

THE
ABBOTSFORD
CONVENT
FOUNDATION



**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013**

ACN 098 462 474

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

**Ground Floor, Providence
1 St Heliers Street
Abbotsford VIC 3067**

and the principal place of business is:

**Ground Floor, Providence
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.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Directors' Report

DIRECTORS' REPORT

Principal Activities

The Foundation is an Australian Public Company limited by guarantee. The Foundation is a not for profit company established to develop a centre at the Abbotsford Convent for the promotion, development, creation and display of culture and arts. This includes literature, music, performing arts, visual arts, craft, design, film, community arts and Aboriginal arts.

The Foundation is a charitable organisation and as such has obtained income tax exempt status under Subdivision 50-45 of the *Income Tax Assessment Act 1997*.

The Foundation is 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

1. To be financially viable and self sufficient in regards to annual operating costs.
2. To build a precinct offering the public a wide range of arts, cultural and educational opportunities and experiences.
3. To support and strengthen the ties between individuals, groups and organisations and increase the level of community interaction.
4. To maintain and support a dynamic and sustainable organisation.

The Foundation measures these objectives through on-going financial reporting, internal controls and working with various Board Committees.

Performance Measurement against Objectives

Objective 1:

- Financial viability is measured through internal controls, achievement of revenue and expense budgets and regular financial reporting to the Finance & Capital Works Committee and the Board.

Objective 2:

- A diversity of experiences is provided through the presentation of a number of events, exhibitions, performances and rehearsals on site annually; and
- In addition, monitoring is undertaken to ensure a diversity of tenant types and a wide range of venue hirers from the arts, cultural and educational sectors.

Objective 3:

- The number of visitors is recorded weekly and continues to grow; over the period visitation levels indicated an average of 16,000 people visit the site weekly (LY: 13,000);
- Regular tenant meetings and surveys are undertaken and their outcomes reported on; and
- An increasingly broad program of events is being presented to assist community capacity building.

Objective 4:

- The Board measures the ratio of employment expenses to the level of annual revenue;
- An active professional development program for the staff is available; and
- Annual performance reviews and key performance indicators are in place.

Themes

A range of key activities and themes for the site have been identified through market and industry research. These emphasize the creation of a precinct that the whole community can access and use as a resource, and which respects the heritage, cultural and natural values of the site.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Directors' Report (cont)

Directors

The directors at the date of this report are Victoria Marles (Chair), Charlotte Allen (Co-Deputy Chair), Michael Smith (Co-Deputy Chair), Anthony Cullen, David Gibbs, David Laidlaw, Patricia O'Donnell, Sally Romanes, Antonia Syme, Libby Ward-Christie and Ron Jones. Details of the Directors' qualifications and experience are set out in pages 24 to 25 of the financial report. The directors receive no remuneration or other compensation from the Foundation.

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

	Meetings attended	Meetings eligible to attend
Charlotte Cherry Frances Allen	10	12
Anthony Cullen	11	12
David Ian Gibbs	11	12
Andrea Douglas Hull AO <i>Resigned 1/12/2012</i>	5	6
Ron Jones <i>Appointed 4/12/2012</i>	6	6
David Laidlaw	9	12
Victoria Marles	10	12
Patricia Maria O'Donnell	9	12
Hayden Dennis Raysmith AM <i>Resigned 22/3/2013</i>	9	9
Sally Margaret Romanes	10	12
Michael Alan Smith	9	12
Antonia Syme	8	12
Libby Ward-Christie	11	12

Company Secretary

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

Review of Operations

The result is an operating deficit from ordinary operations after income tax of \$69,593 (2012: deficit of \$362,364).

Dividends

Since 30 June 2013 no dividend has been paid or declared. As the Foundation is a company limited by guarantee it is not entitled to pay dividends to its members.

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.

Likely Developments

The directors expect that refurbishment works will continue and that the Foundation will enter into leases with tenants for occupancy of space within the precinct buildings. Accordingly, the Foundation will enter into arrangements for funding and for progressive restoration and refurbishment works to the buildings and grounds, to create an arts, education and cultural precinct on the site of the Abbotsford Convent.

Environmental Regulation

The Foundation is not subject to significant environmental regulation.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Directors' Report (cont)

Indemnification and Insurance of Officers

The Foundation has in place a Directors' and Officers' insurance policy. During the year premiums totalling \$3,388 (2012: \$3,383) were paid by the Foundation in respect of Directors' and Officers' insurance.

Auditor

Deloitte Touche Tohmatsu has been the appointed auditor since 16th October 2009.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the Directors' Report for the financial year ended 30 June 2013.

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



Victoria Marles
Chair



David Gibbs
Director

Dated at Melbourne this 16th October 2013

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

SUPPORTERS

The Foundation 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 Foundation also acknowledges the significant financial and philanthropic support to date of the following people and organisations:

INDIVIDUALS

Betty Amsden OAM • Stephanie Alexander OAM • Joanna Baevski • Jane Begg • Graeme Black • Helen Brack
Mr Marc Besen AO and Mrs Eva Besen • Gerrard Bown • Robert Buckingham • Julian Burnside AO QC
Anthony Carbines MP • John Calvert-Jones AM & Janet Calvert-Jones AM • Elizabeth Chernov • Alison Duncan
Professor Dick Denton AC & Dame Margaret Scott AC DBE • Senator Mitch Fifield • William J Forrest AM
David Gibbs • Rose Gilder • Annmarie Faulkner • David Hirshfelder • Jean Hedges • The Hon Greg Hunt MP
Judith Gunter • Andrea Hull • Peter Kelly • Professor David de Kretser AC KStJ & Mrs Jan de Kretser
Graeme & Joan Johnson • Robert & Mem Kirby OAM • John Landy AC, MBE & Lynne Landy • Russell Levy
Victoria Marles • John and Paula McLeod • Pamela McLure • Margaret McNaughton • Maggie Maguire
Professor Peter McPhee & Charlotte Allen • Lady Marigold Southey AC • Dame Elisabeth Murdoch AC DBE
Baillieu Myer AC & Sarah Myer • Sir Gustav Nossal AC CBE & Lady Lyn Nossal • Rema O'Neill • Christine Polyzos
Michelle Quigley SC • Hayden Raysmith AM & Lynne Wannan AM • Ian & Diana Renard • Sally Romanes
Geoffrey Rush & Jane Menelaus • Greg Shalit & Ms Miriam Faine • Stephen Shelmerdine AM & Kate Shelmerdine
The Sisters of the Good Shepherd • Victor & Fleur Spitzer OAM • Phill Virgo • Dr Jennifer Webb • Leon Zwier
J. Arnold Hancock OBE • Dr M.R. Taffy Jones

BUSINESS

A is for Atlas • The Abbotsford Convent Coalition • Allens Linklater • ANZ • Art Guide Australia • Australand
Biggin and Scott • Bursaria Fine Foods • Clemenger BBDO • Colliers International • Colour Factory
Collingwood Children's Farm • Corporate AV • Chapman and Bailey • Connell Wagner • Deloitte
Denton Corker Marshall • Egon Zehnder • GE Capital Finance • John Glossop • Joy Melbourne • Gozer Media
Greg Tucker and Associates • Freehills • Hotel Agencies Pty Ltd • KPMG • Leadership Victoria • La Note Bleue
Landawee and Associates • John McKerrow • Melbourne Water • Montalto Vineyard and Olive Grove • Mutual Trust
National Australia Bank • National Trust of Australia (Vic) • Plus Publicity • Pricewaterhouse Coopers • PLOT Media
Print Bound • Resolution X Lighting • Rider Hunt • Sign Express • Gordon Silverman • Simmonds Lumber Group •
Sinclair Knight Mertz • Splitrock Tiro • Thiess • Three Triple R Radio • Terrace Gardens Florist • Tesselaar
The Windsor Hotel • 3MBS Classical Radio • Victorian Institute of Technology

FOUNDATIONS and TRUSTS

Alfred Felton Bequest • Australian Decorative & Fine Arts Society Yarra Inc. • Australian Garden Historical Society
The Ballandry fund • Besen Family Foundation • Jack Brockhoff Foundation • The Dyson Bequest
Colonial Foundation Trust • The Dara Foundation • Fouress Foundation • The George Adams Tattersalls Foundation
Peter Griffin family fund • The Helen Macpherson Smith Trust • Hans and Petra Henkell - Henkell Family Fund
The Margaret Lawrence Bequest, managed by Perpetual • The Ian Potter Foundation • The Myer Foundation
The McLeod Family Foundation • The Pratt Foundation • John T Reid Charitable Trusts
The Robert Salzer Foundation • RE Ross Trust • The River Capital Foundation • The Sidney Myer Fund
The Schudmak Family Foundation • Scobie and Claire McKinnon Trust • WCF Thomas Trust
The Trust Company, as trustee of the Fred P Archer Trust • William Buckland Foundation • The Yulgilbar Foundation

GOVERNMENT

City of Yarra • Arts Victoria • Department of Treasury and Finance Community Support Fund
Public Record Office Victoria 175 Grants Program • Department of Human Services,
Australian Government Jobs Fund (Heritage Projects) • Federal Government Green Corps Program
Department of Transport and Regional Services- Regional Partnership Program
Federal Government Community Water Grants • Principaute De Monaco - Ministere d'Etat
Department of Families, Housing, Community Services and Indigenous Affairs.

**STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME
 For the year ended June 2013**

		2013	2,012
	Note	\$	\$
OPERATING REVENUE			
Car Park Income		491,362	449,666
Events & Room Hire		599,859	454,222
Rental Income		1,214,513	1,183,684
Recoveries of Outgoings		88,116	66,486
Other Revenue		28,317	141,757
TOTAL OPERATING REVENUE		2,422,167	2,295,815
Interest Income		36,836	50,024
		2,459,003	2,345,839
OPERATING EXPENDITURE			
Advertising & Marketing		16,313	28,133
Bank Charges		4,738	3,780
Car Parking		112,529	104,719
Depreciation		466,109	467,338
Insurance		134,657	139,959
Rates & Taxes		29,064	28,038
Site Operating Costs		638,109	665,016
Stationery, Printing & Office Supplies		12,427	14,983
Staff & Employee Expenses		1,120,208	1,018,785
Telephone & Communications		13,904	12,639
Other Expenses		168,975	262,776
TOTAL OPERATING EXPENDITURE		2,717,033	2,746,166
OPERATING DEFICIT		(258,030)	(400,327)
GRANTS, DONATIONS & SPONSORSHIP			
Grant Income		30,000	-
Transfers from the ACF Arts Trust Fund		20,650	37,000
Deferred Grants		132,500	-
Donations		5,287	963
TOTAL GRANTS, DONATIONS & SPONSORSHIP		188,437	37,963
DEFICIT FOR THE YEAR		(69,593)	(362,364)
Income Tax Expense	1c	-	-
Deficit for the Year		(69,593)	(362,364)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE DEFICIT		(69,593)	(362,364)

The accompanying notes on pages 10 to 19 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
For the year ended June 2013

		2013	2012
CURRENT ASSETS	Note	\$	\$
Cash & Cash Equivalents	3	1,201,893	1,250,078
Trade & Other Receivables	4	97,039	122,190
Prepayments		111,365	111,745
TOTAL CURRENT ASSETS		1,410,297	1,484,013
<hr/>			
NON CURRENT ASSETS			
Property, Plant & Equipment	5	12,322,121	12,430,690
TOTAL ASSETS		13,732,418	13,914,703
<hr/>			
CURRENT LIABILITIES			
Trade & Other Payables		249,275	285,563
Deferred Income		57,242	199,356
Rental Bonds & Deposits		231,962	160,586
Employee Benefits	6	103,456	77,386
TOTAL CURRENT LIABILITIES		641,935	722,891
<hr/>			
NON CURRENT LIABILITIES			
Employee Benefits	6	16,182	47,918
TOTAL NON CURRENT LIABILITIES		16,182	47,918
TOTAL LIABILITIES		658,117	770,809
<hr/>			
NET ASSETS		13,074,301	13,143,894
Equity		13,074,301	13,143,894
TOTAL EQUITY	7	13,074,301	13,143,894

The accompanying notes on pages 10 to 19 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended June 2013

	Note	\$
Balance at June 30 2011		13,506,258
Deficit for the Year		(362,364)
Total Comprehensive (Deficit) for the year		(362,364)
Other comprehensive income		-
Balance at June 30 2012		13,143,894
Deficit for the Year		(69,593)
Total Comprehensive (Deficit) for the year		(69,593)
Other comprehensive income		-
Balance at June 30 2013	7	13,074,301

The accompanying notes on pages 10 to 19 form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts from operating activities		2,373,464	2,302,029
Cash payments to suppliers and employees		(2,289,384)	(2,237,043)
Interest received		36,836	50,024
Net cash provided by operating activities	8	120,916	115,010
Cash from grants, donations and sponsorship activities			
Cash receipts provided by grants, donations and sponsorship activities		188,437	963
Net cash provided by grants, donations and sponsorship activities		188,437	963
Cash flows used in investing activities			
Acquisition of property, plant and equipment		(357,538)	(383,010)
Net cash (used in) investing activities		(357,538)	(383,010)
Net (decrease) in cash and cash equivalents		(48,185)	(267,037)
Cash and cash equivalents at 1 July 2012		1,250,078	1,517,115
Cash and cash equivalents at 30 June 2013	3	1,201,893	1,250,078

The accompanying notes on pages 10 to 20 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies

(a) Statement of compliance

Abbotsford Convent Foundation ("the Foundation") is a not-for-profit company limited by guarantee domiciled in Australia.

The financial report was authorised for issue by the directors on 14th October 2013. The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") including Australian Accounting Interpretations and the Corporations Act 2001.

A statement of compliance with International Financial Reporting Standards cannot be made due to the company applying the Not for Profit sector specific requirements contained in AASBs.

(b) 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.

Adoption of new and revised Accounting Standards

i) Standards and Interpretations affecting amounts reported in the current year (and/or prior years)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section (bii).

Standards affecting presentation and disclosure

Amendments to AASB 101
'Presentation of Financial
Statements'

The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

b) Basis of preparation (cont'd)

Amendments to AASB 101
'Presentation of Financial
Statements' (cont)

allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	1 January 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

(b) Basis of preparation (cont'd)

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.

(c) Income tax

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

(d) Trade and other receivables

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

(e) 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.

(f) 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, there is reasonable assurance that the Foundation will comply with the conditions attached to them, and are recognised in proportion to the stage of completion of the relevant asset.

The Foundation recognises donated assets as revenue on receipt of these assets, based on the fair value of the assets received.

(ii) Interest income

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

(iii) Rental income

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

(iv) 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.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

(g) 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 g(iii)) and impairment losses (see accounting policy (k)). 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.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to AIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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
Artwork	2-25 years

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

(h) Employee benefits

(i) Short term employee benefits

Liabilities for employee benefits for wages, salaries, annual 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 reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Foundation expects to pay as at 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, other than pension plans, 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, and is discounted using the rates attached to Commonwealth Government bonds at the reporting date which have maturity dates approximating the terms of the Foundation's obligations.

(i) Cash and cash equivalents

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

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

(j) 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 taxation authority. 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.

(k) 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 (see below).

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.

The recoverable amount of other 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 reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(l) Going concern

If, in the reasonably held opinion of the 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. 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.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

Note 2. Agreement with the State of Victoria and Sinking Fund

The Foundation entered into a Development and Operation Agreement with the State of Victoria on 23 April 2004. Under that Agreement the Foundation 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 Foundation 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.

Note 3. Cash and cash equivalents

	2013	2012
	\$	\$
Bank Balances	351,846	441,773
Call Deposits	850,000	808,289
Petty Cash	47	16
	<u>1,201,893</u>	<u>1,250,078</u>

Funds held in trust or restricted by grant conditions at year end are:

	2013	2012
	\$	\$
Rental Bonds & Deposits	231,112	157,991
Grants in Advance	30,759	163,259
	<u>261,871</u>	<u>321,250</u>

These funds are quarantined in individual accounts.

The company's exposure to interest rate risk and a sensitivity analysis for the financial assets and liabilities are disclosed in Note 9.

Note 4. Trade and other receivables

	2013	2012
	\$	\$
Trade receivables	94,419	113,190
Other receivables	2,620	9,000
	<u>97,039</u>	<u>122,190</u>

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

Not past due	64,817	74,628
Past due 0-30 days	11,738	22,712
Past due 31-120 days	4,185	611
Past due 121 days to one year	25,555	44,073
Allowance for Doubtful Debts	(11,876)	(28,834)
	<u>94,419</u>	<u>113,190</u>

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

The movements in Provision for Doubtful Debts are as follows:

	\$
Opening Balance – July 2012	28,834
Less Doubtful Debts recovered	(19,450)
Add New Provisions taken up	2,492
Closing Balance – June 2013	<u>\$11,876</u>

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

Note 5. Property, plant and equipment

Reconciliation of movement in non-current assets

	Land and Buildings	Structural Improvements	Plant and Equipment	Artwork	Total
Cost	\$	\$	\$	\$	\$
Balance at 1 July 2011	3,500,000	10,622,036	92,225	-	14,214,261
Acquisitions	-	349,593	19,347	37,000	405,940
Capital Work in Progress	-	14,389	-	-	14,389
Disposals & write-offs	-	(\$46,668)	(\$8,858)	-	(\$55,526)
Balance at 30 June 2012	3,500,000	10,939,350	102,714	37,000	14,579,064
Balance at 1 July 2012	3,500,000	10,939,350	102,714	37,000	14,579,064
Acquisitions	-	292,276	54,515	4,400	351,191
Transfers from the ACF Arts Trust	-	-	-	-	-
Capital Work In Progress	-	-	5,594	-	5,594
Disposals	-	785	-	-	785
Balance at 30 June 2013	3,500,000	11,232,411	162,823	41,400	14,936,634
Accumulated Depreciation					
Balance at 1 July 2011	-	1,643,044	46,532	-	1,689,576
Depreciation charge for the year	-	424,503	42,588	247	467,338
Disposal	-	-	(\$8,540)	-	(\$8,540)
Balance at 30 June 2012	0	2,067,547	80,580	247	2,148,374
Balance at 1 July 2012	-	2,067,547	80,580	247	2,148,374
Depreciation charge for the year	-	443,856	19,490	2,763	466,109
Disposal	-	30	-	-	30
Balance at 30 June 2013	0	2,511,433	100,070	3,010	2,614,513
Carrying amounts					
At 1 July 2011	3,500,000	8,978,992	45,693	-	12,524,685
At 30 June 2012	3,500,000	8,871,803	22,134	36,753	12,430,690
At 1 July 2012	3,500,000	8,871,803	22,134	36,753	12,430,690
Balance at 30 June 2013	3,500,000	8,720,978	62,753	38,390	12,322,121

Note 6. Employee benefits

	2013	2012
	\$	\$
Current		
Liability for Annual Leave	71,383	77,386
Liability for Long Service Leave	32,073	-
	103,456	77,386
Non-current		
Liability for long service leave	16,182	47,918

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

Note 7. Accumulated Funds

Reconciliation of movement in capital and reserves

Retained earnings at the beginning of the year

Deficit for the year

Retained earnings at the end of the year

2013	2012
\$	\$
13,143,894	13,506,258
(69,593)	(362,364)
13,074,301	13,143,894

Note 8. Reconciliation of cash flows from operating activities

Operating Deficit

Adjusted for:

Depreciation of non-current assets

Bad debts expense

Capital work in progress written off for no consideration

Operating profit before change in working capital and provisions

Increase/(Decrease) in provisions

Increase/(Decrease) in payables

(Increase)/Decrease in receivables

(Increase)/Decrease in prepayments

Increase/(Decrease) in deferred income

Net cash from operating activities

2013	2012
\$	\$
(258,030)	(400,327)
466,109	467,338
3,116	24,617
-	46,668
211,194	138,296
(5,667)	30,600
35,087	(64,100)
22,035	(59,843)
380	4,000
(142,114)	66,057
120,916	115,010

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

Note 9. Financial instruments

Financial Risk Management

The Foundation's financial risk is limited to cash, trade receivables and trade payables. The Foundation's Board authorises where the cash is to be spent.

Liquidity risk

The Foundation manages its financial liabilities based on contractual agreements with normal trading terms of 30 days.

Credit risk exposures

The credit risk of financial assets of the Foundation which have been recognised on the statement of financial position is generally the carrying amount of each financial asset. The foundation manages its capital to ensure that it is able to continue as a going concern while ensuring that it meets its objectives and agreements with the State of Victoria. The Foundation's overall strategy remains unchanged from 2012.

Interest rate risk exposures

The Foundation's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

	2013				2012			
	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$		\$	\$	\$
Financial assets								
Cash and cash equivalents	2.50%	1,201,893	-	1,201,893	2.50%	1,250,078	-	1,250,078
Trade receivables		-	97,039	97,039		-	122,190	122,190
Total financial assets		1,201,893	97,039	1,298,932		1,250,078	122,190	1,372,268
Financial liabilities								
Trade payables		-	249,275	249,275		-	285,564	285,564
Total financial liabilities		-	249,275	249,275		-	285,564	285,564

All financial assets and liabilities are expected to mature within twelve months.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the surplus or deficit by \$12,019 (2012: \$12,500).

Net fair value of financial assets and liabilities

There is no material difference between the carrying value and fair values of financial assets and liabilities.

Note 10. Segment reporting

Abbotsford Convent Foundation's operations are limited to one segment and geographical location.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

Notes to the Financial Statements (cont)

Note 11. Key management personnel disclosures

The names of persons who were directors of the Foundation at any time during the financial year were as follows:

Charlotte Cherry Frances Allen	David Laidlaw	Sally Margaret Romanes
Anthony Cullen	Victoria Marles	Michael Alan Smith
David Ian Gibbs	Patricia Maria O'Donnell	Antonia Syme
Andrea Douglas Hull AO	Hayden Dennis Raysmith AM	Elisabeth Ward-Christie
Ron Jones		

The directors receive no remuneration or other compensation from the Foundation. In addition to the directors, the Chief Executive Officer, Maggie Maguire, Chief Operating Officer, and John Di Natale are also key management personnel.

The compensation of key management personnel is as follows:

	2013	2012
	\$	\$
Remuneration – short term	299,440	293,137
Long term employee benefits	19,308	17,366
	<u>318,748</u>	<u>310,503</u>

Other related party transactions

The Foundation is the Trustee of the Abbotsford Convent Foundation Arts Trust (the Trust). Various artworks and programs valued at \$20,372 were pledged by the Trust to the Foundation during the year (2012: \$37,000).

Note 12. Member Guarantee

The Foundation is a company limited by guarantee. If the Foundation is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards any outstanding obligations of the company. At 30 June 2013 there were eleven members (2012: twelve).

Note 13. Commitments & Contingencies

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

Note 14. Auditor's Remuneration

The auditor of the Foundation is Deloitte Touche Tohmatsu. The auditor was appointed auditor with ASIC consent on 16 October 2009.

	2013	2012
	\$	\$
Deloitte Touche Tohmatsu - Audit & review of financial reports	5,000	-
	<u>5,000</u>	<u>-</u>

Note 15. Events after Reporting Period

No 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 2013.

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

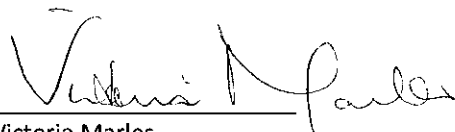
DIRECTOR'S DECLARATION

In the opinion of the directors of Abbotsford Convent Foundation ("the Foundation"):

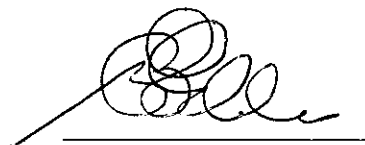
- (a) the financial statements and notes, set out on pages 6 to 19, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Foundation as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 14th October 2013

Signed in accordance with a resolution of the directors:



Victoria Marles
Director



David Gibbs
Director

The Board of Directors
Abbotsford Convent Foundation
Ground Floor, Providence
1 St Helliers Street
ABBOTSFORD VIC 3067

14 October 2013

Dear Board Members,

Abbotsford Convent Foundation

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Abbotsford Convent Foundation.

As lead audit partner for the audit of the financial statements of Abbotsford Convent Foundation for the financial year ended 30 June 2013, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Geoff Sincock
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report to the Board of Directors of Abbotsford Convent Foundation

We have audited the accompanying financial report of Abbotsford Convent Foundation ("The Foundation"), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 20.

Directors' Responsibility for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

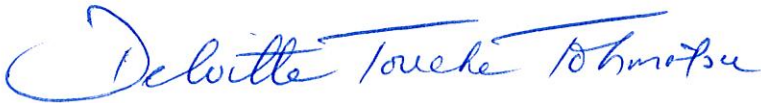
Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Foundation, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Abbotsford Convent Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Geoff Sincock
Partner
Chartered Accountants
Melbourne, 14 October 2013

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

DIRECTORS QUALIFICATIONS

DIRECTORS' QUALIFICATIONS

The directors of the Abbotsford Convent Foundation at the date of this report are listed below: Victoria Marles (Chair), Charlotte Allen (Co-Deputy Chair), Michael Smith (Co-Deputy Chair), Anthony Cullen, David Gibbs, David Laidlaw, Patricia O'Donnell, Sally Romanes, Antonia Syme, Libby Ward-Christie and Ron Jones.

VICTORIA MARLES 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.

CHARLOTTE ALLEN (Co-Deputy Chair) Charlotte Allen is a qualified physiotherapist and also has an Arts degree. She has worked as a physiotherapist in New Zealand, South Africa and England. After completing her Arts degree she worked as a journalist in New Zealand before migrating to Australia in 1988. She worked at the Environment Protection Authority Victoria for six years, as a journalist and Manager, Community Affairs. She runs her own company which specialises in community consultation, planning and environmental issues. Charlotte lives in Abbotsford and was one of the core members of the Abbotsford Convent Coalition.

MICHAEL SMITH (Co-Deputy Chair) Michael Smith is a former editor of The Age who had a 25-year career in journalism including appointments as a foreign correspondent, investigative reporter, medical correspondent, sports reporter and editorial writer. He now runs a consultancy specialising in media, issues management, crisis and strategic communications. He is a former John S Knight Fellow at Stanford University and Fellow of the Australian Institute of Management. Michael is a life member of the Melbourne Press Club and a former president of the Ardoch Youth Foundation which helps disadvantaged children stay in the education system. Michael was a member of the Abbotsford Convent Implementation Group and a founding member of the Abbotsford Convent Foundation Board. He rejoined the Board in 2010.

ANTHONY CULLEN Anthony Cullen is a management consultant who works across the corporate, government and NFP sectors. Anthony has previously held executive roles with Fairfax Media and has a background in property management, leasing and development. Anthony's business career spans 25 years across finance and property sectors in a variety of management and executive positions. Prior to joining the ACF Board, Anthony held the position as Chief Operating Officer with the ACF where he worked closely with the CEO and management team in improving the operations of the Foundation's commercial activities.

DAVID GIBBS David Gibbs is a business strategist and adviser with a reputation for developing wise and practical solutions to business problems. He is interested in advising clients on asset restructuring, especially in respect to family succession planning. David has practised as a Chartered Accountant for some 25 years. Prior to commencing practice, David worked as a manager with one of the world's largest accountancy firms and developed his small business consultancy skills through 'hands on' experience in an import and distribution company. A committed supporter and office bearer of community based and youth organisations, David has also served as the Victorian State Chairman of the Institute of Chartered Accountants in Australia.

RONALD ALAN 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 as 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

Abbotsford Convent Foundation

General Purpose Financial Report for Year Ended 30th June 2013

DIRECTORS QUALIFICATIONS (cont)

DAVID LAIDLAW

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. He is also a current Board member of the Melbourne Prize Trust.

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

PATRICIA O'DONNELL

Patricia O'Donnell is by training an educational psychologist and historian and has a BA(Hons) degree from the University of Melbourne. From 1978-2002 Patricia was the owner and manager of the heritage listed Mietta's Queenscliff Hotel, which earned many hospitality and tourism awards. She also established the North Fitzroy Star as an inner city neighbourhood bar and restaurant. Patricia has been a volunteer with Lifeline, Citizens Advice Bureau and, currently, the Neighbourhood Justice Centre. Patricia was the initiator and deputy president of the Queenscliff Carnival of Words and host of the Queenscliff Music Festival and is now the host for the annual Writers' Dinner for the Melbourne Writers Festival. Patricia was a member of the Library Board of Victoria 1999-2008 and is currently a board member of the Australian Art Orchestra, the Mietta Foundation and the executive committees of the Friends of 45 Downstairs and the Mietta Song Recital Award.

SALLY ROMANES

Sally Romanes is an artist and by training a commercial lawyer. Before migrating to Australia, she worked with the major City of London law firm Slaughter and May for 8 years and then, after a stint at the University of Melbourne law school, joined Arthur Robinson and Hedderwicks (now Allens Arthur Robinson) where she spent several years before deciding to make a radical change to painting. Her professional legal career involved wide experience of corporate and commercial law, including takeovers, acquisitions, loans and other finance and fundraisings. She was a committee member and then President of the Watercolour Society of Victoria (1996-2003), and from 1999-2007 was a member of the core group of the Abbotsford Convent Coalition. Alongside her engagement in family pastoral interests, she is actively involved in supporting the arts and assisted in the relaunch of the Mietta Song Recital Award in 2003. She is on the committee of the Mietta Song Recital Award.

ANTONIA SYME

Antonia Syme is the Director of the Australian Tapestry Workshop (ATW) in Melbourne. She has many years in the arts and cultural sector as a director, consultant, conservator and curator. She was Director of Artbank, for over ten years. Her experience has spanned both the private and public sector, in Australian cultural institutions and as Co-Director of Syme Dodson Gallery in Sydney. Antonia was the Chair of Craft Australia from 2009 to 2011 and on the Board since 2007. Board and committee memberships have included the NSW National Trust's Museums and Collections Committee, the Federal Government's Taxation Incentives for the Arts Committee, the Heritage Council (NSW) Maritime Archaeological Advisory Panel, the Sydney College of the Arts Board and the Camden Park Preservation Committee.

LIBBY WARD-CHRISTIE

Libby is Head of Enterprise Support and Investment at Social Traders Ltd, a not-for-profit social enterprise development organisation. In her role Libby is responsible for Social Traders' Social Enterprise Development Fund, Social Traders' Social Investment Portfolio and support programs for post start-up enterprises. Social Traders currently has \$1.84 million invested in 15 start-up social enterprises, which were incubated by Social Traders' start-up incubation program 'The Crunch'; a program designed and developed by Libby and now recognised as a landmark incubator for social enterprise.

Libby has more than 12 years experience in business planning in government and the community sector with significant expertise in market and community research. She has an MBA from Melbourne Business School, a Masters degree in Landscape Architecture and Arts and Science Degrees with honours from the University for Melbourne.