

SHAOLIN TEMPLE FOUNDATION (AUSTRALIA) LTD

ABN 84 119 802 372

**Financial Report
For the Year ended 30 June 2018**

Australian MBA Accountants Pty Ltd
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DIRECTORS' REPORT

The Directors present this report on the entity for the financial year ended 30 June 2018.

DIRECTORS

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

YONGXIN SHI - Director	Appointed 22/05/2006
DALIANG QIAN – Director	Appointed 04/11/2015
MINGJUN HAN – Director	Appointed 22/03/2018
YANJING SHI - Director	Appointed 16/02/2015
JOHN WANG - Secretary	Appointed 16/02/2015

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were undertaking development for the Shaolin Temple within the Sholhaven with a charitable purpose that is for the public benefit.

No significant change in the nature of these activities occurred during the year.

FINANCIAL POSITION

The net assets of the company at 30 June 2018 were -\$846,618 (2017: -\$798,492). Total assets increased by \$196,074 to \$7,670,158 and total liabilities increased by \$244,200 to \$8,516,776 with cash of \$28,507 (2017: \$203,292).

STATE OF AFFAIRS

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

REVIEW OF OPERATIONS

Total revenue for the year was \$330 (2017: \$550). The total expenses for the year amounted to \$48,456 (2017: \$334,751).

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations, or the state of affairs of the entity in the subsequent financial years.

DIRECTORS BENEFITS

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

A handwritten signature in black ink, appearing to be the name 'Daliang Qian' in a stylized cursive script.

Director

DALIANG QIAN

Dated this 12 /12/ 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue			
Donations	5	15	-
Interest revenue	5	315	550
		330	550
Expenses			
Depreciation and Amortisation expense	6	-	(2,617)
Legal costs		(18,880)	(312,878)
Other expenses	7	(29,576)	(19,256)
Loss before income tax expense		(48,126)	(334,201)
Income tax expense		-	-
Loss for the year		(48,126)	(334,201)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(48,126)	(334,201)

These financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	28,507	203,292
Trade and other receivables	10	22,548	1,320
TOTAL CURRENT ASSETS		<u>51,055</u>	<u>204,612</u>
NON-CURRENT ASSETS			
Trade and other receivables	10	57,178	57,178
Property, Plant and Equipment	11	7,561,925	7,210,674
Other assets	12	-	1,620
TOTAL NON-CURRENT ASSETS		<u>7,619,103</u>	<u>7,269,472</u>
TOTAL ASSETS		<u>7,670,158</u>	<u>7,474,084</u>
NON-CURRENT LIABILITIES			
Financial liabilities	13	8,516,776	8,272,576
TOTAL NON-CURRENT LIABILITIES		<u>8,516,776</u>	<u>8,272,576</u>
TOTAL LIABILITIES		<u>8,516,776</u>	<u>8,272,576</u>
NET ASSETS		<u>(846,618)</u>	<u>(798,492)</u>
EQUITY			
Retained Profits/Losses ("–")		<u>(846,618)</u>	<u>(798,492)</u>
TOTAL EQUITY		<u>(846,618)</u>	<u>(798,492)</u>

These financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	(464,291)	(464,291)
Profit/(Loss) for the year	<u>(334,201)</u>	<u>(334,201)</u>
Balance at 30 June 2017	<u>(798,492)</u>	<u>(798,492)</u>
Balance at 01 July 2017	<u>(798,492)</u>	<u>(798,492)</u>
Profit/(Loss) for the year	<u>(48,126)</u>	<u>(48,126)</u>
Balance at 30 June 2018	<u>(846,618)</u>	<u>(846,618)</u>

These financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Received from donation		15	-
Payments to customer, suppliers and employees		(68,064)	(331,449)
Interest received		315	551
Net cash used in operating activities	9(b)	(67,734)	(330,898)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(351,251)	-
Net cash provided by investing activities		(351,251)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from related parties' loan		244,200	194,000
Net cash inflow from financing activities		244,200	194,000
Net (decrease)/increase in cash and cash equivalents		(174,785)	(136,898)
Cash and cash equivalents at beginning of year		203,292	340,190
Cash and cash equivalents at end of year	9(a)	28,507	203,292

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1 - Nature of operation

The entity 's principal activities were to undertake development for the Shaolin Temple Within the Sholhaven with a charitable purpose that is for the public benefit.

Note 2 - General information and statement of compliance

The general purpose of financial statements of the entity have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the entity applying not-for-profit specific requirements contained in the Australian Accounting Standards.

ShaoLin Temple Foundation (Australia) LTD is a public company limited by guarantee and domiciled in Australia. The address of its registered office and its principal place of business is Suite 1312, 87-89 Liverpool Street, Sydney, NSW 2000 Australia.

The entity was incorporated on 22/05/2006.

The financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board on 11 December 2018.

Note 3 - Changes in accounting policies

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more significant standards are presented below.

(a) AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(b) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

(c) **AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable amount of Non-Cash-Generating Specialised Assets of Not-for Profit Entities**

The Standard amends AASB 136 Impairment of Assets to:

- Remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and
- Clarify that recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that:

AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets; and

AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138

AASB 2016-4 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these standards has not had a material impact on the entity.

Note 4-Summary of accounting policies

(a) **Overall Considerations**

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) **Reporting Basis and Conventions**

The financial statement has been prepared on an accrual basis and is based on historical cost modified by the revaluation of selected non-current assets.

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

(c) Significant Accounting Policies

I. Revenue recognition

Revenue comprises donations and interest received.

Revenue is measured by reference to the fair value of consideration received or receivable by the Entity.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria has been met. Detail of the activity-specific recognition criteria is described below.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Entity gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest Income

Interest income is recognised on accrual basis using the effective interest rate method. When a receivable is impaired, the company reduces the carrying value amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

II. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

III. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost of fair value less, where applicable, any accumulated depreciation and impairment losses. The depreciable amount of all fixed assets is depreciated on a primary cost basis over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Land

Land held for use in production or administration is stated at revalued amounts. Revalued amounts are fair market values based on appraisals prepared by external professional valuers once every two (2) years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and Equipment

Plant and equipment (comprising motor vehicles and property development costs) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Entity's management.

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

Plant and Equipment: 3-10 years
Motor Vehicles: 4-10 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

IV. Cash and cash equivalents

Cash and cash equivalents comprise demand deposits.

V. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in entity, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics.

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

VI. Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in a liability's fair value that are reported in profit or loss are included within finance costs or finance income.

VII. Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

VIII. Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 5 - Revenue and Other Income

	2018	2017
	\$	\$
Donations	15	-
Interest revenue	315	550
	330	550

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

	2018	2017
	\$	\$
Note 6 – Depreciation and Amortisation expense		
Plant & Equipment	-	720
Motor vehicles	-	1,897
	<u>-</u>	<u>2,617</u>

Note 7 – Other expenses

Bank Fees and charges	478	300
Consultant fees	2,910	5,986
Accountancy	2,500	2,130
Fees & Charges	1,781	1,830
Filing Fees	551	296
Rate tax & Interests	1,620	-
Land tax & Rates	1,065	2,086
Council Rates	9,894	4,886
Water Rates	129	128
MV/Car - Fuel	10	-
MV/Car - Lease	152	-
MV/Car - Others	95	-
Sundry Expenses	181	-
Travel & Accommodations	8,210	1,614
	<u>29,576</u>	<u>19,256</u>

Note 8 – Cash and cash equivalents

Cash at bank		
ANZ#**37026	19,600	180,994
ANZ#**35696	8,892	22,298
ANZ#**15532	15	-
	<u>28,507</u>	<u>203,292</u>

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

2018	2017
\$	\$

Note 9 – Notes to the Cash Flow Statement**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance Sheet as follows:

Cash at bank	28,507	203,292
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(b) Reconciliation of loss from ordinary activities after Income tax to net cash used in operating activities

Profits after income tax	(48,126)	(334,201)
Add non-cash items in operating costs:		
Depreciation and Amortisation	-	2,617
Changes in assets and liabilities relating to operations:		
- Account Payables	-	(14,706)
- Capitalised rate, tax and interests	1,620	-
- Current Tax assets	(21,228)	15,392
	<u>(67,734)</u>	<u>(330,898)</u>

Note 10 – Trade and other receivables

Current		
Other receivable - GST	22,548	1,320
Non-Current		
Receivable from Shaolin Temple Aus & NZ Association	52,678	52,678
Receivable from Shaolin Kungfu Meditation T	4,500	4,500
	<u>57,178</u>	<u>57,178</u>

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

	2018	2017
	\$	\$
Note 11 – Property, plant and equipment		
Property Development Cost		
Capitalised development expenses-Opening balance	680,468	680,468
Capitalised interests - Shoalhaven Council	412,744	412,744
Design Fee - CM Plus	120,563	120,563
A-Plus Architecture	9,100	-
APP Corporation	158,600	-
APP Subcontractor	151,551	-
CGL Trading	32,000	-
	<u>1,565,026</u>	<u>1,213,775</u>
Land - at Cost	<u>5,996,899</u>	<u>5,996,899</u>
Equipment and motor vehicle		
Equipment		
Opening balance	720	720
Less Accumulated Depreciation	(720)	(720)
Written Down Value	<u>-</u>	<u>-</u>
Motor Vehicle		
Opening balance	9,500	9,500
Less Accumulated Depreciation	(9,500)	(9,500)
Written Down Value	<u>-</u>	<u>-</u>
Total Written Down Value	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 30 June 2018 (Continued)

	2018	2017
	\$	\$
Reconciliation		
Reconciliation of the written down value at the beginning and end of the current and previous financial year is set out below:		
Opening Written Down Value	-	2,617
- Depreciation Expenses	-	(2,617)
Closing Written Down Value	-	-
	<hr/>	<hr/>
Total Property, Plant and equipment	7,561,925	7,210,674

Note 12 – Other Assets

Capitalised rate, tax and interests	-	1,620
	<hr/>	<hr/>

Note 13 – Financial Liabilities

Loan from Shaolin Temple China	7,914,576	7,672,576
Loan from MINGJUN HAN	602,200	600,000
	<hr/>	<hr/>
	8,516,776	8,272,576

Note 14 – Contingent Liabilities

The Company has no contingent liabilities at 30 June 2018 or 30 June 2017.

Note 15 – Events after balance sheet date

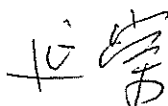
In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial year and the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

**Directors' Declaration
for the year ended 30 June 2018**

- 1 In the opinion of the directors of Shaolin Temple Foundation (Australia) Ltd:
- (a) The financial statements and notes of Shaolin Temple Foundation (Australia) Ltd are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations and *The Australian Charities and Not-for-Profits Commission Regulation 2013*).
 - (b) There are reasonable grounds to believe that Shaolin Temple Foundation (Australia) Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Director



DALIANG QIAN

Dated this 12th of December 2018