

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

FINANCIAL REPORT

FOR THE YEAR ENDED  
31 DECEMBER 2018

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940  
Directors' Report

FINANCIAL REPORT

FOR THE YEAR ENDED  
31 DECEMBER 2018

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THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940  
Directors' Report

Your directors present this report together with the financial statements of The Crafts Council of Victoria Ltd ("the Company") for the year ended 31 December 2018.

#### **DIRECTORS DETAILS**

The following persons were directors of The Crafts Council of Victoria Ltd. during or since the end of the financial year.

Katrina Raymond (Chair)	Appointed February 2017	Sim Luttin (Deputy Chair)	Appointed May 2018
Georgina O'Farrell (Secretary)	Appointed January 2018	Abby Seymour	Appointed May 2018
Marita Madden	Appointed April 2018	Lyn McColl	Appointed July 2018
Clive Scott	Appointed February 2014	Matthew Lucas	Appointed May 2018
Robert Camm	Appointed July 2012		

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the financial year was to support and celebrate the public profile of contemporary craft and design in Victoria.

#### **OPERATING RESULTS**

The company recorded a deficit of \$49,602 for the financial year. (2017 profit: \$52,010).

#### **DIVIDENDS**

The company is prohibited by its Constitution from the payment of dividends.

#### **DIRECTOR PROFILES**

##### **Katrina Raymond (Chair)**

**Appointed February 2017**

Katrina is an experienced arts communicator and strategist, having established an arts consulting practice within Melbourne-based communications firm MediaLink Productions. She has advised many of Australia's leading arts organisations, museums and collections, including the Ian Potter Museum of Art, the University of Melbourne; TarraWarra Museum of Art; Shepparton Art Museum; Murray Art Museum Albury; State Library of Victoria; Koorie Heritage Trust; City of Melbourne Public Art; Victorian College of the Arts & Melbourne Conservatorium of Music; the Lyon House Museum; Basil Sellers Art Prize; the Lorne Sculpture Prize; Save Super Art Campaign; Deutscher + Hackett Fine Art. With a broad involvement across the visual arts, Katrina has a particular interest in craft, jewellery and wearable art. Katrina has a BA Fine Arts (Gold & Silversmithing), RMIT; and Bachelor of Applied Science.

**Sim Luttin (Deputy Chair)**

**Appointed May 2018**

Sim Luttin is an arts professional and a mid-career maker with 20 years' experience as a contemporary jeweller and craftsperson. Sim has also worked for 10 years in the Senior Leadership Team as Curator and Gallery Manager at Arts Project Australia, a distinguished not-for-profit arts and disability organisation based in Melbourne. She has extensive experience representing marginalised artists to assist them to navigate and be recognised within the cultural sector. Sim regularly collaborates with diverse arts professionals and organisations to produce, manage and realise complex creative projects including exhibitions, events, symposiums, fundraisers, marketing and publication initiatives. Sim holds a Bachelor of Fine Arts (RMIT), Masters of Fine Art (Indiana University), Metals Associateship (JamFactory: Contemporary Craft & Design) and a Graduate Diploma in Arts Management (UniSA). She exhibits nationally and internationally and is represented by Pieces of Eight, Melbourne and Charon Kransen Arts, New York.

**Georgina O'Farrell (Secretary)**

**Appointed January 2018**

George is a specialist intellectual property lawyer based in Melbourne, Victoria. George established her practice, By George Legal, in 2016 to offer high quality, cost effective IP advice to individuals and businesses in the arts, publishing, film and television, food and beverages, creative industries and digital media. George has been practicing as a lawyer since 2003 in Australia and the UK and has extensive IP and litigation experience. She has significant inhouse experience, having been the Head of Legal for the Madman Media Group (Aus) and Phaidon Press (UK), in addition to private practice experience with Ashurst (UK) and Corrs Chambers Westgarth (Melb). Georgina is a guest lecturer on managing creative content for the University of Melbourne Masters of Art program and RMIT Bachelor of Fine Arts and a volunteer lawyer with the Arts Law Centre of Australia.

**Abby Seymour**

**Appointed May 2018**

Abby Seymour is a practicing artist and jeweller that has established a successful independent brand with over a decade in the craft and retail industry. Her distinctive brand focuses on sustainability by using ethical business practices and materials with minimal impact on the environment and is a leader in championing commercially viable avenues to sustain contemporary craft practices. Abby's flourishing creative practice delivers strong retail expertise via her ecommerce platforms, stockist representation, direct retail showroom, personalised commissioned services and community workshop programs. Abby has an Art History degree (University of Melbourne), BFA (RMIT) BA - Printmaking (RMIT) and MFA (RMIT). Formerly a lecturer in art and design at RMIT and private teacher Abby is actively engaged in the crafts community to help impart her learned trade skills and vision via workshop programs and regular mentoring pathways for emerging makers. Abby Seymour is stocked and represented by Craft Victoria, Heide MOMA, Jam Factory, Queensland GOMA and the National Gallery of Australia along with other selected museums and boutique stores in Australia and internationally.

**Lyn McColl**

**Appointed July 2018**

Lyn McColl is a certified Practicing Accountant and is the Executive Director of the Faculty of Veterinary & Agricultural Science at the University of Melbourne. Lyn joined the University of Melbourne after 14 years with BHP Billiton, where she held senior leadership positions in the Global Legal Team. Lyn has had wide leadership, commercial and general management experience with a proven ability to formulate and deliver organisational projects with high quality outcomes. Lyn also has a passion for all forms of art and design and is committed to contributing to an organisation that supports makers in an ever changing environment.

**Clive Scott**

**Appointed February 2014**

Clive Scott is the Sofitel Melbourne On Collins General Manager. Clive has worked in the hotel industry for more than 40 years, starting his 5 star hotel career at the Hilton on the Park in Melbourne while studying at Melbourne University. He has a Diploma in Hotel Management and a Degree in Economics and worked for the Hilton Hotels for 21 years and AccorHotels for 21 years. Clive spent time as the General Manager, Human Resources, for the Accor hotels having managed the Novotel Twin Waters Resort, Novotel and Hotel Ibis, Sydney Olympic Park, Western Sydney Hotels Accor, and the Sofitel Sydney Wentworth. In 2005, Clive returned to his home town, Melbourne, and has now been at the Sofitel for 14 years. Clive is actively involved in the business and arts community and is the Chairman of the Georges Mora Fellowship and Board Member of the Melbourne Prize Foundation and Oceania Foundation.

**Matthew Lucas**

**Appointed May 2018**

Matthew Lucas was educated in the UK, Cyprus and Australia. His first job took him to Savile Row in London, managing the retail department of a tailoring company that was By Appointment to HM the Queen. After studying at The Victorian College of the Arts he spent several years writing, directing and touring his own theatre work with successful funding and sponsoring outcomes. Matthew furthered his niche retail career by successfully launching Dinosaur Designs, the Australian design brand, in New York across the retail, wholesale, marketing and PR arenas. He has gone on to work in the niche, luxury retail sector working in the fine art, furniture, objects, design, watches and jewellery categories with such world-renowned brands as Loewe, Bang & Olufsen, Rolex, Graff and Patek Philippe. He has worked with media organizations, creative directors, national cultural institutions, retailers and the design community to build relationships and develop strategic partnerships. Matthew has lived and worked in London, Madrid, New York, Perth, Sydney and Melbourne.

**Robert Camm**

**Appointed 22 July 2012**

Rob is an experienced management consultant who works with a broad range of clients to help them deliver public value. He holds a Bachelor of Commerce, a Graduate Diploma in Business Systems and is a qualified CPA. Rob has a keen eye and a reputation for achieving exceptional outcomes with limited resources. With a strong background in financial management, Rob ensures each project delivers maximum public value with the available funds and benefits as many people in the community as possible. Rob has over 25 years' experience in the public and private sectors and has performed key roles in the management and evaluation of major procurement activities, including public private partnership arrangements. Rob's diverse experience includes specialist roles in project management, business analysis, financial modelling, budget formulation and financial management. This broad knowledge base is supported by commercial experience in a broad range of Projects across the health, justice, emergency management, utilities and education sectors.

Rob Camm concluded his term on Craft's Board in July, 2018.

**Marita Madden**

**Appointed April 2018**

Marita Madden is an international retail consultant with thirty-six years' experience in all areas of the retail environment. A leader in her field, she has cultivated a formidable worldwide network across all sectors of the industry, and is a specialist in the provision of services to the cultural, tourism and sporting industries. Marita has worked with a range of distinguished cultural institutions throughout her career and established Marita Madden Merchandise, a New York City based bespoke giftware company that specialized in high-end, Australian made, design, wood, glass, textiles and jewellery products for the American market. As head of retail operations at Museum Victoria, Arts Centre Melbourne and Sunday Market, and National Gallery of Victoria, Marita was involved in the development of commercial projects from the planning stage. Today, Marita assists clients with research and product development and actively pursues her passion for ART in all its forms, as well as volunteer work as a guide at The Shrine of Remembrance Melbourne. Marita Madden resigned from Craft's Board in January, 2019.

**DIRECTORS' MEETINGS**

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, are as follows:

Board Member	Meetings eligible to attend	Meetings attended
Robert Camm	4	4
Katrina Raymond	8	8
Sim Luttin	4	4
Georgina O'Farrell	7	5
Abby Seymour	4	4
Lyn McColl	3	3
Clive Scott	8	8
Matthew Lucas	4	4
Marita Madden	8	8

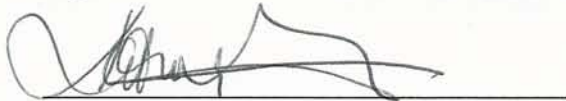
**CONTRIBUTION ON WINDING UP**

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligation of the entity. At 31 December 2018, the total amount that members of the Company are liable to contribute if the Company wound up is \$550.

**AUDITOR'S INDEPENDENCE DECLARATION**

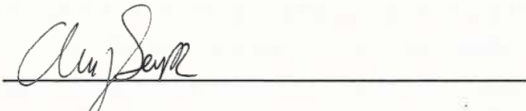
A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 7 of this financial report and forms part of the Director's Report.

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



Director

Dated: 26.4.19.



Director

Dated: 27 / 04 / 2019

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF CRAFT COUNCIL OF VICTORIA LIMITED

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the audit of The Crafts Council of Victoria Ltd for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in 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.



Ms Roslyn Buzza  
4/42-46 Peninsula Blvd  
Seaford Victoria 3198

Dated: 29th April 2019

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
31 DECEMBER 2018

	Note	2018 \$	2017 \$
INCOME			
Revenue	2	1,320,804	1,444,550
Cost of Sales		(300,576)	(287,609)
Other Program Expenses		(110,504)	(181,444)
Marketing Expenses		(15,928)	(18,137)
Administrative Expenses		(299,596)	(309,093)
Depreciation Expenses		(15,228)	(12,265)
Employee Benefit Expense		<u>(628,574)</u>	<u>(583,992)</u>
Surplus/(deficit) before income tax		(49,602)	52,010
Income tax expense	1b	<u>-</u>	<u>-</u>
Surplus/(deficit) before income tax		(49,602)	52,010
Other comprehensive income net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the period		<u>(49,602)</u>	<u>52,010</u>



THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	243,957	276,991
Trade and other receivables	4	159,467	159,855
Inventories	5	10,927	14,669
Other current assets	6	19,232	24,027
Financial assets	7	<u>138,970</u>	<u>138,279</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>572,553</u></b>	<b><u>613,821</u></b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	<u>91,793</u>	<u>79,033</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>91,793</u></b>	<b><u>79,033</u></b>
<b>TOTAL ASSETS</b>		<b><u>664,346</u></b>	<b><u>692,854</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	125,731	120,524
Income in advance	10	301,958	318,585
Provisions	11	33,429	20,047
Other current liabilities	12	<u>40,052</u>	<u>21,245</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>501,170</u></b>	<b><u>480,401</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	<u>4,430</u>	<u>4,105</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>4,430</u></b>	<b><u>4,105</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>505,600</u></b>	<b><u>484,506</u></b>
<b>NET ASSETS</b>		<b><u>158,746</u></b>	<b><u>208,348</u></b>
<b>MEMBERS' FUNDS</b>			
Retained surplus		<u>158,746</u>	<u>208,348</u>
<b>TOTAL MEMBERS' FUNDS</b>		<b><u>158,746</u></b>	<b><u>208,348</u></b>

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
31 DECEMBER 2018

	Note	Retained Surplus \$	Total \$
Balance at 1 January 2017		156,338	156,338
COMPREHENSIVE INCOME			
Surplus for the year		52,010	52,010
Other comprehensive income		-	-
Total comprehensive income		<u>52,010</u>	<u>52,010</u>
Balance at 31 December 2017		208,348	208,348
COMPREHENSIVE INCOME			
Surplus/(Deficit) for the year		(49,602)	(49,602)
Other comprehensive income		-	-
Total comprehensive income		(49,602)	(49,602)
Balance at 31 December 2018		<u>158,746</u>	<u>158,746</u>

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		838,537	874,672
Receipts from grants		553,405	594,156
Interest received		2,235	5,293
Payments to suppliers and employees		<u>(1,399,222)</u>	<u>(1,364,161)</u>
Net Cash provided by/(used in) operating activities	13	(5,045)	109,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for fixed asset purchases		(27,989)	(78,084)
Proceeds on disposal of assets		<u>-</u>	<u>(3,407)</u>
Net Cash provided by/(used in) investing activities		(27,989)	(81,491)
Net increase/(decrease) in cash held		(33,034)	28,469
Cash at the beginning of the year		276,991	248,522
Cash at the end of the year	3	<u>243,957</u>	<u>276,991</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

*Basis of preparation*

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

a. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Income Tax

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

c. Plant and Equipment

*Leasehold Improvements, and Office Equipment*

Leasehold Improvements and office equipment are measured at cost less depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the financial period in which they are incurred

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
- Furniture & Equipment	33%
- Computer Equipment	33%
- Leasehold Improvements	10%

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies (cont.)

c. Property, Plant and Equipment (cont.)

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

d. Financial Instruments

*Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies (cont.)

d. Financial Instruments (cont.)

*Financial assets at fair value through profit and loss (FVTPL)*

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions using a valuation technique where no active market exists.

*HTM investments*

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Group currently holds long term deposits designated into this category. HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

*Classification and subsequent measurement of financial liabilities*

The Company's financial liabilities include borrowings and trade and other payable.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

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

e. Employee Entitlements

*Short-term employee benefits*

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The Company's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies (cont.)

e. Employee Entitlements (cont.)

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

f. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of a past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. Revenue

Revenue comprises revenue from the sale of goods, government grants, and fundraising activities.

*Sale of Goods*

Revenue from the sale of goods comprises revenue earned from the sale of goods held on consignment and those purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

*Grant Income*

Some of the Company's programs are supported by grants received from the state and local governments. If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

*Interest Revenue*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Donations*

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

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

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies (cont.)

i. Operating leases

Where the company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

j. Significant management judgement in applying accounting policies

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

*Estimation uncertainty*

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

*Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

*Provisions – Long service leave*

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

k. Unexpended grants

The liability for unexpended grant income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.



THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

	2018 \$	2017 \$
Note 2: Operating Activities		
<i>Revenue comprises:</i>		
Grants	610,032	603,297
Sale of Goods	542,659	530,466
Interest Received	2,926	5,416
Other Revenue	165,187	305,371
	<u>1,320,804</u>	<u>1,444,550</u>
Note 3: Cash and Cash Equivalents		
Cash on Hand	400	500
Cash at Bank	243,557	276,491
	<u>243,957</u>	<u>276,991</u>
Note 4: Trade and Other Receivables		
Trade Debtors	154,771	158,676
Interest and Other Receivables	4,696	1,179
	<u>159,467</u>	<u>159,855</u>
Note 5: Inventories		
Finished Goods	10,927	14,669
Note 6: Other Current Assets		
Prepayments	19,232	24,027
Note 7: Financial Assets		
Cash held on deposit - maturity greater than 3 months	138,970	138,279
Note 8: Plant and Equipment		
Plant & equipment - at cost	149,244	256,751
Less accumulated depreciation	(57,451)	(177,718)
	<u>91,793</u>	<u>79,033</u>

*Movements in carrying amounts*

	<i>Balance as at 31 Dec 2017</i>	<i>Additions</i>	<i>Disposals</i>	<i>Depreciation</i>	<i>Balance as at 31 Dec 2018</i>
<i>Office Furniture and Equipment</i>	171	5,349	-	1,508	4,011
<i>Computer Equipment</i>	3,003	7,314	-	4,830	5,487
<i>Leasehold Improvements</i>	75,859	15,326	-	8,890	82,295
	<u>79,033</u>	<u>27,989</u>	<u>-</u>	<u>15,228</u>	<u>91,793</u>

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

			2018 \$	2017 \$
Note 9: Trade and other payables				
Trade Creditors			82,209	70,676
PAYG Payable			5,454	6,746
Superannuation Contributions Payable			11,510	11,988
GST Payable			<u>26,558</u>	<u>31,114</u>
			<u>125,731</u>	<u>120,524</u>
Note 10: Income in advance				
Unexpended grants			<u>301,958</u>	<u>318,585</u>
<i>Movements in unexpended grants</i>	<i>Balance as at 31 Dec 2017</i>	<i>Grants received</i>	<i>Grants recognised as revenue</i>	<i>Balance as at 31 Dec 2018</i>
<i>Australia Council</i>				
Core Funding	123,885	262,005	247,770	138,120
<i>Creative Victoria</i>				
Core Funding	140,700	281,400	281,400	140,700
Touring Program	54,000	-	40,862	13,138
Lynne Kosky Jewellery Award	-	10,000	-	10,000
	<u>318,585</u>	<u>553,405</u>	<u>570,032</u>	<u>301,958</u>
			2018 \$	2017 \$
Note 11: Provisions				
Current				
Provision for annual leave			30,501	20,047
Provision for long service leave			<u>2,928</u>	<u>-</u>
			<u>33,429</u>	<u>20,047</u>
Non-Current				
Provision for long service leave			<u>4,430</u>	<u>4,105</u>
			<u>4,430</u>	<u>4,105</u>
Note 12: Other current liabilities				
Accrued expenses, Gift vouchers and other liabilities			37,049	18,242
Membership prepaid			<u>3,003</u>	<u>3,003</u>
			<u>40,052</u>	<u>21,245</u>

THE CRAFTS COUNCIL OF VICTORIA LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

	2018 \$	2017 \$
Note 13: Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Surplus/(Deficit) from ordinary activities	(49,602)	52,010
Non-cash items in operating surplus		
- Depreciation	15,228	12,265
- (Profit)/loss on disposal of fixed assets	-	-
Changes in assets and liabilities;		
- (Increase)/Decrease in trade and other receivables	388	55,289
- (Increase)/Decrease in inventories	3,742	988
- (Increase)/Decrease in other current assets	4,105	(6,457)
- Increase/(Decrease) in trade and other payables	5,207	(4,553)
- Increase/(Decrease) in income in advance	(16,627)	(9,141)
- Increase/(Decrease) in provisions	13,707	7,090
- Increase/(Decrease) in other current liabilities	<u>18,807</u>	<u>(994)</u>
Net cash provided by Operating Activities	<u>(5,045)</u>	<u>106,497</u>

Note 14: Members' Funds

The company is a public company limited by guarantee. The liability of the members is limited. Every member undertakes to contribute \$50.00 to the assets of the company, if it is wound up while he or she is a member, or within one year afterwards.

Note 15: Related Party Transactions

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other persons.

Directors' Remuneration - None of the directors who served during the year received or were entitled to receive income from the company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018

Note 16: Capital and Leasing Commitments

*Operating lease commitment*

The company signed a new lease commencing 1 May 2017 for a 10 year term and relocated to 171 Collins St in Melbourne during the year.

This leasing commitment and the lease of the photocopier machine are not capitalised in the financial statements:

	2018	2017
	\$	\$
Payable no later than 1 year	155,625	153,655
Payable later than 1 year but not later than 5 years	622,500	600,000
Later than 5 years	<u>516,875</u>	<u>650,000</u>
Total	<u>1,295,000</u>	<u>1,403,655</u>

The terms of the lease include a bank guarantee equal to 6 months rent (\$82,500) in favour of the landlord. The guarantee is secured by a charge against the Company's term deposit held in an account with the Commonwealth Bank of Australia.

*Fitout Contribution*

As an incentive to enter into the lease, the landlord agreed to a 'Fitout Contribution' of \$389,729 towards the construction works. The lease confirms the landlord maintains ownership of the works to the extent they were paid for by the landlord. If the lease is ended prior to the expiry date of the initial term, the Fitout Contributions must be repaid by Craft as follows:

	% repayable	\$ repayable
During year 1	100%	389,729
During year 2	70%	272,810
During year 3	50%	194,865

Note 17: Entity Details

The registered office and principal place of business of the company is:


The Crafts Council of Victoria Ltd  
Tenancy 5, 171 Collins St  
Melbourne, Victoria 3000

DIRECTORS' DECLARATION  
FOR THE YEAR ENDED  
31 DECEMBER 2018


The directors of the registered entity declare that, in the directors' opinion:

- 1) The financial statements and notes, as set out on pages 1 to 20, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position of the registered entity as at 31 December 2018 and of its performance for the year ended on that date.
- 2) There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

  
\_\_\_\_\_  
Director

Dated: 26.4.19

  
\_\_\_\_\_  
Director

Date 27 / 04 / 2019

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
THE CRAFTS COUNCIL OF VICTORIA LIMITED

Opinion

I have audited the accompanying financial report, of The Crafts Council of Victoria Limited, which comprises the statement of financial position as at 31 December 2018, statement of changes in equity, statement of cash flows and the statement of comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of The Crafts Council of Victoria Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* , including:

- a) gives a true and fair view of the company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b) complies with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Basis for Opinion*

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the company in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 company's reporting responsibilities under the *ACNC Act* . As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

*Responsibility of the Board for the Financial Report*

The board of the company 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 of the financial report is appropriate to meet the requirements of the *ACNC Act* and the needs of the members. The board's responsibility also includes such internal control as the board 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 board are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibility for the Audit of the Financial Report*

My 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 my 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.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of 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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am 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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company 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.

I 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 I identify during my audit.



Ms Roslyn Buzza  
4/42-46 Peninsula Blvd  
Seaford Victoria 3198

Dated: 29th April 2019