS – Receivables

| | 2020 | 2019 |
|--------------------|------------------|------------------|
| | \$ | \$ |
| Trade receivables | 3,622,474 | 2,365,752 |
| Loss allowance | (7,486) | (59,203) |
| Prepayments | 592,509 | 387,329 |
| Sundry receivables | 804,797 | - |
| Rental bonds | 6,180 | 5,600 |
| | <u>5,018,474</u> | <u>2,699,478</u> |

7 NON - CURRENT ASSETS – Deferred Tax Asset

The balance comprises of temporary differences attributable to:

| | 2020 | 2019 |
|--|--------------|--------------|
| | \$ | \$ |
| Receivables | 1,176 | 171 |
| Payables | - | 1,930 |
| | <u>1,176</u> | <u>2,101</u> |
| Deferred tax assets expected to be recovered after more than 12 months | 1,176 | 2,101 |
| | <u>1,176</u> | <u>2,101</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES
(ACN 099 891 611)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

8 CURRENT ASSETS – Financial assets at fair value through profit or loss

| | 2020 \$ | 2019 \$ |
|-----------------------|-------------------|-------------------|
| At 1 July | 22,275,479 | 20,889,185 |
| Fair value adjustment | 388,037 | 680,565 |
| Distribution income | 450,056 | 705,729 |
| At 30 June | <u>23,113,572</u> | <u>22,275,479</u> |

Investments held at Fair Value through profit and loss are marked to market and any net movement during the reporting period is recognised through the profit and loss account. The fair value of the financial instruments that are not traded in active market is determined using valuation techniques which maximise the use of observable market data. The fair value is based on observable inputs only and as such the financial instrument is classified in level 2 of the fair value hierarchy.

(i) Classification of financial assets at fair value through profit or loss

The group classifies the financial asset at fair value through profit and loss if the investment is managed and its performance evaluated on a fair value basis in accordance with the group's documented risk management strategy and information is provided about the investment on that basis to the entity's key management personnel.

(ii) Amounts recognised in profit or loss

Changes in fair value of financial assets at fair value through profit or loss are recorded in other income or other expenses in profit or loss 2020: gain \$1,005,805 (2019: \$1,525,956)

(iii) Risk exposure and fair value measurements

The group's risk management is carried out by the Finance Department under policies approved by the board of directors. The policy provides written principles for overall risk management.

9 CARNET TRUST

The Carnet Trust is available to facilitate the temporary duty-free importation of goods into countries and provides security for the payment of any Customs' duties and other taxes chargeable should the goods not subsequently be re-exported. This is required to be lodged with CCIWA as security, an amount equal to the highest assessment of duties and taxes payable plus 10% thereof.

The amounts held in Trust are not available funds for CCIWA.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

10 NON FINANCIAL ASSETS

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Assets classified as held for sale | | |
| Land and buildings | 7,728,008 | 7,353,911 |
| Furniture, fittings and equipment | 566,371 | 565,020 |
| | <u>8,294,379</u> | <u>7,918,931</u> |

(i) Asset held for sale

On 16 July 2019 an agreement was signed with an interested party to sell the main head office premises at 180 Hay Street East Perth WA. The sale was completed on 31 July 2020. The assets are recognised at the lower of their carrying value and their fair value. The fair value has been determined through the market sales price achieved for the building in July 2020.

(ii) Non-recurring fair value measurements

Assets held for sale during the reporting period were measured at the lower of their carrying amount and fair value less costs to sell at the time of the classification. The fair value of the assets was determined using the sales contract.

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| (b) Property, Plant and Equipment | | |
| Land and buildings – cost | 10,841,421 | 10,467,324 |
| Less: Accumulated depreciation and impairment expense | (3,113,413) | (3,113,413) |
| Assets classified as held for sale | <u>(7,728,008)</u> | <u>(7,353,911)</u> |
| | - | - |
| Plant and equipment – cost | 3,415,642 | 4,211,619 |
| Less: Accumulated depreciation and impairment expense | (2,750,767) | (3,430,963) |
| Assets classified as held for sale | <u>(566,371)</u> | <u>(565,020)</u> |
| | 98,504 | 215,636 |
| Motor vehicles – cost | 234,110 | 253,386 |
| Less: Accumulated depreciation and impairment expense | (131,942) | (112,206) |
| | <u>102,168</u> | <u>141,180</u> |
| Written down value | <u>200,672</u> | <u>356,816</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

| (c) Intangible Assets | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Computer software – at cost | 2,549,308 | 2,141,179 |
| Less: Accumulated amortisation and impairment expense | <u>(1,195,445)</u> | <u>(1,058,581)</u> |
| Written down value | <u>1,353,863</u> | <u>1,082,598</u> |

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| 11 INVESTMENTS IN ASSOCIATES | | |
| Australian Chamber Alliance Pty Ltd (i) | 10 | 10 |
| Chambers Apprenticeship Support Australia Pty Ltd (ii) | 33 | 25 |
| | <u>43</u> | <u>35</u> |

(i) The shares in Australian Chamber Alliance Pty Ltd, a company incorporated in Australia on 22 January 2007 represent 14.5% of the ordinary share capital.

(ii) The group purchased additional shares in Chambers Apprenticeship Support Australia Pty Ltd, a company incorporated in Australia on 31 January 2020 increasing the ordinary share capital to 33%.

(iii) The shares in controlled entities represent:

100% of the ordinary share capital of Apprenticeships Australia Pty Ltd, a company incorporated in Australia on 14 August 1998.

100% of the ordinary share capital of Business Law WA Pty Ltd, a company incorporated in Australia on 23 December 2014.

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

12 LEASES

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

| | 2020 \$ | 2019 \$ |
|------------------------------|------------------|------------|
| Right-of-use assets | | |
| Buildings | 8,438,020 | - |
| Motor Vehicles | 520,900 | - |
| Equipment | 40,320 | - |
| | <u>8,999,240</u> | <u>-</u> |
| Lease liabilities | | |
| Current | 1,188,148 | - |
| Non-current | 8,211,745 | - |
| | <u>9,399,893</u> | <u>-</u> |

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

| | | |
|--|----------------|----------|
| Depreciation charge of right-of-use assets | | |
| Buildings | 477,868 | - |
| Motor Vehicles | 108,362 | - |
| Equipment | - | - |
| | <u>586,230</u> | <u>-</u> |
| Interest expense (included in finance cost) | (165,079) | - |
| Expense relating to short-term leases | (59,126) | - |
| Expense relating to leases of low value assets not shown above as short-term leases | (155,106) | - |
| Expense relating to variable lease payments not included in lease liabilities | (78,794) | - |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

13 CURRENT LIABILITIES – Payables

| | 2020 | 2019 |
|-----------------|------------------|------------------|
| | \$ | \$ |
| Trade payables | 368,165 | 538,538 |
| Sundry accruals | 1,600,475 | 1,116,255 |
| | <u>1,968,640</u> | <u>1,654,793</u> |

14 CURRENT LIABILITIES – Employee Entitlements

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | \$ | \$ |
| Employee Entitlements | 1,744,595 | 1,472,029 |
| | <u>1,744,595</u> | <u>1,472,029</u> |

The current provision for employee entitlements includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Employee Entitlements expected to be settled after 12 months | 288,149 | 204,644 |

15 BUSINESS RESEARCH AND DEVELOPMENT FUND

The Business Research and Development Fund is a capital fund established to provide research and publicity on matters of concern to employers in Australia. The movements in the fund during the year were as follows:

| | 2020 | 2019 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Opening balance 1 July | - | 191,878 |
| Transfer to retained earnings | - | (191,878) |
| Closing balance 30 June | <u>-</u> | <u>-</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

16 RETAINED PROFITS

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | \$ | \$ |
| At 1 July | 36,705,422 | 35,198,628 |
| Total Comprehensive Income for the year | 1,305,922 | 1,314,916 |
| Transfer from reserve | - | 191,878 |
| At 30 June | <u>38,011,344</u> | <u>36,705,422</u> |

**17 RECONCILIATION OF NET PROFIT TO NET CASH (OUTFLOW) FROM
OPERATING ACTIVITIES**

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Net profit | 1,305,922 | 1,314,916 |
| Adjustments for: | | |
| Net loss/(gain) on disposal of property plant and equipment | 162,825 | (62,155) |
| Depreciation | 694,236 | 352,482 |
| Impairment | - | 437,023 |
| Amortisation | 218,528 | 180,834 |
| Change in operating assets and liabilities: | | |
| (Increase) in financial assets at fair value through profit or loss | (838,093) | (1,386,294) |
| (Increase) in receivables | (1,309,019) | (537,664) |
| (Increase)/Decrease in prepayments | (1,009,977) | 195,261 |
| Decrease in deferred tax | 925 | 1,372 |
| Decrease in Current Tax Asset | - | 38,664 |
| Increase in payables | 313,847 | 35,210 |
| Movement in income tax payable | 2,067 | 11,585 |
| (Decrease)/Increase in unspent service contracts | (100,074) | 67,687 |
| Increase/(Decrease) in deferred revenue | 828,937 | (276,133) |
| Increase in employee entitlements | 279,980 | 12,887 |
| Net cash Inflow from operating activities | <u>550,104</u> | <u>385,675</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

18 RELATED PARTIES

Other Related Party Transactions

Given the organisation's policy of providing services to members and preferred dealings with members and affiliated associations CCIWA had a number of related party transactions. All transactions are undertaken on normal commercial terms.

Wholly Owned Group

The wholly owned group consists of the Chamber of Commerce and Industry of Western Australia Limited, its 100% controlled entity Apprenticeships Australia Pty Ltd (AA) and its 100% controlled entity Business Law WA Pty Ltd (BLWA)

Transactions between CCIWA, AA and BLWA during the year ended 30 June 2020 consisted of:

- (a) Interest bearing loans between group entities.
- (b) Payment from AA to CCIWA for staff resources \$4,354,594 (2019: \$4,217,283)
- (c) Payment from CCI to AA for rent \$710,139 (2019: \$1,076,456) on normal commercial terms.
- (d) Payment to AA from BLWA for rent on normal commercial terms \$24,374 (2019: \$8,120)
- (e) Internal administration fees paid from AA to CCIWA of \$1,821,919 (2019: \$1,923,561)
- (f) Internal administration fees paid from BLWA to CCIWA of 324,822 (2019: \$176,245)
- (g) Payroll expenses paid from BLWA to CCIWA \$554,152 (2019: \$265,014).

Aggregate loan amount to CCIWA at balance sheet date

| | 2020 | 2019 |
|-------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Current (Payable) | | |
| - Apprenticeships Australia Pty Ltd | (13,937,402) | (11,485,201) |
| | <u>(13,937,402)</u> | <u>(11,485,201)</u> |

Aggregate loan amount from CCIWA at balance sheet date

| | 2020 | 2019 |
|------------------------------|-----------------|---------------|
| | \$ | \$ |
| Current (Payable)/Receivable | | |
| - Business Law WA Pty Ltd | (51,872) | 75,947 |
| | <u>(51,872)</u> | <u>75,947</u> |

**CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 June 2020**

19 PARENT ENTITY FINANCIAL INFORMATION

| | 2020 | 2019 |
|----------------------------|-------------------|------------------|
| | \$ | \$ |
| Balance sheet | | |
| Current assets | 29,088,393 | 25,408,833 |
| Total assets | 38,746,824 | 26,784,050 |
| Current liabilities | 20,787,820 | 16,719,004 |
| Total liabilities | 28,410,450 | 16,815,395 |
| <i>Equity</i> | | |
| Retained Earnings | 10,333,374 | 9,968,655 |
| | <u>10,333,374</u> | <u>9,968,655</u> |
| Profit for the period | <u>458,803</u> | <u>559,692</u> |
| Total comprehensive income | <u>458,803</u> | <u>559,692</u> |



Independent auditor's report

To the members of Chamber of Commerce and Industry of Western Australia Limited

Our opinion

In our opinion:

The accompanying financial report of Chamber of Commerce and Industry of Western Australia Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated 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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 and for internal purposes to assist Chamber of Commerce and Industry of Western Australia Limited and its members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Chamber of Commerce and Industry of Western Australia Limited and its members and should not be used by parties other than Chamber of Commerce and Industry of Western Australia Limited and its members. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 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 the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for 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 ability of the Group 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 Group 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/ar3.pdf. This description forms part of our auditor's report.

A stylized, handwritten-style signature of "PricewaterhouseCoopers" in a dark grey or black ink.

PricewaterhouseCoopers

A handwritten signature of "Amanda Williams" in a dark grey or black ink.

Amanda Williams
Partner

Perth
28 August 2020

5. Appointment of Auditor

To appoint the auditor for the financial year ending 30 June 2021.

6. Election of a Member Elected Director

To elect Ms Virginia Christie as a Member Elected Director.

By way of background, per Item 4 (b) of Schedule 2 of the Constitution, the minimum number of Member Elected Directors is four (4). Due to the resignation of Ms Janelle Marr in November 2019, there are currently only three (3) Directors who fall under this category.

The transfer of Ms Virginia Christie from Board Appointed to Member Elected Director will ensure the organisation is meeting its Constitutional requirements with regards to Board composition.

Ms Christie's original three (3) year term as Director will remain, with the opportunity for re-election at the 2022 Annual General Meeting.

The current Board composition is shown below for information.

Member Elected Directors (*min 4, max 5*):

- Mr Ray Sputore
- Mr Tony Joyner
- Mr Andy Byk

Board Appointed Directors (*min 1, max 2*):

- Ms Nicki Ivory
- Ms Virginia Christie

Council Elected Directors (*min 2, max 3*):

- Ms Nicolle Jenkins
- Dr Marcus Stafford AM

7. Board Attendance Register

As agreed at the 2019 Annual General Meeting, a register of attendance for FY20 Board and Board Committee meetings is included below for noting.

CCIWA Board

| | Aug-19 | Oct-19 | Dec-19 | Feb-20 | Apr-20 | Jun-20 |
|-------------------|--------|--------|--------|--------|--------|--------|
| Nicolle Jenkins | Y | Y | Y | Y | Y | Y |
| Marcus Stafford | Y | Y | N | Y | Y | Y |
| Ray Sputore | Y | Y | Y | Y | Y | Y |
| Tony Joyner | Y | Y | N | N | Y | Y |
| Andy Byk | Y | Y | Y | Y | Y | Y |
| Virginia Christie | Y | Y | Y | Y | Y | Y |
| Nicki Ivory | Y | N | Y | Y | Y | Y |

Audit, Risk and Financial Oversight Committee

| | Aug-19 | Nov-19 | Feb-20 | May-20 |
|-------------|--------|--------|--------|--------|
| Nicki Ivory | Y | Y | Y | Y |
| Tony Joyner | Y | Y | Y | Y |
| Andy Byk | Y | Y | Y | Y |
| Ray Sputore | Y | Y | Y | Y |

Nominations and Remuneration Committee

| | Aug-19 | Nov-19 | Feb-20 | May-20 |
|-------------------|--------|--------|--------|--------|
| Ray Sputore | Y | Y | Y | Y |
| Nicolle Jenkins | Y | Y | Y | Y |
| Marcus Stafford | Y | Y | Y | Y |
| Virginia Christie | Y | Y | Y | Y |

8. Any Other Business

To discuss any other business not covered elsewhere on the agenda.