

Working
Heritage

ANNUAL REPORT

2015–2016



August 2017

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Working Heritage Incorporated
280 William Street
Melbourne, Victoria 3000

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CHAIRPERSON'S REPORT

I am pleased to report that 2015–16 has been another year of development and improvement for Working Heritage on many fronts.

The rebranding of the organisation from Mint Inc to Working Heritage Inc was completed. The Committee considers that this new name encapsulates our key purpose – to adapt heritage places on public land to new uses in a sustainable and efficient manner. In September 2015, the event to launch this new identity enabled us to showcase Jack's Magazine on the banks of the Maribyrnong River in its 'before' condition to many of our stakeholders.

The activation of Jack's Magazine commenced with an initial works package to improve site services and the holding of a number of open days including a community consultation session in November which saw over three hundred written responses received from participants. Regular tours of this fascinating site commenced and are proving to be well patronised.

The Committee formulated a Business Planning process that will guide both acceptance of additional properties and the ongoing management of the portfolio. Achievements in relation to staffing and resources included the appointment of a new Executive Officer (Ross Turnbull) and the expansion of the staff to strengthen our property and project management expertise. The workplace environment for Working Heritage staff at the Southern Guardhouse of the former Royal Mint was upgraded.

Site management planning for our key properties continued. These plans – for the former Royal Mint, Farm Vigano, Carome and Jack's Magazine – when adopted by the Committee will clearly direct how these properties are managed and how investments by Working Heritage will contribute to achieving the overall objectives for each property.

Expanded staff resources supported a larger investment program in the conservation of the properties managed by Working Heritage. The completion of conservation works at the Ballan Court House and Drysdale Mechanics Institute were marked by 're-opening' ceremonies at both properties. Major works commenced at the South Melbourne Temperance Hall and investigations

continued into how to best ensure the long-term stability of the brick walls around the Mint site which date from 1872.

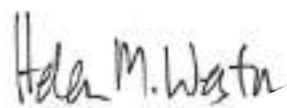
Working Heritage is preparing a sustainability and climate change policy. Where appropriate, specific energy conservation measures are being introduced to properties such as the installation of solar cells on the roof of the Horticultural Hall which are delivering savings in energy costs for our tenant, Victorian Opera.

Working Heritage continues to be self-funded. Expenditure on property conservation and improvements increased during the year. In accordance with a new accounting standard, this year's financial accounts record for the first time the properties managed by Working Heritage as assets.

The Audit and Risk Sub-Committee continued its work in the formulation of policy and procedures for the Committee. To oversee Working Heritage's move into social media and events, a Communication and Events Sub-Committee was established.

I wish to thank the Committee members who have worked harmoniously and creatively to review and update the strategic direction for Working Heritage. I also wish to thank the staff of Working Heritage for their commitment and energy in giving effect to the Committee's policy and strategy. In particular, I wish to acknowledge our outgoing Executive Officer, Katrina Kimpton, for her contributions to Working Heritage's evolution over the last two years. I also wish to thank officers of the Department of Environment, Water, Land and Planning for ongoing advice and support.

In accordance with the *Crown Lands (Reserves) Act 1978*, I am pleased to present Working Heritage's Annual Report for the year ending 30 June 2016.



Helen Weston
Chair, Working Heritage Incorporated
Committee of Management

30 June 2017



WHAT WE DO

INTRODUCTION

The Working Heritage Incorporated Committee of Management (Working Heritage) conserves and manages heritage properties on public land on behalf of the State of Victoria. Since its inception in 1998, Working Heritage (formerly The Mint Inc) has been appointed to manage fifteen sites across Victoria, undertaking expert conservation and adaptation works so the community can benefit from these revitalised historic buildings.

In 2016, Working Heritage reviewed and updated its strategic plan, setting out a renewed vision:

The Working Heritage portfolio will consist of historic places fostering diverse activities, used and valued by a broad range of people, communities and groups.

The unique character of our places will be protected and enhanced by any change and development.

Their history and cultural significance will be conserved and celebrated. They will be financially, environmentally and socially sustainable.

and a refined statement of purpose:

Working Heritage undertakes the repurposing of redundant government assets (on Crown Land) to ensure their ongoing cultural significance and provision of community benefit through continuing use into the future. We do this by:

- *Managing our whole portfolio to retain and enhance our self-funding status*
- *Conserving historic fabric*
- *Always being open to consideration of a wide range of uses and users*
- *Always considering the social impact and potential of reuse(s)*
- *Acting from the understanding that our management practices, even though only a small portion of the historical continuum, can engender the development of new relationships to place and future significances.*

OUR RESPONSIBILITIES

The Working Heritage Committee of Management (Committee) currently has six members appointed under the Crown Land (Reserves) Act 1978 administered by the Department of Environment, Land, Water and Planning (Department). The Committee reports to the Minister for Environment, Climate Change and Water, the Hon. Liliana D'Ambrosio MP.

The Committee has a responsibility to:

- manage, improve, maintain and control the land for the purposes for which it is reserved;
- report on its finances and other issues as required by the Department;
- maintain records and administer its affairs as a public body; and
- exercise its statutory powers to carry out its duties.

With several exceptions, Working Heritage leases its properties to commercial or community/arts sector tenants as appropriate to the location and nature of each property.

STRATEGIC DIRECTIONS 2013–16

Working Heritage set the following strategic directions for the period 2013 to 2016.

Priorities	Objectives
Our properties: an expanded portfolio Increase our contribution to heritage conservation by expanding our diverse portfolio of heritage properties	<ul style="list-style-type: none"> • To agree principles to guide the expansion of the portfolio while maintaining conservation standards • To conserve up to five properties annually • To manage all properties to ensure sustainable community outcomes
Our relationships: advocacy and growth Become a more effective advocate for heritage conservation by promoting the Working Heritage approach	<ul style="list-style-type: none"> • To achieve appropriate recognition of Working Heritage's activities in heritage conservation • To achieve adoption of the Working Heritage approach by other organisations
Our organisation: resourced for growth Ensure Working Heritage has the people and financial resources to support its expanded portfolio	<ul style="list-style-type: none"> • The conservation of new properties is underpinned by sound financial management • Working Heritage has the people to continue to deliver the expanded program • Working Heritage has effective and professional governance



▲ Ballan Court House Andrew Curtis

The 2016 Strategic Plan review found that the objectives set in the 2013–16 plan had been achieved as evidenced by the following outcomes:

PROPERTY MANAGEMENT

- A total of 12 major conservation works projects conducted across the Working Heritage portfolio;
- Working Heritage appointed as manager of Jack's Magazine in Maribyrnong following a rigorous due diligence process to understand the risks and opportunities associated with managing this site;
- Working Heritage retained its self-funding status through the sound financial management of its revenues and assets;

RELATIONSHIPS

- In 2015, The Mint Inc adopted a communications strategy that resulted in it being rebranded as Working Heritage.
- Subsequent activity included site-based events, a tours program at Jack's Magazine and the launch of a new website and social media presence.

THE ORGANISATION

- Working Heritage has increased its capability and capacity to deliver its vision through the appointment of new staff to the roles of Executive Officer, Program and Projects Manager and Communications and Project Officer.
- Working Heritage has established an Audit and Risk Management Subcommittee and contracts a consultant internal auditor to conduct four annual reviews of operations and governance.
- In 2015–16, the Committee made a submission the Victorian Environmental Assessment Council's Historic Places Investigation. The Chair and Executive Officer also participated in face-to-face consultations with the Council and its officers.

HOW WE WORK

Working Heritage aims to have a balanced and diverse portfolio of heritage properties. In expanding the portfolio, Working Heritage considers five interrelated outcomes:

- **Heritage** – the property is appropriately conserved and its heritage significance identified, conserved and valued;
- **Financial** – most (if not all) properties are self-supporting and, ideally, contribute to Working Heritage's income stream in order to fund conservation of further properties;
- **Adaptation** – capital expenditure on adaptation of its properties is directed to a return on investment objective tied to a lease agreement;
- **Community** – the property is used, conserved and maintained for the local community and the people of Victoria; and
- **Sustainability** – conservation of the property is undertaken in accordance with principles of environmental sustainability.

Working Heritage adopts practices in line with the Australia ICOMOS *Charter for Places of Cultural Significance* (the **Burra Charter**). This Charter sets out a standard of practice for the conservation of places of cultural significance in Australia. The Charter is accepted by both the Victorian Government in administering the Heritage Act 1995 and the profession in conservation practice.



OUR PORTFOLIO

The following properties make up Working Heritage's current portfolio.

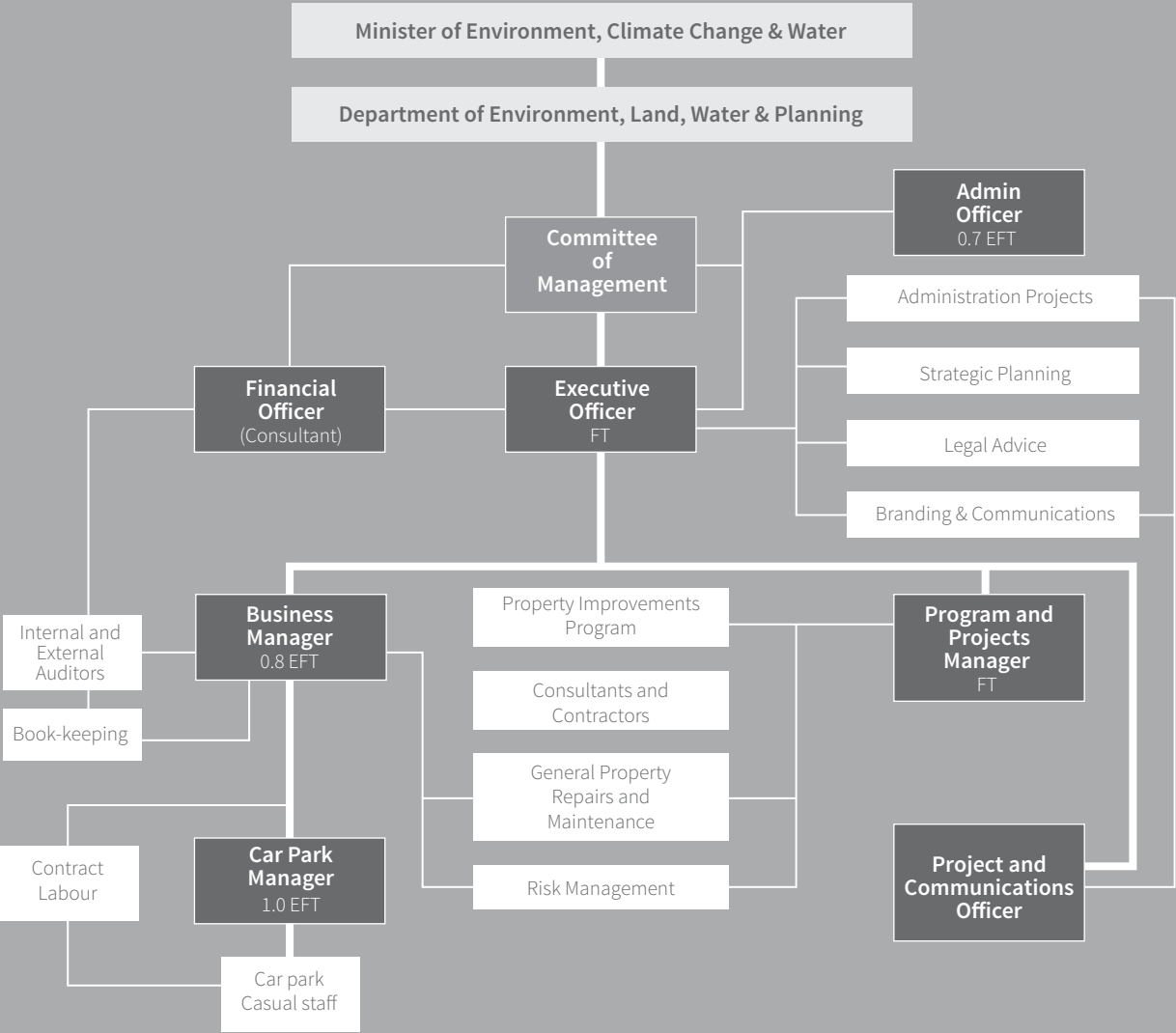
Property	Tenancy	Lease Expiry
Former Royal Mint Site	The Mint Car Park (Working Heritage)	n/a
Former Royal Mint Building	Rysall One Pty Ltd	2027
Former Royal Mint Building	Nafsika Stamoulis Hellenic Museum Limited	2027
North Guard House	The Mint Bar Limited	2021
Horticultural Hall	Victorian Opera	2016
Carlton Court House	La Mama Theatre	tbc
Geelong Telegraph Station	Geelong Performing Art Centre	2024
Avoca Police Residence	Neelabindu Pty Ltd	2024
Skipton Court House	Skipton Historical Society	2016
Skipton Police Residence	Skipton Historical Society	2016
Beaufort Court House	Beaufort Historical Society	2020
Drysdale Free Library and Hall	Drysdale Scouts	2019
Farm Vigano: Fairview Manor	True Italian Pty Ltd	2032
Farm Vigano: Shed	Eric Hormann	Monthly
Farm Vigano: Orchard	Not leased	n/a
Farm Vigano: Community Centre	Plenty Valley Community Health Ltd	2031
Carome Homestead	Ruby Mia Pty Ltd	2017
Ballan Court House	Ballan Shire Historical Society	2022
Clunes School of Mines	Clunes Angling Club	TBC
Warracknabeal Court House	Not leased	n/a
South Melbourne Temperance Hall	BalletLab Association Inc	2032
Jack's Magazine	Renew Initiatives Australia Ltd	2017 (licence)

OUR RELATIONSHIPS

Working Heritage values its relationships with key stakeholders and works collaboratively to achieve its strategic outcomes. Our key stakeholders are:

- The Victorian Government
- The Minister for Environment, Climate Change and Water
- Department of Environment, Land, Water and Planning
- Heritage Victoria
- The Victorian Heritage Council
- Parks Victoria
- Local communities
- Indigenous Groups
- Local Government:
 - City of Whittlesea
 - City of Maribyrnong
 - City of Melbourne
- City of Port Phillip
- City of Greater Geelong
- Shire of Moorabool
- Shire of Yariambiak
- Shire of Hepburn
- Shire of Corangamite
- Shire of Pyrenees
- Our tenants
- Our suppliers
- Australia ICOMOS
- The National Trust of Australia (Victoria)
- Local Historical Societies
- 'Friends of' groups.

ORGANISATIONAL STRUCTURE



ORGANISATIONAL CHART

COMMITTEE OF MANAGEMENT – OVERVIEW

Committee of Management members are appointed for a three-year term by the Minister for Environment, Climate Change and Water, the Hon. Liliana D'Ambrosio MP.

The three-year term of the current Committee commenced on 1 June 2014. The current Committee members are:

Helen Weston (Chair)
Phillip Davies
Dr Timothy Hubbard
Lorina Nervegna
Leigh Phillips
Des Powell.

Peter Boehm resigned from the Committee in December 2016.

An overview of members is provided on the following two pages.

The Committee is supported by an Executive Officer, Ross Turnbull, who leads the organisation.

ORGANISATIONAL EVOLUTION

Working Heritage (formerly The Mint Inc.) was formed in 1998 to manage the Former Royal Mint in William Street, Melbourne. Since then, the organisation has evolved to become a sustainable, professional business. With a new Committee appointed in June 2014, an inaugural Charter was developed to clarify the roles and responsibilities of the Committee and enhance its operation and decision making. In 2015–16 the organisation evolved through the adoption of a business model developed to deliver the Working Heritage vision while in November 2015, Ross Turnbull was appointed as Executive Officer to replace outgoing Executive Officer, Katrina Kimpton.

Table: Committee Attendance 1 July 2015–30 June 2016

Committee Member	No. of Eligible Meetings	No. of Meetings Attended
Helen Weston	11	10
Phillip Davies	11	10
Timothy Hubbard	11	10
Lorina Nervegna	11	10
Leigh Phillips	11	10
Des Powell	11	9
Peter Boehm	6	6

COMMITTEE OF MANAGEMENT – MEMBERSHIP

HELEN WESTON – CHAIR

Helen is an experienced urban planner with considerable experience in statutory planning, environmental and social impact assessment and community consultation. Since 1992, she has been Director, Environmental Affairs Pty Ltd, a specialist urban and environmental planning practice.

Helen has worked on the environmental and/or social impact assessment of transport infrastructure (road, rail and airport) projects throughout Australia and has international experience in India, Vietnam, Indonesia, Kiribati and New Zealand. She also has extensive experience in the design and conduct of community consultation programs.

Helen is a Fellow of the Planning Institute of Australia and Certified Practicing Planner and a Member of the Environment Institute of Australia and New Zealand and a Certified Environmental Practitioner.

PHILLIP DAVIES

Phillip has held and continues to hold a range of senior executive management roles in both the private, legal and public sectors in Australia.

Phillip is currently Chief Executive and General Counsel of the not for profit company –Advanced Paediatric Life Support Services. He has a number of key directorships including Box Hill Institute of TAFE, Box Hill Enterprise Pty Ltd and Box Hill Institute Singapore PTE. He is a member of the Board of Trustees at the Southern Metropolitan Cemeteries Trust. Phillip is also currently Chairperson of Queen Elizabeth Centre the public hospital/community service organisation that is government owned.

He is also a long-standing member of the Board of Examiners for the Legal Profession in Victoria.

DR TIMOTHY HUBBARD

Timothy is a retired architect and planner. He completed his PhD on the Italianate villa in the colonial landscape in 2004. He was awarded the inaugural ISSI Leslie M. Perrott Travelling Fellowship in 2006 to study historic roads in the US, UK and Europe.

Before establishing his own practice in 1988, Timothy worked with the Department of Planning and the Historic Buildings Council. He has been heritage advisor to many municipalities, both metropolitan and rural. Timothy has been a member of the Heritage Council, the Victorian Chapter of the Institute of Architects and the Australia ICOMOS Executive Committee. He continues as a member of the ICOMOS International Committee on Cultural Routes and is a sessional member of Planning Panels Victoria.

LEIGH PHILLIPS

Leigh has over 30 years' experience with the Victorian Planning system. He has held a number of senior planning positions in various State Government departments with a particular focus on regional land use, project facilitation and management of the planning system.

His contribution to planning in Victoria has been recognised by the Victorian Planning and Environmental Law Association (VPELA) when he was presented with the 'Paul Jerome' award in 2008. He is a current member of the Victorian Coastal Council and Alpine Resorts Coordinating Council and a former member of the Central Coastal Board.

Leigh now runs his own planning consultancy business.

LORINA NERVEGNA

Lorina has been a registered architect in Victoria since 1993 and has expertise in design, built environment sustainability and heritage.

She has held national roles in peak industry associations (Australian Institute of Architects and the Cement and Concrete Association) and is a former board member of the Victorian Building Appeals Board. Lorina is former Director Building Policy (Victorian Government DPCD) and has consulted widely for the building and construction industry.

She is currently a sessional member of Planning Panels Victoria, an ordinary sessional member of the Victorian Civil and Administrative Tribunal and principal of her own architecture practice.

PETER BOEHM

Peter is an experienced business leader with more than 25 years' local and international experience as an executive and non-executive director and senior executive with listed, private and not-for-profit organisations.

A chartered accountant with banking qualifications, he holds current director appointments with the Frankston Regional Aquatic Centre, Social Investment Australia, Uhrenholt Oceania, and is the managing director of Pathfinder Consulting.

Peter is also the consulting Finance Editor of the ASX listed Onthefhouse Holdings and a leading columnist with Yahoo!7 Finance and was Chair of Working Heritage's Audit and Risk Management Sub-Committee.

Peter Boehm resigned from the Committee in December 2015

DES POWELL AM

Des has held a range of senior executive management roles in both the private and public sectors in Australia and Asia. Des has operated his own consultancy business, Powell Management Services, since 2000 and has held a number of key appointments.

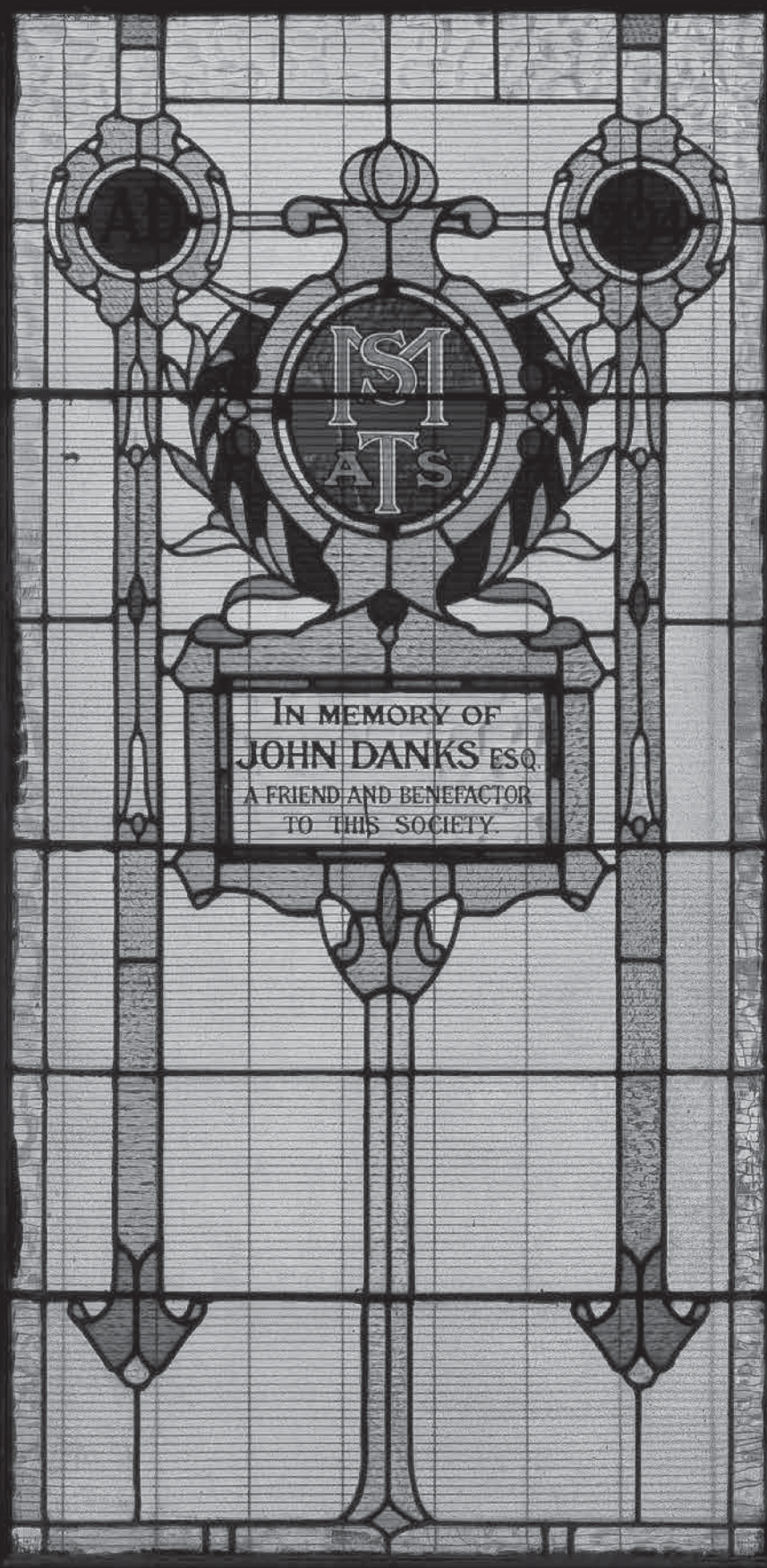
He currently is a Commissioner of the Victorian Commission for Gambling and Liquor Regulation and a Board Member of MacKillop Family Services.

Des's previous appointments include Commissioner and Deputy Chair of the National Transport Commission, Director and Deputy Chair of Port of Melbourne Corporation, Chair of Alpine Resorts Coordinating Council and Chair of Edmund Rice Education Australia.

ROSS TURNBULL – EXECUTIVE OFFICER

Ross has degrees in architecture and heritage conservation as well as being a trade certified carpenter and joiner. He is an experienced designer, project and business manager. He initially joined the Mint Inc as Property Projects Manager in late 2013.

Ross has over thirty years' experience working across the fields of heritage conservation, project management and building construction in both the public and private sectors. Before joining Working Heritage, Ross worked for Root Projects Australia and the Sydney Harbour Federation Trust. He has a particular interest in cities and urbanism with a focus on how cities can conserve and adapt their historic fabric to enable the economic development and social outcomes that are critical to urban life.



IN MEMORY OF
JOHN DANKS ESQ.
A FRIEND AND BENEFactor
TO THIS SOCIETY.

GOVERNANCE

OVERVIEW

As a public entity, Working Heritage is committed to good governance and includes supportive actions in its Strategic Plan, namely:

- The Committee actively manages each of the pillars of good governance: strategy and direction setting, effective relationships, risk management and integrity
- The Committee undertakes regular self-evaluation.

Working Heritage has adopted a continuous improvement approach to governance, reviewing its obligations and addressing gaps to enhance accountability.

Working Heritage has developed a suite of documents to guide its conduct and operations, including:

- Committee of Management Charter;
- Committee of Management Policies and Procedures including Code of Conduct;
- Financial Management Policies;
- Financial Management Procedures;
- Privacy Policy;
- Delegations of Authority;
- Internal Audit Charter;
- Privacy Policy;
- Gifts, Benefits and Hospitality Policy; and
- Risk Management Policy.

The following policies are currently being developed:

- Environmental Sustainability; and
- Fraud and Corruption.

In addition, an independent Audit and Risk Management Subcommittee (ARMSC) operates to assist the Committee and the organisation to fulfill governance and oversight responsibilities in:

- financial reporting;
- internal and external auditing;
- internal control systems and processes;
- risk management;
- information systems; and
- legislative and regulatory compliance.

The ARMSC consists of three members, made up of two Committee of Management members and one independent, non-executive appointment.

The Communications and Events Sub-committee was established in 2015 to assist the Committee in relation to:

- media relations;
- social media policy; and
- events planning and oversight.



ACHIEVEMENTS IN 2015–16

REBRANDING

Following an extensive review of its communications effectiveness, The Mint Inc rebranded itself as Working Heritage in July 2015. The change emphasises a shift in our approach to heritage conservation – away from conserving all properties ‘to mint condition’ to a site-specific response based on well-researched and documented planning and budgeting processes. The rebranding also raises the organisation’s profile as a participant in the heritage conservation sector.

The rebranded Working Heritage was launched in tandem with an event to announce our appointment as manager of Jack’s Magazine, the magnificent bluestone gunpowder store on the Maribyrnong River. The launch resulted in positive media coverage for both the organisation and the property. The rebranding momentum has been maintained through new social media presences and website, open days and tours of Jack’s Magazine, and participation in Open House Melbourne and the National Trust Heritage Festival program.

PROPERTY MANAGEMENT

REVIEW OF THE WORKING HERITAGE PORTFOLIO

In early 2016, Working Heritage conducted a full strategic review of all 15 properties under management in order to understand not only the financial performance of our properties but also their level of community use. The resulting data contributes to Working Heritage’s strategic decision making regarding capital expenditure and leasing/licencing opportunities.

JACK’S MAGAZINE

Located on the Maribyrnong River just five kilometres from central Melbourne, Jack’s Magazine is a largely intact nineteenth-century gunpowder magazine designed by William Wardell (Chief Architect of the Department of Public Works) who also designed Government House, Melbourne’s St Patrick’s Cathedral and the ‘Gothic’ Bank in Collins Street.

Jack’s Magazine opened in 1878 at which time the bluestone enclosure, 10-metre-high earth blast mounds and beautifully detailed magazine buildings were made almost immediately redundant by the diminishing need to import gunpowder. The magazine complex was



▲ Jack’s Magazine John Gollings

subsumed into the adjacent Footscray Ammunition Factory as a storage facility and was only decommissioned in the late 1980s.

In 2014, Working Heritage undertook a detailed analysis of risks and opportunities prior to taking on responsibility for management of the site. Upon appointment, we determined that a staged approach to activation would suit both the testing and marketing of the site. Low cost, low intervention uses come first and build momentum for longer term and hopefully higher revenue uses.

In late 2015, a consultant team was appointed to prepare a Site Management Plan to guide Working Heritage's development and management of the site over the coming years. The planning process included formal consultation with the local community and key stakeholders. Working Heritage will undertake an Expression of Interest process to find artists, makers and creative enterprises to initially occupy unused buildings on site ahead of securing longer term tenants. The principle being that an active place will appeal to potential lessees in a way that an empty, difficult to access one does not.

Jack's Magazine is physically robust and monumental in scale, so for Working Heritage, the desired outcome is a vibrant place for the local community, bringing visitors from across the city and state to experience its historical and continuing significance.

SOUTH MELBOURNE TEMPERANCE HALL

Although it has been many decades since the Temperance Hall, built in 1863 on land reserved for the purpose, was used by abstainers such as the Independent Order of Rechabites, the South Melbourne Total Abstinence Society and International Order of Good Templars, the building has been a venue for theatrical performance and rehearsal since the late 1970s. This existing use has enabled Working Heritage to secure a new tenant in the Phillip Adams BalletLab, who will develop the Hall as the permanent base for the company, along with providing studio space for other artists to develop and rehearse their works.

In keeping with our strategic approach to conservation and adaptation of historic properties, Working Heritage first sought and secured the new tenant prior to committing funds to any capital improvements. In 2016,

we planned and then commenced a program of essential conservation works targeting deteriorating fabric of the building while negotiating the extent of works that will support the new tenancy including provision of new amenities and upgrading of building services. Importantly, we are working closely with the tenant to do as much as is required to actively use the building but no more adaptive works than necessary, at this stage.

DRYSDALE MECHANICS INSTITUTE

February 2016 saw the reopening of the Drysdale Mechanics Institute building following completion of a works program that included the construction of a new entrance ramp to make the building universally accessible along with conservation works that will ensure the ongoing utility of the building for the Drysdale community.

BALLAN COURT HOUSE

The Ballan Court House has been returned to the Ballan Shire Historical Society following extensive conservation works including the structural underpinning of the entire building. Working Heritage was pleased to have Geoff Howard, MP reopen the Court House in December 2015. The Court House had been off-limits for over twelve months while investigations were carried out to determine the cause of extensive cracking and a solution was devised and documented. Working Heritage considers the retention and reuse of historic buildings such as the Court House to be important for the future of Ballan providing not only utility but also pride in the town's history and heritage.

FARM VIGANO AND CAROME SITE MANAGEMENT PLANS

During 2015–16, Working Heritage largely completed Site Management Plans for Carome and Farm Vigano. Both properties are located by the Plenty River on the northern fringe of metropolitan Melbourne in the City of Whittlesea, one of Australia's fastest growing municipalities. These Plans will guide both further investment and development along with ongoing management of the sites over the next 10–15 years.

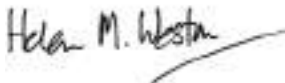
ONGOING PROPERTY MAINTENANCE

Working Heritage carries out programmed property maintenance across all fifteen of its sites in a manner consistent with responsible property management.

RISK MANAGEMENT COMPLIANCE ATTESTATION

ACCOUNTABLE OFFICER'S DECLARATION

I, Helen Weston, on behalf of the Committee of Management, certify that Working Heritage Incorporated has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes.

A handwritten signature in black ink that reads "Helen M. Weston". The signature is written in a cursive style with a long, sweeping underline.

Helen Weston

Chairperson

23 May 2017



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DECLARATION

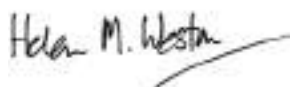
ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Working Heritage Inc have been prepared in accordance with Direction 4.2 of the Standing Directions of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Working Heritage Inc at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 23 May 2017.



Helen Weston
Chairperson
23 May 2017



Ross Turnbull
Executive Officer
23 May 2017



Antony Christianen
Chief Finance Officer
23 May 2017

REPRESENTATION LETTER TO THE AUDITOR-GENERAL



25 May 2017

Ms Charlotte Jeffries
Director
Victorian Auditor-General's Office
Level 24
35 Collins Street
Melbourne VIC 3000

Dear Ms Jeffries

Financial report for the year ended 30 June 2016

This representation letter is provided in connection with your audit of the financial report of Working Heritage for the year ended 30 June 2016 for the purpose of expressing an opinion as to whether the financial report presented fairly, in all material respects, the financial position of Working Heritage as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the Public Administration Act 2004.

We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the requirements of the Public Administration Act 2004.

We confirm, to the best of our knowledge and belief and, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations made to you during your audit.

1. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to person within Working Heritage from whom you have sought audit evidence
 - (d) minutes of all meetings of the Committee of Management and other subcommittees
 - (e) details of any off-balance sheet agreements or instruments, or confirmation that no such agreements or instruments exist.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.

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Former Royal Mint
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Working Heritage

3. Proper accounts and records of the transactions and affairs of the entity and such other records as sufficiently explain the financial operations and financial position of the entity have been kept in accordance with the Public Administration Act 2004, where applicable.
4. There were no uncorrected misstatements identified.
5. We have undertaken a control assessment using the criteria outlined in AASB 10. Our assessment has not identified any controlled or jointly controlled entities which would require consolidation.
6. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
7. We acknowledge responsibility for the design, implementation and maintenance of internal controls designed to prevent and detect fraud.
8. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
9. There:
 - (a) has been no fraud involving management or employees who have a significant role in the internal control structure
 - (b) has been no fraud that could have a material effect on the financial report.
10. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
11. We acknowledge responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
12. We have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities.
13. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate and consistently applied and appropriately disclosed in the financial report.

In addition, we have considered the requirements of AASB 13 relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use. Further, we confirm that the assumptions used by us in the categorisation of inputs within the fair value hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.



14. We have considered the requirements of AASB 136 Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
15. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate.
16. Where applicable the following have been properly recorded or disclosed in the financial report:
 - (a) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
 - (b) agreements to repurchase assets previously sold
 - (c) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.
17. All known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report have been disclosed to the auditor.
18. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework, including:
 - (a) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments
 - (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion.
19. The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset, with the exception of those assets under finance lease from VicFleet, been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
20. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
21. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
22. We are satisfied that the remuneration of the accountable officer and all executives has been properly reported in note 17 to the financial report and includes all components of executive remuneration including wages and salaries, leave accruals, performance and other bonuses, superannuation, motor vehicles, any other allowances.

23. The identity of all known related parties (including controlled entities), related party relationships and transactions have been made known to the auditor. All related party relationships and transactions have been appropriately accounted for and disclosed in the financial report in accordance with the requirements of the accounting framework including revenue, purchases, loans, transfers, leasing arrangements and guarantees (written or verbal).
24. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.
25. We believe that the significant assumptions used in making accounting estimates for inclusion in the financial report are reasonable.
26. With respect to publication of the financial report in hard copy, we will ensure that:
 - (a) the financial report accurately reflects the audited financial report and
 - (b) the audit report has been reproduced accurately and in full.
27. With respect to publication of the financial report on our website:
 - (a) we acknowledge that we are responsible for the electronic presentation of the financial report
 - (b) we will ensure that the electronic version of the audited financial report and the auditor's report on the website will be identical to the final signed hard copy version
 - (c) we will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation
 - (d) we have assessed the controls over the security and integrity of the data on the website and adequate procedures are in place to ensure the integrity of the information published and
 - (e) we will not present the auditor's report on the full financial report with extracts only of the full financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours sincerely,



Ross Turnbull

Executive Officer

r.turnbull@workingheritage.com.au

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AUDITOR-GENERAL'S REPORT





Victorian Auditor-General's Office

Independent Auditor's Report

To the Committee of Management of Working Heritage Inc

Opinion	<p>I have audited the financial report of Working Heritage Inc (the entity) which comprises the:</p> <ul style="list-style-type: none"> • Balance Sheet as at 30 June 2016 • Comprehensive Operating Statement for the year then ended • Statement of Changes in Equity for the year then ended • Cash Flow Statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • Accountable Officer's and Chief Finance and Accounting Officer's declaration. <p>In my opinion the financial report, Accountable Officer's and Chief Finance and Accounting Officer's declaration, the financial position of the entity as at 30 June 2016 and their financial performance and cash flows for the year then ended are in accordance with the financial reporting requirements of applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.</p> <p>My independence is established by the Constitution Act 1975. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Committee of Management's responsibilities for the financial report	<p>The Committee of Management of Working Heritage Inc is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Committee of Management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Committee of Management is responsible for assessing the entity's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
15 June 2017


Charlotte Jeffries
Director, Financial Audit

FINANCE OFFICER'S CERTIFICATION

**Statement to the Committee of Management of *Working Heritage Inc***

The Chief Finance Officer certifies that with regard to the integrity of the annual financial report of *Working Heritage Inc* for the year ended 30 June 2016 that:

1. The financial statements and notes thereto comply with accounting standards in all material aspects.
2. The financial statement and notes thereto give a true and fair view, in all material respects, of the financial position and performance of *Working Heritage Inc*.
3. The financial statements and notes thereto comply with the 2015-2016 Model Financial Report where appropriate, issued by the Department of Treasury and Finance.
4. In my opinion, there are reasonable grounds to believe that *working Heritage Inc* will be able to pay its debts as and when they become due and payable (going concern).
5. Nothing has come to my attention since 30 June 2016 that would indicate any material change to the annual financial report of *Working Heritage Inc* for the year ended 30 June 2016.

A handwritten signature in dark ink, appearing to read 'Antony Christianen', written over a light grey circular stamp.

Antony Christianen

Director

23rd May 2017.

COMMENTARY ON FINANCIAL REPORT

**Commentary on financial results of *Working Heritage Inc*****Comprehensive operating statement**

	2016	2015
	\$	\$
Income from transactions	2,461,444	2,193,501
Fair value of assets received free of charge	86,390,097	0
Expenses from transactions	(1,494,877)	(1,923,305)
Net result from transactions	87,356,664	270,196
Other economic flows included in net result		
Net gain/(loss) on nonfinancial assets	(1,601)	0
Total other economic flows included in net result	(1,601)	(0)
Net result	87,355,063	0
Comprehensive result	87,355,063	270,196

Working Heritage made an operational profit of \$966,567. However, if you take into account the Capital Improvement expenses that were added to the balance sheet Working Heritage would have made a loss of (\$492,297), compared to \$270,196 surplus for the previous period. The comparative loss of (\$492,297) was a result of increased budget spending \$1,771,680 on capital improvements for the year ending 30 June 2015 (Previous year \$904,956 on capital improvements).

The increased spend in the capital program is reflected in the reduced cash holdings in the balance sheet.

Income

	2016	2015
	\$	\$
Car parking	1,167,746	1,160,727
Rental income	1,046,238	976,641
Other income	216,311	137
Bank interest	31,149	55,996
Total	2,461,444	2,193,501

The increase in income was a result of the one-off transfer of Jack's Magazine Trust funding from the Department of Environment, Land, Water and Planning.

Expenses

	2016	2015
	\$	\$
Administration expenses	33,150	38,368
Audit fees	5,000	5,000
Bank charges	1,012	996
Car Parking expenses	402,720	377,064
Committee expenses	63,401	68,212
Depreciation expenses	3,017	1,161
External Finance/Internal Audit fees	68,400	56,675
Property outgoings	213,492	180,728
Salaries and on costs	350,253	254,544
Superannuation payments	40,006	31,696
Depreciation - finance leased motor vehicle	0	3,905
Property and Administration Improvements	314,426	904,956
Total	1,494,877	1,923,305

Balance Sheet

	2016 \$	2015 \$
Assets		
<i>Financial Assets</i>		
Cash and cash equivalents	1,816,398	2,465,745
Receivables	269,734	125,882
<i>Total financial assets</i>	2,086,132	2,591,627
<i>Non-financial assets</i>		
Furniture, Equipment and Motor Vehicle	34,451	21,136
Crown Land	72,142,350	0
Improvements	15,705,000	0
<i>Total non-financial assets</i>	87,881,801	21,136
<i>Total assets</i>	89,967,933	2,612,763
Liabilities		
Payables	63,880	61,752
Other Liabilities	48,009	36,972
Borrowings	0	13,058
<i>Total liabilities</i>	111,889	111,782
<i>Net assets</i>	89,856,044	2,500,981
Equity		
Accumulated Surplus	89,856,044	2,500,981
<i>Net Worth</i>	89,856,044	2,500,981



Tony Christianen, Director

23rd May 2017

COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Income from transactions	1(f), 2	2,461,444	2,193,501
Fair value of assets received free of charge	1(g), 3	86,390,097	0
Expenses from transactions	1(h), 4	(1,494,877)	(1,923,305)
Net result from transactions		87,356,664	270,196
Other economic flows included in net result			
Net gain/(loss) on non financial assets		(1,601)	0
Total other economic flows included in net result		(1,601)	0
Net result		87,355,063	0
Comprehensive result		87,355,063	270,196

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

BALANCE SHEET

as at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
<i>Financial Assets</i>			
Cash and Cash Equivalents	1(k), 5	1,816,398	2,465,745
Receivables	1(k), 6	269,734	125,882
Total financial assets		2,086,132	2,591,627
<i>Non-financial assets</i>			
Furniture, Equipment and Motor Vehicle	1(l), 7	34,451	21,136
Crown Land	1(l), 8	72,142,350	0
Improvements	1(l), 8	15,705,000	0
Total non-financial assets		87,881,801	21,136
Total assets		89,967,933	2,612,763
Liabilities			
Payables	1(m), 9	63,880	61,752
Other Liabilities	1(m), 10	48,009	36,972
Borrowings	1(m), 11	0	13,058
Total liabilities		111,889	111,782
Net assets		89,856,044	2,500,981
Equity			
Accumulated Surplus	1(n)	89,856,044	2,500,981
Net Worth		89,856,044	2,500,981
Commitment for Expenditure	1(o), 12		
Contingent Assets and Contingent Liabilities	1(p), 13		

The balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Accumulated Surplus	Total Equity
	\$	\$
Balance as at 1 July 2014	2,230,785	2,230,785
Comprehensive result	270,196	270,196
Balance as at 30 June 2015	2,500,981	2,500,981
Comprehensive result	87,355,063	87,355,063
Balance as at 30 June 2016	89,856,044	89,856,044

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts received		2,512,604	2,351,857
Interest received		31,149	55,996
Goods and Services Tax paid to ATO ⁽¹⁾		(42,420)	(92,154)
Payments to suppliers and members		(1,675,494)	(2,047,330)
Net cash inflows/ (used in) operating activities	15	825,839	268,369
Cash flows from investing activities			
Purchases of non financial assets		(1,475,186)	(3,124)
Net cash flows from/(used in) investing activities		(1,475,186)	(3,124)
Cash flows from financing activities			
Repayment of financial leases		0	(4,120)
Net cash inflow from /(used in) financing activities		0	(4,120)
Net increase/(decrease) in cash held		(649,347)	261,125
Cash at beginning of financial year		2,465,745	2,204,620
Cash and cash equivalents at end of financial year	5	1,816,398	2,465,745

The above cash flow statement should be read in conjunction with the notes to the financial statements.

(1) Goods and Services Tax received from the ATO is presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Working Heritage Incorporated (Working Heritage Inc) for the year ending 30 June 2016. The purpose of the report is to provide users with information about Working Heritage Inc's stewardship of resources entrusted to it.

a) Statement of Compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 21.

These annual financial statements were authorised for issue by the Committee of Management on 23 May 2017

b) Basis of Accounting Preparation and Measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to:

- (i) Fair value and useful lives of furniture and equipment;
- (ii) Fair value of Crown Land;
- (iii) Fair value and useful lives of improvements;
- (iv) Assumptions for employee entitlement; and
- (v) Estimation of accruals.

These financial statements are presented in Australian dollars, the functional and presentation currency of Working Heritage Inc.

This report has been prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets (subject to acquisition, non-financial assets are measured at fair value at the date of revaluation less subsequent accumulation depreciation and subsequent impairment losses).

Consistent with AASB 13 *Fair Value Measurement*, Working Heritage Inc determines the policies and procedures for both recurring fair value measurements such as crown lands, improvements, furniture and equipment and financial instruments in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Working Heritage Inc has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Working Heritage Inc determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c) Reporting Entity

The financial statements cover Working Heritage Inc as an individual reporting entity.

Working Heritage Inc is a Committee of Management, and was constituted by Order in Council of March 1998 and gazetted on 5 March 1998 under the *Crown Land (Reserves) Act 1978*. The change of name from The Mint Incorporated to Working Heritage Incorporated was gazetted on 1 September 2015.

The principal address is:

280 William Street, Melbourne VIC 3000

d) Scope and Presentation of Financial Statements

Comprehensive Operating Statement

The comprehensive operating statement comprises the ‘net result from transactions’ (or termed as ‘net operating balance’) with ‘other economic flows included in net result’ which represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

Other economic flows’ are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets; and
- fair value changes of financial instruments.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if Working Heritage Inc does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the “Comprehensive result” and amounts related to “Transactions with owner in its capacity as owner”.

Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

Rounding

Amounts in the financial statements have been rounded to the nearest \$1, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 21 for a style convention for explanations of minor discrepancies resulting from rounding.

e) Changes in Accounting Policies

Subsequent to the 2014–15 reporting period, Working Heritage Inc has not adopted any revised accounting standards applicable to the 2015–16 financial year.

f) Income from Transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Car Park Receipts

Revenue is received from operating a commercial car park.

Property Income

Revenue is received from leasing properties.

Interest Income

Interest income received on bank term deposits and other investments is recognised in the month it is earned.

All other revenue is brought to account as it is earned and where the services have been provided.

g) Fair value of assets provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions

h) Expenses from Transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Salary expenses and entitlements

Employee salary expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and Workcover premiums. Working Heritage Inc committee members are paid a sitting fee in accordance with Government policy. Working Heritage Inc committee members who are employees of the Victorian Public Service are not eligible to receive a sitting fee for being a member of the committee.

Employee salary costs and entitlements are recognised when incurred.

Superannuation

The amount charged to the Comprehensive operating statement in respect of superannuation represents contributions made or due by Working Heritage Inc to the relevant superannuation plans in respect to employees and committee members in respect to employer contributions for superannuation in accordance with Government policy. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Working Heritage Inc is required to comply with.

Depreciation

All plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset	Useful life
Furniture, equipment and vehicle (incl. leased assets)	3 to 10 years
Improvements	30 to 100 years

Administration Expenses

Administration expenses related transactions are cost associated with running the administration office.

Car Park Expenses

Car park expenses related transactions are the cost of staff and operating expenses related to the car park incurring the congestion levy.

Committee Expenses

Committee expense related transactions are the cost of fees, travel, training and support for the members of the Committee of Management.

External Finance and Internal Audit fees

External finance and internal audit fees related transactions are the cost of the Chief Finance Officer and internal audit services

Property Outgoings

Property outgoings related transactions are the reoccurring cost of the property portfolio in respect to utilities, rates and general maintenance

i) Other Economic Flows Included in the Net Result

Other economic flows are changes in volume or value of assets or liabilities that do not result from transactions.

Net Gain/(Loss) on Non-Financial Assets

Net gain / (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Disposal of Non-Financial Assets:

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the asset at the time

Impairment of Non-Financial Assets:

Assets are assessed annually for indications of impairment, except for non-financial physical assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Net Gain / (Loss) on Financial Instruments

Net gain / (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Other Gains/(Losses) from Other Economic Flows

Other gains / (losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available for sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to 'other transfers' of assets.

j) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Working Heritage Inc's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, do not meet the definition of financial instruments as they do not arise under contract. Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

The receivables category includes cash and term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

Financial Liabilities at Fair Value through Profit and Loss

Financial instrument liabilities at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

Financial Liabilities at Amortised Cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method (refer to Note 18).

Financial instrument liabilities measured at amortised cost include all of Working Heritage Inc's contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

k) Financial Assets***Cash and Cash Equivalents***

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables, such as amounts owing for Goods and Services Tax (GST) input tax credits recoverable.

Receivables mainly represent amounts owing and the carrying amount of receivables approximates net fair value. There is no interest levied on overdue debts. Working Heritage Inc's stated terms in respect of amounts receivable are payment in full within 30 days.

A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

l) Non-Financial Assets***Furniture and Equipment***

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Crown Land

The Crown Land holdings include historic and cultural assets that Working Heritage manages on behalf of the Victorian Government.

Improvements

The improvements represents infrastructure assets held on Crown Land that working Heritage manages on behalf of the Victorian Government.

Motor Vehicles under Finance Lease

Motor vehicles are valued using the market approach. Under this valuation method, the vehicles are compared to recent comparable sales.

Other Non-Financial Assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

m) Liabilities***Payables***

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to Working Heritage Inc prior to the end of the financial year that are unpaid, and arise when Working Heritage Inc becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Other Liabilities

Provisions are recognised when Working Heritage Inc has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision

n) Equity***Contributions by Owners***

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 12) at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the liabilities are recognised in the balance sheet.

p) Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 13) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

q) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The “GST” components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

r) Events after Reporting Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the entity and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to condition which arose after the end of the reporting date and which may have a material impact on the results of subsequent reporting periods.

s) Australian Accounting Standards Issued that are not yet effective

Working Heritage Inc has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting from 1 July 2015.

The Department of Treasury and Finance (DTF) issued the latest FRD – “Accounting and Reporting Pronouncement applicable to the current reporting period” to assist with the assessment and the impact of these new standards and interpretations.

Management has given due consideration to new and revised standards and interpretations issued by the AASB that are not effective and not mandatory for the financial year ended 30 June 2016 and the advice and directions provided by DTF. Management are not aware of any material financial impact on the financial statement.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. Based on current assessment it is anticipated that AASB 15 will not have any impact for WH reporting requirements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	WH is currently does not have operating leases
AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB’s decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements..

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	AASB 2015 6 extends the scope of AASB 124 Related Party Disclosures to not for profit public sector entities. Guidance has been included to assist the application of the Standard by not for profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the related party transactions. WH will continue to monitor.

The following accounting pronouncements are also issued but not effective for the 2015–16 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

AASB 2015 9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]

AASB 2015 10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

Australian Accounting Standards issued and adopted early

As at 30 June 2016, the following standards and interpretations have been issued and adopted early. They were not mandatory for the reporting period 30 June 2016.

- AASB 2015–7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

t) Going Concern Basis

Working Heritage Inc derives its income from car park receipts from operating a commercial car park and from property income from leasing properties for which the Committee of Management are not aware of any significant changes to these income sources and accordingly, the accounts have been prepared on a going concern basis.

NOTE 2: INCOME FROM TRANSACTIONS

	2016 \$	2015 \$
Car parking	1,167,746	1,160,727
Rental income	1,046,238	976,641
Other income	216,311	137
Bank interest	31,149	55,996
Total	2,461,444	2,193,501

NOTE 3: FAIR VALUE OF ASSETS RECEIVED FREE OF CHARGE

	2016 \$	2015 \$
Crown Land	72,142,350	0
Improvements	14,247,747	0
Total	86,390,097	0

NOTE 4: EXPENSES FROM TRANSACTIONS

	2016 \$	2015 \$
Administration expenses	33,150	38,368
Audit fees	5,000	5,000
Bank charges	1,012	996
Car Parking expenses	402,720	377,064
Committee expenses	63,401	68,212
Depreciation expenses	3,017	1,161
External Finance/Internal Audit fees	68,400	56,675
Property outgoings	213,492	180,728
Salaries and on costs	350,253	254,544
Superannuation payments	40,006	31,696
Depreciation – finance leased motor vehicle	0	3,905
Property and Administration Improvements	314,426	904,956
Total	1,494,877	1,923,305

NOTE 5: CASH AND CASH EQUIVALENTS – CURRENT

Cash at end of the year, as shown in the Cash Flow Statement, is reconciled to the related items in the Balance Sheet as follows:

	2016 \$	2015 \$
Cash at bank	1,564,921	1,430,017
Petty cash	1,000	1,000
Term investments	250,478	1,034,728
Total	1,816,398	2,465,745

NOTE 6: RECEIVABLES – CURRENT

	2016 \$	2015 \$
Contractual		
Rent receivable	189,701	82,715
Other debtors	7,329	7,330
	197,030	90,045
Statutory		
GST input tax credit recoverable	72,704	35,837
Total	269,734	125,882

NOTE 7: FURNITURE, EQUIPMENT AND MOTOR VEHICLE – NON-CURRENT

Table 7.1 Furniture, Equipment and Motor Vehicle

	2016 \$	2015 \$
Furniture and equipment	49,079	19,752
Acc depreciation furniture & equipment	(14,628)	(11,611)
Finance leased motor vehicle	0	24,059
Acc depreciation – leased motor vehicle	0	(11,064)
Total	34,451	21,136

Table 7.2 Movements in carrying amounts

Furniture, equipment and motor vehicle

	2016 \$	2015 \$
Opening balance	21,136	23,078
Additions	31,809	3,124
Disposals	(15,477)	0
Depreciation	(3,017)	(1,161)
Amortisation	0	(3,905)
Closing balance	34,451	21,136

Table 7.3 Fair Value Measurement Hierarchy for Assets as at 30 June 2016

Motor Vehicles under Finance Lease

Motor vehicles are valued using the market approach. Under this valuation method, the vehicles are compared to recent comparable sales. To the extent that motor vehicles under finance lease have an exit price prescribed by the lessor at the start of the lease term, these assets are classified as Level 3 under the market approach.

Furniture and Equipment

Furniture and equipment is held at fair value. When furniture and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method, these assets are classified as Level 3 under the market approach. There were no changes in valuation techniques throughout the period to 30 June 2016. For all assets measured at fair value, the current use is considered the highest and best use.

2016 and 2015	Valuation technique	Significant unobservable inputs		
Furniture and equipment	Depreciated replacement cost	Cost per unit Useful life of furniture and equipment		
	<i>Carrying amount as at 30-Jun-16</i>	<i>Fair value measurement at end of reporting period using:</i>		
		<i>Level 1⁽¹⁾</i>	<i>Level 2⁽¹⁾</i>	<i>Level 3⁽¹⁾</i>
	\$	\$	\$	\$
Finance leased motor vehicle at fair value vehicles	0	0	0	0
Furniture and equipment	34,451	0	0	34,451
Total furniture, equipment and motor vehicle at fair value	34,451	0	0	34,451

(1) Classified in accordance with the fair value hierarchy, see Note 1(b).

	<i>Carrying amount as at 30-Jun-15</i>	<i>Fair value measurement at end of reporting period using:</i>		
		<i>Level 1⁽¹⁾</i>	<i>Level 2⁽¹⁾</i>	<i>Level 3⁽¹⁾</i>
Finance leased motor vehicle at fair value vehicles	12,995	0	0	12,995
Furniture and equipment	8,141	0	0	8,141
Total furniture, equipment and motor vehicle at fair value	21,136	0	0	21,136

(1) Classified in accordance with the fair value hierarchy, see Note 1(b).

NOTE 8: PROPERTY – NON CURRENT

Under Australian Accounting Standard AASB 10 Consolidated Financial Statements which relates to effective control of assets, the Department of Environment, Land Water and Planning provided Crown Land and Improvements free of charge to Level 1 Committees of Management (including Working Heritage Incorporated) in the 2015–2016 financial year. This resulted in Working Heritage recording \$87,847,350 of assets received free of charge through its operating statement for the 2015–2016 financial year.

Table 8.1 Property classified as health, welfare and community

	2016 \$	2015 \$
Crown Land	72,142,350	0
Buildings	15,705,000	0
Total	87,847,350	0

Table 8.2 Movements in carrying amounts – property

	2016 \$	2015 \$
Opening balance	0	0
Additions	87,847,350	0
Closing balance	87,847,350	0

Table 8.3 Fair Value Measurement Hierarchy for Assets as at 30 June 2016

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Working Heritage's heritage assets was performed by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2016

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use.

2016 and 2015	Valuation technique	Significant unobservable input
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of specialised buildings
Heritage assets	Depreciated replacement cost(iii)	Direct cost per square metre
		Useful life of heritage assets

	Carrying amount as at 30-Jun-16	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$	\$	\$	\$
Crown Land	72,142,350	0	0	72,142,350
Buildings	15,705,000	0	0	15,705,000
Total at fair value	87,847,350	0	0	87,847,350

(1) Classified in accordance with the fair value hierarchy, see Note 1(b).

	Carrying amount as at 30-Jun-15	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$	\$	\$	\$
Crown Land	0	0	0	0
Buildings	0	0	0	0
Total at fair value	0	0	0	0

(1) Classified in accordance with the fair value hierarchy, see Note 1(b).

NOTE 9: PAYABLES – CURRENT

	2016 \$	2015 \$
Contractual		
Trade creditors and accruals	5,500	5,014
	5,500	5,014
Statutory		
GST payable	58,380	56,738
Total	63,880	61,752

NOTE 10: OTHER LIABILITIES

	2016	2015
	\$	\$
Employees entitlements – current	36,839	31,460
Other creditors and accruals	10,212	5,512
Total current liabilities	47,051	36,972
Employees entitlements – non current	958	0
Total	48,009	36,972

NOTE 11: BORROWINGS

Borrowings are related to the finance leases for the motor vehicle leased through the VicFleet lease facility. The lease term is the period over which the vehicle is to be leased. Generally, vehicles must be retained for three years or 60,000 km, whichever occurs first. On disposal of the vehicle any profit or loss on sale is borne by the organisation.

	Minimum future lease payments		Present value of future minimum lease payments	
	2016	2015	2016	2015
	\$	\$	\$	\$
Finance lease liabilities payable				
Not longer than one year	0	13,486	0	13,058
Longer than one year but not longer than five years	0	0	0	0
Minimum future lease payments	0	13,486	0	13,058
Less future finance charges	0	(428)	0	0
Present value of minimum lease payments	0	13,058	0	13,058
Included in the financial statements as:				
Borrowings			0	13,058

The weighted average interest rate implicit in the leases is 6.62% pa (2015: 6.62% pa).

NOTE 12: COMMITMENTS FOR EXPENDITURE

As at 30 June 2016 Working Heritage Inc has entered into a property improvement contract with future expenditure commitments of:

	2016	2015
	\$	\$
Commitments payable		
Less than 1 year	211,308	5,775
Longer than 1 year but not longer than 5 years	0	0
5 years or more	0	0
Total commitments	211,308	5,775

NOTE 13: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2016 there were no contingent assets or liabilities. (2015 \$Nil).

NOTE 14: SUBSEQUENT EVENTS

The Committee is not aware of any subsequent events that have occurred after the reporting period and before authorisation of the financial statements.

NOTE 15: RECONCILIATION OF NET RESULT FOR THE PERIOD

	2016 \$	2015 \$
Net result from continuing operations	87,355,063	270,196
Non-cash movements		
Increase/(decrease) on sale or disposal of non-current assets	1,601	0
Depreciation and amortisation of non-current asset	3,017	5,066
Resources received free of charge	(86,390,097)	0
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(143,852)	(35,767)
Increase/(decrease) in payables	2,128	0
Increase/(decrease) in other non-financial assets	0	3,197
Increase/(decrease) in other liabilities	4,017	44,937
(Increase)/decrease in provisions	(6,038)	(19,260)
Net cash flows from / (used in) operating activities	825,839	268,369

NOTE 16: SUPERANNUATION

Working Heritage Inc contributes, in respect of Working Heritage Inc committee members and staff, superannuation at a contribution rate of 9.5% of Working Heritage Inc member's fees and staff remuneration as follows:

<i>Fund</i>	<i>Paid Contribution for the Year</i>		<i>Contribution Outstanding at Year End</i>	
	2016 \$	2015 \$	2016 \$	2015 \$
Defined contribution plans:				
VicSuper	12,486	13,119	0	0
Other	27,520	18,576	0	0
Total	40,006	31,695	0	0

There are no unfunded liabilities associated with the above schemes as they are accumulation schemes.

There are no loans from any of the above funds to Working Heritage Inc as at 30 June 2016 (2015: \$Nil).

NOTE 17: RESPONSIBLE PERSONS**i. Responsible persons**

The names of the persons who were responsible persons at any time during the financial year were:

Minister

The Hon Lisa Neville MP (1 July 2015 to 22 May 2016)

Minister for Environment, Climate Change and Water

The Hon Liliana D'Ambrosio MP (23 May 2016 to 30 June 2016)

Minister for Energy, Environment and Climate Change

Committee Members

Ms Helen Weston, Chairperson (1 July 2015 to 30 June 2016)

Dr Timothy Hubbard (1 July 2015 to 30 June 2016)

Mr Leigh Phillips (1 July 2015 to 30 June 2016)

Mr Phillip Davies (1 July 2015 to 30 June 2016)

Ms Lorina Nervevna (1 July 2015 to 30 June 2016)

Mr Desmond Powell (1 July 2015 to 30 June 2016)

Mr Peter Boehm (1 July 2015 to 15 December 2015)

Accountable Officer

Mr Ross Turnbull (1 July 2015 to 30 June 2016)

ii. Remuneration

The relevant amounts relating to the Minister are reported separately in the Financial Statements of the Department of Premier and Cabinet.

The remuneration received or due and receivable by the responsible persons in connection with the committee of management of Working Heritage Inc during the reporting period was:

	2016 \$	2015 \$
	33,045	41,277
Total	33,045	41,277

The number of responsible persons in connection with the committee of management whose remuneration from Working Heritage Inc was within the specified bands are as follows:

	2016 No	2015 No
\$0 – \$9,999	6	6
\$9,999 – \$19,999	1	1
Total	7	7

The remuneration of the Accountable Officer is as follows:

<i>Income band</i>	<i>Total remuneration</i>		<i>Base remuneration</i>	
	2016 No.	2015 No.	2016 No.	2015 No.
\$0 – 100 000	0	2	0	2
\$120,000 – 129,999	1	0	1	0
Total	1	2	1	2
Annualised employee equivalents (AEE)	1	1	1	1
Total amount	\$129,180	\$110,219	\$116,870	\$104,288

iii. Other Related Party Transactions

There are no other related party transactions to disclose.

NOTE 18: FINANCIAL INSTRUMENTS

a) Financial risk management objectives and policies

Working Heritage Inc's principal financial instruments comprise:

- cash and deposits;
- term deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease liabilities payable.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Working Heritage Inc's financial risks within the government policy parameters.

Working Heritage Inc's main financial risks include interest rate risk, credit risk and liquidity risk. Working Heritage Inc manages these financial risks in accordance with its financial risk management policy.

Working Heritage Inc has the overall responsibility for the establishment and oversight of Working Heritage Inc's risk management framework. Risk management is carried out under policies and a framework adopted by Working Heritage Inc. Working Heritage Inc's Audit and Risk Management Sub Committee monitors implementation.

Working Heritage Inc's activities expose it to some financial risk. This note presents information about Working Heritage Inc's exposure to financial risk and the objectives, policies and processes for managing this risk.

b) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counter parties fail to perform as contracted. The risk on financial assets of Working Heritage Inc, which have been recognised on the Balance Sheet, is the carrying amount.

Table 18.1 Credit quality of Contractual Financial Assets that are neither past due nor impaired

	<i>Financial institutions (triple-A credit rating)</i>	<i>Government agencies (triple-A credit rating)</i>	<i>Government agencies (triple-B credit rating)</i>	<i>Other (min triple-B credit rating)</i>	<i>Total</i>
2016					
Cash and deposits	0	0	0	1,816,398	1,816,398
Rent receivables ⁽ⁱ⁾	0	0	0	197,030	197,050
Total contractual financial assets	0	0	0	2,018,428	2,013,428
2015					
Cash and deposits	0	0	0	2,465,746	2,465,746
Rent receivables ⁽ⁱ⁾	0	0	0	90,045	90,045
Total contractual financial assets	0	0	0	2,555,791	2,555,791

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable)

Table 18.2 Ageing Analysis of Contractual Financial Assets

2016	Carrying amount	Not past due and not impaired	Past due and not impaired 1–3 months
Receivables: ⁽ⁱ⁾			
Rent	197,030	141,217	55,813
Total	197,030	141,217	55,813
2015	Carrying amount	Not past due and not impaired	Past due and not impaired 1–3 months
Receivables: ⁽ⁱ⁾			
Rent	90,045	82,195	7,850
Total	90,045	82,195	7,850

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

c) Liquidity Risk

Liquidity risk is the risk that Working Heritage Inc will not be able to meet its financial obligations as they fall due. Working Heritage Inc's policy is to meet its financial obligations within 30 days of a valid tax invoice being provided.

The liquidity risk exposure is due to income from contributory bodies not being received by Working Heritage Inc in a timely manner to meet Working Heritage Inc's financial obligations. This is managed through the maintenance of a level of working capital and tight cash flow management.

Table 18.3: Maturity Analysis of Contractual Financial Liabilities

2016	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years	5+ years
Payables: ⁽ⁱ⁾							
Trade Creditors and Accruals	5,500	5,500	0	5,500	0	0	0
Borrowings:							
Finance lease liabilities	0	0	0	0	0	0	0
Total	5,500	5,500	0	5,500	0	0	0
2015							
Payables: ⁽ⁱ⁾							
Trade Creditors and Accruals	5,014	5,014	5,014	0	0	0	0
Borrowings:							
Finance lease liabilities	13,058	13,058	343	12,715	0	0	0
Total	18,072	18,072	5,357	12,715	0	0	0

(i) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

d) Interest Rate Risk

Working Heritage Inc has exposure to interest rate risk on its short-term deposits in a Cash Management Account held with Working Heritage Inc's bank. Working Heritage Inc considers that this risk is low as it does not impact significantly on its operations.

A sensitivity analysis of a 0.5% (0.5% 2014–15) increase or decrease movement in interest rates would result in a movement of \$10,000 (\$10,000 2014–15) which is considered a negligible impact on the annual financial position.

e) Interest Rate Exposure

Working Heritage Inc's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the table. Working Heritage Inc considers that the impact of changes in interest rates is not material.

Table 18.4: Interest Rate Exposure of Financial Instruments

	Floating Interest Rate	Fixed Interest Maturing In				Total
		1 year or less	Over 1 to 5 years	More than 5 years	Non-Interest Bearing	
	\$	\$	\$	\$	\$	\$
30-Jun-16						
Contractual Financial Assets						
Cash and cash equivalents	1,565,921	250,477	0	0	0	1,816,398
Rent receivable ⁽¹⁾	0	0	0	0	197,030	197,030
Total	1,565,921	250,477	0	0	197,030	2,013,428
Weighted Average Interest Rate	1.93%					
Contractual Financial Liabilities						
Payables	0	0	0	0	5,500	5,500
Borrowings	0	0	0	0	0	0
Total	0	0	0	0	5,500	5,500
Weighted Average Interest Rate	0.00%					
30-Jun-15						
Contractual Financial Assets						
Cash and cash equivalents	1,431,017	1,034,729	0	0	0	2,465,746
Rent receivable ⁽¹⁾	0	0	0	0	90,045	90,045
Total	1,431,017	1,034,729	0	0	90,045	2,544,791
Weighted Average Interest Rate	2.01%					
Contractual Financial Liabilities						
Payables	0	0	0	0	5,014	5,014
Borrowings	0	13,058	0	0	0	13,058
Total	0	13,058	0	0	5,014	18,072
Weighted Average Interest Rate	4.62%					

(1) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

NOTE 19: REMUNERATION OF AUDITORS

	2016 \$	2015 \$
External Auditors	5,000	5,000
Total	5,000	5,000

NOTE 20: EX GRATIA EXPENSES

Working Heritage Inc did not make any ex gratia payments in 2015–16 (2014–15 \$Nil).

NOTE 21: GLOSSARY OF TERMS AND STYLE CONVENTIONS**Amortisation**

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Borrowings

Borrowings refers to interest-bearing liabilities raised from finance leases.

Comprehensive Result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a “transaction” and so reduces the “net result from transaction”.

Employee Benefits Expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Financial Asset

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity’s own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial Liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial Statements

A complete set of financial statements comprises:

- (a) a comprehensive operating statement for the period;
- (b) a balance sheet as at the end of the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Interest Expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest Income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net Result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net Result from Transactions/Net Operating Balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net Worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial Assets

Non-financial assets are all assets that are not "financial assets". It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other Economic Flows included in Net Result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets;

- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal

Other Economic Flows – Other Comprehensive Income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets;

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced Assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software.

Receivables

Includes short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of Goods and Services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered.

Supplies and Services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of Working Heritage Inc

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style Conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

.. zero	or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x–0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2015–16 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of Working Heritage Inc's annual reports.

NOTES

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