

AUSPICIOUS ARTS PROJECTS INCORPORATED

ABN 40 322 643 843

**FINANCIAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2012**

AUSPICIOUS ARTS PROJECTS INCORPORATED

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AUSPICIOUS ARTS PROJECTS INCORPORATED

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COMMITTEE'S REPORT

Your committee members present this report of Auspicious Arts Projects Incorporated for the financial year ended 31st December 2012.

COMMITTEE MEMBERS

The names of committee members throughout the year and to the date of this report were:

John Paxinos	Chairman
John Paul Fischbach	Vice Chairman
Sue Hunt	Secretary
Sali Longmire	Treasurer
Suzanne Daley Carr	Member

Each committee member has been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the entity during the financial year continued to be providing support to independent artists undertaking new creative developments and performances of existing works through the provision of financial and management services.

SIGNIFICANT CHANGES

No significant changes occurred in the nature of this activity during the year.

OPERATING RESULT

2012 was another big year for Auspicious Arts Projects. The number of artists who we worked with continued to grow and many of them are undertaking multiple projects during the year. This year we undertook over 200 different projects.

Our foundation philosophy of "offering assistance to the obsessed", continues to guide the relationship we have with the artists who choose to work with us.

The surplus (deficit) for the year amounted to (\$25,711) 2011 \$29,866
There were no abnormal items.

Signed in accordance with a resolution of the members of the Committee.

16th September 2013

AUSPICIOUS ARTS PROJECTS INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2012

	Note	2012 \$	2011 \$
REVENUE			
Event Income		720,693	1,273,844
Other Activities		189,424	220,526
Private Sector Income		180,710	323,713
Other Income		740,893	1,319,048
Government Grants & Subsidies		2,446,554	1,797,543
Reimbursements & Transfers		104,042	-130,132
TOTAL REVENUE	2	4,382,316	4,804,542
EXPENDITURE			
Salaries, Wages, Fees & Allowances		3,278,490	3,206,805
Preparation, Presentation and Touring		526,633	599,758
Other Programs		41,041	20,315
Marketing		183,643	195,609
Overheads & Project Admin Costs		354,661	378,285
Depreciation		17,187	15,422
Repayments & Sundries		6,371	358,483
TOTAL EXPENDITURE	3	4,408,026	4,774,676
PROFIT (LOSS) BEFORE INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY	3	(25,711)	29,866
Income Tax		0	0
PROFIT (LOSS) AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(25,711)	29,866
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME(LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(25,711)	29,866

AUSPICIOUS ARTS PROJECTS INCORPORATED

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31st DECEMBER 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,043,179	1,143,125
Trade and Other Receivables	5	316,984	351,037
Other Current Assets – Prepayments		33,875	30,808
TOTAL CURRENT ASSETS		1,394,039	1,524,948
 NON-CURRENT ASSETS			
Property, Plant & Equipment	6	24,606	34,733
TOTAL NON-CURRENT ASSETS		24,606	34,733
TOTAL ASSETS		1,418,645	1,559,861
 LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	112,131	163,359
Grant Funds unspent carried forward		1,246,681	1,324,717
Income in Advance		22,000	0
Short-term Provisions Payable		0	8,062
TOTAL CURRENT LIABILITIES		1,380,812	1,496,138
 NON-CURRENT LIABILITIES			
Long-term Provisions Payable		0	0
TOTAL NON-CURRENT LIABILITIES		0	0
TOTAL LIABILITIES		1,380,812	1,496,138
NET ASSETS		37,833	63,544
 EQUITY			
Retained Earnings		37,833	63,544
TOTAL EQUITY		37,833	63,544

AUSPICIOUS ARTS PROJECTS INCORPORATED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2012

	Retained Earnings	Total Equity
2010		
Profit (Loss) attributable to members	6,287	6,287
Balance at end of financial year	34,676	34,676
2011		
Profit (Loss) attributable to members	28,868	28,868
Balance at end of financial year	63,544	63,544
2012		
Profit (Loss) attributable to members	(25,711)	(25,711)
Balance at end of financial year	37,833	37,833

AUSPICIOUS ARTS PROJECTS INCORPORATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Event Income		762,327	1,273,844
Other Activities		185,949	220,526
Private Sector Income		222,157	323,713
Other Income		779,757	1,319,048
Government Grants and Subsidies		2,644,939	1,667,411
Less Payments to Suppliers & Employees		(4,687,994)	(4,593,590)
NET CASH GENERATED (USED) BY OPERATING ACTIVITIES	12	(92,865)	210,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment		(7,060)	(3,715)
Proceeds from Sale of Assets			
NET CASH GENERATED (USED) BY INVESTING ACTIVITIES		(7,060)	(3,715)
NET INCREASE (DECREASE) IN CASH HELD		(99,925)	207,237
Cash and Cash Equivalents at the beginning of the year		1,143,125	935,889
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	1,043,179	1,143,126

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

The financial statements cover Auspicious Arts Projects Incorporated as an individual entity. It is an association incorporated in Victoria under the Associations Incorporation Reform Act 2012. It is a cultural arts organization; as such it is exempt from income tax.

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, and the Associations Incorporation Reform Act 2012.

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.

Reporting basis and conventions

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

Revenue

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Grants are recognized at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis

All revenue is stated net of the amount of Goods and Services Tax (GST).

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

Comparative Figures

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

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 group.

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity 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 a key estimates.

No impairment has been recognized in respect of this financial year.

Income Taxation

The entity is a cultural arts organization. Therefore no income tax is payable by the entity.

Office Furniture and Equipment

Office Furniture and Equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the entity.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Depreciation

The depreciable amount of Office Furniture and Equipment are depreciated on a written down value (WDV) or a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate	Method
Office Furniture and Equipment	25%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorized as held for trading unless they are designated as hedges. Realized and unrealized gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortized cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value.

Financial liabilities

Non-derivative financial liabilities are recognized at amortized cost, comprising original debt less principal payments and amortization.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Impairment

At each reporting date, the entity 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 impairment has arisen. Impairment losses are recognized in the income statement.

As a not-for-profit entity the value in use of an asset may be equivalent to the depreciated replacement cost of that asset when the future economic benefits of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Provisions

Provisions are recognized when the entity 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.

Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Unspent Grant Funds

Unspent Grant Funds available as revenue or liable to be returned to the grant provider in the following year are recognised as a current liability in the balance sheet. They are not treated as an operating surplus or profit.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

	2012 \$	2011 \$
NOTE 2 REVENUE		
Event Income		
Box Office	276,721	622,314
Performance Fees	376,939	644,370
Merchandise & Royalties	67,034	7,160
Event Income	720,693	1,273,844
Other Activities		
Activities & Services	186,777	178,541
Retail Income	2,076	6,179
Resources Income	571	35,807
Other Activities	189,424	220,526
Private Sector Income		
Fees & Donations	2,089	52,021
Fundraising	47,587	
Foundations	8,160	33,200
Sponsorship	122,874	238,492
Private Sector Income	180,710	323,713
Other Income		
Interest Earned	51,996	56,009
Recoveries	525,889	904,981
Other Funding	12,909	43,433
Artist Contributions	150,099	314,625
Other Income	740,893	1,319,048
Grants and Funding		
Federal	324,934	311,028
State	872,827	414,100
Local	1,248,793	1,072,414
Grants and Funding	2,446,554	1,797,543
Transfers		
Funds Brought Forward from Last Year	1,324,717	1,184,878
Funds Transferred to Next Year	(1,246,680)	(1,324,717)
Other Transfers	26,006	9,707
Transfers	104,042	(130,132)
TOTAL REVENUE	4,382,316	4,804,542

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

NOTE 3 REVENUE AND EXPENSE ITEMS

2012 2011
\$ \$

Auditor's remuneration for

Audit or review of financial statements	5,500	5,500
Other Services		2,420
	5,500	7,920

Bad and doubtful debts

Receivables		820
Total bad and doubtful debts		820

Rental expense on operating leases

Operating Lease Minimum Lease Payment		-
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Significant Revenue and Expense items from prior year

2012 2011

The following significant revenue and expense changes are relevant in explaining the financial performance

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Revenue

Event Income	(553)	(336)
Other Activities	(31)	(20)
Private Sector Income	(143)	15
Other Income	(578)	(214)
Grant Income	649	(399)
Reimbursements & Transfers	234	

Total Revenue	(422)	-954
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Expenses

Salaries, Wages, Fees & Allowances	(72)	661
Preparation, Presentation and Touring	73	289
Other Programs	(21)	8
Marketing	12	97
Overheads & Project Admin	24	95
Depreciation	(2)	(10)
Repayments & Sundries	352	(161)

Total Expenses	366	979
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Surplus/(Deficit)	(56)	25
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AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

NOTE 4 CASH AND CASH EQUIVALENTS

2012
\$

2011
\$

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Current Assets

Cash on hand & Cash Advances	48,406	84,709
Cash at Bank	294,773	158,395
Bank Term Deposit	700,000	900,000
	<u>1,043,179</u>	<u>1,143,104</u>

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

Sundry Debtors	316,984	351,037
Less: Provision for Impairment of receivables	0	0
Total current trade and other receivables	<u>316,984</u>	<u>351,037</u>

Provision for impairment of receivables

Current trade debtors 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 (if any) have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:-

Provision for impairment

Balance at 31st December 2010	0
Charge for year	0
Balance at 31st December 2011	0
Balance at 31st December 2012	0

Credit risk – Trade and Other Receivables

The entity does not have any material credit risk to any single receivable or group of receivables.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

The following table details the entity's trade and other receivables exposed to credit risk with aging 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 entity and the debtor party. A provision for impairment is assessed as mentioned above.

An assessment has been made that both debts within trading terms and debts that have not been impaired will be received.

There are no financial assets that would have been impaired or past due had they not been renegotiated.

	Gross amount	Less impaired	Within trading terms	Past due but not impaired 31-60days	Past due but not impaired 61-90 day	Past due but not impaired >90 days
2012						
Trade and term receivables						
Other receivables	313,495	0	152,626	61,329	8,747	90,793
Total	313,495	0	152,626	61,329	8,747	90,793
2011						
Trade and term receivables						
Other receivables	356,847	0	210,505	56,014	1,941	88,387
Total	356,847	0	210,505	56,014	1,941	88,387

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	2012 \$	2011 \$
Office Furniture and Equipment	72,950	65,890
Less: Accumulated depreciation	(48,344)	(31,157)
Total Property, Plant and Equipment	24,606	34,733

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment

	Office Furniture & Equipment	Total
2010		
Carrying amount at end year	46,439	46,439
2011		
Additions at cost	3,716	3,716
Disposals		
Depreciation Expense	(15,422)	(15,422)
Carrying amount at end year	34,733	34,733
2012		
Additions at cost	7,060	7,060
Disposals		
Depreciation Expense	(17,187)	(17,187)
Carrying amount at end year	24,606	24,606

NOTE 7 TRADE AND OTHER PAYABLES

	2012 \$	2011 \$
Sundry Creditors	112,131	95,898
	112,131	95,898

NOTE 8 PROVISIONS

Current Provisions

Staff Annual Leave	0	8,062
	0	8,062

Non-current Provisions

TOTAL PROVISIONS

	0	8,062
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NOTE 9 CAPITAL AND LEASING COMMITMENTS

	2012 \$	2011 \$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalized in the financial statements:		
Payable – minimum lease payments		
- no longer than 1 year	0	0
- longer than 1 year but not longer than 5 years	0	0
- greater than 5 years	0	0

Capital Expenditure commitments

Capital Expenditure commitments contracted for:

- Plant & Equipment purchases		
- Capital Expenditure projects		
Payable		
- no longer than 1 year	0	0

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

NOTE 10 CONTINGENT LIABILITIES & CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable are:

No contingent Liabilities or Assets exist.

NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

NOTE 12 CASH FLOW INFORMATION

Reconciliation of cash flow from operations to surplus (deficit) for the year

	2012	2011
	\$	\$
Profit (Loss) for the year	(25,711)	28,867
Add back non-cash items		
Depreciation	17,187	15,422
Increase in Provisions	(8,062)	1,322
Changes in Assets and Liabilities		
(Increase) Decrease in Other Current Assets	(3,068)	(2,394)
(Increase) Decrease in Trade & Other Receivables	34,053	5,652
(Increase) Decrease in Income in Advance	22,000	
Increase (Decrease) in Payables and Accruals	(51,228)	(21,246)
Increase (Decrease) in Grants Carried Forward	(78,036)	182,330
NET CASH GENERATED (USED) BY OPERATING ACTIVITIES	(92,865)	209,953

NOTE 14 ECONOMIC DEPENDENCE

The entity is economically dependent on Commonwealth and State Government departments for Grant Funding. If funds are not spent in accordance with Grant Conditions the departments can suspend future grants or reclaim all or part of the grant(s). The entity is dependent on the continued receipt of grants.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

NOTE 15 FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans and borrowings and mortgages.

The totals for each category of financial instruments, measured in accordance with AASB 139 is as follows: -

	2012	2011
	\$	\$
Financial assets		
Cash and cash equivalents	1,043,179	1,143,126
Loans and Receivables	316,984	351,037
Total financial assets	1,360,163	1,494,140
Financial liabilities		
Financial liabilities at amortized cost		
- Trade and other payables	112,131	163,359
- Grants unspent and in advance	1,268,681	1,324,717
Total financial liabilities	1,380,812	1,488,076

Financial risk management policies

The directors' overall risk management strategy is to assist the entity in meeting its financial targets, whilst minimizing potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include credit risk policies and future cash flow requirements. The entity does not have any derivative instruments at the end of the reporting period.

Specific Financial Risk Exposures and Management

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

(a) Credit risk

Credit risk is the risk that parties that owe money do not pay it. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The entity does not have any significant concentration of credit risk exposure to any single, or group, of counter-parties under financial instruments entered into by the entity. A profile of credit risk appears above under the Note on 'Trade and Other Receivables'.

(b) Liquidity risk

Liquidity risk arises due to the possibility that the entity might encounter difficulty in settling its own debts or other liabilities. The entity manages this risk by managing credit risk on amounts owed to it, monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Financial liabilities due for payment						
Trade and other payables(excluding employee benefit provisions and deferred income)	112	163			112	163
Grants unspent and in advance	1,268	1,324			1,224	1,324
Total expected outflows	1,380	1,487			1,336	1,487
Financial assets – cash flows realizable						
Cash and cash equivalents	1,043	1,143			1,043	1,143
Trade and other receivables	317	351			317	351
Total anticipated inflows	1,360	1,494			1,360	1,494
Net inflow (outflow) on financial instruments	(20)	7			(20)	7

(c) Market Risk

Interest rate risk

Exposure to interest rate risk arises whereby future changes in interest rates will affect future cash flows or the fair value of financial assets and liabilities.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in their market price.

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AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposure in interest rates and equity prices (if equities held). 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 any particular variable is independent of other variables.

		Profit \$		Equity \$
Year ended 31st December 2011				
+ or - 2% in interest rates	+/-	18,000	+/-	18,000
+ or - 10% in listed investments	+/-	0	+/-	0
Year ended 31st December 2012				
+ or - 2% in interest rates	+/-	16,000	+/-	16,000
+ or - 10% in listed investments	+/-		+/-	

(d) Foreign currency risk

The entity is not exposed to fluctuations in foreign currency.

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form other than listed investments.

The differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market to those instruments since their initial recognition by the entity. Most of these instruments which are carried at amortised cost (e.g. trade receivables, loan liabilities) are to be held until maturity and therefore their current net fair values bear little relevance to the entity.

As appropriate the net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

AUSPICIOUS ARTS PROJECTS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2012

NOTE 16 KEY MANAGEMENT PERSONNEL COMPENSATION

	2012 \$	2011 \$
The total of remuneration paid to key management personnel (KMP) of the entity during the year is as follows:		
Short-term employee benefits	134,825	121,575
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Total	134,825	121,575

NOTE 17 RELATED PARTY TRANSACTIONS

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

During or since the end of the previous financial year, a Director/Executive of the Entity has not 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 the Directors/Executives shown in the accounts, or the fixed salary of a full-time employee of the Entity), by reason of a contract made by the Entity with the Director/Executive or with a firm of which he/she is a member or with an entity in which he/she has a substantial financial interest.

None of the Governing Committee received a salary from the association.

NOTE 18 ASSOCIATION DETAILS

The registered office of the association is:

117 Sturt St

SOUTHBANK Vic 3006

The principal place of business is: at the registered office.

AUSPICIOUS ARTS PROJECTS INCORPORATED

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the financial report as set out on pages 4 to 23:

1 Presents fairly the financial position of Auspicious Arts Projects Incorporated as at 31st December 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards.

2 At the date of this statement there are reasonable grounds to believe that Auspicious Arts Projects Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by: -

Dated this *16th* day of *September 2013*

AUSPICIOUS ARTS PROJECTS INCORPORATED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSPICIOUS ARTS PROJECTS INCORPORATED

Report on the financial report

I have audited the accompanying financial report of Auspicious Arts Projects Incorporated (the association) which comprises the Statement of Financial Position as at 31st December 2012, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the statement of the committee.

Committees' Responsibility for the Financial Report

The committee of the association is responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with 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 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 and fair presentation of the financial report 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 estimate made by the committee, 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.

AUSPICIOUS ARTS PROJECTS INCORPORATED

Independence

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion:

The financial report of Auspicious Arts Projects Incorporated is in accordance with the Associations Incorporation Reform Act 2012 including

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

Name of firm E Townsend & Co



Name of Auditor Eric Townsend

Address 15 Taylor Street
ASHBURTON Vic 3147

Dated this 16th day of September 2013