



ABBOTSFORD CONVENT FOUNDATION



ANNUAL REPORT and SPECIAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ACN: 098 462 474

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This financial report covers Abbotsford Convent Foundation as an individual entity. Abbotsford Convent Foundation (the "ACF" or "Foundation") is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and the principal place of business is:

Ground Floor, Convent Building
1 St Heliers Street
Abbotsford VIC 3067

A description of the nature of the company's operations and its principal activities is included in the Directors' Report.

Cover Image: "Jill Orr, *Laundry* creative development (documentation), 2019, *Temporal Proximities*, Magdalen Laundry, Abbotsford Convent 1 – 3 March 2019. Curated by Kelli Alred. Photo: Anne Moffat"

Directors' Report

Directors

The Directors of the Company during or since the end of the financial year are:

Victoria Marles (*Chair*)

Stuart Kells

David Laidlaw (*Deputy Chair*)

Michael Sokulski

Diana Heggie

Antonia Syme

Ronald Jones

Judy Williams

Ruth Jones

Elizabeth Ward-Christie (*retired 4th December 2018*)

The Directors receive no remuneration or other compensation. Details of the Directors' qualifications and experience are set out in pages 25 to 27 of the financial report.

Principal Activities

The Abbotsford Convent Foundation ("ACF") is a not for profit company established to develop the Abbotsford Convent ("Convent") as a centre for the promotion, development, creation and display of culture, arts and learning. This includes literature, music, performing arts, visual arts, craft, design, film, community arts and Aboriginal and Torres Strait Island arts.

The ACF is an Australian public company limited by guarantee and is a charitable organisation. As such it has obtained income tax exempt status under Subdivision 50-45 of the *Income Tax Assessment Act 1997*. It is also the trustee for the Abbotsford Convent Foundation Arts Trust, ("the Trust") which is also a charitable organisation and has obtained income tax exempt status under Subdivision 50-45 of the *Income Tax Assessment Act 1997*. The Trust is also treated as a deductible gift recipient under Subdivision 30-BA of the *Income Tax Assessment Act 1997*.

Objectives

The objectives for the Convent are contained within the Strategic Plan. This was developed by the Directors in conjunction with senior ACF management and independent professional members of Board sub-committees. The Strategic Plan sets out the principles and priorities established for the governance and stewardship of the Convent.

The ACF's Vision for the Abbotsford Convent is to become:

An entrepreneurial, financially independent, nationally recognised, creative catalyst and a welcoming, open and inclusive place that maximises cultural impact through complementary cultural and commercial activities.

The Strategic Plan is built on four main aims that serve as a roadmap to achieving our Vision. These are as follows:

- ACTIVATION:** The Abbotsford Convent will be a catalyst for cultural development, animated by creative and entrepreneurial people. It will be a place that encourages cultural engagement in a broad civic and social sense, as well as fostering excellence in the fine and applied arts.
- PLACE:** The Convent will be a place that inspires, supports and reflects a vibrant mix of cultural and community activities while conserving and enhancing the heritage assets of the Convent and ensuring maximum access and amenity for all visitors.
- VIABILITY:** The ACF will achieve financial independence through uses that generate income and extend the scope and quality of outcomes relating to the place and its activation.
- GOVERNANCE:** The ACF will make decisions and perform our role in a manner that reflects our core values and that encourages accountability, operational efficiency and responsiveness to needs as they arise.

Review of Operations

The ACF's ongoing operations continue to grow and generate positive cash flows through its mix of tenancy, car park and venue hire businesses.

Total Operating Revenue grew to \$3,985,179 (2018: \$3,645,837) which is an increase of \$339,342 (9.3%) over the previous year. This growth is primarily attributable to rental income from the recently restored Sacred Heart building, and increases from car parking operations, venue hire and event activities. Grant Income for operating activities decreased by \$22,025 (8.0%) to \$254,696 (2018: \$276,721) and represented only 6.4% of total operating revenues reflecting the self-sustaining nature of the Convent's operation.

Operating expenditures grew by \$559,212 (16.2%) and reflects the growth in the Convent's operations. Expenditures on activities relating to income from grants grew to \$361,382 (2018: \$127,916) and is \$106,686 greater than recorded grant income for the year. This is attributable to the timing difference between grant income received and expended and produced an Operating Deficit before Depreciation of \$19,398 (2018: \$208,625 surplus).

Grant Income of \$1,564,967 for capital project relates mainly to the restoration of the Magdalen Laundry and this project was completed in May 2019.

The overall result was a surplus of \$748,463.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Dividends

As the ACF is a company limited by guarantee it is not permitted to pay dividends to its members.

Company Secretary

John Di Natale is the Company Secretary. He has a Bachelor of Economics and post-graduate studies in Marketing from Monash University.

Indemnification and Insurance of Officers

The ACF has in place a Directors' and Officers' insurance policy. During the year premiums totalling \$8,279 (2018: \$7,753) were paid in respect of Directors' and Officers' insurance.

Auditor

Deloitte Touche Tohmatsu resigned as auditor with ASIC approval on 4th December 2018. Banks Group Assurance Pty Ltd was appointed in their stead and continues in office under section 327 of the Corporations Act 2001 until the Annual General Meeting.

Auditor's Independence Declaration

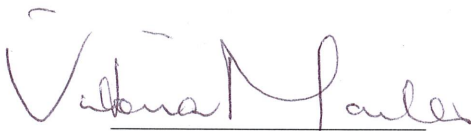
The auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the financial year ended 30 June 2019.

Director Meetings

Directors' attendance at Board meetings during the year was as follows:

	Meetings attended	Meetings eligible to attend	Notes
Diana Heggie	6	7	
Ronald Jones	5	7	
Ruth Jones	6	7	
Stuart Kells	5	7	
David Laidlaw	6	7	
Victoria Marles	7	7	
Michael Sokulski	7	7	
Antonia Syme	3	7	
Elizabeth Ward-Christie	3	4	<i>Retired on 4th December 2018</i>
Judy Williams	7	7	

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



Victoria Marles
Chair



Michael Sokulski
Director

Dated at Melbourne this 21st October 2019.

Abbotsford Convent Foundation

60098462474

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of Abbotsford Convent Foundation

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Fisher FCA, Partner (auditor registration number 306364) on behalf of
Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company registration number 294178 (ACN 115 749 598)

21 October 2019

Melbourne, Australia

Supporters

The ACF acknowledges the vision of the Abbotsford Convent Coalition whose members worked for seven years to secure this public precinct. This success would not have been achieved without their commitment, and that of many others. Over the years, the project has also been greatly assisted by a vast number of individuals and organisations who have contributed their time, energy, skills and financial support. The Foundation is extremely grateful to all those who have provided support.

The Abbotsford Convent Foundation acknowledges the financial and philanthropic support of the following people and organisations who contributed to the ACF and the Abbotsford Convent Foundation Arts Trust in the financial year ended 30 June 2019.

PRINCIPAL DONORS

Michael Adena & Joanne Daly	Anne Kantor AO	Sally Romanes
Simon Cowen	David Laidlaw & Megan Laidlaw	Jeff Thompson & Kathryn Culley
Peter Griffin AM & Terry Swann	Baillieu Myer AC & Sarah Myer	Janette Norma Tourrier Bequest
Diana Heggie		

MAJOR DONORS

Charlotte Allen & Prof. Peter McPhee AM	Graeme Johnson OAM & Joan Johnson	Margaret McVey Phillip Schudmak
Helen Brack	Ronald Alan Jones & Georgina Whitehead	Gregory Shalit & Miriam Faine
Collette Brennan	Maggie Maguire OAM	Terence Teo & Belle Teo
Mavourneen Cowen	Victoria Marles	Moyna Wilson
Alison Duncan	John McLeod & Paula McLeod	
Hans Henkell & Petra Henkell		

KEY SUPPORTERS

Michael Cowen	Peter Kelly	Sara O'Callaghan
Anthony Cullen	Karen Large	Alex Patton & Anna Lucas
Robert Dimattina	Emily Lin	The Hon Justice Michelle Quigley QC
Robert Hocking & Tina Hocking	Judy Matear	Michael Sokulski
Michael Jan	Pamela McLure	Dr Bob Sullivan
Ruth Jones	Sir Gustav Nossal AC CBE & Lady Nossal	Judy Williams & Peter Williams AM

FRIENDS

Robyn Bainbridge	Helen Donnard	Ria Harrison
Dr Christopher Baker	Anne Dowling & Tom Dowling	John Horacek
Judy Banks	Robyn Dwyer & Dennis Dwyer	The Hon. Brian Howe & Renate Howe AO
Heather Barton	Anthony Felettigh	Dawn Kanost
Ms Joanne Bechaz	Prof. David Forrest	Prof. Stuart Kells
Julia Blunden	Dr Joseph Galbally	Roger King OAM
Bruce Butler	Nicholas Garham	Giovanna Luciani
Jay Cattagio	Lois Goodin	Jessica Luu
Prof. Martin Comte OAM	Stephen Gow & Mary Gow	Dr Sally Manuell & Peter Boyle
Alan J. Daley	Susie Grabsch	Philip Martin
Suzanne Davies	Meredith Greenwood & Prof. Peter Rendell	Margaret McNaughton
Sandie de Wolf AM	Andrew Gunn	Hilary McPhee AO
John Di Natale	Jean Hedges	Traudl Moon OAM
Anna Dollard		

(Cont)

FRIENDS (Cont)

Judy Morton
Christine Mullen
Alexandra Murphy
Elizabeth Phillips
Emilio Raviola
Ian Renard AM
Warren Rixon

Janey Runci
Pamela Saunders &
Barry Saunders
Bruce Sims
Mike Smith
Lady Southey AC
Tom Tonkin

Charma Voller
Liam Wallis & Katya Crema
Lorrae Wild
George Willox
Dr Jin Woo
Trudy Wyse

TRUSTS & FOUNDATIONS

PRINCIPAL PARTNER

The Dara Foundation

MAJOR PARTNERS

The John T Reid Charitable Trusts
Lord Mayor's Charitable Foundation
The Lionel & Yvonne Spencer Trust

SUPPORTING PARTNERS

The Angior Family Foundation
Balandry (Peter Griffin Family) Fund: a sub-fund
of the Australian Communities Foundation
Bowness Family Foundation
The Danks Trust
The Hamer Family Fund: a sub-fund of the
Australian Communities Foundation

The Henkell Family Fund: a sub-fund of the
Australian Communities Foundation
Lord Mayor's Charitable Foundation: Youth in
Philanthropy Program
McLeod Family Foundation
Robert Salzer Foundation
Sisters of the Good Shepherd

CORPORATE PARTNERS

Allens Linklaters
Deloitte
FDC Construction & Fitout
Williams Boag Architects

CORPORATE SUPPORTERS

Aesop
Art Guide Australia
Colour Factory
MAV Melbourne

EVENT PARTNERS

3MBS Fine Music Radio
Blackhearts & Sparrows
Bursaria Fine Foods
Convent Bakery
Kawai
Terrace Gardens Florists

GOVERNMENT SUPPORTERS

Creative Victoria
City of Yarra
Public Record Office of Victoria

PRINCIPAL GOVERNMENT PARTNERS

Australian Government Department of Environment and Energy
Australian Government Department of Industry, Innovation and Science
Australian Government Department of Infrastructure: National Stronger Regions Fund
Victorian Government Department of Environment, Land, Water & Planning: Living Heritage Fund

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Operating Revenue			
Car Park Income		1,068,739	1,025,551
Events		170,419	124,178
Grant Income for Operating Activities		254,696	276,721
Room Hire		620,887	572,005
Rental Income		1,732,167	1,515,705
Recoveries of Outgoings		120,503	112,815
Other Revenue		17,768	18,862
		3,985,179	3,645,837
	Interest Income	8,816	16,969
		3,993,995	3,662,806
Operating Expenditure			
Administration		167,004	26,999
Advertising & Marketing		37,539	29,369
Car Parking		237,902	232,334
Fundraising		24,252	10,537
Insurance		117,141	113,736
Programming		308,215	196,949
Rates & Taxes		62,089	63,986
Site Operating Costs		960,978	757,797
Staff & Employee Expenses		1,890,768	1,851,653
Other Expenses		207,505	170,821
		4,013,393	3,454,181
Operating Result before Depreciation		(19,398)	208,625
Depreciation		802,845	601,811
Operating Result after Depreciation		(822,243)	(393,186)
Capital Grants and Donations			
Grant Income for Capital Projects		1,564,967	5,527,782
Donations		5,739	8,431
Total Grants, Donations & Sponsorship		1,570,706	5,536,213
Surplus for the Year		748,463	5,143,027

(continued on following page)

Income Tax Expense	1d	-	-
Surplus for the Year			
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE SURPLUS		748,463	5,143,027

The accompanying notes on pages 14 to 21 form part of these financial statements

Statement of Financial Position

As at 30 June 2019

		2019	2018
	Note	\$	\$
Current Assets			
Cash & Cash Equivalents	2	744,468	1,478,694
Tenant Bond Deposits		267,555	276,366
Trade & Other Receivables	3	131,180	605,327
Prepayments		121,778	115,160
Security Deposits		31,513	30,693
Total Current Assets		1,296,494	2,506,240
Non-Current Assets			
Property, Plant & Equipment	4	18,743,638	17,036,483
Total Non-Current Assets		18,743,638	17,036,483
Total Assets		20,040,132	19,542,723
Current Liabilities			
Trade & Other Payables		430,366	736,274
Deferred Income		98,471	46,062
Rental Bonds & Deposits		272,794	281,764
Employee Benefits	5	140,795	130,762
Total Current Liabilities		942,426	1,194,862
Non-Current Liabilities			
Employee Benefits	5	28,641	27,259
Total Non-Current Liabilities		28,641	27,259
Total Liabilities		971,067	1,222,121
Net Assets		19,069,065	18,320,602
Equity		19,069,065	18,320,602
Total Equity		19,069,065	18,320,602

The accompanying notes on pages 14 to 21 form part of these financial statements

Statement of Changes in Equity

For the Year Ended June 2019

	Note	\$
Balance at June 30 2017		13,177,575
Surplus for the Year		5,143,027
Other comprehensive income		-
Total Comprehensive Surplus for the year		5,143,027
Balance at June 30 2018		18,320,602
Surplus for the Year		748,463
Other comprehensive income		-
Total Comprehensive Surplus for the year		748,463
Balance at June 30 2019		19,069,065

The accompanying notes on pages 14 to 21 form part of these financial statements

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Cash receipts from non-capital activities		4,509,678	4,344,610
Cash received for capital projects		1,564,967	5,527,782
Cash payments to suppliers and employees		(4,307,687)	(4,330,571)
Interest received		8,816	16,969
Net cash provided by operating activities	6	1,775,774	5,558,790
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,510,000)	(5,603,803)
Decrease / (Increase) in Term Deposits		-	211,293
Net cash used in investing activities		(2,510,000)	(5,392,510)
Cash flows used in financing activities			
Repayment of borrowings		-	-
Net cash used in investing activities		-	-
Net increase in cash and cash equivalents		(734,226)	166,280
Cash and cash equivalents at 1 July 2018		1,478,694	1,312,414
Cash and Cash Equivalents at 30 June 2019		744,468	1,478,694

The accompanying notes on pages 14 to 21 form part of these financial statements

Notes to the Financial Statements

Note 1. Summary of significant accounting policies

(a) Financial reporting framework

The company is not a reporting entity in the opinion of the Directors. These special purpose financial statements have been prepared to satisfy the Directors' reporting requirements under the Australian Charities and Not-for-profits Commission Act 2012. Abbotsford Convent Foundation ("ACF") is a not-for-profit company limited by guarantee domiciled in Australia.

(b) Statement of compliance

The financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

The financial report was authorised for issue by the directors on 21st October 2019.

(c) Basis of preparation

The financial report is presented in Australian dollars on the historical cost basis.

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Foundation. The areas of significance for management judgements relate to the estimated life of assets and the provisions for doubtful debts.

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

The following is a summary of the material accounting policies adopted by the Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(d) Income tax

The Foundation is exempt from income tax under Subdivision 50-45 of the Income Tax Assessment Act 1997.

Note 1: Summary of Significant Accounting Policies (continued)**(e) Trade and other receivables**

Trade and other receivables are stated at invoiced amount less impairment losses. (see accounting policy (l)).

(f) Trade and other payables

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

(g) Revenue recognition**i) Grants, sponsorship and donations**

Unconditional grants, sponsorships and donations are recognised in the profit or loss when they become receivable. Any other grants, sponsorships and donations are recognised in the profit or loss when they become receivable and there is a reasonable assurance that the Foundation will comply with the conditions attaching to them. Grants, sponsorships and donations that compensate the Foundation for the cost of an asset are recognised in the income statement when they are receivable.

ii) Interest income

Interest income is recognised in the income statement as it is earned.

iii) Rental income

Rental income is recognised in the income statement in the year in which it is earned.

iv) Car Park income

Car Park income is recognised in the income statement as it is earned.

v) Events income

Events income is recognised in the income statement after the event.

vi) Room Hire income

Room Hire income is recognised in the income statement after services have been rendered.

vii) Other income

Other income is recognised in the statement of income when the related services are rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Note 1: Summary of Significant Accounting Policies (continued)**(h) Property, plant and equipment****i) Owned assets**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see accounting policy h(iii)) and impairment losses (see accounting policy (l)). Where an asset has been gifted, that is, acquired at no cost or for a nominal cost, the deemed cost is its fair value as at the date of acquisition.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) Subsequent costs

The Foundation recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Foundation and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Plant and Equipment	3-10 years
Structural improvements	10-25 years
Artworks & Installations	2-25 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(i) Employee Benefits**i) Short term employee benefits**

Liabilities for employee benefits for wages, salaries, annual leave, long service leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Foundation expects to pay as at the reporting date including related on-costs, such as workers' compensation insurance.

ii) Long term employee benefits

The Foundation's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates.

Note 1: Summary of Significant Accounting Policies (continued)**(j) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes cash at bank, call deposits and petty cash.

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Impairment

The carrying amounts of the Foundation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of tangible assets is the greater of their fair value less costs to sell and value in use. Value in use is assessed using the depreciated replacement cost method.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of income.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

(m) Going concern

If, in the reasonably held opinion of the Victorian Minister for Finance, the Precinct is not economically viable or is likely to become not economically viable, having regard to performance assessed against the Business Plan, then the Minister may serve a Notice on the Foundation to provide written reasons why the Foundation should not be required to surrender the Site to the Crown. No such notice has been received to date. If that occurs the Foundation is not entitled to any payment or compensation. Giving regard to the above, the Directors of the Foundation have prepared the financial report on the going concern assumption.

The Board's policy is to maintain cash reserves and seek grants, donations and sponsorships to maintain the economic viability of the precinct and sustain its future development.

Note 2. Cash and cash equivalents

	2019	2018
	\$	\$
Bank Balances	638,350	972,514
Call Deposits	100,000	500,000
Cash Held within Parking Operations	5,493	5,327
Petty Cash	625	853
	<u>744,468</u>	<u>1,478,694</u>

Note 3. Trade and other receivables

	2019	2018
	\$	\$
Trade Receivables	125,395	601,361
Other Receivables	5,785	3,966
	<u>131,180</u>	<u>605,327</u>

The aging of the Foundation's trade receivables at the reporting date was:

	2019	2018
	\$	\$
Not Past Due	62,160	427,711
Past Due 0-30 days	19,720	9,937
Past Due 31 - 120 days	39,137	14,838
Past Due 121 days to one year	23,431	156,641
Allowance for Doubtful Debts	(19,053)	(7,766)
	<u>125,395</u>	<u>601,361</u>

Not past due trade receivables are for services rendered but not yet due for payment.

The movement in Provisions for Doubtful Debts is as follows:

	\$
Opening Balance - July 2018	7,766
Less Doubtful Debts Recovered	(5,335)
Add new provisions taken up	16,622
Closing Balance - June 2019	<u>19,053</u>

Note 4. Property, Plant and Equipment

Net capital improvements totalling \$2,510,000 were added during the year resulting mainly from the completion of the Laundry building restoration that added \$2,291,772.

Reconciliation of movement in non-current assets

	Land & Buildings	Structural Improvements	Plant & Equipment	Artwork & Installations	Total
Cost	\$	\$	\$	\$	\$
Balance at 1 July 2017	3,500,000	12,829,857	371,742	49,180	16,750,779
Acquisitions	-	5,580,270	23,534	-	5,817,422
Capital Work In Progress	-	-	-	-	-
Disposals	-	(12,430)	-	-	(12,430)
Balance at 30 June 2018	3,500,000	18,397,697	395,276	49,180	22,555,771
Balance at 1 July 2018	3,500,000	18,397,697	395,276	49,180	22,342,153
Acquisitions	-	2,376,337	133,662	-	2,510,000
Capital Work In Progress	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2019	3,500,000	20,774,034	528,938	49,180	24,852,152
Accumulated Depreciation					
Balance at 1 July 2017	-	4,477,551	213,175	15,908	4,706,634
Depreciation charge for the year	-	559,840	38,055	3,916	601,811
Disposal	-	(2,776)	-	-	(2,776)
Balance at 30 June 2018	0	5,034,615	251,230	19,824	5,305,669
Balance at 1 July 2018	-	5,034,615	251,230	19,824	5,305,669
Depreciation charge for the year	-	759,918	40,669	2,258	802,845
Disposals	-	-	-	-	-
Balance at 30 June 2019	0	5,794,533	291,899	22,082	6,108,514
Carrying amounts					
Balance at 1 July 2017	3,500,000	8,352,306	158,567	33,272	12,044,145
At 30 June 2018	3,500,000	13,363,082	144,046	29,356	17,250,102
At 1 July 2018	3,500,000	13,363,082	144,046	29,356	17,036,484
Balance at 30 June 2019	3,500,000	14,979,501	237,039	27,098	18,743,638

Note 5. Employee benefits

	2019	2018
Current	\$	\$
Provision for Annual Leave	102,765	96,979
Liability for Long Service Leave	34,064	33,783
Provision for Other Leave	3,966	-
	<u>140,795</u>	<u>130,762</u>
Non-Current		
Liability for Long Service Leave	28,641	27,259

Note 6. Reconciliation of cash flows from operating activities

	2019	2018
	\$	\$
Surplus for the year	748,463	5,143,027
Adjustment for Depreciation	802,845	601,811
Bad Debts Expense	6,817	16,692
Assets Written off for no cash	-	9,654
Operating profit before change in working capital and provisions	<u>1,558,125</u>	<u>5,771,184</u>
Increase / (Decrease) in Provisions	11,416	(22,020)
(Decrease) / Increase in Payables, Bonds & Deposits	(314,878)	293,930
Decrease / (Increase) in Receivables	467,330	(444,390)
(Increase) / Decrease in Prepayments	(6,619)	844
(Increase) in Security Deposits	(819)	(693)
Decrease / (Increase) in Tenant Bonds Accounts	8,811	(28,542)
Increase / (Decrease) in Deferred Income	52,408	(11,523)
Net cash provided by operating activities	<u>1,775,774</u>	<u>5,558,790</u>

Note 7. Member guarantee

The ACF is a company limited by guarantee. If the ACF is wound up, the constitution states that each member is required to contribute a maximum of \$100 towards any outstanding obligations of the company. At 30 June 2019 there were nine members (2018: ten).

Note 8. Commitments & contingencies

No material commitments were present at the reporting date that related to work that has yet to be completed.

Note 9. Events after Reporting Period

No material subsequent events have come to the attention of Directors which would affect the information disclosed in this financial report for the year ended 30 June 2019.

Note 10. Agreement with the State of Victoria and Sinking Fund

The ACF entered into a Development and Operation Agreement with the State of Victoria on 23 April 2004. Under that Agreement the ACF is required to refurbish all the buildings on site and operate the site as an Arts, Cultural and Educational precinct.

Under the Terms of that Agreement the ACF is required to establish a Sinking Fund for the ongoing maintenance and renewal of the Project. The amount contributed to the Sinking Fund at year-end is nil. Amounts will be set aside to the Sinking Fund once refurbishment of all buildings on site is completed and surplus funds are generated through operations.

Directors' Declaration

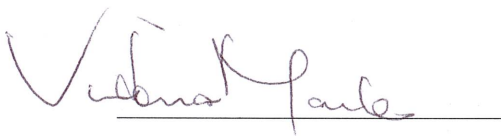
As detailed in Note 1(a) to the financial statements, the Abbotsford Convent Foundation is not a reporting entity because in the opinion of the Directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Directors' reporting requirements under the Australian Charities and Not-for-profits Commission Act 2012.

The Directors of the Abbotsford Convent Foundation ("ACF") declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Dated at Melbourne this 21st October 2019



Victoria Marles
Chair



Michael Sokulski
Director

Independent Audit Report to the members of Abbotsford Convent Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Abbotsford Convent Foundation, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of Abbotsford Convent Foundation has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the Registered Entity 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 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.

Banks Group | Accountants | Auditors | Advisers

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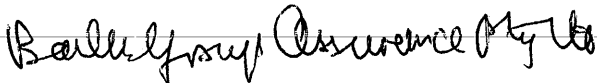
Abbotsford Convent Foundation

Independent Audit Report to the members of Abbotsford Convent Foundation

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

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

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



Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company number 294178 (ACN 115 749 598)



Andrew Fisher FCA, Partner
Registration Number 306634
Melbourne, Australia
21 October 2019

Directors' Qualifications

The Directors of the Abbotsford Convent Foundation at the date of this report are Victoria Marles (Chair), David Laidlaw (Co-Deputy Chair), Diana Heggie, Ronald Jones, Ruth Jones, Stuart Kells, Michael Sokulski, Antonia Syme and Judy Williams.

VICTORIA MARLES (Chair)

Victoria is currently the CEO of Trust for Nature (the Victorian Conservation Trust), a position she has held since late 2009. Prior to assuming this role, Victoria was Victoria's Legal Services Commissioner and Chief Executive Officer of the Legal Services Board. As a lawyer Victoria specialised in media and communications law and policy and was the Deputy Telecommunications Industry Ombudsman and prior to that the Deputy Director of the Communications Law Centre.

Victoria has a background in the arts having graduated in drama from the Victorian College of the Arts. She has held various board positions including the Victorian Arts Centre, the Victorian Women's Trust and the Melbourne Writers Festival. Victoria was chair of the Circus Oz Board for fourteen years. Victoria is currently a board member of the Consumer Action Law Centre and a director of the Australian Advertising Standards Council.

DAVID LAIDLAW (Deputy Chair)

David Laidlaw is a partner with a major Melbourne law firm. In his practice David acts in a wide range of large scale tort, contract and corporate litigation matters. His Board appointments have included Asian Law Centre Board University of Melbourne, Law Institute Council, the Federal Attorney General's International Legal Services Advisory Council, the ADVOC Asia Board and Inter-Pacific Bar Association Council and as a foundation member and Chair of the University of Melbourne's Alumni Council.

David has a keen interest and involvement in the arts which stretches back to his days as a national student arts leader. He has served on a number of arts boards and as CEO of his firm, was instrumental in fostering his law firm's support of Australian artists, including its sponsorship of artists selected to represent Australia at the Venice Biennales. He was also responsible for the establishment of the Maddocks' Art Prize for emerging artists in the visual arts. In addition to his legal qualifications he has participated in leadership training with Harvard Business School and has completed Wharton Business School's Advanced Management Program.

He and his wife Megan also run black cattle on their farm property in Western Victoria.

DIANA HEGGIE

Ms Heggie has extensive executive and non-executive experience. She is currently a Director of the Abbotsford Convent Foundation, Chair of Peninsula Health and Director of the National Heart Foundation. Her previous executive roles included Director of Toorak College, CEO of the Heart Foundation (Vic), CEO of Scope, a major provider of services to people with disabilities, and CEO of the EW Tipping Foundation.

She originally qualified as a physiotherapist in 1987 from Trinity College Dublin, but quickly moved into people management roles in the not for profit sector. She believes strongly in the development of staff and volunteers, and that leadership is about empowering others to do great things. She is also a passionate walker, a green skier, and loves to spend time with her family.

RONALD JONES

Ronald Alan Jones is a Fellow of the Australian Institute of Landscape Architects, an Adjunct Professor of Landscape Architecture at RMIT University, and a member of the Victorian Government Architect's Design Review Panel. He is a director of Jones & Whitehead Pty Ltd, a practice established in 2000 that focuses on public landscapes and urban design, including related policy development, urban design frameworks, master plans and public space design. Before this, Ron was a member of the City of Melbourne's urban design team, where he played a leading role in developing Melbourne's urban design strategy and several major projects.

RUTH JONES

Ruth Jones is Director, Global Markets, for AVPN, a funders' network based in Singapore. Prior to this, she was CEO of the Social Venture Partners Network, the largest network of engaged donors operating globally. Previous to this, Ruth held senior roles at Community Foundations of Canada and Philanthropy Australia. She was Chief Executive of the Australian Film Institute before moving to the field of philanthropy.

STUART KELLS

Stuart Kells is an award-winning author whose books are being published around the world. Before writing full-time, he had a diverse career in government, academia and the private sector. Stuart was a director at KPMG, chief economist at PPB Advisory, and an economic adviser to three consecutive premiers of Victoria. He has a PhD in Law from Monash University and a B.Comm and M.Comm, both with first class honours, from the University of Melbourne. He has served on numerous boards including those of the Industry Capability Network (Vic), the Defence Reserves Support Council (Vic), the Australian and New Zealand Association of Antiquarian Booksellers, the Woodend Winter Arts Festival Foundation and the Book Collectors' Society of Australia (Vic).

(cont)

MICHAEL SOKULSKI

Michael Sokulski is a chartered accountant and finance professional currently leading the financial accounting team at Medibank. Michael has previously worked 10 years with Ernst & Young where he accumulated significant experience in the accounting field, including delivery of financial assurance projects, internal audits, compliance work, financial reporting analysis and accounting advice across a broad spectrum of private and public clients. He has advised on a variety of transactions including IPOs, acquisitions and business divestments. Michael has also chaired the Young Professionals' Panel for the Institute of Chartered Accountants, promoting the interests of young members and driving engagement with the broader community.

ANTONIA SYME

Antonia Syme is the Director of the Australian Tapestry Workshop (ATW) in Melbourne. She has worked for many years cultural sector as a director, consultant, conservator and curator. She was Director of Artbank, for ten years, and worked in federal and state cultural institutions and as Co-Director of Syme Dodson Gallery in Sydney. Board and committee memberships have included the Federal Government's Taxation Incentives for the Arts Committee, NSW National Trust's Museums and Collections Committee, Craft Australia, the Heritage Council (NSW) Maritime Archaeological Advisory Panel, the Sydney College of the Arts Board, the Camden Park Preservation Committee.

JUDY WILLIAMS

Judy Williams has extensive arts management experience, having previously worked at the National Gallery of Victoria (NGV) for almost two decades. From 2004 – 2014, she was Head of Foundation & Fundraising, where she was responsible for the development and implementation of the NGV's fundraising strategy, including bequests, legacies and annual giving. As part of her role, she developed and implemented the NGV's 150th Anniversary fundraising campaign – Masterpieces for Melbourne. Prior to this role, Judy was the NGV's Manager of External Relations & Events, where she oversaw the planning and delivery of events for the opening of the Ian Potter Centre and the re-opening of NGV International.
