

**PACT CENTRE FOR EMERGING ARTISTS  
INCORPORATED**

**(An Incorporated Association)**

**ABN 27 421 225 931**

**Annual report**  
for the year ended 31 December 2012

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## Corporate Information

ABN 27 421 225 931

### Committee members

Janine Collins

Claire Hargreave

Cat Jones (CEO)

Brian Keogh (Treasurer)

Jeff Khan

Annette Madden

Lara Thoms

Andrew Symes (Chair)

Julie Vulcan (Acting CEO)

### Public Officer

Michael Brown

Tija Lodins

### Registered office and principal place of business

107 Railway Parade

ERSKINEVILLE NSW 2043

### Auditors

Bruce Cowell

Cowell Watts Panos

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## Committees' Report

The committee members of PACT Centre for Emerging Artists submit the annual financial report for the financial year ended 31 December 2012. The committee reports as follows:

### Committee Members

The names of each person who has been a member of the committee during the year and to the date of this report are:

	Date Appointed	Date of cessation	Board		Finance Committee	
			A	B	A	B
Janine Collins	19/04/2010	31/05/12	3	2	0	0
Claire Hargreave	08/08/2012		2	2	0	0
Cat Jones	28/09/2009		5	5	1	1
Brian Keogh	26/10/2005		7	7	2	2
Jeff Khan	31/08/2011		7	5	0	0
Annette Madden	25/10/2010		7	3	0	0
Lara Thoms	18/07/2007		7	4	0	0
Andrew Symes (Chair)	6/04/2009		7	7	2	2
Julie Vulcan	17/07/2012		4	4	1	1

A Number of meetings held during the time the committee member held office during the year

B Number of meetings attended

Details of committee member's qualifications, experience and special responsibilities can be found on page 10 of this report.

### Short and Long-Term Objectives and Strategy

#### Mission

PACT feeds the ecology of artistic practice in Australia by providing a centre for emerging artists to create, produce and present inter-disciplinary and experimental contemporary performance, form professional networks and exchange skills.

PACT's mission is to support and produce emerging artists who create performing arts works that push past the boundaries of traditional, mainstream and single art form practices. To provide unique and strategic opportunities for critical dialogue, skills development, creative development, production, presentation and programming of new work by emerging artists.

#### Strategic Goals

- Goal 1 Provide excellent artistic opportunities and professional pathways for emerging artists in experimental performance
- Goal 2 Position PACT as a leading centre for emerging artists in Australia
- Goal 3 Develop and maintain operational efficiency
- Goal 4 Increase financial stability and flexibility
- Goal 5 Continue to maintain good governance

## Strategic Plan: 2011 - 2013

The areas in which we will achieve significant results over the next three years are:

### **GOAL 1: PROVIDE EXCELLENT ARTISTIC OPPORTUNITIES AND PROFESSIONAL PATHWAYS FOR EMERGING ARTISTS**

- Run a successful artistic program of new work by emerging artists
- Develop strategic partnerships on a local (regional), state and national level, that positively benefit participants
- Provide comprehensive professional development opportunities, resources and support
- Monitor and evaluate programs to ensure they meet company objectives

### **GOAL 2: POSITION PACT AS A LEADING CENTRE FOR EMERGING ARTISTS IN AUSTRALIA**

- Ensure public relations strategies raise PACT's profile
- Ensure company brand is clear, striking and consistent
- Ensure communication with diverse groups through diverse media
- Reinvigorate the membership program
- Ensure positive audience experience and satisfaction

### **GOAL 3: DEVELOP AND MAINTAIN OPERATIONAL EFFICIENCY**

- Maximise human resources
- Provide a well maintained & fully functional physical environment
- Maintain excellent communication

### **GOAL 4: INCREASE FINANCIAL STABILITY AND FLEXIBILITY**

- Grow and diversify current non-grant income streams
- Continue to maintain tight control over expenditure
- Create a predictable and orderly capital expenditure program
- Maintain healthy financial reserves

### **GOAL 5: CONTINUE TO MAINTAIN GOOD GOVERNANCE**

- Ensure transparency and accountability
  - Ensure the PACT Board is active and skilled
-

## Principal Activities for the Year

2012 principal activities undertaken by PACT centre for emerging artists Inc to meet its stated objectives included:

### **GOAL 1: PROVIDE EXCELLENT ARTISTIC OPPORTUNITIES AND PROFESSIONAL PATHWAYS FOR EMERGING ARTISTS**

In 2012, PACT delivered training to 29 emerging artists through PACT Ensemble, Around the Kitchen Table, Vacant Room, Tiny Stadiums, and internships. During this period, PACT supported the creative development of work by 55 emerging artists, mentored 25 emerging artists and arts workers through a range of creative development skills, curatorial skills, production skills and grant writing and acquittals skills. This increase of approximately 60% of artists who were delivered training, mentorships and creative development opportunities can be attributed to the introduction of new program elements Around the Kitchen Table, the Creative Leadership Program for Groundwork and a focus by PACT staff to mentor artists in a range of areas including administration, technical / production, producing and marketing.

Partnering with Sydney Fringe, PACT delivered a month-long program of works to an audience of over 1,000. One of these works is currently touring nationally. Engaging with local businesses, the local community and 18 emerging artists PACT delivered the fourth Tiny Stadiums Festival in and around Erskineville. Two of the performances are now touring. Finally, PACT supported 7 community organisations to present new work.

PACT partnered with 5 organisations to deliver services to emerging artists and maintained local, state and national creative partnerships including Next Wave Festival, Sydney Fringe Festival, Melbourne Fringe Festival and Bundanon Trust. BBM Ltd and Ian Bowie Memorial Association (IBMA) provided donor funding for artistic mentoring for 3 artists / groups through the Vacant Room residency and scholarships (IBMA) for 3 members of PACT Ensemble. PACT ran the assessment process for the BBM Ltd travel scholarships for the drama award.

For the past three years PACT has been closely monitoring and evaluating the artistic programs through a range of methods including artists and audience surveys, feedback from funding bodies and conversations at Board level reflecting on the alignment of programs with the company vision. It is through this monitoring and evaluation that the 2012 Ensemble training was moved to the later part of the year, with production to occur in early 2013. This allowed for a shift of the Tiny Stadiums festival in the 2013 program to be later in the year.

In 2012, PACT ceased running the Kids Workshop Program. This was a strategic decision due to the lack of uptake of programs offered and a strong competitor market and the program was outside the strategic direction of the company.

### **GOAL 2: POSITION PACT AS A LEADING CENTRE FOR EMERGING ARTISTS IN AUSTRALIA**

The implementation of a new ticketing system opened up opportunities for more precise and profound patron data collection. This new system is in the process of developing a culture of pre-show and online purchasing, which has previously not been the case for PACT's patrons. The

system has links to e-News sign up and donations. The new system has also afforded more precise accounting and quicker reconciliation of box office reports.

In 2012 PACT continued to employ an external publicist for major programs. This resulted in 57 media mentions, 1 cover page, 14 stories, 5 reviews, and 4 radio interviews.

PACT's social media networks are steadily on the increase with 218 new followers on twitter and 361 new page likes on facebook, this is an increase of 52% new twitter followers and 17% new facebook likes on 2011 figures. PACT commenced re-invigorating YouTube and Instagram accounts with video and photographs of current programs.

In 2012, PACT formed a relationship with the Newtown Business Precinct Associate and is a featured venue on the NPBA website.

PACT continued to work on reinvigorating the membership program and successfully negotiated member benefits with local peer organisations Performance Space, Tamarama Rock Surfers, Griffin, Seymour Centre, and Darlinghurst Theatre. In 2012, PACT established protocols around member benefits and offered exclusive access for members to participate in the PACT program.

During 2012, PACT continued developing the website as a resource for artists as well as a tool to enhance the company brand. Over the year, there were close to 11,000 site visits. PACT's eNews grew readership to over 650 subscribers.

PACT continued to work on enhancing audience experience, by adopting a new ticketing system, as well as beautifying the courtyard space during festival periods. This resulted in the set-up of a temporary courtyard bar for Fringe, which was well received by patrons.

### **GOAL 3: DEVELOP AND MAINTAIN OPERATIONAL EFFICIENCY**

In early 2012, PACT reviewed remuneration for all employees and raised wages to be better aligned with industry standards. The CEO / Artistic Director's work was recognised by the Australia Council through being granted a Creative Australia Fellowship and has taken a twelve month sabbatical to pursue a range of international opportunities to develop her artistic practice. This transition was managed in conjunction with the Board, and included handover periods for the Associate Director (stepping into the acting CEO / Artistic Director), General Manager and Venue Technical Supervisor. It was decided in order to facilitate this movement the company offer the Artistic Associate position as an Associate Producer backfill role. Recruitment for all of these positions was staggered, to help facilitate employees to settle into their roles.

Internship programs brought 2 interns to the company. The company gained the support of over 30 volunteers throughout the year to assist with front of house services, production and installation and marketing distribution.

During this period, improvements were made to the office and meeting room areas, including purchasing new equipment and furniture to improve staff efficiency. The database received attention to make it more efficient and relevant for the company's current operations, and a review of all the policies and procedures commenced.

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At the end of 2012, staff had two planning days: a marketing strategy session; and an organisational vision session, both of which inform writing of the next business plan.

**GOAL 4: INCREASE FINANCIAL STABILITY AND FLEXIBILITY**

Though overall audience sales were down on 2011, due to the implementation of an in-house ticketing system, other performance fees went up 575%. The cancellation of the Kids Workshop Program, lower than anticipated uptake of Ensemble participation, and less auspice and management fees meant a shortfall in the services rendered income stream. Total membership was up 14% on 2011 and fundraising was up 46%. Most significantly, earned revenue through resources income (venue and equipment hire) was up 92%.

Total expenditure was down on 2011, due to tight controls implemented to monitor and approve expenditure. However, venue costs, allowances and permanent staff costs all rose.

Though reporting a small loss this year, the company is well placed to absorb this loss through healthy financial reserves.

**GOAL 5: CONTINUE TO MAINTAIN GOOD GOVERNANCE**

After the resignation of Janine Collins, the Board reevaluated their skills set and identified Claire Hargreave as an exciting addition to the Board. By the end of the year the Board had reviewed position descriptions and the company structure, staff reporting mechanisms and identified the need to review and implement new company policies. Finance Subcommittee meetings provide strong interrogation of financial and audit processes. Claire Hargreave's Board appointment reinvigorated the Marketing Sub-committee. In line with diversifying income, the Board agreed to implement targeted fundraising activity in 2013.



## Members' Guarantee

The entity is incorporated under the Associations Incorporation Regulation 2010 under the Associations Incorporations Act 2009 and is an incorporated association. In the event of the association being wound up, each member undertakes to contribute a maximum of \$10 respectively for payment of the company's liabilities – but limited to the amount, if any, unpaid by the member in respect of the total \$10 fee for membership of the association. As at 31 December 2012 there were 63 members of PACT centre for emerging artists and the amount of capital that could be called up in the event of PACT centre for emerging artists being wound up is \$0, with no unpaid association membership fees applicable to any member.

## Auditor's Independence

The auditor's declaration of independence appears on page 11 and forms part of the Committees' report for the year ended 31 December 2012.

Signed in accordance with a resolution of the committee members:



**Andrew Symes**  
Chair  
Sydney  
23 April 2013

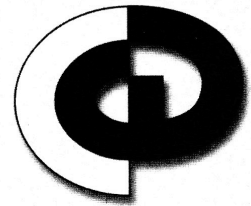


**Brian Keogh**  
Treasurer  
Sydney  
23 April 2013

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## Qualifications, Experience and Special Responsibilities

Name of Director	Qualifications	Experience	Special responsibilities
Janine Collins	Dip Primary Teaching, Grad Dip TESL, Certificate in PR, Graduate Diploma in Journalism	Expertise in public relations, marketing, sponsorship, general business management and strategy. Experience in adult education. Knowledge of national and international arts industry.	Marketing Committee
Claire Hargreave	B Art Theory & M Arts Admin, COFA/UNSW	Performing Arts Marketing Specialist. Held positions at Carriageworks, SKY TV NZ and Casula Powerhouse. Online Editor for Edinburgh Festival Fringe and headed marketing and media for This Is Not Art. Currently at Sydney Opera House.	Marketing Committee
Cat Jones	BA (Drama) Acting	Performer, media artist, writer, producer with a focus on festivals. Expertise in programming, project management, financial management, funding.	CEO, Financial Committee
Brian Keogh	MBA, BSW (Hons)	Freelance business consultant. Expertise in marketing and strategic planning. Experience includes 25 years of directing, managing and providing strategic and business advice for various creative companies, festivals and government departments.	Treasurer, Financial Committee
Jeff Khan	BA (English)	Writer and curator with focus on performance, dance, visual arts and interdisciplinary practice. Experience includes Festival Artistic Director and Company Co-Director. Expertise in relationship management, funding, sponsorship and philanthropy.	
Annette Madden	BA Communication (Theatre/Media)	(WA) Associate Producer Perth International Festival. Expertise in programming, creative producing, artistic development and theatre and festival program management.	Marketing Committee
Lara Thoms	BA (Communications) Media Arts	(VIC) Multi-media artist, designer, writer, curator. In-depth knowledge of PACT as a participant and contractor. Knowledge of national arts industry.	
Andrew Symes	BA (History and Philosophy), LLB (Hons), Graduate Diploma Legal Practice	Expertise in legal, compliance and general business management and strategy. Singer (operatic), strong interest in the performing arts.	Chairperson, Financial Committee
Julie Vulcan	BA (Visual Arts) Grad Dip (Visual Arts)	Performer, interdisciplinary artist. Strong national and international networks. Previous tutor and associate director at PACT.	Acting CEO, Finance & Marketing Committees



Cowell Watts Panos  
Chartered Accountants  
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Andrew Panos CA  
Consultant:  
Bruce N Cowell FCA

**Auditor's Independence Declaration  
to the Committee Members of Pact Centre for  
Emerging Artists Incorporated**

I declare that, to the best of my knowledge and belief, during the year ended 31 December, 2012, there have been:

1. no contraventions of accepted auditor independence requirements in relation to the audit, and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

COWELL WATTS PANOS

BRUCE N COWELL  
Partner

Dated: 23rd April, 2013



Liability limited by the  
Accountants Scheme,  
approved under the  
Professional Standards Act  
1994 (NSW)

## Financial Statements

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## Statement of comprehensive income

	Note	2012 \$	2011 \$
Revenue			
Performance income		25,661	31,968
Fees & services	3	7,353	18,870
Resource income	4	39,429	20,528
Sponsorship & donations	5	6,078	13,983
Interest		10,531	11,514
Other income		4,900	16,675
Subsidies & grants	6	333,604	344,866
Total revenue		<u>427,556</u>	<u>458,404</u>
Expenses			
Wages, fees & allowances		293,016	307,456
Program costs		14,247	23,007
Marketing costs		9,707	16,620
Infrastructure costs		110,637	108,350
Total expenses		<u>427,607</u>	<u>455,433</u>
Total comprehensive income / (loss) attributable to members of PACT Incorporated		<u>(51)</u>	<u>2,971</u>

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

## Statement of financial position

ASSETS	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	7	241,026	215,034
Account receivables and other debtors	8	4,418	2,436
Prepayments		6,063	5,969
Total current assets		251,507	223,439
Non-current assets			
Intangibles	9	1,679	2,739
Plant and equipment	10	4,943	7,990
Total non-current assets		6,622	10,729
TOTAL ASSETS		258,129	234,168
LIABILITIES			
Current liabilities			
Account payables and other payables	11	23,021	25,909
Provisions	12	10,978	16,217
Income in advance	13	122,700	90,561
Total current liabilities		156,699	132,687
TOTAL LIABILITIES		156,699	132,687
NET ASSETS		101,430	101,481
EQUITY			
Reserves	14	3,832	3,832
Retained surplus		97,598	97,649
TOTAL EQUITY		101,430	101,481

The above statement of financial position should be read in conjunction with the accompanying notes

## Statement of changes in equity

	Retained earnings \$	Reserves \$	Total equity \$
Balance as at 1 January 2011	94,678	3,832	98,510
Surplus attributable to members	2,971	-	2,971
Balance as at 31 December 2011	97,649	3,832	101,481
Loss attributable to members	(51)	-	(51)
Balance as at 31 December 2012	97,598	3,832	101,430

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

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## Statement of cash flows

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Cash received in the course of operations		89,052	113,913
Receipts from appropriations/grants		334,881	362,648
Interest received		11,014	11,928
Payments made to suppliers and employees		(407,036)	(419,357)
Net cash in from operating activities		27,910	69,132
Cash flows from investing activities			
Payments for plant and equipment		(1,918)	(3,276)
Payments for intangibles		-	(3,000)
Net cash used in investing activities		(1,918)	(6,276)
Net increase in cash held		25,992	62,856
Cash and cash equivalents at beginning of the financial year		215,034	152,178
Cash and cash equivalents at the end of the financial year	7	241,026	215,034

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



## Notes to and forming part of the financial statements

### 1 CORPORATE INFORMATION

The financial report is for PACT Centre for Emerging Artists (the "Association") as an individual entity for the year ended 31 December 2012 and was authorised for issue in accordance with a resolution of the committee members dated 23 April 2013.

PACT Centre for Emerging Artists is an incorporated association and domiciled in Australia.

The nature of the operations and principal activities of the Association are described in the Committee Members' Report.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) *Basis of preparation*

These general purpose financial statements have been prepared in accordance with the requirements of the *Associations Incorporation Act 2009*, Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group interpretations.

The association is classified as a Tier 1 association and complies with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board. The adoption of these Standards has resulted in significantly reduced disclosures in respect of related parties and financial instruments. There was no other impact on the current or prior year financial statements.

The financial report has been prepared on an accrual basis and is based on historical cost convention. It does not take into account changing money value, or except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

#### b) *Significant accounting judgements, estimates and assumptions*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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## Notes to and forming part of the financial statements

### Significant accounting estimates and judgments

The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of certain assets and liabilities within the next annual reporting period are:

#### *Provision for employee benefits*

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in Note 2(k). The amount of these provisions would change should any of the employees change in the next 12 months.

### **c) Revenue recognition**

Revenue is recognised when the association is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

### Revenue from fundraising

#### *Donations*

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

#### *Sponsorship*

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

### Interest income

Interest income is recognised as it accrues, using the effective interest method.

### Government funding

Grant revenue is recognised in the statement of comprehensive income when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association 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 contribution, the recognition of the grant as revenue will be deferred until those conditions are met.

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

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## Notes to and forming part of the financial statements

### Asset sales

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

### d) *Expenditure*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Wages, salaries & fees includes all employment related costs such as wages, superannuation, provision for annual leave, provision for long service leave and workers compensation. This category also includes all contracts for labour costs.

Program costs includes all direct costs associated with the delivery of the artistic program

Marketing costs include all direct costs associated with marketing both the artistic program and the company.

Infrastructure costs includes all other indirect costs include office rental and running costs, insurance and depreciation.

### e) *Cash and cash equivalent*

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalent as defined above, net of any outstanding bank overdrafts.

### f) *Trade and other receivables*

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to 90 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the association will not be able to collect the debts. Bad debts are written off when identified.

### g) *Plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Any plant and equipment donated to the association or acquired for nominal cost is recognised at fair value at the date the association obtains control of the assets.

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## Notes to and forming part of the financial statements

### *Depreciation*

Items of plant and equipment are depreciated over their useful lives to the association commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

	<b>2012</b> <b>%pa</b>	<b>2011</b> <b>%pa</b>
Theatre equipment	20-33	20-33
Office equipment	20-33	20-33

### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the association or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

### **h) Intangibles**

Software and website are recorded at cost. Software and website have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of between two and three years. They are assessed annually for impairment.

## Notes to and forming part of the financial statements

### *i) Trade creditors and other payables*

These amounts represent liabilities for goods and services provided to the association prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The notional amount of the payables is deemed to reflect fair value.

### *j) Deferred income*

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

### *k) Employee benefits*

Employee benefits comprise wages and salaries and annual leave.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

### *l) Taxation*

#### *Income tax*

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

#### *Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

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

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## Notes to and forming part of the financial statements

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

### *m) Going concern*

The financial report has been prepared on a going concern basis, which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The association's continued existence is ultimately dependent upon the success of future productions and government support.

If the association is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from those stated in the financial report.

At the date of the report, the association has received notification that 2013 grant funding has been approved and it is expected the company will be able to continue in its normal capacity.

	2012	2011
	\$	\$
3 Fees & services		
KWP Workshop Fees	-	3,750
Auspice fee	100	1,330
Management Fee (Projects)	4,560	9,739
Membership fees	793	696
Program Participant Fees	1,900	3,355
	<u>7,353</u>	<u>18,870</u>
4 Resource income		
Venue Hire	39,104	20,460
Venue Tech Support	180	-
Equipment Hire	145	68
	<u>39,429</u>	<u>20,528</u>

**FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2012**

**Notes to and forming part of the financial statements**

	2012	2011
5 Sponsorship & donations	\$	\$
General donations	1,178	1,083
BBM	3,000	8,000
Ian Bowie Memorial Association	1,900	1,900
Queen Street Studios	-	3,000
	<u>6,078</u>	<u>13,983</u>
6 Subsidies & grants		
ArtsNSW - Annual program	76,350	75,000
ArtsNSW - Tiny Stadiums	25,000	20,098
ArtsNSW - ATSI / OYEA Commission	-	8,294
Australia Council - Triennial funding	150,000	131,954
Australia Council - Cultural leadership	10,948	-
Australia Council - Incubate Commission	-	25,000
City of Sydney - Funding	10,000	25,000
City of Sydney - in-kind rental subsidy	61,306	59,520
	<u>333,604</u>	<u>344,866</u>
7 Cash and cash equivalents		
Cash on hand	200	200
Short-term deposits	240,826	214,834
	<u>241,026</u>	<u>215,034</u>
8 Account receivables and other debtors		
Trade receivables	2,450	284
Less Provision for Doubtful Debts	(30)	(30)
Accrued income	1,698	2,182
Security deposits	300	-
	<u>4,418</u>	<u>2,436</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2012

**Notes to and forming part of the financial statements**

9 Intangible assets	2012	2011
	\$	\$
Gross carrying amount		
Opening balance	3,472	472
Additions	-	3,000
Closing balance	<u>3,472</u>	<u>3,472</u>
Accumulated amortisation		
Opening balance	(733)	(169)
Amortisation expense	<u>(1,060)</u>	<u>(564)</u>
Closing balance	<u>(1,793)</u>	<u>(733)</u>
Net book value		
As at 31 December	<u>1,679</u>	<u>2,739</u>

10 Plant and equipment

2012	Theatre equipment	Leasehold improvements	Office equipment	Total
Gross Carrying Amount				
Balance at 31 December 2011	13,817	214,577	18,865	247,259
Additions	<u>1,590</u>	<u>-</u>	<u>328</u>	<u>1,918</u>
Balance at 31 December 2012	<u>15,407</u>	<u>214,577</u>	<u>19,193</u>	<u>249,177</u>
Accumulated Depreciation				
Balance at 31 December 2011	(9,379)	(214,577)	(15,313)	(239,269)
Depreciation expense	<u>(3,179)</u>	<u>-</u>	<u>(1,786)</u>	<u>(4,965)</u>
Balance at 31 December 2012	<u>(12,558)</u>	<u>(214,577)</u>	<u>(17,099)</u>	<u>(244,234)</u>
Net Book Value				
As at 31 December 2012	<u>2,849</u>	<u>-</u>	<u>2,094</u>	<u>4,943</u>



FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2012

**Notes to and forming part of the financial statements**

10 Plant and equipment continued

2011	Theatre equipment	Leasehold improvements	Office equipment	Total
Gross Carrying Amount				
Balance at 31 December 2010	12,017	214,577	17,389	243,983
Additions	1,800	-	1,476	3,276
Balance at 31 December 2011	<u>13,817</u>	<u>214,577</u>	<u>18,865</u>	<u>247,259</u>
Accumulated Depreciation				
Balance at 31 December 2010	(5,112)	(214,577)	(12,279)	(231,968)
Depreciation expense	(4,267)	-	(3,034)	(7,301)
Balance at 31 December 2011	<u>(9,379)</u>	<u>(214,577)</u>	<u>(15,313)</u>	<u>(239,269)</u>
Net Book Value				
As at 31 December 2011	<u>4,438</u>	<u>-</u>	<u>3,552</u>	<u>7,990</u>

	2012	2011
11 Account payables and other payables	\$	\$
Unsecured trade creditors	2,047	3,159
Net GST payable	6,223	5,701
Sundry creditors & accruals	14,751	17,049
	<u>23,021</u>	<u>25,909</u>

12 Provisions

Provision for annual leave	10,978	16,217
	<u>10,978</u>	<u>16,217</u>
<i>Analysis of total provision</i>		
Current	10,978	16,217
Non-current	-	-
	<u>10,978</u>	<u>16,217</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2012

**Notes to and forming part of the financial statements**

	2012	2011
13 Income / grants in advance	\$	\$
<i>Grants in advance</i>		
Australia Council - Triennial funding	-	75,000
Australia Council - Cultural leadership	29,052	-
Arts NSW	76,350	-
BBM	13,000	8,000
City of Sydney - Musecology	1,198	3,524
City of Sydney - Tiny Stadiums	(3,000)	-
<i>Other income in advance</i>		
Security bonds	6,100	1,610
Auspiced income - Quarterbred	-	2,427
	<u>122,700</u>	<u>90,561</u>

**14 Permanent Reserves**

The association maintains a Permanent Reserve for the purpose of accumulating capital to ensure its long-term viability and financial security. The reserve may be used at any time for PACT projects that contribute to the association's objectives.

Balance - 1 January	3,832	3,832
Transfer from accumulated funds	-	-
Balance - 31 December	<u>3,832</u>	<u>3,832</u>

**15 Key management**

The names and positions of those having authority for planning, directing and controlling the association's activities, directly or indirectly (other than directors), are:

Michael Brown, General Manager – 30/05/11 to 06/06/2012  
Tija Lodins, General Manager – 05/07/12 onwards

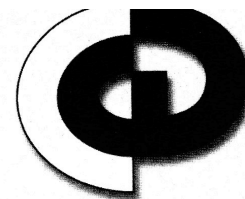
FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2012

**Notes to and forming part of the financial statements**

	2012	2011
	\$	\$
16 Lease commitments		
Operating lease commitment - office rent		
Payable - minimum lease payments:		
- not later than 12 months	1,624	6,641
- between 12 months and five years	-	1,624
	<u>1,624</u>	<u>8,265</u>

The current property lease granted by the City of Sydney will expire 1 April 2013. The value of the rental subsidy provided by the City of Sydney was \$61,304 in 2012 (2011: \$59,520)

## Independent auditor's report



Cowell Watts Panos  
Chartered Accountants  
A.B.N. 15 259 983 314

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Sydney NSW 2011  
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Partners:  
Christopher P Watts CA  
Andrew Panos CA  
Consultant:  
Bruce N Cowell FCA

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACT CENTRE FOR EMERGING ARTISTS INCORPORATED

#### Report on the Financial Report

We have audited the accompanying financial report of Pact Centre For Emerging Artists Incorporated (the association), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the committee.

#### Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporation Act 2009 and for such internal control as the committee determines 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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



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Professional Standards Act  
1994 (NSW)

## Independent auditor's report continued

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

### Opinion

In our opinion, the financial report of Pact Centre for Emerging Artists Incorporated is in accordance with the requirements of the Associations Incorporation Act 2009, including:

- i. giving a true and fair view of the association's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards.

Name of partner: Bruce Nelson Cowell

Address: 68-70 Crown Street, Sydney, NSW 2011

Dated this 23rd day of April 2013



## Committee members' declaration

The committee members declare that:

- (a) the financial statements and notes set out in pages 12 to 27 are in accordance with the *Associations Incorporation Act 2009*, including:
  - (i) giving a true and fair view of the association's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards; and
- (b) There are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the committee members:



**Andrew Symes**  
Chair  
Sydney  
23 April 2013



**Brian Keogh**  
Treasurer  
Sydney  
23 April 2013

ADDITIONAL FINANCIAL INFORMATION FOR THE YEAR ENDING 31 DECEMBER 2012

Schedule 1 - Summarised financial results - Auspiced projects

2011	Ref	This is my box	Musecology
<i>Income</i>			
Earned income		-	-
Grants & subsidies	Sch 2	1,000	3,524
Total income		1,000	3,524
<i>Expense</i>			
Wages, salaries & fees		161	1,600
Other costs		839	726
Carried forward to next year		-	1,198
Total expense		1,000	3,524
<i>Net surplus / (deficit)</i>			
		-	-

ADDITIONAL FINANCIAL INFORMATION FOR THE YEAR ENDING 31 DECEMBER 2012

Schedule 2: Auspiced project grants & subsidies

2011 Subsidies & Grants		Grants b/fwd	Grants received	Grants applied	Grants c/fwd
<i>Funding Body</i>	<i>Project</i>	2011	2012		2013
City of Sydney	<i>Musecology</i>	3,524	-	2,326	1,198
City of Sydney	<i>This is my box</i>		1,000	1,000	-
<b><i>SUBTOTAL</i></b>		<b><i>3,524</i></b>	<b><i>1,000</i></b>	<b><i>3,326</i></b>	<b><i>1,198</i></b>