

**Australia
Business Arts
Foundation**



AbaF

Australia Business Arts Foundation Ltd
ABN 88 072 479 835

Financial Statements
For the Year Ended 30 June 2011

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Australia Business Arts Foundation Ltd

ABN 88 072 479 835

Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2011.

DIRECTORS

The names of directors in office at any time during the year and to the date of this report are:

Mr Terry Campbell AO (Chairman)	Mr Saul Eslake
Mr Stephen Found	Mr John Irving (appointed 22/02/11)
Ms Patria Jafferries	Mr Ross Nielson (reappointed 22/02/11)
Ms Naseema Sparks (appointed 22/02/11)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Mr Damien Hodgkinson has worked for the company since 2008 in senior roles including Director AbaF Victoria and General Manager. His position as General Manager includes responsibility for corporate services and government liaison. Damien was appointed company secretary on 21 January 2011.

OBJECTIVES AND PRINCIPAL ACTIVITIES

AbaF's Vision is a sustainable and vibrant arts sector supported by the private sector through partnerships, donations and business volunteering.

Purpose AbaF connects the arts, business and donors across Australia.

Objectives

- Deliver innovative and relevant programs and services to business (large & SME) and donors (individuals & foundations).
- Deliver innovative and relevant programs and services for the arts (individual artists, arts organisations and cultural institutions).
- Ensure that AbaF's role and value is well understood and actively supported by key stakeholders.
- Ensure that AbaF operates as a sustainable, high performing organisation.

Strategies

- Build and maintain a broad business network to advocate for and demonstrate best practice in private support for the arts.
- Continue to build the capacity of the arts to secure and effectively use private support for revenue, governance and management.
- Connect the arts and the private sectors to encourage mutually beneficial relationships.
- Measure and share information about levels of and trends in private support for the arts.
- Promote and communicate best practice and position AbaF as the national 'thought leader' in private support for the arts.
- Manage the organisation to ensure sustainable high performance AbaF team.

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OBJECTIVES AND PRINCIPAL ACTIVITIES (continued)

Programs

AbaF works with business, the arts (organisations and individuals) and the philanthropic sector (foundations, trusts and individuals) in all states and territories of Australia through three programs:

Partnering – connecting business and the arts: AbaF provides businesses and the arts with information and advice and helps them to build relationships. AbaF creates opportunities for the sectors to network, find out about each other and explore partnership possibilities.

Volunteering – connecting business people with the arts: AbaF creates opportunities for business people to volunteer their time and expertise to the arts, enabling the parties to exchange benefits, through:

- adviceBank which connects business volunteers with arts organisations to work on specific projects; and
- boardBank which connects experienced business people with arts organisations seeking to fill board vacancies.

Giving – connecting donors and grant makers with the arts: AbaF works with donors and grant makers, artists and cultural organisations to increase donations to support Australia's cultural life. AbaF operates a unique facility:

- the Australia Cultural Fund, which enables donors to make tax deductible donations to AbaF to support eligible arts and cultural projects.

AbaF's Structure

AbaF is supported by the Australian Government through the Cultural Development Program administered by the Office for the Arts in the Department of the Prime Minister and Cabinet. AbaF is a wholly owned Commonwealth company operating at arms' length from the Government.

AbaF's national team is supported by a board and a council of senior leaders from business. AbaF operates through a network of state and territory chapters involving AbaF national and state councillors. These chapters are chaired by an AbaF councillor and host regular functions to connect the private sector with the arts. Councillors' annual contributions fund AbaF's work in the state and territory chapters.

OPERATING RESULT

The net result for the year ended 30 June 2011 was a surplus of \$549,171. This result includes timing differences relating to donations received through the Australia Cultural Fund (ACF) totaling \$529,421 which remain unexpended at 30 June 2011.

The net result, excluding the ACF timing differences as outlined above, was a surplus of \$19,750.

DIVIDENDS PAID OR RECOMMENDED

The income of the company must be applied solely towards the promotion of the company's objectives and must not be paid or transferred, directly or indirectly by way of a dividend, bonus or otherwise, to the members. As a result, the company has not paid or declared a dividend since the start of the financial year. No recommendation for payment of dividends has been made.

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REVIEW OF OPERATIONS DURING THE 2010-11 FINANCIAL YEAR

AbaF connects the arts, business and donors. For more than 10 years AbaF has helped to change the culture of private sector support for the arts in Australia and developed the capacity of the arts, business and donors to build connections and relationships. AbaF:

- works with business to promote the business and community benefits of relationships with the arts
- helps businesses to maximise the value of their partnerships with the arts
- develops the knowledge and skills of artists, arts managers and the boards of not-for-profit arts organisations
- helps business people to apply their expertise, develop their skills, build their networks and deliver their community contribution through volunteering with the arts
- facilitates free business expertise for the arts
- develops knowledge, publishes guides and fact sheets and shares ideas, strategies and advice
- helps artists and arts organisations to develop effective giving programs and donations strategies
- facilitates tax deductible donations through the unique Australia Cultural Fund
- conducts research and shares information on opportunities and trends in private support for the arts in Australia and internationally
- honours and celebrates best practice and leadership in private support for the arts through the AbaF Awards.

During the financial year, AbaF achieved solid outcomes:

- at least 115 new arts partnerships valued at more than \$2 million were facilitated. Of these, 37 included first time business partners, 29 included first time arts partners and 64 included partners from the SME sector
- 85 adviceBank placements valued at \$363,000 were facilitated
- 66 boardBank introductions valued at \$782,000 were completed
- 818 donations valued at \$1.84 million were received through the Australia Cultural Fund
- 133 giving programs were developed by arts organisations and individual artists with AbaF support
- AbaF has Premiers' Arts Partnership Funds operating in SA, Tasmania and WA. During the year, 95 grants were made to the value of \$337,745 doubling the contribution of the business partner
- 108 AbaF workshops were held in capital cities and 60 were held in regional centres in all states and territories
- 1,623 arts and private sector representatives participated in professional development activities
- 3,223 representatives of the arts and private sector attended AbaF chapter functions
- the 2010 AbaF Awards event in Sydney was widely considered a great success, both in terms of nominations, partners and the 733 guests in attendance

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REVIEW OF OPERATIONS DURING THE 2010-11 FINANCIAL YEAR (continued)

- an AbaF Awards 2010 presentation event was held in each state and 61 Awards were presented at the state and national events
- 124 nominations were received for the AbaF Awards 2011 (presentation events to be held in September and October 2011)
- the AbaF council numbered 94 senior business and community leaders
- 42 presentations were given to business forums to advocate private sector support for the arts
- 38 government and corporate partners provided financial support for AbaF's programs and services during the year
- 297 items of media coverage about AbaF were generated.
- 2 research projects were completed:
 - AbaF survey of private sector support for the arts 2009-10
 - Arts and business: partnerships that work

FINANCIAL POSITION

The net assets of the company have increased by \$549,171 to \$1,636,870 during the year ended 30 June 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there were no significant changes in the state of affairs of the company other than that referred to above, in the review of operations, financial statements or notes thereto.

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

AbaF will continue to assist the arts and business to respond to the changing economic circumstances through:

- increasing advocacy, through AbaF's network of Councillors and other business associations, on the business benefits of arts relationships
- building the capacity (knowledge and skills) of the arts through forums and networks of arts and business leaders to share information and strategies for response
- maintaining guides and support services to address emerging issues and opportunities for the arts and business, and
- monitoring trends and providing up-to-date, accurate advice to business, donors and the arts.

The Australian Government has committed to provide funding at 2009-10 levels for AbaF's operating costs to 30 June 2012.

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FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES (continued)

As a consequence of reduction in revenue in 2010-11, AbaF has reviewed its strategic priorities and staff structure, and increased its focus on business development, business relations and income generation. The decision to refocus the priorities of the company has also resulted in a streamlining of the professional development program and the completion of the Arts Connecting Communities program.

Over the past couple of years, AbaF has been evolving to a new brand iteration, more clearly articulated as the 'connector' between the arts, business and donors. As the 'market' for our programs and services (in particular for the arts) has matured and developed, so has the need for AbaF to develop new knowledge and approaches to respond to market needs and opportunities.

There is an evident requirement for more personalised and customised support for artists, arts organisations, donors and businesses (AbaF councillors, large businesses and SMEs). This will be delivered through more one-to-one services, complemented by a smaller number of one-to-many opportunities. AbaF will prioritise programs and services through which it can have most impact and add real value, especially to small and medium arts organisations and businesses.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

INFORMATION ON DIRECTORS

<i>Terry Campbell AO</i>	Board member since 2004; appointed Chairman 2007; Member, Executive Committee; Member, Audit Committee
Experience	Chairman, Goldman Sachs Australia & New Zealand; Advisory Director, The Goldman Sachs Group, Inc.; Vice Chairman, National Gallery of Australia Foundation; Chairman, Corporate Conservation Council, The Nature Conservancy; Deputy Chairman, Australian Davos Connection; Chairman, Mirrabooka Investments; Deputy Chairman, Australian Foundation Investment Co.; Director, Djerriwarrh Investments and AMCIL
<i>Saul Eslake</i>	Board member since March 2010; Member, Executive Committee; Member, Audit Committee
Experience	Program Director, Productivity Growth, Grattan Institute; Chair, Tasmanian Arts Advisory Board; Director, Hydro Tasmania; Director, Housing Choices Tasmania; Director, Obesity Australia; Director, East-West Line Parks Pty Ltd
<i>Stephen Found</i>	Board member since March 2010; Member, Executive Committee; Member, Audit Committee
Experience	Chairman, PRG Australia; Director, Bytecraft Systems Pty Ltd; Managing Director, Capitol Theatre Sydney; Director, Rally Australia
<i>John Irving</i>	Board member since February 2011; Member Executive Committee; Member, Audit Committee; Chair SA Chapter
Experience	Director, Dundee Bay; Chairman, State Theatre Company of South Australia; Director, The Big Book Club; Director, Martindale Holdings

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INFORMATION ON DIRECTORS (continued)

<i>Patria Jafferries</i> Experience	Board member since March 2010; Member, Executive Committee Executive Director, His Majesty's Theatre Foundation; Director, Hope for Children Australia; Advisory Board, The Oaktree Future Fund
<i>Ross Nielson</i> Experience	Board member since January 2004; Chair Qld Chapter Managing Director, Nielson Properties Pty Ltd
<i>Naseema Sparks</i> Experience	Board member since February 2011; Member, Executive Committee Director, Blackmores Ltd; Director, PMP Ltd; Director, Chartis Insurance Australia; Director, Sydney Dance Company; Director, Osteoporosis Australia

MEETINGS OF DIRECTORS

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director were as follows:

Director	Board of Directors		Executive Committee		Audit Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
T Campbell AO	4	4	6	7	1	1
S Eslake	2	4	5	7	1	1
S Found	4	4	5	7	-	-
J Irving	2	2	2	3	-	-
P Jafferries	4	4	5	7	-	-
R Nielson	2	2	3	3	-	-
N Sparks	1	2	3	3	-	-

DIRECTORS' BENEFITS

Since 1 July 2010, no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts or the fixed salary of a full-time employee of the company, by reason of a contract made by the company with the director or any related party.

INDEMNIFYING OFFICERS OR AUDITOR

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnity against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

During the financial year, the company has paid premiums to indemnify directors against third party legal proceedings arising out of their conduct while acting in the capacity of director of the company.

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ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

MINISTERIAL DIRECTIONS

During the financial year, no Ministerial Directions were received.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 8 of the directors' report.

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

R MELSON


Director



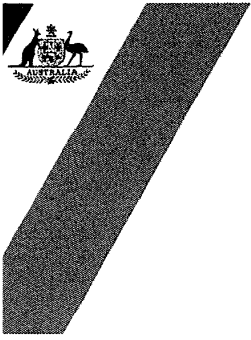
Dated this 18th day of October

J IRVING

Director



2011



Mr Terry Campbell AO
Chairman of the Board
Australia Business Arts Foundation Limited
Level 2, 405 Collins Street
MELBOURNE VIC 3000

**AUSTRALIA BUSINESS ARTS FOUNDATION LTD
2010-11 FINANCIAL REPORT
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Australia Business Arts Foundation Ltd for the year ended 30 June 2011, to the best of my knowledge and belief, there have been:

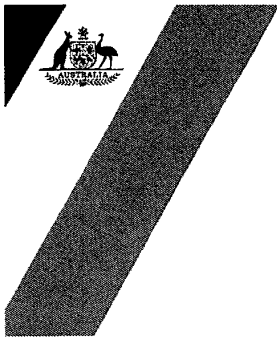
- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
18 October 2011



INDEPENDENT AUDITOR'S REPORT

To the members of the Australia Business Arts Foundation Ltd

I have audited the accompanying financial report of the Australia Business Arts Foundation Ltd, which comprises Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, Notes to and Forming Parts of the Accounts, including a Summary of Significant Accounting Policies, and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the Australia Business Arts Foundation Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In my opinion the financial report of the Australia Business Arts Foundation Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Australia Business Arts Foundation Ltd's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australia Accounting Standards and the *Corporations Regulations 2001*.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
18 October 2011


Australia Business Arts Foundation Ltd
ABN 88 072 479 835

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 36, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

R NIELSON
Director 

J IRVING
Director 

Dated this 18th day of October

2011

Australia Business Arts Foundation Ltd

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Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from operations	2A	1,569,706	1,466,254
Revenue from government and other grants	2B	1,866,345	2,209,415
Finance income	2C	90,167	73,727
		<u>3,526,218</u>	<u>3,749,396</u>
Administration expenditure			
Employee benefits	3A	(2,046,689)	(1,030,249)
Suppliers expenses	3B	(1,432,114)	(2,690,744)
Depreciation	3C	(27,665)	(17,515)
		<u>(3,506,468)</u>	<u>(3,738,508)</u>
Profit for the year before the Australia Cultural Fund	4	19,750	10,888
Australia Cultural Fund donations received		1,837,449	1,163,865
Australia Cultural Fund grants paid		<u>(1,308,028)</u>	<u>(1,150,417)</u>
	4, 12A	529,421	13,448
Other comprehensive income			
Gain on revaluation of leasehold improvements and make-good obligation	10B	-	45,000
Other comprehensive income for the year		-	45,000
Total comprehensive income for the year		<u>549,171</u>	<u>69,336</u>
Profit attributable to members of the company		<u>549,171</u>	<u>24,336</u>
Total comprehensive income attributable to members of the company		<u>549,171</u>	<u>69,336</u>

The accompanying notes form part of these financial statements.

Australia Business Arts Foundation Ltd

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Statement of Financial Position

as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9A	2,109,303	2,134,107
Trade and other receivables	9B	47,548	52,830
Inventories	9C	8,175	20,533
Other assets	9D	5,280	4,702
Total Current Assets		<u>2,170,306</u>	<u>2,212,172</u>
Non-Current Assets			
Property, plant and equipment	10A	<u>39,819</u>	<u>65,461</u>
Total Non-Current Assets		<u>39,819</u>	<u>65,461</u>
Total Assets		<u>2,210,125</u>	<u>2,277,633</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11A	332,802	908,783
Short-term provisions	11B	<u>222,340</u>	<u>269,239</u>
Total Current Liabilities		<u>555,142</u>	<u>1,178,022</u>
Non-Current Liabilities			
Long-term provisions	11B	<u>18,113</u>	<u>11,912</u>
Total Non-Current Liabilities		<u>18,113</u>	<u>11,912</u>
Total Liabilities		<u>573,255</u>	<u>1,189,934</u>
Net Assets		<u>1,636,870</u>	<u>1,087,699</u>
EQUITY			
Retained earnings		460,218	520,687
Reserves	12	<u>1,176,652</u>	<u>567,012</u>
Total Equity		<u>1,636,870</u>	<u>1,087,699</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the year ended 30 June 2011

	Retained Earnings	ACF Donations Reserve	Councillor Funded Projects Reserve	Small Arts and Bus Dev Fund Reserve	Asset Revaluation Reserve	Total Equity
Balance at 1 July 2009	510,710	153,899	305,366	48,388	-	1,018,363
Profit attributable to the entity	9,977	13,448	911	-	-	24,336
Total other comprehensive income	-	-	-	-	45,000	45,000
Balance at 30 June 2010	520,687	167,347	306,277	48,388	45,000	1,087,699
Profit (loss) attributable to the entity	(60,469)	529,421	80,219	-	-	549,171
Total other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2011	460,218	696,768	386,496	48,388	45,000	1,636,870

For a description of each reserve, refer to note 12.
The accompanying notes form part of these financial statements.

Australia Business Arts Foundation Ltd
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Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from governments		1,717,006	2,170,758
Interest received		90,886	65,835
Other receipts		3,318,660	2,968,429
Payments to suppliers & employees		<u>(5,149,334)</u>	<u>(4,835,131)</u>
Net cash generated / (used in) in operating activities	17B	<u>(22,782)</u>	<u>369,891</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		<u>(2,022)</u>	<u>-</u>
Net cash used in in operating activities		(2,022)	-
Net (Decrease) Increase in cash held		<u>(24,804)</u>	<u>369,891</u>
Cash and cash equivalents at beginning of the financial year		<u>2,134,107</u>	<u>1,764,216</u>
Cash and cash equivalents at end of the financial year	9A, 17A	<u><u>2,109,303</u></u>	<u><u>2,134,107</u></u>

The accompanying notes form part of these financial statements.

Australia Business Arts Foundation Ltd

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

The financial statements are for the Australia Business Arts Foundation as an individual entity, incorporated and domiciled in Australia. Australia Business Arts Foundation Ltd is a company limited by guarantee.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

Accounting Policies

1.1 Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Section 50-45 of the *Income Tax Assessment Act 1997*.

1.2 Inventories

Inventories represent publications held for distribution and are measured at current replacement value.

1.3 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.4 Property Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable costs.

Plant and equipment that have been contributed to at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Australia Business Arts Foundation Ltd

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,500, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the company where there exists an obligation to restore the property to its original condition. These costs are included in the value of the company's leasehold improvements with a corresponding provision for the 'make good' taken up.

Depreciation and Amortisation

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

Depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation Rate
Plant and equipment	15% to 30%
Leasehold improvements	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1.5 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

1.6 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal payments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions of the expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial Assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets are managed by key management personnel on a fair value basis in accordance with a document risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1.7 Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognized as a current liability with amounts normally paid within 30 days of recognition of the liability.

1.8 Employee Benefits

Provision is made for the company'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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on notional government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

1.9 Provision for Lease Makegood

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

1.10 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments.

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

1.11 Revenue

Grants revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contributions, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company 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.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Councillor, associate, award table sales and sponsorship income are recognised as revenue to the extent that they have been received or are entitled to be received at year-end.

Partnership income is deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Resources received on an in-kind basis in the form of partnerships and sponsorships are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been provided on an in-kind basis. Use of those resources is recognised as an expense. During the year, all such resources received free of charge were brought to account because the fair value could be reliably determined.

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

1.12 Economic Dependency

AbaF is a wholly owned Commonwealth company and receives approximately 34% (2010: 32%) of its income from the Australian Government for funding of its operations. The company would not be able to continue its operations in 2011-12 without Australian Government funding.

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

1.13 Goods and Services Tax (GST)

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

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

1.14 Comparative Figure

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

1.15 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

1.16 Adoption of New and Revised Accounting Standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and interpretations applicable to its operations which became mandatory.

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Notes to and Forming Part of the Accounts
 for the year ended 30 June 2011

	2011	2010
	\$	\$
Note 2: Revenue and Other Income		
<i>Note 2A: Revenue from Operations</i>		
Councillor and associate contributions	719,591	655,000
Donations - other	35,000	-
Partnerships and sponsorships	599,081	543,409
Fees - professional development	66,098	146,792
Trusts and foundations	134,029	83,725
Other revenues	15,907	37,328
Total other income	<u>1,569,706</u>	<u>1,466,254</u>
<i>Note 2B: Revenue from Government Grants and Other Grants</i>		
Grants - Aust Govt - core funding	1,645,000	1,645,000
Grants - Aust Govt - Business Skills for Visual Artists	145,915	501,865
Grants - Arts ACT	36,750	21,750
Grants - Arts SA	-	5,000
Grants - Arts Tasmania	38,680	35,800
	<u>1,866,345</u>	<u>2,209,415</u>
<i>Note 2C: Finance Income</i>		
Interest received	<u>90,167</u>	<u>73,727</u>
Note 3: Expenditure		
<i>Note 3A: Employee Benefits Expenses</i>		
Remuneration (for services provided)	2,002,330	2,118,500
Other employee expenses	44,359	62,166
Total employee benefits expenses	<u>2,046,689</u>	<u>2,180,666</u>
<i>Note 3B: Suppliers Expenses</i>		
Supply of goods and services	1,300,917	1,422,698
Lease payments	131,197	117,630
Total suppliers expenses	<u>1,432,114</u>	<u>1,540,328</u>
<i>Note 3C: Depreciation and Amortisation</i>		
Depreciation and Amortisation		
- leasehold improvements	24,000	3,799
- plant and equipment	3,665	13,716
Total depreciation and amortisation	<u>27,665</u>	<u>17,515</u>

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

	2011	2010
	\$	\$

Note 4: Australia Cultural Fund

The company has established the Australia Cultural Fund (ACF) to enable donors to make a donation to support the cultural life of Australia and to express a preference for the use of these donations. The bona fide nature of the proposed cultural recipient is verified prior to making a decision to make a grant.

Donations received are required to be recognised as revenue upon receipt of the donation whereas the corresponding grant to the preferred recipient is required to be recognised as expenditure when the grant is made.

During the financial year, two significant ACF donations, and a number of other smaller donations, were recorded as income and are scheduled for payment as grants in subsequent financial years. These timing differences amounting to \$529,421 have resulted in the large profit for the year as outlined in the Statement of Comprehensive Income.

Excluding the ACF result, AbaF recorded a profit for the year of \$19,750.

Note 5: Auditors' Remuneration

Auditor remuneration		
- audit services	10,500	10,500
- other services	500	1,500
Total auditors' remuneration	11,000	12,000

Note 6: Directors' Remuneration

Aggregate remuneration received or due and receivable by directors of the company	13,300	7,755
	No.	No.
\$10,000 - \$ 19,999	1	1

A total of 6 directors waived their fee during the financial year. Superannuation contributions amounting to \$1,197 (2009-10 - \$640) were paid on behalf of directors.

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

	Note	2011 \$	2010 \$	
Note 7: Key Management Personnel Compensation				
		Short-term Benefits	Post- employment Benefits	Total
2011				
Total Compensation		192,479	29,041	221,520
2010				
Total Compensation		191,332	24,953	216,285

Note 8: Related Party Disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties during the financial year:

- a. A councillor contribution of \$11,000 plus GST was received from the councillor company associated with AbaF board director Terry Campbell.
- b. Goldman Sachs and Partners Australia Pty Ltd paid the company \$25,000 plus GST for naming rights to the AbaF 2010 Philanthropy Leadership Award. Terry Campbell is the Senior Chairman of Goldman Sachs JBWere.
- c. Bytecraft Entertainment provided lighting equipment for the 2010 AbaF Awards to the value of \$33,917 in exchange for naming rights to the AbaF 2010 Bytecraft Entertainment Commitment Award. Stephen Found was Managing Director of Bytecraft Entertainment at the time the support was provided.

Note 9: Current Assets

Note 9A: Cash and Cash Equivalents

Cash at bank and on hand	<u>2,109,303</u>	<u>2,134,107</u>
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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

		2011	2010
		\$	\$
Note 9B: Trade and Other Receivables			
Trade receivables	9B(i)	16,692	17,220
Sundry receivables		<u>30,856</u>	<u>35,610</u>
Total current trade and other receivables		<u><u>47,548</u></u>	<u><u>52,830</u></u>

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Receivables have been assessed for impairment and it has been determined that no impairment exists at 30 June 2011.

(ii) Credit Risk - Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon.

Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

Note 9B: Trade and Other Receivables (continued)

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Passed due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2011							
Trade and term receivables	16,692	-	1,270	340	-	155	14,926
Other receivables	30,856	-	-	-	-	-	30,856
	<u>47,548</u>	<u>-</u>	<u>1,270</u>	<u>340</u>	<u>-</u>	<u>155</u>	<u>45,782</u>
2010							
Trade and term receivables	17,220	-	990	45	270	1,310	14,605
Other receivables	35,610	-	-	-	-	-	35,610
	<u>52,830</u>	<u>-</u>	<u>990</u>	<u>45</u>	<u>270</u>	<u>1,310</u>	<u>50,215</u>

The company does not hold any financial assets whose terms have been negotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

	2011	2010
	\$	\$
Note 9C: Inventories		
At current replacement cost		
Publications held for distribution	<u>8,175</u>	<u>20,533</u>
Note 9D: Other Assets		
Prepayments	<u>5,280</u>	<u>4,702</u>
Note 10: Non-Current Assets		
Note 10A: Property, Plant and Equipment		
Leasehold improvements - at valuation	60,000	60,000
Less: Accumulated depreciation	<u>(24,000)</u>	<u>-</u>
Total leasehold improvements	<u>36,000</u>	<u>60,000</u>
Plant and equipment at cost	263,040	261,018
Less: Accumulated depreciation	<u>(259,221)</u>	<u>(255,557)</u>
Total plant and equipment	<u>3,819</u>	<u>5,461</u>
Total Property, Plant and Equipment	<u>39,819</u>	<u>65,461</u>

Note 10B: Movement in Carrying Amounts

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

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Balance as at 1 July 2009	3,799	19,177	22,976
Revaluation increment	60,000	-	60,000
Depreciation expense	<u>(3,799)</u>	<u>(13,716)</u>	<u>(17,515)</u>
Carrying amount at 30 June 2010	60,000	5,461	65,461
Additions	-	2,023	2,023
Depreciation expense	<u>(24,000)</u>	<u>(3,665)</u>	<u>(27,665)</u>
Carrying amount at 30 June 2011	<u>36,000</u>	<u>3,819</u>	<u>39,819</u>

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

	2011	2010
	\$	\$
Note 11: Liabilities		
<i>Note 11A: Trade and Other Payables</i>		
Current		
Trade payables	70,375	88,112
Sundry payables	54,745	120,481
Australian Government superannuation	11A (a) 53,460	312,116
Income received in advance	154,222	388,074
Total current trade and other payables	<u>332,802</u>	<u>908,783</u>

a Australian Government Superannuation

The company is also an Approved Authority for the Commonwealth superannuation schemes, the Public Sector Superannuation Scheme, the Commonwealth Superannuation Scheme and the Public Sector Superannuation accumulation plan and is in the final stages of correcting past superannuation contributions that were incorrectly paid on behalf of a number of employees to their choice of fund instead of a Commonwealth superannuation scheme.

Note 11B: Provisions

Current		
Current employee benefits	187,340	234,239
Lease make-good	35,000	35,000
	<u>222,340</u>	<u>269,239</u>
Non-current		
Long term employee benefits	18,113	11,912
Lease Make-good	-	-
	<u>18,113</u>	<u>11,912</u>
Total Provisions	<u>240,453</u>	<u>281,151</u>

Note 11C: Movement in Provisions

	Employee Benefits	Lease Makegood	Total
	\$	\$	\$
Opening balance at 1 July 2010	246,151	35,000	281,151
Additional provisions raised during year	(40,700)	-	(40,700)
Amounts used	-	-	-
Balance at 30 June 2011	<u>205,451</u>	<u>35,000</u>	<u>240,451</u>

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 11D: Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave. In calculating the present value of future cash flows, in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employees' benefits has been included in Note 1 to this report.

	2011	2010
Note 11E: Full-Time Equivalent Employees	No.	No.
(a) Number of full time equivalent employees at year end	25	25
Note 12: Reserves	\$	\$
Australia Cultural Fund (ACF) Donations Reserve	12A 696,768	167,347
Councillor & Partner Funded Projects Reserve	12B 386,496	306,277
Small Arts and Business Development Fund Reserve	12C 48,388	48,388
Asset Revaluation Reserve	12D 45,000	45,000
	<u>1,176,652</u>	<u>567,012</u>

Note 12A: Australia Cultural Fund Donations (ACF) Reserve
Movements during the year

Opening balance at 1 July 2010	167,347	153,899
Movement in ACF donations reserve	4 <u>529,421</u>	<u>13,448</u>
Balance at 30 June 2011	<u>696,768</u>	<u>167,347</u>

ACF donations received are held in the ACF Reserve pending the grant verification process. The balance of the reserve at the end of the financial year represents unexpended ACF donations recorded as income.

Note 12B: Councillor and Partner Funded Projects Reserve
Movements during the year

Opening balance at 1 July 2010	306,277	305,366
Transfers from retained profits	<u>80,219</u>	<u>911</u>
Balance at 30 June 2011	<u>386,496</u>	<u>306,277</u>
Represented by:		
Committed for future expenditure	386,496	306,277
Uncommitted for future expenditure	-	-
	<u>386,496</u>	<u>306,277</u>

The company receives income from councillors and partners to fund a component of AbaF's chapter operations, program delivery and the AbaF awards held in October 2011.

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Notes to and Forming Part of the Accounts for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Note 12C: Small Arts and Business Development Fund Reserve			
Movements during the year			
Opening balance at 1 July 2010		48,388	48,388
Transfers from (to) retained profits		-	-
Balance at 30 June 2011		<u>48,388</u>	<u>48,388</u>

Dame Elisabeth Murdoch made donations to start the "Small Arts and Business Development Fund" to be used to develop and pilot new programs and activities for the benefit of small arts and business.

Note 12D: Asset Revaluation Reserve **Movements during the year**

Opening balance at 1 July 2010		45,000	-
Revaluation increment		-	45,000
Balance at 30 June 2011		<u>45,000</u>	<u>45,000</u>

This reserve recognises the revaluation of leasehold improvements and make-good obligation.

Note 13: Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - One year or less		-	10,442
- Later than 12 months but not later than five years		-	-
		<u>-</u>	<u>10,442</u>
Aggregate GST commitment		<u>-</u>	<u>949</u>

The operating lease commitments are shown inclusive of GST. The Melbourne office lease is currently month to month pending finalisation of the new lease, the negotiations of which are based on a two year lease with two options for a further two years each. The Sydney office lease is also currently based on a month to month agreement.

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 14: Trust Arrangement

The company has established Premiers' Arts Partnership Funds (PAPF) in South Australia, Western Australia and Tasmania with the financial support of a business partner and the state government.

The business partner and the state government contribute towards an incentive fund that is designed to stimulate the small to medium sector to partner with the arts in their state by matching their financial commitment to a designated amount.

This fund is promoted and administered by the company, with the Fund Review Panel comprising representatives from the company, the state government and the business partner assessing and approving all grants.

The following PAPF transactions during the financial year were not included in the company's income statement and balance sheet.

	SA PAPF		WA PAPF		Tas PAPF		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Balance - 1 July 2010	90,985	141,186	34,454	18,780	46,605	13,505	172,044	173,471
Receipts	75,000	50,000	100,000	100,000	100,000	100,000	275,000	250,000
Expenditure	(110,500)	(100,201)	(114,568)	(84,326)	(109,823)	(66,900)	(334,891)	(251,427)
Balance - 30 June 2011	<u>55,485</u>	<u>90,985</u>	<u>19,886</u>	<u>34,454</u>	<u>36,782</u>	<u>46,605</u>	<u>112,153</u>	<u>172,044</u>

At 30 June 2011, a total of \$54,818 has been allocated for future payments.

Note 15: Contingent Liabilities and Contingent Assets

At 30 June 2011, there were no contingent liabilities or contingent assets.

Note 16: Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$50 towards meeting any outstanding obligations of the company. At 30 June 2011, the number of members was 3 (30 June 2010: 3).

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**Notes to and Forming Part of the Accounts
for the year ended 30 June 2011**

	Note	2011 \$	2010 \$
Note 17: Cash Flow Information			
<i>Note 17A: Reconciliation of Cash</i>			
Cash at bank and on hand	9A	<u>2,109,303</u>	<u>2,134,107</u>
<i>Note 17B: Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities</i>			
Profit from ordinary activities		549,171	69,336
Non cash flows in profit (loss)			
Revaluation of leasehold improvements		-	(60,000)
Depreciation		27,665	17,515
Changes in assets and liabilities			
Decrease in receivables		5,282	179,186
Decrease in inventories		12,358	3,045
(Decrease) Increase in provisions		(40,698)	63,894
(Decrease) Increase in liability to suppliers		(575,982)	91,258
(Increase) Decrease in other assets		<u>(578)</u>	<u>5,657</u>
Cash flows from operations		<u>(22,782)</u>	<u>369,891</u>

Note 18: Events After the Reporting Date

There are no events after the reporting date that have or will materially affect the financial position of the company.

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Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 19: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011 \$	2010 \$
Financial assets			
Cash and cash equivalents	9A	2,109,303	2,134,107
Loans and receivables	9B	47,548	52,830
Total financial assets		<u>2,156,851</u>	<u>2,186,937</u>
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11A	332,802	908,783
Total Financial liabilities		<u>332,802</u>	<u>908,783</u>

Financial Risk Management Policies

The directors of the company meet on a regular basis to analyse financial risk management strategies and policies in the context of the most recent economic conditions and forecasts to assist the company in meeting its financial targets, whilst minimising potential adverse effects of financial performance.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 19: Financial Risk Management (continued)

Credit risk exposures:

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in note 9B.

The company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in note 9B.

Credit risk related to balances with banks and other financial institutions is managed by the audit committee in accordance with approved policy.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities.

The company manages its risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Australia Business Arts Foundation Ltd
ABN 88 072 479 835

Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 19: Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

	Within 1 year		Total	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave and deferred income)	125,120	208,593	125,120	208,593
Total expected outflows	125,120	208,593	125,120	208,593
 Financial assets - cash flows realisable				
Cash and cash equivalents	2,109,303	2,134,107	2,109,303	2,134,107
Trade and term receivables	26,271	28,862	26,271	28,862
Total anticipated inflows	2,135,574	2,162,969	2,135,574	2,162,969
Net (outflow)/inflow on financial instruments	2,010,454	1,954,376	2,010,454	1,954,376

c. Market Risk

i. Interest rate risk:

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is not exposed to interest rate risk other than interest on financial assets.

ii. Price risk: The company is not exposed to any material commodity price risk.

iii. Foreign currency risk: The company is not exposed to fluctuations in foreign currencies.

Notes to and Forming Part of the Accounts
for the year ended 30 June 2011

Note 19: Financial Risk Management (continued)

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 30 June 2011		
+ / - 2% in interest rates	+ / - 42,186	-
Year ended 30 June 2010		
+ / - 2% in interest rates	+ / - 40,959	-

No sensitivity analysis has been performed for foreign exchange risk, as the company is not exposed to fluctuations in foreign exchange.

Net Fair Values

The fair values of financial assets and liabilities do not differ to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

Note 20: Company Details

The registered office and the principal place of business of the company is Level 2, 405 Collins Street, Melbourne Vic 3000.