Canberra Glassworks Limited

ACN 120 881 898

Financial Report

30 June 2013

Canberra Glassworks Limited

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Directors' Report

30 June 2013

It is with pleasure that we provide our report on the operations of Canberra Glassworks Limited for the year ended 30 June 2013, under the *Corporations Act 2001* .

Directors

The following persons were Directors of Canberra Glassworks Limited during the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Nola Anderson - Chairperson (appointed to the Board on 27/ 02/13; appointed Chairperson on 01/07/13)
Andrew Sayers - Chairperson (resigned on 30/06/13)
Chris Wheeler (resigned on 30/06/13)
Klaus Moje AO
Catherine Winters
Brian Corr
Eugenie Keefer-Bell (appointed on 30/06/13; resigned 21/10/13)
Joan Uhr (appointed on 30/06/13)
John Topfer (appointed on 30/06/13)
Ian McShane (appointed on 9/10/13)
Lynette Murray (resigned on 30/06/13)
Professor David Williams (resigned on 25/ 10/ 12)

Principal Activities

During the financial year, the Company continued to engage in its principal activity which is supporting, promoting and developing contemporary glass in Australia, the results of these activities are disclosed in the attached financial statements. The Company's principal activities helped the Company achieve it objectives in the following ways:

52,273 people visited during the 2012-2013 year
80 artists used the centre with 70% as paying hirers
68 artists had artwork in the exhibition program
8 artists held talks in relation to the exhibition program
The Company supported 9 major acquisitions of work by 7 different artists
18 Artists were Artists in Residence during the 2012-2013 year including 10 through the Thomas Foundation Artists in Residence program
324 participants in the Education programs including 89 children participating in children's classes
1,886 participants in the Off The Street programs
44 groups comprising 1,330 participants in our tours and experiences offerings
378 people attended the Lino Tagliapietra workshop including 91 artists

Operating Results

The net operating result for the Company for the year ended 30 June 2013 was a surplus of $50,563 (2012: deficit of $(46,232)).

Review of Operations

Canberra Glassworks Limited completed its sixth financial year of trading from 1 July 2012 to 30 June 2013. During this period the Company generated 60% of its income and the ACT Government provided the balance as part of the ongoing funding agreement between the two bodies. There continues to be strong support for Canberra Glassworks' programs, products and services. During the year Canberra Glassworks (in partnership with the Australian National University) hosted a five day workshop with highly recognised artist Lino Tagliapietra. Income from the sale of artworks and merchandise increased by 14% due to the sale of a number of significant pieces, including two pieces produced during Lino's workshop. Income from the Education programs increased by 6% and income from the Residency programs increased by 9%. Income from Artists Facility Hire decreased by 15% reflecting overall market trends.

Directors' Report

Long and Short Term Objectives

The objectives of Canberra Glassworks are:

* To enhance the careers of artists by providing state-of-the-art equipment, faciltiies, and high quality programs which support innovation, development, and production alongside the exhibition and promotion of their work;
* To provide accessible opportunities for children and adults to view and learn about contemporary glass and connect with the heritage values and history of the Kingston Powerhouse;
* To provide a world class tourist experience alongside Canberra's significant national attractions and institutions;
* To operate in a manner that is professional and financially responsible so that Canberra Glassworks endures.

Strategies

The strategies that the Company has implemented to achieve its objectives involve:

* Providing programs, products and services which support artists' practice;
* Developing an enhanced visitor experience;
* Enhancing private, corporate and federal government funding;
* Enhancing revenue from retail and exhibition program;
* Maintaining a strong marketing focus on artistic and visitor programs, products and services;
* Continue to work effectively with major sponsors including funding bodies;
* Establish effective business model for a cafe facility;
* Review human resource, business and operational plans to maximise efficiences.

Key Performance measures

The company measures its performance utilising a combination of financial and non-financial measures. The following Performance Indicators form part of the Strategic Five Year Business Plan.

* Increased use of the centre by artists reflected in the numbers and categories of artists, as well as by the income generated through programs and retail activity;
* Increased visitor attendance - including interstate and international visitors;
* Increased revenue generated by Education and Visitor Experiences programs;
* Maintenance of targeted cash reserves;
* Increased proportion of earned income against government funding;
* Staff engagement, performance, and retention ratios
* Monitoring of organisational financial performance against the annual budget and the five year business plan.

The Company has an obligation to acquit its ACT Government grant annually and reports to this body on its Performance Indicators.

Significant changes in the state of affairs

There was no significant change in the Company's state of affairs throughout the year other than mentioned above.

Matters subsequent to the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the organisation.

Directors' Report

30 June 2013

Environmental Regulation
The Company's operations are not regulated by any significant environmental regulation or law of the Commonwealth or Australian Capital Territory.

Dividends
The Company is prohibited by its constitution from declaring or paying any dividends.

Likely developments and expected results of operations
Canberra Glassworks will engage in its principal activity which is supporting, promoting and developing contemporary glass in Australia. In 2013-14 Canberra Glassworks will continue to develop the number and type of its products, services and activities.

Employees
The Company employed 17 employees as at 30 June 2013 (2012: 19 employees). Full Time Equivalent as at 30 June 2013 was 9.8 (2012: 10.6)

Directors' Attendance at Board Meetings

	Eligible to attend	Number attended
Nola Anderson	3	3
Andrew Sayers	8	8
David Williams	4	4
Lynette Murray	8	7
Chris Wheeler	8	8
Klaus Moje	8	2
Catherine Winters	8	6
Brian Corr	8	6
Eugenie Keefer-Bell	1	1
Joan Uhr	1	1
John Topfer	1	1
Ian McShane	0	0

Information on Directors
The information on Directors is as follows:

Nola Anderson

Qualifications	BA Fine Arts Diploma of Education Graduate Certificate Public Sector Management
Experience	Museum Executive Consultant and 25 years in the museum and arts sectors

Andrew Sayers

Experience	Former Head of National Portrait Gallery Director of the National Museum of Australia

Professor David Williams

Qualifications	Diploma of Art & Fellowship Masters Education
Experience	Distinguished Visiting Fellow, ANU Research School of Humanities

Lynette Murray

Qualifications	Master of Personal Financial Planning Member of the Australian Institute of Company Directors Fellow of the Australian Institute of Banking and Finance
Experience	Senior Financial Planner, St George Bank

Chris Wheeler

Qualifications	Bachelor of Economics Bachelor of Law (Hons)
Experience	Partner, King and Wood Mallesons

Klaus Moje AO

Qualifications	Australian Living Treasure Masters Certificate, Glass
Experience	Founding Head, Glass Workshop, School of Art, ANU

Directors' Report

Information on Directors (continued)

Catherine Winters	
Experience	Thirty-five years community arts management
Brian Corr	
Qualifications	Bachelor of Visual Arts Master of Fine Arts
Experience	National and international exhibition experience
Eugenie Keefer-Bell	
Qualifications	PhD (Architecture and Fine Art) Master of Arts (Art) Bachelor of Arts with Distinction (Art)
Experience	Head, Design and Architecture, University of Canberra National and international exhibition experience
Joan Uhr	
Qualifications	Bachelor of Economics
Experience	Executive Directors, Sir Roland Wilson Foundation, Australian National University
John Topfer	
Qualifications	Bachelor of Arts and Law
Experience	Partner King and Wood Mallesons 26 years until 2012 Experience in all aspects of firm management including audit, risk and board Sculptor Member ACT Cultural Councile 5 years to 2013
Ian McShane	
Qualifications	Bachelor of Business (Accounting and Economics) Fellow, Australian Society of Certified Practising Accountants (FCPA) Fellow, Australian Institute of Management (FAIM) Member, Australian Computer Society (MACS Snr)
Experience	Partner Callida Consulting

The Company has established a Finance Committee chaired by Lynette Murray and an Audit and Risk Management Committee chaired by Chris Wheeler.

Indemnification and insurance of officers

During 2012-13 the Company had paid premiums of $2,025 (2012: $2,025) in respect of a contract insuring all the board members of Canberra Glassworks Limited against legal costs incurred in defending proceeding:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001* , as permitted by section 199B of the *Corporations Act 2001* .

Auditors independence declaration

A copy of the auditors' independence declaration as required by the *Corporations Act 2001* is attached. This forms part of the Directors' Report for the financial period ended 30 June 2013.

Signed in accordance with a resolution of the Directors.

....

Nola Anderson

Chairman

Canberra

23 October 2013

Canberra Glassworks Limited

Directors' Declaration

30 June 2013

In accordance with a resolution of the directors of Canberra Glassworks Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australia Accounting Interpreations) and the *Corporations Regulations 2001;*

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

…………………………………………….

Nola Anderson

Chairman

Canberra

Declaration Date: 23 October 2013

Auditor's Declaration

<To be provided by auditors >

Audit Report

<To be provided by Auditors>

Audit Report

<To be provided by Auditors>

Canberra Glassworks Limited

Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2013	2012
		$	$
Revenue			
Operating income	3	**1,635,400**	1,424,231
Other income	3	**74,603**	68,154
		1,710,003	1,492,385
Expenses			
Cost of sales		**(165,100)**	(174,560)
Administrative expenses		**(111,678)**	(119,062)
Employee benefits expenses	4	**(759,037)**	(778,196)
Facility expenses		**(235,386)**	(193,467)
Legal and insurance expenses		**(42,022)**	(34,153)
Marketing and sponsorship expenses		**(101,824)**	(93,750)
Education program expenses		**(87,930)**	(66,084)
Exhibition expenses		**(161,322)**	(79,144)
		(1,664,299)	(1,538,416)
		45,704	(46,031)
Other comprehensive income		**-**	-
Total comprehensive (deficit)/income for the year		**45,704**	(46,031)
Less: transfer from/(to) reserves	21	**4,859**	(201)
Net (deficit)/surplus for the year		**50,563**	(46,232)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Canberra Glassworks Limited

Statement of Financial Position

As at 30 June 2013

	Notes	2013	2012
			$
ASSETS			
Current assets			
Cash and cash equivalents	5	**492,734**	418,089
Trade and other receivables	6	**48,544**	47,443
Inventories	7	**48,405**	50,127
Other current assets	8	**53,219**	47,949
Total current assets		**642,902**	563,608
Non-current assets			
Plant and equipment	9	**50,668**	54,530
Intangibles	10	**117,651**	132,148
Total non-current assets		**168,319**	186,678
TOTAL ASSETS		**811,221**	750,286
LIABILITIES			
Current liabilities			
Trade and other payables	11	**139,877**	125,529
Provisions	12	**69,745**	45,271
Loans and borrowings	13	**11,000**	11,000
Total current liabilities		**220,622**	181,800
Non-current liabilities			
Provisions	14	**3,603**	16,195
Loans and borrowings	15	**33,000**	44,000
Total non-current liabilities		**36,603**	60,195
TOTAL LIABILITIES		**257,226**	241,995
NET ASSETS		**553,995**	508,291
EQUITY			
Accumulated funds		**296,921**	246,358
Reserves	21	**257,074**	261,933
TOTAL EQUITY		**553,995**	508,291

The above balance sheet should be read in conjunction with the accompanying notes.

Canberra Glassworks Limited

Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Accumulated funds $	Reserves $	Total Equity $
Balance as at 1 July 2011		292,591	261,731	554,322
Net deficit for the period		(46,031)	-	(46,031)
Transfer to Thomas Foundation reserve	3, 21	(202)	202	-
Balance as at 30 June 2012		246,358	261,933	508,291
Balance as at 1 July 2012		**246,358**	**261,933**	**508,291**
Net surplus for the year		**45,704**	**-**	**45,704**
Transfer from Thomas Foundation reserve	3, 21	**4,859**	**(4,859)**	**-**
Balance as at 30 June 2013		**296,921**	**257,074**	**553,995**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Canberra Glassworks Limited

Statement of Cash Flows

For the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers and others		**1,144,180**	882,622
Receipt of grants from ArtsACT		**710,600**	693,000
Payments to suppliers and employees		**(1,776,525)**	(1,628,872)
Interest received		**19,786**	24,858
Net cash provided by operating activities	24	**98,041**	(28,392)
Cash flows from investing activities			
Purchase of plant and equipment and intangibles		**(12,396)**	(150,952)
Net cash used in investing activities		**(12,396)**	(150,952)
Cash flows from financing activities			
Loan Received		**-**	55,000
Repayment of borrowing		**(11,000)**	-
Net cash used in financing activities		**(11,000)**	55,000
Net increase in cash and cash equivalents		**74,645**	(124,344)
Cash and cash equivalents at the beginning of the financial year		**418,089**	542,433
Cash and cash equivalents at the end of the financial year	5	**492,734**	418,089

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1: Summary of significant accounting policies

The financial report of Canberra Glassworks Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors.

Canberra Glassworks Limited (the Company) is a not-for-profit company limited by guarantee and incorporated in Australia.

The principal activities of the Company during the financial year were to:

– provide artists with state-of-the-art equipment, intensive workshops, studios and mentorship programs; and

– provide opportunities to the public to interact with and learn about glass making and the heritage of Canberra's Kingston Powerhouse.

The registered office of the Company is 11 Wentworth Avenue, Kingston ACT 2604.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the *Corporations Act 2001* .

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Standards Board. Certain Australian Accounting Standards and Accounting Interpretations have been recently issued or amended but are not yet effective. The Directors have assessed the effects of the new standards and believe there will not be a material effect on the Company.

(c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(e) Inventories

Inventories including raw material and finished goods are valued at the lower of cost and current replacement cost.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and finished goods - purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including transport, handling and other costs directly attributable to the acquisition.

Note 1: Summary of significant accounting policies (continued)

(f) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repair and maintenance costs are recognised as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets to the Company as follows:
- Office refurbishment - 10 years
- Furniture and fittings - 10 years
- Plant and equipment - 4 to 5 years

The capitalisation threshold for recognising minor equipment items as assets is $500.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of comprehensive income in the year the asset is derecognised.

(g) Intangible assets

Computer software

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Cost capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over 2.5 years.

Lease Inducement

Costs incurred in redeveloping the on-site cafe space to attract a high quality cafe operator that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to Lease Inducement. Cost capitalised include Canberra Glassworks contribution payments to the whole project. Amortisation is calculated on a straight-line basis over the life of the current lease period and will be reviewed on an annual basis.

(h) Trade and other payables

Trade and other payables are stated at their amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Notes to the Financial Statements

Note 1: Summary of significant accounting policies (continued)

(j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:
- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements,

are charged against surpluses on a net basis in their respective categories.

The contributions made to superannuation funds are charged to the statement of comprehensive income.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Accumulated funds

Accumulated funds are available for programs and support services in future financial years.

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Grant income and donations

The Company is a not-for-profit entity and receives a principal part of its funds from grants and donations. Income arising from the contribution of an asset to the Company shall be recognised when, and only when, all the following conditions have been satisfied:

- the Company obtains control of the contribution or the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to the Company; and
- the amount of the contribution can be measured reliably.

Notes to the Financial Statements

Note 1: Summary of significant accounting policies (continued)

(l) Revenue recognition (continued)

Education income

Revenue from providing education workshops and courses are recognised by reference to the delivery of the product or services rendered.

Hire income

The Company derives revenue from hiring specialist glass making equipment and facilities to artists, occupancy of the venue for functions and events, and from the licensing of the café.

Special commissions income

The Company derives income from creating special in-house glass art commissions and is recognised when received or receivable. Organisations which engaged the Company for awards, corporate gifts and other forms of glass art included ActewAGL, the 2012 Multicultural Awards and the Canberra Business Council.

Sale of artworks and merchandise

Revenue from sale of artwork and merchandise is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue

Revenue is recognised as interest accrued using the effective interest method.

Deferred income

Deferred income consists of fees received for classes held after the end of financial year. Deferred income is not recognised as revenue until such time when the services have been provided.

(m) Income taxes and other taxes

The Company is exempt from income tax pursuant to Subdivision 50A of the *Income Tax Assessment Act, 1997.* The Company is registered by the Department of Communications, Information Technology and the Arts on the Register of Cultural Organisations for the purposes of obtaining Deductible Gift Recipient status.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Australian Taxation Office based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the balance sheet.

Note 1: Summary of significant accounting policies (continued)

(n) Impairment of assets

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one of more events have had a negative effect on the estimate future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in comprehensive income. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. As a not-for-profit entity, the Company assesses the value in use as the depreciated replacement cost of the asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

(o) Nature and purpose of reserve

Thomas Foundation Reserve

This reserve records the capital contribution provided by the Thomas Foundation. It is intended to be invested in interest-bearing investments and the interest earned to be used to provide financial support to artists engaged in the Company's programs.

(p) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the report amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the report amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

There are no significant accounting judgements.

Note 2: Financial risk management

In its day-to-day operations, the Company is exposed to financial risks including; credit, liquidity, interest rate and market risk.

All treasury risks are managed through regular risk assessments and ongoing Board reporting, with any exposure considered immaterial.

The Company holds the following financial instruments:

	Notes	**2013** $	2012 $
Financial assets			
Cash and cash equivalents	5	**492,734**	418,089
Trade and other receivables	6	**48,544**	47,443
		541,277	465,532
Financial liabilities			
Trade and other payables	11	**139,877**	125,529
Loans and borrowings	13,15	**44,000**	55,000
		183,877	180,529

For receivables and payables due to be settled within one year, the notional amount is deemed to reflect the fair value.

All other receivables and payables are discounted to determine the fair value.

Classification of financial assets and liabilities depends on the purpose for which the assets and liabilities were acquired.

The Company's classification is set out below:

Financial asset/liability	Classification	Valuation Basis	Accounting Policy
Trade and other receivables	Loans and receivables	Amortised cost	Refer to Note 1(d)
Trade and other payables	Financial liability at amortised cost	Amortised cost	Refer to Note 1(h)

(a) Credit risk

The Company does not consider its credit risk to be material, as financial assets, other than cash and cash equivalents, are not significant.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit terms by customers are regularly monitored by line management. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The maximum exposure to credit risk as at 30 June 2013 is the carrying amounts of financial assets recognised in the balance sheet of the Company. The Company holds no significant collateral as security and the credit quality of all financial assets that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in the credit quality.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 2: Financial risk management (continued)

(b) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's financial liabilities comprise trade and other payables which originate from its ongoing operations.

The following table illustrates the maturities for financial assets and liabilities:

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflow. The Company's financial assets are considered in the Company's overall liquidity risk. To monitor existing financial assets and liabilities as well as to ensure effective control of future risks, the Board has established an Audit and Risk Committee to monitor liquidity.

	Notes	≤ 1 month $	2 to 3 months $	6 to 12 months $	≥ 1 year $	Total $
30 June 2012						
Cash and cash equivalents	5	418,089	-	-	-	418,089
Trade and other receivables	6	47,443	-	-	-	47,443
Total financial assets		465,532	-	-	-	465,532
Trade and other payables	11	170,800	-	-	-	170,800
Loans and borrowings	13,15	11,000	-	-	44,000	55,000
Total financial liabilities		181,800	-	-	44,000	225,800
Net maturity		283,732	-	-	(44,000)	239,732
30 June 2013						
Cash and cash equivalents	5	**492,734**	**-**	**-**	**-**	**492,734**
Trade and other receivables	6	**48,544**	**-**	**-**	**-**	**48,544**
Total financial assets		**541,277**	**-**	**-**	**-**	**541,277**
Trade and other payables	11	**139,877**	**-**	**-**	**-**	**139,877**
Loans and borrowings	13,15	**11,000**	**-**	**-**	**33,000**	**44,000**
Total financial liabilities		**150,877**	**-**	**-**	**33,000**	**183,877**
Net maturity		**390,400**	**-**	**-**	**(33,000)**	**357,400**

Contractual maturities

Management consider the contractual maturities of its trade and other payables are as disclosed. The Company has no contingent liabilities.

(c) Interest rate risk

The income and the associated operating cash flows of the Company's assets are substantially independent of changes in market interest rates. Therefore, no sensitivity analysis is disclosed.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 3: Revenue

	Notes	2013 $	2012 $
Operating income			
Grant income from Arts ACT		**646,000**	630,000
Other Grant income		**56,390**	13,324
Donations from general public		**15,887**	18,252
Education income		**264,859**	209,348
Sale of artworks and merchandise		**480,577**	410,794
Hire income		**81,150**	106,369
Special Commissions income		**9,033**	8,976
Café Rent Income		**81,503**	27,168
		1,635,400	1,424,231
Other income			
Interest income - Thomas Foundation	21, 24	**7,978**	12,100
Interest income - Other		**6,949**	12,757
Other income		**59,676**	43,297
		74,603	68,154
		1,710,003	1,492,385

The capital base of the grant received from the Thomas Foundation is protected under the condition of the grant agreement.

Note 4: Expenses

	Notes	2013 $	2012 $
Net surplus for the year includes the following specific expenses:			
Employee benefits expenses:			
Wages and salaries		**679,664**	675,864
Casual - Contractors fees		**501**	4,972
Superannuation		**60,480**	62,606
Other employee benefits expense		**18,391**	34,754
		759,037	778,196
Depreciation expense	9	**12,910**	19,187
Amortisation expense	10	**15,574**	4,274
	24	**28,484**	23,461
Residencies funded - Thomas Foundation	21, 24	**12,837**	11,899

Notes to the Financial Statements

For the year ended 30 June 2013

Note 5: Cash and cash equivalents

	2013	2012
	$	$
Cash at bank	**230,884**	151,777
Cash at bank - Funds held in trust (Note 20)	**257,073**	261,933
Cash on hand	**4,777**	4,379
	492,734	418,089

Funds held in trust represents the capital base of the grant received from the Thomas Foundation, which is protected under the conditions of the grant agreement and is therefore restricted capital.

The interest income derived from the investment of the grant can be used for the purpose specified in the grant agreement.

Note 6: Trade and other receivables

	2013	2012
	$	$
Trade receivables	**48,544**	42,890
GST receivable	**-**	5,065
Allowance for doubtful debts	**-**	(512)
	48,544	47,443

(a) Trade and other receivables

The ageing analysis of trade and other debtors is as follows:

	Not Considered Impaired $	Considered Impaired $	Total $
30 June 2012			
Current	40,316	-	40,316
1-30 days past due	1,124	-	1,124
31+ days past due	937	512	1,449
	42,377	512	42,889
30 June 2013			
Current	**29,300**	**-**	**29,300**
1-30 days past due	**2,342**	**-**	**2,342**
31+ days past due	**16,902**	**-**	**16,902**
	48,544	**-**	**48,545**

Movement in the allowance for doubtful debts:	2013	2012
	$	$
Balance at the beginning of the financial year	**512**	604
Written off	**(512)**	(1,027)
Charge for the year	**-**	935
Balance at the end of the financial year	**-**	512

Collateral is not normally obtained.

Note 6: Trade and other receivables (continued)

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 7: Inventories

	2013	2012
	$	$
Raw materials and consumables (at cost)	**37,981**	42,683
Finished goods (at cost)	**10,424**	7,444
	48,405	50,127

During the year, no inventory was written down against a liability of the same amount (2012:$nil)

Note 8: Other current assets

	2013	2012
	$	$
Rent Income Receivable	**33,671**	27,168
Prepayments	**19,548**	20,781
	53,219	47,949

Note 9: Plant and equipment

	Notes	Office Refurbishment	Furniture & Fittings	Plant & Equipment	Total
		$	$	$	$
At 30 June 2012					
Net book value as at 1 July 2011		5,042	24,658	28,802	58,502
Additions (at cost)		0	1,363	13,851	15,214
Depreciation expense	4	(697)	(3,885)	(14,605)	(19,187)
Net book value as at 30 June 2012		4,345	22,136	28,048	54,529
Cost		6,969	38,777	72,528	118,274
Accumulated depreciation		(2,624)	(16,641)	(44,480)	(63,745)
Net carrying amount		4,345	22,136	28,048	54,529

Notes to the Financial Statements

For the year ended 30 June 2013

Note 9: Plant and equipment (continued)

	Notes	Office Refurbishment $	Furniture & Fittings $	Plant & Equipment $	Total $
At 30 June 2013					
Net book value as at 1 July 2012		**4,345**	**22,136**	**28,048**	**54,529**
Additions (at cost)		-	-	**11,319**	**11,319**
Disposals		-	**(2,270)**	-	**(2,270)**
Depreciation expense	4	**(697)**	**(3,535)**	**(8,678)**	**(12,910)**
Net book value as at 30 June 2013		**3,648**	**16,331**	**30,689**	**50,668**
Cost		**6,969**	**34,160**	**83,847**	**124,975**
Accumulated depreciation		**(3,321)**	**(17,828)**	**(53,158)**	**(74,307)**
Net carrying amount		**3,648**	**16,332**	**30,689**	**50,668**

Note 10: Intangibles

	Notes	Lease Inducement $	Computer Software $	Website Development $	Total $
At 30 June 2012					
Net book value as at 1 July 2011		-	684	-	684
Additions (at cost)		130,000	738	5,000	135,738
Amortisation expense	4	(3,250)	(649)	(375)	(4,274)
Net book value as at 30 June 2012		126,750	773	4,625	132,148
Cost		130,000	38,953	18,400	187,353
Accumulated amortisation		(3,250)	(38,180)	(13,775)	(55,205)
Net carrying amount		126,750	773	4,625	132,148
At 30 June 2013					
Net book value as at 1 July 2012		**126,750**	**773**	**4,625**	**132,148**
Additions (at cost)		**-**	**1,077**	**-**	**1,077**
Amortisation expense	4	**(13,000)**	**(1,074)**	**(1,500)**	**(15,574)**
Net book value as at 30 June 2013		**113,750**	**776**	**3,125**	**117,651**
Cost		**130,000**	**33,331**	**11,700**	**175,031**
Accumulated amortisation		**(16,250)**	**(32,555)**	**(8,575)**	**(57,380)**
Net carrying amount		**113,750**	**776**	**3,125**	**117,651**

Notes to the Financial Statements

For the year ended 30 June 2013

Note 11: Trade and other payables

	2013	2012
	$	$
Trade payables	**76,007**	49,037
Accrued expenses	**29,761**	29,870
GST payable	**1,245**	-
PAYG withholding tax payable	**8,205**	10,932
Superannuation payable	**4,573**	4,077
Income in advance	**15,397**	27,902
Other payable	**2,498**	3,138
Credit Card Clearing	**2,191**	573
	139,877	125,529

Note 12: Current provisions

	2013	2012
	$	$
Recreational leave liability	**50,779**	45,271
Long service leave liability	**18,966**	-
	69,745	45,271

Note 13: Current loans and borrowings

	2013	2012
	$	$
Loan from ACT Government	**11,000**	11,000

Note 14: Non-current provisions

	2013	2012
	$	$
Long service leave liability	**3,603**	16,195

Note 15: Non-current loans and borrowings

	2013	2012
	$	$
Loan from ACT Government	**33,000**	44,000

Note 16: Related parties and key management personnel disclosures

(a) Details of key management personnel

(i) Directors	
Nola Anderson	Chairperson (appointed to the Board on 27/02/13; appointed Chairperson on 01/07/13)
Andrew Sayers	Chairperson (resigned on 30/06/13)
David Williams	Deputy Chairman (resigned on 25/10/12)
Lynette Murray	Treasurer (resigned on 30/06/13)
Chris Wheeler	Board Member (resigned on 30/06/13)
Klaus Moje AO	Board Member
Catherine Winters	Board Member
Brian Corr	Board Member
Eugenie Keefer-Bell	Board Member (appointed on 30/06/13; resigned 21/10/13)
Joan Uhr	Board Member (appointed on30/06/13)
John Topfer	Board Member (appointed on 30/06/13)
Ian McShane	Board Member (appointed on 09/10/13)
(ii) Executive	
Ann Jakle	Chief Executive Officer
Clare Belfrage	Creative Director
Kim Harrison	Chief Financial Officer and Business Manager

The Directors and board members did not receive any remuneration for their services. The terms and conditions of transactions with Directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non director-related entities on an arm's length basis.

Chris Wheeler is a partner of King & Wood Mallesons. During 2013 and 2012 King & Wood Mallesons provided pro-bono services to the Company in the form of legal services.

The directors of the Company hold directorship in a number of other organisations. The Company has no dealings with any other related parties.

No loans have been made by the Company to any director or related entity.

A number of directors utilise the facilities at Canberra Glassworks in arms length transactions both at normal market rates and on normal commercial terms.

(b) Compensation of Key Management Personnel	2013	2012
	$	$
Short-term employee benefits	**246,075**	240,653
Post employment benefits	**21,500**	20,620
	267,575	261,273

Note 17: Contingent liabilities

There are no contingent liabilities at 30 June 2013.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 18: Operating Leases

Leases as lesee:	**2013**	2012
	$	$
Commitments in relation to operating leases contracted for at balance date, but not recognised as liabilities payable:		
Within 1 year	**-**	3,416
Later than 1 year but not later than 5 years	**-**	-
	-	3,416

Leases as lessor:	**2013**	2012
	$	$
Part of the property has been sublet by the Company. The future minimum lease payments under non-cancellable leases are as follows:		
Within 1 year	**91,350**	75,000
Later than 1 year but not later than 5 years	**186,831**	278,181
	278,181	353,181

Note 19: Economic dependency

The Company is financially dependent on the grant income received from Arts ACT (ACT Government arts agency) to maintain its day-to-day operations. Income received from Arts ACT contributed 38% (2012:44%) of total income received for the financial year to 30 June 2013.

Note 20: Events occurring after balance sheet date

There are no events occurring after balance sheet date.

Note 21: Thomas Foundation Reserve

On 13 March 2009, The Company and Thomas Foundation signed a funding agreement for $250,000 (the Grant), of which $100,000 was received during in the financial year 2009 and $150,000 was received during the financial year 2010. The Grant is invested to provide an ongoing capital base with the Fellowships funded from income derived there from. The capital based is protected and is therefore restricted cash as disclosed in note 5.

	Notes	**2013**	2012
		$	$
Balance as at the beginning of the financial year		**261,933**	261,731
Interest received	3, 24	**7,978**	12,101
Residencies funded	24	**(12,837)**	(11,899)
Balance as at the end of the financial year		**257,074**	261,933

Notes to the Financial Statements

For the year ended 30 June 2013

Note 21: Thomas Foundation Reserve (continued)

Residencies funded to Artists			
Pam Stadus			1,762
Masahiro Asaka			1,570
Jann Poldass			1,445
Simone Tops			224
Susie Peck			902
Annette Blair			1,390
Trish Roan			641
Holly Grace			2,000
Madeline Prowd			1,965
Erin Conran		**965**	
David Hobday		**441**	
Belinda Toll		**1,232**	
Melinda Willis		**1,832**	
Take T Yusuje		**835**	
Julia Reimer		**1,415**	
Kumiko Nakajimi		**1,215**	
Mariella McKinley		**1,407**	
Nikki Main		**1,298**	
Andrew Baldwin		**2,197**	
	4	**12,837**	11,899

Purpose of the Reserve

The reserve has been created to record the cumulative balance of funds available. Under the terms of the funding agreement the capital base of $250,000 is restricted and cannot be drawn upon. Instead, the interest earned on the capital base is to be used to fund fellowships for emerging artists to allow their subsidised use of facilities at Canberra Glassworks.

As a consequence of this reserve policy, except for any additional injections or returns of capital which may or may not occur, the balance of the reserve will increase for any interest earned and decrease for any expenditure incurred on providing fellowships. The interest earned on the capital base will be taken to the statement of comprehensive income, as well as the expenditure to fund fellowships, with an equal and opposite reserve movement to ensure the balance of the reserve at year end equals the capital base plus cumulative funds available to use for funding future fellowships.

Note 22: Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Company. At 30 June 2013, the number of members was 7.

Note 23: Remuneration of auditors

	2013	2012
	$	$
Amounts received or due and receivable by the auditors of the Company for:		
An audit of the financial report	**4,200**	4,000

Notes to the Financial Statements

For the year ended 30 June 2013

Note 24: Reconciliation of net surplus for the year to net cash flows from operating activities

	Notes	**2013** **$**	2012 $
Net surplus / (deficit) for the year		**50,563**	(46,232)
Adjustments for:			
Depreciation and amortisation expense	4	**28,484**	23,461
Interest income - Thomas Foundation contribution	3, 21	**7,978**	12,101
Residencies funded - Thomas Foundation contribution	4, 21	**(12,837)**	(11,899)
Loss on Disposal of Assets		**2,272**	
Changes in assets and liabilities:			
Increase in trade and other receivables		**(1,101)**	(17,684)
Decrease in inventories		**1,721**	9,072
Decrease in other current assets		**(5,270)**	(28,243)
Increase in trade and other payables		**14,348**	28,253
Increase in provisions		**11,883**	2,779
Net cash provided by operating activities		**98,042**	(28,392)

END OF AUDITED FINANCIAL STATEMENTS