

TREASURER REPORT

I am very pleased to present the 2018 financial report for Craft ACT: Craft and Design Centre. Our auditor, Vincents, has issued an unqualified audit opinion and this report represents a true and fair view of the financial position of Craft ACT. In the Board of Management's opinion there are reasonable grounds to believe that Craft ACT: Craft and Design Centre will be able to pay its debts as and when they become due and payable.

Federal and Territory governments encourage arts organisations to secure diverse sources of funding. Craft ACT has been successful in recent years in securing grants, sponsorship, ticket sales, donations and commissions in response to this encouragement.

In 2018, Craft ACT: Craft and Design Centre finished the year with a \$81,723, surplus, which was a direct result of increases to revenue for the year including a 50% increase in membership revenue. It is imperative to acknowledge and thank our members, sponsors, supporters and donors for their important ongoing contributions.

The increase in grant income was welcome and all grants were expended carefully according to the deeds of agreement, as were all sponsored partnerships. Ticketing revenue was similar to the previous year and a new bookings process and commission fee for DESIGN Canberra introduced another revenue source and streamlined the ticket sales processes. The only area of reduced income was from gallery sales. In part gallery sales can be unpredictable but a greater proportion of artist payments for exhibition sales fell in 2018 which distorts the figure slightly. Retail sales are stable and a good source of revenue and support for members.

Due to changing accounting standards, Craft ACT will establish a dedicated term deposit for surplus funds which will be used to invest in staffing numbers, member development and other areas of high activity for Craft ACT which have not received an increase in budget for several years. In 2018 we invested in an overdue upgrade of the IT system to improve membership services and conditions for staff. We have also piloted a new online membership database.

I would like to take this opportunity to thank our CEO Rachael Coghlan and the Craft ACT staff who have produced an amazing year of results both financial and non financial.

SIGNED:



Sam Bryant, Treasurer

DATED: 25 March 2019

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

Financial Statements

For the Year Ended 31 December 2018

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

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For the Year Ended 31 December 2018

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Craft ACT Craft And Design Centre Incorporated

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Committees' Report For the Year Ended 31 December 2018

The committee members present their report on Craft ACT Craft And Design Centre Incorporated for the financial year ended 31 December 2018.

Committee members

The names of the committee members in office at the date of this report are:

Names	Position
Graham Humphries	President
Agnes Bullard	Secretary and public officer
Sam Bryant	Treasurer
Helen O' Neil	
Rohan Nicol	
Kevin Keith	
Andea Ho	
Rebecca Coronel (Interim board member)	
Sari Sutton (Interim board member)	
Stephen Cassidy (Interim board member)	
Rob Henry (Interim board member)	
Rebecca Coronel (Interim board member)	

Principal activities

The principal activities of the Association during the financial year were to promote quality and excellence in craft and design and to provide a source of information on craft and design in the Australian Capital Territory.

Significant changes

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

Operating result

The profit of the Association for the financial year amounted to \$ 81,722 (2017: \$ 118,207).

Signed in accordance with a resolution of the Members of the Committee:

Committee member: 

Committee member: 

Dated this 25th day of March 2019

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of Craft ACT Craft And Design Centre Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

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

Vincent's Audit Pty Ltd



Phillip W Miller CA
Director

Canberra, 26 March 2019

Craft ACT Craft And Design Centre Incorporated

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue and other income	5	807,285	726,378
Cost of sales		(4,407)	(8,115)
Employee benefits expense		(354,441)	(343,656)
Depreciation and amortisation expense		(5,121)	(10,536)
Administration expenses		(361,222)	(245,664)
Finance leases		(371)	(200)
Surplus before income tax		81,723	118,207
Income tax expense		-	-
Surplus for the year		81,723	118,207
Other comprehensive income for the year		-	-
Total comprehensive income for the year		81,723	118,207

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

The accompanying notes form part of these financial statements.

Craft ACT Craft And Design Centre Incorporated

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Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	382,873	290,610
Trade and other receivables	7	3,635	121,538
Inventories	8	8,850	4,129
Other assets	9	16,239	5,124
TOTAL CURRENT ASSETS		<u>411,597</u>	<u>421,401</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	28,095	21,291
TOTAL NON-CURRENT ASSETS		<u>28,095</u>	<u>21,291</u>
TOTAL ASSETS		<u>439,692</u>	<u>442,692</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	69,993	62,867
Borrowings	12	2,949	4,594
Employee benefits	14	17,272	12,126
Other financial liabilities	13	74,274	169,624
TOTAL CURRENT LIABILITIES		<u>164,488</u>	<u>249,211</u>
TOTAL LIABILITIES		<u>164,488</u>	<u>249,211</u>
NET ASSETS		<u>275,204</u>	<u>193,481</u>
EQUITY			
Retained earnings		<u>275,204</u>	<u>193,481</u>
TOTAL EQUITY		<u>275,204</u>	<u>193,481</u>

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Craft ACT Craft And Design Centre Incorporated

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Statement of Changes in Equity For the Year Ended 31 December 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	193,481	193,481
Surplus for the year	81,723	81,723
Balance at 31 December 2018	275,204	275,204

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2017	75,274	75,274
Surplus for the year	118,207	118,207
Balance at 31 December 2017	193,481	193,481

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Craft ACT Craft And Design Centre Incorporated

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	826,858	700,131
Payments to suppliers and employees	(724,410)	(550,077)
Interest received	3,385	1,830
Net cash provided by operating activities	<u>105,833</u>	<u>151,884</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(11,925)</u>	-
Net cash used in investing activities	<u>(11,925)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	<u>(1,645)</u>	(295)
Net cash used in financing activities	<u>(1,645)</u>	(295)
Net increase in cash and cash equivalents held	92,263	151,589
Cash and cash equivalents at beginning of year	<u>290,610</u>	<u>139,021</u>
Cash and cash equivalents at end of financial year	6 <u><u>382,873</u></u>	<u><u>290,610</u></u>

The accompanying notes form part of these financial statements.

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

The financial report covers Craft ACT Craft And Design Centre Incorporated as an individual entity. Craft ACT Craft And Design Centre Incorporated is a not-for-profit Association, registered and domiciled in Australia.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Association has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 January 2018.

As part of the adoption of AASB 9, the Association adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Association's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Association has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Classification of financial assets

The financial assets of the Association have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Reclassific- ation	Re- measur- e-nts	Carrying amount under AASB 9
Note			\$	\$	\$	\$
Financial assets						
Trade and other receivables	Loans and receivables	Amortised cost	121,538	-	-	121,538
Cash and cash equivalents	Loans and receivables	Amortised cost	290,610	-	-	290,610
Total financial assets			412,148	-	-	412,148
Financial liabilities						
Trade payables	Other financial liabilities	Other financial liabilities	63,404	-	-	63,404
Income in advance	Other financial liabilities	Other financial liabilities	169,624	-	-	169,624
Borrowings	Other financial liabilities	Other financial liabilities	4,594	-	-	4,594
Employee benefits	Other financial liabilities	Other financial liabilities	12,126	-	-	12,126
Total financial liabilities			249,748	-	-	249,748

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Association intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

3 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Association obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(c) Revenue and other income

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Display equipment	27%
Furniture, Fixtures and Fittings	15%
Office Equipment	18%-25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(g) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(g) Financial instruments

and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flowa are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, bank and other loans and finance lease liabilities.

(h) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(i) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

4 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

5 Revenue and Other Income

	2018	2017
	\$	\$
Grants		
- ACT Government	308,081	303,749
- Australia council	95,950	95,000
- Australia council VACS	37,531	37,014
- Arts ACT VACS	47,800	51,567
- CRA Grant	59,368	-
- Other grants	13,164	9,995
Total grants	561,894	497,325
- Sales	71,535	81,071
- Member subscriptions	34,984	22,324
- Interest income	3,385	1,830
- Rental income	-	1,432
- Sponsorship - Design Canberra	110,455	116,203
- Donations & fundraising	20,033	1,193
Total Revenue and Other Income	802,286	721,378

6 Cash and Cash Equivalents

Cash at bank and in hand	231,780	290,610
Short-term deposits	151,093	-
	382,873	290,610

7 Trade and Other Receivables

CURRENT		
Trade receivables	3,635	121,538
	3,635	121,538

8 Inventories

CURRENT		
At cost:		
Merchandise	8,850	4,129
	8,850	4,129

9 Other Assets

CURRENT		
Prepayments	8,818	4,956
Accrued income	7,421	168
	16,239	5,124

Craft ACT Craft And Design Centre Incorporated

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

10 Property, plant and equipment

	2018	2017
	\$	\$
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	3,995	3,995
Accumulated depreciation	(3,995)	(3,995)
Display equipment		
At cost	18,806	18,806
Accumulated depreciation	(18,450)	(18,318)
Total plant and equipment	<u>356</u>	<u>488</u>
Furniture and fittings		
At cost	35,600	35,600
Accumulated depreciation	(30,921)	(30,096)
Total furniture, fixtures and fittings	<u>4,679</u>	<u>5,504</u>
Office equipment		
At cost	97,400	85,475
Accumulated depreciation	(74,340)	(70,176)
Total office equipment	<u>23,060</u>	<u>15,299</u>
Total plant and equipment	<u>28,095</u>	<u>21,291</u>
Total property, plant and equipment	<u><u>28,095</u></u>	<u><u>21,291</u></u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Display equipment	Furniture and Fittings	Office Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2018				
Balance at the beginning of year	488	5,504	15,299	21,291
Additions	-	-	11,925	11,925
Depreciation expense	(132)	(825)	(4,164)	(5,121)
Balance at the end of the year	<u><u>356</u></u>	<u><u>4,679</u></u>	<u><u>23,060</u></u>	<u><u>28,095</u></u>

Craft ACT Craft And Design Centre Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2018

11 Trade and Other Payables

	2018	2017
	\$	\$
Current		
Trade payables	63,231	37,118
Sundry payables and accrued expenses	6,301	376
Other payables	461	25,373
	<u>69,993</u>	<u>62,867</u>

12 Borrowings

CURRENT		
Secured liabilities:		
Lease liability secured	2,949	4,594
	<u>2,949</u>	<u>4,594</u>

Leased liabilities are secured by the underlying leased assets.

13 Other Financial Liabilities

CURRENT		
Government grants in advance	74,274	169,624

14 Employee Benefits

Current liabilities		
Annual leave	17,272	12,126
	<u>17,272</u>	<u>12,126</u>

15 Leasing Commitments

(a) Finance leases

Minimum lease payments:		
- not later than one year	2,016	2,016
- between one year and five years	1,176	3,192
Minimum lease payments	<u>3,192</u>	<u>5,208</u>

A Finance lease is in place for the phone system and has a term of 36 months.

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Notes to the Financial Statements For the Year Ended 31 December 2018

16 Retrospective restatement

During the year it was noted that several asset and liability accounts had previously been disclosed incorrectly due to processing errors. As a result a number of asset and liability accounts were overstated. The identified error has been corrected in the current year, and the 2017 financial year figures have been restated.

The aggregate effect of the error on the annual financial statements for the year ended 31 December 2018 is as follows:

	Previously stated	31 December 2017 Adjustments	Restated	Previously stated	1 January 2017 Adjustments	Restated
	\$	\$	\$	\$	\$	\$
Statement of Financial Position						
Trade receivables	122,813	(1,275)	121,538	122,813	(1,275)	121,538
Trade and other payables	(84,870)	21,466	(63,404)	(84,870)	21,466	(63,404)
Retained earnings	(55,083)	(20,191)	(75,274)	(55,083)	(20,191)	(75,274)

17 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is \$ 216,413 (2017: \$ 179,355).

18 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 31 December 2018 (31 December 2017:None).

19 Related Parties

(a) The Association's main related parties are as follows:

The committee members of the Association who held office during any part of the financial year are as follows:

Graham Humphries

Helen O'Neil

Rohan Nicol

Sam Bryant

Agnes Bullard

Kevin Keith

Lisa Scharoun

Andrea Ho

Rebecca Coronel

Sari Sutton

Stephen Cassidy

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Notes to the Financial Statements For the Year Ended 31 December 2018

19 Related Parties

(a) **The Association's main related parties are as follows:**

Rob Henry

Jermey Lepisto

Liam Early and

Tracy Ireland

No related party transactions occurred during the year. The Committee members do not receive remuneration.

Key management personnel - refer to Note 17.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

20 Events after the end of the Reporting Period

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

21 Statutory Information

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

Craft ACT Craft And Design Centre Incorporated
1st Floor North Building ACT Government Complex
London Circuit
Civic Square ACT 2608

Craft ACT Craft And Design Centre Incorporated

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Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person  Responsible person 

Dated 25 March 2019

Independent Audit Report to the Members of Craft ACT Craft and Design Centre Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Craft ACT Craft and Design Centre Incorporated (the registered entity), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the financial report of Craft ACT Craft and Design Centre Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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

Vincents Audit Pty Ltd

Phillip Miller
Director

Canberra,

Date: 26 March 2019

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

For the Year Ended 31 December 2018

Disclaimer

The additional financial data presented on page 22-25 is in accordance with the books and records of the Association which have been subjected to the auditing procedures applied in our statutory audit of the Association for the year ended 31 December 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Craft ACT Craft And Design Centre Incorporated) in respect of such data, including any errors or omissions therein however caused.

Vincent's Audit Pty Ltd.



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Phillip Miller CA

Director

26 March 2019

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

For the Year Ended 31 December 2018

Income and Expenditure Statement

Income

Grants:

ACT Government	308,081	303,749
Australia council	95,950	95,000
Australia council VACS	37,531	37,014
Arts ACT VACS	47,800	51,567
CRA Grant	59,368	-
Other grants	13,164	9,995
	<u>561,894</u>	<u>497,325</u>

General:

Interest received	3,385	1,830
Rental income	-	1,432
	<u>3,385</u>	<u>3,262</u>

Activities:

Fundraising	19,690	-
Donations	343	1,193
Member subscriptions/APM subscriptions	34,984	22,324
Sponsorship - Design Canberra	110,455	116,203
Sponsorship - AIR	5,000	5,000
	<u>170,472</u>	<u>144,720</u>

Trading Account:

Sales - retail	54,162	56,596
Less COGS - retail	(19,918)	(22,365)
Net - retail	<u>34,244</u>	<u>34,231</u>

Gross exhibition sales commission	19,789	36,132
Less COGS - exhibition	(15,049)	(21,679)
Net - exhibition sales	<u>4,740</u>	<u>14,453</u>

DC- craft ACT ticket sales	22,229	25,261
DC - event art sales/exhibition	14,625	16,965
DC - external ticket sales	25,364	-
DC- less art sales commission	(10,926)	(9,839)
DC- less tickets sales commission	(18,742)	-
	<u>32,550</u>	<u>32,387</u>

Cost of sales	<u>(4,407)</u>	<u>(8,115)</u>
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	<u>67,127</u>	<u>72,956</u>
Total income	<u><u>802,877</u></u>	<u><u>718,263</u></u>

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

For the Year Ended 31 December 2018

Income and Expenditure Statement

Expenses

Salaries & on costs:

Salaries	327,941	321,479
Annual leave	5,146	(460)
Other staff expenses	-	1,618
Superannuation contributions	21,354	21,019
Insurance- workers comp/personal	86	3,834
Insurance- volunteer workers	183	356
	354,710	347,846

Administration:

Accounting fees	57,180	55,328
Administration and management fees	3,844	1,853
Auditors fees - 2017 year	4,500	750
Audit fees - 2018 year	5,000	-
Bad debts	125	367
Finance costs	371	200
Bank charges	3,189	3,541
Delivery costs	3,238	2,364
Insurance	4,780	4,400
IT support & IT subscriptions	7,242	5,218
Office equipment	346	7,250
Repairs and maintenance	3,923	2,915
Sundry expenses	1,030	(19,584)
Telephone and fax	3,113	3,391
Loss on disposal of assets	-	7,869
Advertising	2,349	2,801
Rent - office	18,316	15,318
Depreciation	5,121	10,536
	123,667	104,517
	-	-

Program costs:

Member professional development	950	-
Artists,Writer and speaker fees	34,698	12,353
Advertising	52,164	43,306
Catering expenses	8,866	5,454
Exhibition costs	58,921	22,335
Member insurance	12,138	10,102
Project expenses	22,973	892
printing and stationery -admin	17,784	24,524
Travel and meeting	13,150	16,225
Venue and equipment hire	17,795	10,949
Documentation and photos	3,338	1,553
	200,140	147,693

Craft ACT Craft And Design Centre Incorporated

ABN 33 314 092 587

For the Year Ended 31 December 2018

Income and Expenditure Statement

	<u>-</u>	<u>-</u>
Total expenses	721,154	600,056
Surplus/(deficit) for the year	81,723	<u>118,207</u>