

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

FINANCIAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2021

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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 2021.

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 |
| Rebecca Taube (Secretary) | Appointed February 2020 | Abby Seymour | Appointed May 2018 |
| Fiona Mason | Appointed February 2020 | Lyn McColl | Appointed July 2018 |
| Jeremy Wortsman | Appointed February 2020 | Matthew Lucas | Appointed May 2018 |
| Isobel Crombie | Appointed May 2020 | Jenna Lee | Appointed July 2021 |

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 surplus of \$3,064 for the financial year. (2020 surplus: \$261,825).

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.

Lyn McColl

Appointed July 2018

Lyn McColl is a certified Practising 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.

Sim Luttin (Deputy Chair)

Resigned March 2021

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.

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.

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 organisations, 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.

Fiona Mason

Appointed February 2020

Fiona Mason is an experienced marketer and strategist whose most recent role was GM, Marketing, Communications & Fundraising at Dementia Australia after serving as a Board Director at the organisation for a period of five years. Fiona's strategic planning and marketing expertise will support Craft in creating better customer driven strategies that reflect the purpose and values of the organisation as well as driving positive financial outcomes. A driving passion for the creative world ensures Fiona is an avid follower of the arts and craft scene. Currently, Fiona is Chair of the Blue-Sky Foundation supporting young adults challenged by their mental health and is also sits on the Australia Committee of Human Rights Watch.

Jeremy Wortsman

Resigned September 2021

Jeremy is the founder and director of The Jacky Winter Group and its associated gallery space, Lamington Drive. With offices in both Melbourne and New York, he has overseen thousands of successful commissions for clients such as Apple, Google and The New Yorker to some of the world's leading advertising agencies, design studios, and publishers. Prior to Jacky Winter, he co-founded the design practice Chase & Galley which emerged from his work having previously established the publication 'Is Not Magazine', winner of the Inaugural Premier's Design Awards. He is also the host of the Melbourne chapter of Creative Mornings, a founding member of The Contemplary, and manages the Artist-in-Residency program for Jacky Winter Gardens. Jeremy is passionate about the intersection of art and commerce, and thrives on connecting talented people with commercial opportunities.

Rebecca Taube

Appointed February 2020

Rebecca Taube is Deputy General Counsel at RMIT University in Melbourne having previously worked as in-house corporate counsel with a focus on intellectual property, marketing and consumer law, privacy and data protection, trade practices, and corporate governance. She has also worked as legal adviser for clients in consumer products, fashion and homewares retail markets, including international and domestic brands, and across affordable, aspirational and luxury ranges. Rebecca has a deep respect and admiration for the maker community of Victoria.

Dr Isobel Crombie

Appointed May 2020

Dr Isobel Crombie began her career at the National Gallery of Australia in 1979. From 1988 - 2012 she was Senior Curator of Photography at the National Gallery of Victoria before being appointed to role of Assistant Director. She is a highly regarded curator of Australian and international photography and has published widely on aspects of the medium. Her publications include Body Culture: Max Dupain, Photography and Australian Culture, 1919-1939 (2004); Light Sensitive: Contemporary Australian Photography from the Loti Smorgon Fund (2006); Body Language: Contemporary Chinese Photography (2008); Re-view: 170 years of photography (2009); and Fred Kruger: Intimate Landscapes (2012)

Jenna Lee

Appointed July 2021

Jenna is a Gulumerridjin (Larrakia), Wardaman and KarraJarri Saltwater woman with mixed Japanese, Chinese, Filipino and Anglo Australia ancestry. Using art to explore her many overlapping identities, Lee works across sculpture, installation, body adornment. With a practice focused on materiality and ancestral material culture, Lee works with notions of the archive and histories of colonial collecting. Lee was honoured to be the recipient of the Wandjuk Marika 3D Memorial Award at the Telstra National Aboriginal and Torres Strait Islander Art Award (NATSIAA) and the Australia Council's Dreaming Award. She has been a finalist in national awards, including the prestigious John Fries Award for emerging and early career artists and the KWM Contemporary First Nations Art Award. Lee is represented by MARS Gallery in Naarm (Melbourne, Australia).

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 |
|-----------------|-----------------------------|-------------------|
| Katrina Raymond | 6 | 6 |
| Lyn McColl | 6 | 5 |
| Rebecca Taube | 6 | 6 |
| Matthew Lucas | 6 | 6 |
| Jenna Lee | 3 | 3 |
| Abby Seymour | 6 | 5 |
| Fiona Mason | 6 | 6 |
| Isobel Crombie | 6 | 6 |
| Jeremy Wortsman | 4 | 3 |
| Sim Luttin | 1 | 1 |

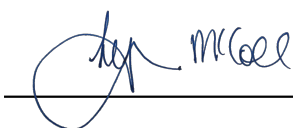
CONTRIBUTION ON WINDING UP

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 2021, the total amount that members of the Company are liable to contribute if the Company wound up is \$450.

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: 04/05/2022



Director

Dated: 04/05/2022

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 2021, 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
Unit 31 Arbor Way
CARRUM DOWNS, VIC 3201

Dated: 5th May 2022

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 2021

| | Note | 2021 \$ | 2020 \$ |
|--|------|------------------|------------------|
| INCOME | | | |
| Revenue | 2 | 1,511,147 | 1,241,809 |
| Cost of Sales | | (266,385) | (167,450) |
| Other Program Expenses | | (176,389) | (99,007) |
| Marketing Expenses | | (99,904) | (13,740) |
| Administrative Expenses | | (303,132) | (244,271) |
| Depreciation Expenses | | (21,794) | (16,465) |
| Employee Benefit Expense | | <u>(646,607)</u> | <u>(439,051)</u> |
| Surplus/(deficit) before income tax | | 3,064 | 261,825 |
| Income tax expense | 1b | <u>-</u> | <u>-</u> |
| Surplus/(deficit) before income tax | | 3,064 | 261,825 |
| Other comprehensive income net of income tax | | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the period | | <u>3,064</u> | <u>261,825</u> |

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 2021 \$ | 2020 \$ |
|--------------------------------------|------|-------------------------|-------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 754,878 | 845,427 |
| Trade and other receivables | 4 | 108,334 | 244,983 |
| Inventories | 5 | 13,647 | 11,032 |
| Other current assets | 6 | 31,283 | 21,157 |
| Financial assets | 7 | <u>143,157</u> | <u>143,073</u> |
| TOTAL CURRENT ASSETS | | <u>1,051,299</u> | <u>1,265,672</u> |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 8 | <u>167,956</u> | <u>79,196</u> |
| TOTAL NON-CURRENT ASSETS | | <u>167,956</u> | <u>79,196</u> |
| TOTAL ASSETS | | <u>1,219,255</u> | <u>1,344,868</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 141,354 | 133,333 |
| Income in advance | 10 | 148,704 | 431,167 |
| Provisions | 11 | 157,573 | 135,159 |
| Other current liabilities | 12 | <u>234,218</u> | <u>102,169</u> |
| TOTAL CURRENT LIABILITIES | | <u>681,849</u> | <u>801,828</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 11 | <u>4,727</u> | <u>13,425</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>4,727</u> | <u>13,425</u> |
| TOTAL LIABILITIES | | <u>686,576</u> | <u>815,253</u> |
| NET ASSETS | | <u>532,679</u> | <u>529,615</u> |
| MEMBERS' FUNDS | | | |
| Retained surplus | | <u>532,679</u> | <u>529,615</u> |
| TOTAL MEMBERS' FUNDS | | <u>532,679</u> | <u>529,615</u> |

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 DECEMBER 2021

| | Note | Retained Surplus \$ | Total \$ |
|--------------------------------|------|---------------------------|----------------|
| Balance at 1 January 2020 | | <u>267,790</u> | <u>267,790</u> |
| COMPREHENSIVE INCOME | | | |
| Surplus/(Deficit) for the year | | 261,825 | 185,916 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income | | <u>261,825</u> | <u>185,916</u> |
| Balance at 31 December 2020 | | <u>529,615</u> | <u>453,706</u> |
| COMPREHENSIVE INCOME | | | |
| Surplus/(Deficit) for the year | | 3064 | 3064 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income | | <u>3,064</u> | <u>3,064</u> |
| Balance at 31 December 2021 | | <u>532,679</u> | <u>532,679</u> |

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2021

| | Note | 2021 \$ | 2020 \$ |
|---|-------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from operations | | 1,169,184 | 629,219 |
| Receipts from grants | | 356,009 | 815,042 |
| Interest received | | 162 | 558 |
| Payments to suppliers and employees | | <u>(1,505,266)</u> | <u>(958,083)</u> |
| Net Cash provided by/(used in) operating activities | 13 | 20,089 | 486,736 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for fixed asset purchases | 8 | (110,554) | (11,478) |
| Net Cash provided by/(used in) investing activities | | <u>(110,554)</u> | <u>(11,478)</u> |
| Net increase/(decrease) in cash held | | (90,465) | 475,258 |
| Cash at the beginning of the year | | 988,500 | 513,242 |
| Cash at the end of the year | 3 & 7 | <u>898,035</u> | <u>988,500</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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% |
| - Website | 20% |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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 2021

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 2021

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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. Creative Victoria require that Strategic Investment Fund Stage 1 be disclosed as income in the current financial year, even though the organisation fulfilled the conditions of the grant in the following financial year.

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

| | 2021 \$ | 2020 \$ |
|---|------------------|------------------|
| Note 2: Operating Activities | | |
| <i>Revenue comprises:</i> | | |
| Grants: | | |
| Creative Victoria | 470,587 | 357,309 |
| Australia Council | 222,560 | 254,533 |
| City of Melbourne | <u>45,325</u> | <u>40,000</u> |
| Total Grants: | 738,472 | 651,842 |
| Sale of Goods | 473,491 | 346,357 |
| Interest Received | 158 | 499 |
| Other Revenue | 248,626 | 127,659 |
| Government Covid-19 Support | <u>50,400</u> | <u>115,452</u> |
| | <u>1,511,147</u> | <u>1,241,809</u> |
| Note 3: Cash and Cash Equivalents | | |
| Cash on Hand | 200 | 400 |
| Cash at Bank | <u>754,678</u> | <u>845,027</u> |
| | <u>754,878</u> | <u>845,427</u> |
| Note 4: Trade and Other Receivables | | |
| Trade Debtors | 108,325 | 209,770 |
| Interest and Other Receivables | <u>9</u> | <u>35,213</u> |
| | <u>108,334</u> | <u>244,983</u> |
| Note 5: Inventories | | |
| Finished Goods | <u>13,647</u> | <u>11,032</u> |
| Note 6: Other Current Assets | | |
| Prepayments | <u>31,283</u> | <u>21,157</u> |
| Note 7: Financial Assets | | |
| Cash held on deposit - maturity greater than 3 months | <u>143,157</u> | <u>143,073</u> |

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

| | | | | 2021 \$ | 2020 \$ |
|---------------------------------------|--------------------------------------|------------------------|---|---------------------|--------------------------------------|
| Note 8: Plant and Equipment | | | | | |
| Plant & equipment - at cost | | | | 221,746 | 167,027 |
| Less accumulated depreciation | | | | <u>(53,790)</u> | <u>(87,831)</u> |
| | | | | <u>167,956</u> | <u>79,196</u> |
| <i>Movements in carrying amounts</i> | <i>Balance as at 31 Dec 2020</i> | <i>Additions</i> | <i>Disposals</i> | <i>Depreciation</i> | <i>Balance as at 31 Dec 2021</i> |
| Office Furniture and Equipment | 2,050 | 1,045 | - | 1,504 | 1,591 |
| Computer Equipment | 6,750 | 10,841 | - | 5,216 | 12,375 |
| Website | - | 98,668 | - | 4,974 | 93,694 |
| Leasehold Improvements | <u>70,396</u> | <u>-</u> | <u>-</u> | <u>10,100</u> | <u>60,296</u> |
| | <u>79,196</u> | <u>110,554</u> | <u>-</u> | <u>21,794</u> | <u>167,956</u> |
| Note 9: Trade and other payables | | | | | |
| Trade Creditors and payables | | | | 96,250 | 51,198 |
| PAYG Payable | | | | 27,009 | 24,734 |
| Superannuation Contributions Payable | | | | 6,384 | 11,566 |
| GST Payable | | | | <u>11,711</u> | <u>45,835</u> |
| | | | | <u>141,354</u> | <u>133,333</u> |
| Note 10: Income in advance | | | | | |
| Unexpended grants | | | | <u>148,704</u> | <u>431,167</u> |
| <i>Movements in unexpended grants</i> | <i>Balance as at 31 Dec 2020</i> | <i>Grants received</i> | <i>Grants recognised as revenue</i> | | <i>Balance as at 31 Dec 2021</i> |
| <i>Australia Council</i> | | | | | |
| Core Funding | 111,280 | 231,673 | 222,560 | | 120,393 |
| <i>Creative Victoria</i> | | | | | |
| Core Funding | 140,700 | 150,700 | 281,400 | | 10,000 |
| Strategic Investment Fund Stage 2 | 129,187 | 60,000 | 189,187 | | - |
| <i>City of Melbourne</i> | 50,000 | - | 45,325 | | 4,675 |
| <i>Gordon Darling Foundation</i> | <u>-</u> | <u>13,636</u> | <u>-</u> | | <u>13,636</u> |
| | <u>431,167</u> | <u>356,009</u> | <u>738,472</u> | | <u>148,704</u> |

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

| | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| Note 11: Provisions | | |
| Current | | |
| Provision for annual leave | 50,994 | 45,357 |
| Provision for personal / parental leave | 94,931 | 89,802 |
| Provision for long service leave | <u>11,648</u> | <u>-</u> |
| | <u>157,573</u> | <u>135,159</u> |
| Non-Current | | |
| Provision for long service leave | <u>4,727</u> | <u>13,425</u> |
| | <u>4,727</u> | <u>13,425</u> |
| Note 12: Other current liabilities | | |
| Accrued expenses, Gift vouchers and other liabilities | <u>234,218</u> | <u>102,169</u> |
| | <u>234,218</u> | <u>102,169</u> |
| Note 13: Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax | | |
| Surplus/(Deficit) from ordinary activities | 3,064 | 261,825 |
| Non-cash items in operating surplus | | |
| - Depreciation | 21,794 | 16,464 |
| Changes in assets and liabilities; | | |
| - (Increase)/Decrease in trade and other receivables | 136,649 | (86,646) |
| - (Increase)/Decrease in inventories | (2,615) | 118 |
| - (Increase)/Decrease in other current assets | (10,126) | (2,557) |
| - Increase/(Decrease) in trade and other payables | 8,021 | 5,676 |
| - Increase/(Decrease) in income in advance | (282,463) | 163,200 |
| - Increase/(Decrease) in provisions | 13,716 | 96,314 |
| - Increase/(Decrease) in other current liabilities | <u>132,049</u> | <u>32,342</u> |
| Net cash provided by Operating Activities | <u>20,089</u> | <u>486,736</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.

THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

Note 16: Capital and Leasing Commitments

Operating lease commitment

The company signed a new lease commencing 1 May 2017 for a 10 year term.

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

| | 2021 | 2020 |
|--|------------------|----------------|
| | \$ | \$ |
| Payable no later than 1 year | 167,518 | 155,625 |
| Payable later than 1 year but not later than 5 years | 670,073 | 622,500 |
| Later than 5 years | <u>55,839</u> | <u>205,625</u> |
| Total | <u>1,060,949</u> | <u>983,750</u> |

The terms of the lease include a bank guarantee equal to 6 months rent (\$92,135) 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.

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

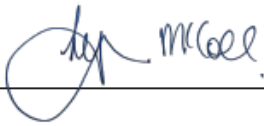
THE CRAFTS COUNCIL OF VICTORIA LIMITED
ABN 67 005 725 940

DIRECTORS' DECLARATION
FOR THE YEAR ENDED
31 DECEMBER 2021

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 21, 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 2021 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: 04/05/2022



Director

Date 04/05/2022

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 2021, 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 2021 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.

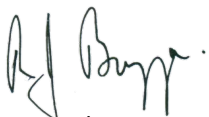
Auditor's Responsibility for the Audit of the Financial Report

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
Unit 31 Arbor Way
CARRUM DOWNS, VIC 3201

Dated: 5th May 2022