

Working
Heritage

ANNUAL REPORT

2020–2021



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280 William Street
Melbourne Victoria 3000

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Front cover: **Warracknabeal Court House** Matthew Bird

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Working Heritage respectfully acknowledges Victoria's Aboriginal communities and pays respect to their Elders both past and present. The organisation acknowledges the richness of Aboriginal cultures in Victoria and their connection to country.

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CHAIR'S REPORT

In 2020–21 Working Heritage continued to adapt to meet the ongoing challenges of a global pandemic. While this was a new experience for us as a Committee of Management, former inhabitants of the heritage buildings in our care would have dealt with the influenza pandemic of 1918–19 and poliomyelitis in the 1950s. Like our forebears we had to reassess our priorities.

People came first. We give thanks to Executive Officer, Ross Turnbull, and all our staff members for their willingness to adapt and their dedication whilst working remotely from home.

In response to extensive restrictions on operations, the Committee of Management undertook a risk and opportunity analysis to understand the impact on our strategic priorities and to develop effective responses.

In addition to ensuring the welfare of staff, supporting our tenants, particularly those most affected in the arts and hospitality sectors, was a high priority.

We also agreed, where possible, to undertake capital works to contribute to the economic stimulus. While some non-urgent works were put on hold, essential infrastructure works at Jack's Magazine were authorised in preparation for the reactivation of this iconic site. Likewise, the Committee has continued to plan for future development of the surface car park at the rear of the former Royal Mint site. Automation of the car park proved to be timely and was used by Court Services Victoria staff at a reduced rate during restrictions.

A focus on our rural and regional properties resulted in a collaboration with the Yarriambiack Shire Council and Monash University to modify and refurbish the former Warracknabeal Court House. A successful expression of interest was lodged to manage and reactivate the former Kyneton Primary School site, and community consultation was undertaken in relation to our Daylesford and Beaufort properties.

Charged with conserving and reactivating heritage properties in our care, Working Heritage recognises its important role as a leader in this sector. Reconciliation with traditional owners, addressing the impact of climate change, and evaluating our activity in relation to the UN Sustainable Development Goals and the Victorian Government's Land Management Strategy, remain firmly on our agenda.

We are fortunate to have a high calibre of Committee members with a wide range of knowledge and expertise that contribute to Working Heritage's leadership in this sector. As part of the Department of Environment, Water, Land and Planning's 2020 Recognition Program, Chair Helen Weston was appropriately recognised for her 10 years of outstanding service.

In December we farewelled three valued Committee members – Timothy Hubbard, Haleh Homaei and Elizabeth Drozd. In January 2021, Helen Weston supported my transition to Acting Chair when she indicated that she was not going to apply for a further three year term. I give thanks to Helen and fellow committee members – Phillip Davies, Joan Ko, Adam Magennis and Borz Shahsavand – who agreed to extend their terms of office for one year until a recruitment process could be undertaken for a new Committee. Every member of the Committee has selflessly contributed their skills and diligently attended meetings in a challenging online environment.

In addition to extending our sincere appreciation to Executive Officer, Ross Turnbull and all staff, we also wish to acknowledge the wise counsel of Chief Financial Officer Tony Christianen, Renee Barnes, Human Resources Consultant and Mark Anderson, our independent member on the Audit & Risk Management subcommittee. The ongoing advice and support of officers from the Department of Environment, Water, Land and Planning has been equally valued.

As a result of close and considered management of operations, Working Heritage has remained solvent, been able to provide effective rent relief to its tenants, retain all staff, and still record a small surplus at the end of the 2020–21 financial year.

This has been a great team effort and a result that we are justifiably proud of.

In accordance with the *Crown Land (Reserves) Act 1978*, I am pleased to present Working Heritage's Annual Report for the year ending 30 June, 2021.

Kerry Anderson

Acting Chair, Working Heritage Incorporated
Committee of Management
15 October 2021



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 (known as The Mint Inc from 1998 to 2015) has been appointed to manage sixteen sites across Victoria, undertaking expert conservation and adaptation works so the community can benefit from these revitalised historic buildings and sites.

OUR RESPONSIBILITIES

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

The Committee has 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.



◀ Former School of Mines, Clunes

STRATEGIC PLAN 2018–21

In 2018 the Committee of Management adopted a new three-year Strategic Plan that sets out the following priorities:

1. Government Relations

Transition from Committee of Management to a Trust for Public Heritage with a capital fund and secure income to fund operations.

2. Financial Health

Match our growth trajectory with appropriate financial resources.

3. Awareness and Influence.

Working Heritage is recognised as a leader in adaptive reuse of heritage buildings.

4. Enhanced Asset Utilisation and Culture of Innovation

Our portfolio of properties is, as a whole, in use by the community and environmentally, socially and financially sustainable.

5. Positive Social Impact

To deliver discernible and measurable community benefits overall and at a property- specific level.

IMPLEMENTATION OF THE STRATEGIC PLAN DURING 2020–21

Heading into the 2020–21 financial year, Working Heritage took the initiative to refresh our Strategic Plan on the understanding that the operational context in which the Strategic Plan was prepared had changed significantly and would continue to evolve. The Committee undertook a risk and opportunity analysis to understand the ways in which changes in the external environment were impacting on our strategic priorities, and then developed effective responses. This approach saw the following strategic responses adopted:

1. To grow our rural/regional presence.
2. To position Working Heritage as an actor in the recovery of the arts and hospitality sectors.
3. Where possible, undertake capital expenditure to contribute to economic stimulus in the wake of COVID-19.

◀ Entry Bell, South Guard House

4. Evaluate Working Heritage's activity in relation to the UN Sustainable Development Goals and the Victorian Government's Land Management Strategy.
5. Create a compelling case for the future development of the Mint Car Park site.

1. WORKING HERITAGE ACTIONS IN RESPONSE TO THE COVID-19 PANDEMIC

When the COVID-19 pandemic arrived in Australia in February–March 2020, the Working Heritage Committee and staff responded with a comprehensive approach to managing the crisis. The Committee reviewed capital and operational expenditure and instituted the monitoring of income through fortnightly audit subcommittee 'check-in' meetings with the Executive Officer. By these measures, Working Heritage was able to reduce expenditure while retaining our staff, continue to provide services to our tenants and complete strategically important capital works.

The operational response to COVID-19 included the establishment of Working Heritage's eligibility for the Commonwealth Government's JobKeeper subsidy; the implementation of work-from-home arrangements for staff; the negotiation of rent relief with our tenants; and changes to car parking fees as the city of Melbourne's weekday workforce stayed home. In addition to lowering daily parking fees by 55%, Working Heritage made arrangements with Court Services Victoria to provide flat rate parking for its essential workers – an arrangement that allowed the Working Heritage Car Park to remain open during the 113 day long lockdown of August–November 2020.



As a result of our close and considered management of operations through 2020, Working Heritage has remained solvent and has been able to provide effective rent relief to our tenants, retain our staff, and record a small surplus at the end of the 2020–21 financial year.

2. EXPENDITURE MANAGEMENT

During the Stage 4 lockdown that remained in place from 2 August to 22 Nov 2020, Working Heritage negotiated a 6 month (September–February) abatement of its debt repayments to Treasury Corporation of Victoria (TCV) – a measure taken to ensure Working Heritage remained solvent during a period when restrictions on movement and business operations (to reduce COVID-19 transmission) were impacting our income. The repayment terms ensured that the organisation was not at risk of insolvency and, payment was made in full as a lump sum, at the end of Feb 2021 as agreed with TCV.

Working Heritage's Audit and Risk Management Subcommittee instituted regular fortnightly meetings with the Executive Officer to monitor financial performance and manage risks to income. These meetings continued to December 2020 and then continued on an ad hoc basis in response to events as needed in 2021.

When the Victorian Government declared a State of Disaster in August 2020, it introduced stage 4 restrictions including 5km limits on movement, closure of all non-essential retail, remote working and learning and a 9PM curfew. Working Heritage requested, and received permission to keep the Mint site car park open as it provided parking for essential services staff in the courts precinct of Melbourne. In combination with the agreement to provide discount parking to courts staff (negotiated in April 2020), this allowed Working Heritage to maintain an income stream in difficult circumstances.

3. PROVISION OF RENT RELIEF

As a landlord, Working Heritage provided rent relief to its tenants in accordance with the (*Commercial Leases and Licences*) Regulations 2020 put in place by the Victorian Government. The rent relief scheme applied until 30 March 2021 and during FY2020–21 Working Heritage waived a total of \$252,433 in rent to its tenants. Rent relief agreements were negotiated with individual lessees and uniform discounts applied across sectors (e.g. hospitality businesses, performing arts).

◀ Pocket Park, Mint Car Park, Melbourne

During this period, Working Heritage received the Commonwealth Government's JobKeeper payment for its five staff and we note that the total of rent relief provided by Working Heritage in FY 2020–21 exceeded income support payments received by \$47,114 (including ATO PAYG refunds and JobKeeper payments).

4. PROPERTY PORTFOLIO MANAGEMENT

The Mint Car Park:

The Mint site car park performed a critical role in the property portfolio during the Stage 4 lockdown in the first half of 2020–21. During a period when Working Heritage's rental income was 23% below pre-pandemic levels, the car park provided Working Heritage with a relatively stable income by virtue of its role in providing parking to essential workers and by the introduction of a \$20 flat daily rate early in the pandemic. These two measures had the effect of stabilising income at approximately 70–75% of pre-pandemic levels and provided valuable cash flow into the business during the period of greatest threat.

Leasing activities:

When the State Government introduced guidelines for provision of rent relief for tenants in commercial leases, Working Heritage took the decision (April 2020) that it would offer rental waivers only, rather than deferrals as these would have ongoing impact on the viability of lessee's businesses were they to emerge from the Covid-19 pandemic carrying rental debt. Agreements put in place with tenants included provision for the scaling back of rent relief as business conditions improved. By the end of March 2021 when the Regulations ceased to apply, all Working Heritage tenants had either resumed or were by then able to resume payment of rents as scheduled in their leases.

Property maintenance:

In response to the projected reduction in Working Heritage's income in the financial year of 2020–21, the Committee of Management approved a prudent reduction in property repair and maintenance expenditure. Allowance was made in the budget to undertake any necessary emergency repair works arising over the course of the year.

Capital works:

The Committee of Management reviewed its capital expenditure plans in March 2020 when the impact of the Covid-19 pandemic became apparent. It postponed low priority projects and determined that the

infrastructure project at Jack's Magazine and the accessibility works at Warracknabeal should proceed on the basis that they were important steps in the reactivation of these two sites. The Committee also considered it important to support State Government efforts to keep the construction industry operating and employing people. These two property improvement projects were affected by lockdown measures in 2020 but our contractors were able to complete the projects within budget in early 2021.

5. EXPANSION OF THE PROPERTY PORTFOLIO

In June 2020 Working Heritage made a submission to DELWP's call for Expressions of Interest to manage and activate the former Kyneton Primary School site. On 25 June 2021, Mary-Anne Thomas MLA for Macedon and Minister for Regional Development, announced Working Heritage as the preferred proponent for management of the site.

Our proposal envisaged the adaptation of the school site as a creative industries and community precinct – a concept that aligned with community views expressed in consultations that had taken place since the school closed in 2017.

Acting Chair Kerry Anderson and Working Heritage staff attended the announcement on site where Ms Anderson spoke to local stakeholders and media. Taking on management of the Old Kyneton Primary School delivers on Working Heritage's strategic response to COVID to grow our rural/regional presence.

During the 2021–2022 financial year, the Department of Jobs, Precincts and Regions (DJPR), through Creative Victoria, has committed to deliver a program of works to make the school buildings code compliant for their new use when the site will be officially transferred to Working Heritage.

The former school is comprised of a bluestone building dating back to 1861 and a two storey brick addition opened in 1985. DJPR has announced funding to establish a new art gallery in the historic school building which will form a key part of the precinct's activation. Working Heritage considers the Old Kyneton Primary School ideally suited for adaptive reuse by virtue of its combination of heritage significance, strategic location within the urban area of Kyneton, and utilitarian flexibility.

6. ORGANISATION AND MANAGEMENT

Working Heritage staff pivoted to work from home early in March 2020 and continued to do so during this reporting period. The need to have a presence on site at our office at the former Mint site to attend to operational issues in the car park was managed by the issue of authorised worker permits and establishment of clear COVID-safe protocols for staff attending the William Street office.

The planned staff expansion and restructure was placed on hold until late 2021, when the organisation's income returned to a level able to sustain the employment of additional staff.

Internal Audits were completed by Working Heritage's contracted internal auditor HLB Mann Judd, in the following areas of operation:

- Fraud and Corruption Control
- Payroll and CoM Fees
- Financial Management Compliance Control

No adverse finding were recorded in any of the resulting reports.



▲ Successful tender announcement day for Old Kyneton Primary School EOI.

From left to right; Kerry Anderson (Working Heritage Acting Chair), Cr. Mark Ridgeway (Macedon Ranges Shire Council), Mary-Anne Thomas MP (Minister for Agriculture and Minister for Regional Development), Cr. Jennifer Anderson (Mayor, Macedon Ranges Shire Council).

HOW WE WORK

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

- 1) Heritage – the property is appropriately conserved and its heritage significance identified, conserved and valued;
- 2) 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;
- 3) Adaptation – capital expenditure on adaptation of its properties is directed to a return on investment objective (where specified) tied to a lease agreement;
- 4) Community – the property is used, conserved and maintained for the local community and the people of Victoria; and
- 5) 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 2017* and the profession in conservation practice.



▲ Timber façade repairs, Clunes School of Mines



▲ Wall detail, South Melbourne Temperance Hall



▲ Interpretive signage and landscaping, Carome



▲ Wall and roof junction detail, Jack's Magazine

16

Properties

38

Buildings

25

Tenants

9

Committee of
Management Members

4

Sectors

6

Staff
Members

Community
Commercial
Culture & Arts
Hospitality

\$129M

Land & Buildings

\$1.99M

Income in 2020-21

\$252K

Rent Relief Provided:
July 2020-March 2021

\$1.90M

Expenses in 2020-21

(Including depreciation)

OUR PORTFOLIO

Table 1: The following properties made up Working Heritage's portfolio in 2020–21.

Property	Tenant	Primary Function	Lease Expiry
Former Royal Mint Site: Car Park	Working Heritage	Commercial Car Park	n/a
Former Royal Mint Site: Main Building	Stamoulis Property Group	Offices	2027
	Nafsika Stamoulis Hellenic Museum	Museum	2027
Former Royal Mint Site: North Guard House	The Mint Bar Limited	Bar and Restaurant	2027
Former Royal Mint Site: South Guard House	Working Heritage Incorporated	Office	n/a
Horticultural Hall	Victorian Opera	Rehearsals and Offices	2021
Carlton Court House	La Mama Theatre	Performances and rehearsals	2031
Geelong Telegraph Station	Geelong Performing Arts Centre	Arts administration	2024
Avoca Police Residence	Neelabindu	Residence	2024
Skipton Court House	Skipton Historical Society	Museum display	2021
Skipton Police Residence	Skipton Historical Society	Museum display	2021
Beaufort Court House	Beaufort Historical Society	Meetings and displays	2020
Drysdale Free Library and Hall	Drysdale Scouts	Scout meetings, community sports and activities, gift shop	Quarterly
Farm Vigano: Fairview Manor	True Italian	Restaurant and function centre	2032
Farm Vigano: Shed	Hormayr Building	Workshop and store	Monthly
Farm Vigano: Cottage	Not leased	n/a	n/a
Farm Vigano: Community Centre	Dianella Plenty Valley Community Health Ltd	Community health centre	2031
Carome	Two Beans and a Farm	Restaurant	2023
	Mernda Community Garden at Carome	Community Garden	2027
Ballan Court House	Ballan Shire Historical Society	Meetings and displays	2022
Clunes School of Mines	Clunes Angling Club	Meetings	2024
Warracknabeal Court House	Not leased	n/a	n/a
South Melbourne Temperance Hall	BalletLab Association	Offices, rehearsal and performance space, accommodation	2032
Jack's Magazine	Various licensees	Offices, workshops and studios	Monthly
Daylesford Court House	Daylesford Neighbourhood Centre	Office, meetings, workshops and studio	Monthly

OUR RELATIONSHIPS

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

STATE GOVERNMENT:

- The Victorian Government
- The Minister for Energy, Environment and Climate Change
- Department of Environment, Land, Water and Planning
 - Heritage Council of Victoria
 - Heritage Victoria
 - Parks Victoria
- Department of Jobs, Precincts and Regions
 - Creative Victoria
 - Development Victoria
 - Regional Arts Victoria
- Department of Treasury and Finance:
 - Treasury Corporation of Victoria
- Victorian Environment Assessment Council

LOCAL GOVERNMENT:

- City of Greater Geelong
- City of Melbourne
- City of Port Phillip
- City of Whittlesea
- Corangamite Shire Council
- Hepburn Shire Council
- Macedon Ranges Shire Council
- Maribyrnong City Council
- Moorabool Shire Council
- Pyrenees Shire Council
- Yarriambiack Shire Council

REGISTERED ABORIGINAL PARTIES

- Bunurong Land Council Aboriginal Corporation
- Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation
- Dja Dja Wurrung Clans Aboriginal Corporation
- Wadawurrung Traditional Owners Corporation
- Barenji Gadjin Land Council Aboriginal Corporation

HIGHER EDUCATION:

- Monash Art, Design and Architecture, Monash University
- Melbourne School of Design, University of Melbourne
- Architecture and Urban Design, RMIT
- School of Humanities and Social Sciences, Deakin University

TENANTS:

- Our current tenants
- Our potential future tenants

LOCAL COMMUNITIES:

- Community members
- Local Historical Societies
- Other community groups

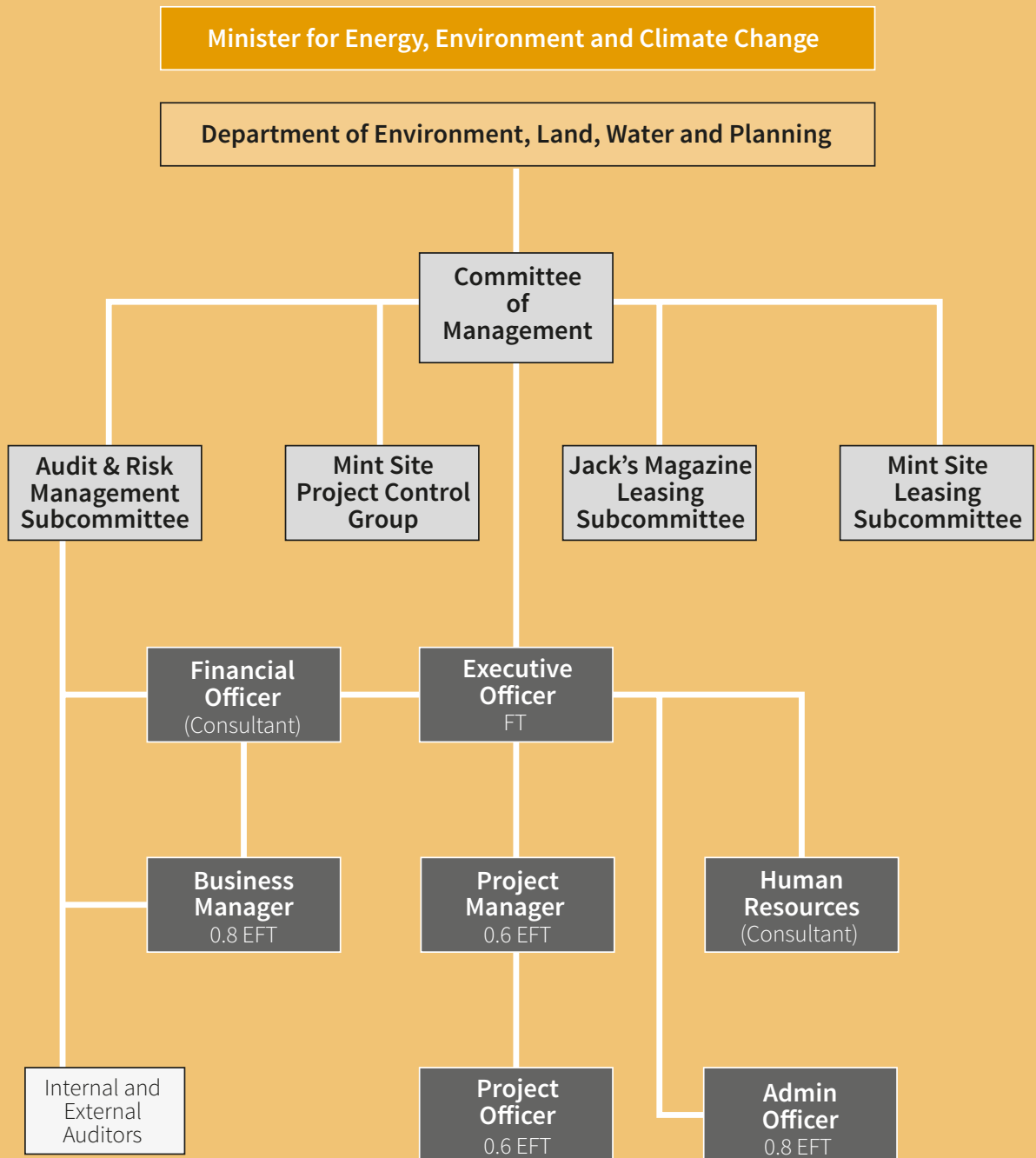
HERITAGE ORGANISATIONS:

- Australia ICOMOS
- The National Trust of Australia (Victoria)

PARTNERS AND AFFILIATES:

- Open House Melbourne
- ResArtis
- Our consultants
- Our contractors
- Our suppliers

ORGANISATIONAL STRUCTURE



ORGANISATIONAL CHART

THE COMMITTEE OF MANAGEMENT

Committee of Management members are appointed for a three-year term by the Minister for Energy, Environment and Climate Change, the Hon Liliana D'Ambrosio MP (the Minister) under the provisions of the *Crown Land (Reserves) Act 1978*.

The Committee membership in 2020–21 was:

Helen Weston	(Chair until 31 Dec 2020)
Kerry Anderson	(Acting Chair from 1 Jan 2021)
Phillip Davies	
Elizabeth Drozd	(Term ended 31 Jan 2021)
Haleh Homaei	(Term ended 31 Jan 2021)
Dr Timothy Hubbard	(Term ended 31 Jan 2021)
Joan Ko	
Adam Magennis	
Borz Shahsavand	

An overview of members' qualifications and experience is provided on the following pages.

Table 2: Committee Attendance: 1 July 2020– 30 June 2021

Committee Member	No. of Eligible Meetings	No. of Meetings Attended
Helen Weston*	6	6
Kerry Anderson^	6	6
Phillip Davies	6	5
Elizabeth Drozd	3	3
Haleh Homaei	3	1
Timothy Hubbard	3	3
Joan Ko	6	6
Adam Magennis	6	4
Borz Shahsavand	6	6

* Chair from 1 Jun to 31 Dec 2020

^ Acting Chair from 1 Jan to 30 Jun 2021

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

ORGANISATIONAL EVOLUTION

The current Committee of nine members was appointed for a three year term by the Minister for Environment, Energy and Climate Change, Lily D'Ambrosio MP in 2018. The Committee meets on six scheduled occasions each year while three subcommittees – Audit and Risk Management, Jack's Magazine Leasing and the Mint Site Project Control Group – meet bi-monthly and report to the Committee.

Management of the COVID-19 crisis in 2020 meant that government resources were not available to undertake the multiple Committee of Management recruitments that were due to take place in the second half of 2020. In February 2021, Minister D'Ambrosio extended the Committee of Management's three-year term by 12 months. Three Working Heritage Committee members elected not to take up the offered extension. Helen Weston stepped down as Chair while remaining on the Committee. Kerry Anderson stepped into the role as Acting Chair, with an extended hand-over from Helen Weston ensuring a smooth transition.



COMMITTEE OF MANAGEMENT AND WORKING HERITAGE EXECUTIVE OFFICER

HELEN WESTON – CHAIR

JUL 2020–31 DEC 2020

Helen is a retired urban planner with extensive experience in statutory planning, environmental and social impact assessment and community consultation.

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 was a Board Member of Parks Victoria from August 2017 to October 2020. She chaired the Parks Victoria Board's Planning Project and Asset Management Committee and was a member of the People and Safety, Conservation and Science, and Commercial Business and Engagement Committees.



KERRY ANDERSON

– ACTING CHAIR

JAN – JUN 2021

As a small business owner and founder of the *Operation Next Gen Program*, Kerry Anderson works with rural Australian towns encouraging them to take control of their own future. Committed to sharing positive stories of rural businesses and communities, she is the author of *Entrepreneurship: It's Everybody's Business* and *Australian Rural Entrepreneurs*. Kerry frequently speaks at national and international conferences and events. As part of her work she facilitates important community conversations with a rural emphasis.

A graduate of the Australian Company Directors Course, Kerry serves on the Board of Castlemaine Health and is a volunteer tour guide at Buda Historic Home & Garden in Castlemaine.



PHILLIP DAVIES

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

Phillip is currently Chief Executive and National Ombudsman of a not for profit company – Tolling Customer Ombudsman Ltd. He has a number of key directorships including Box Hill Institute of TAFE, Kew East Financial Services Ltd and CBLA. He is also a member of the Board of Trustees at the Southern Metropolitan Cemeteries Trust.

Phil is a member of a number of Commonwealth and State dispute, disciplinary and professional standards tribunals.

At Working Heritage, Phillip chairs the Mint Site Project Control Subcommittee.



ELIZABETH DROZD

1 JUL 2020–31 JAN 2021

Elizabeth has been working in community services sector and local government since 1991. She is currently CEO of Australian Multicultural Community Services, Board Director of Care Connect and Chairperson of a charitable foundation for the Rotary Club of Footscray. She was Victorian Multicultural Commissioner from 2008 to 2015.

Community engagement, mentoring, business management and leadership are some of her key strengths. In 2019, she was awarded a scholarship by the Harvard Club of Victoria to participate in the prestigious Strategic Perspectives in Non-profit Management at the Harvard Business School in Boston, USA.



HALEH HOMAEI

1 JUL 2020–31 JAN 2021

Haleh Homaei is the CEO of Housing First. Haleh has over 27 years of experience in housing, 12 years of which were with the Victorian Office of Housing and the rest within the Community Housing Sector.

Haleh's expertise is in the area of social advocacy, strategic and business planning, governance and compliance, leadership and stakeholder management. She has a Diploma in Social Science (Housing Management and Policy) and is a Graduate of the Australian Institute of Company Directors (GAICD).

Haleh has been a member of the Australasian Housing Institute (AHI) since 1998 and was a Director on the National Board representing Victoria until mid-2015. She has been a Board member of the Community Housing Federation of Victoria since 2009 and served as Chair from 2016–19. Haleh has also been a Board member of ASRC since 2018.

**DR TIMOTHY HUBBARD**

1 JUL 2020–31 JAN 2021

Timothy is a retired architect and planner. Before establishing his own practice in 1988, Timothy worked with the Department of Planning and the Historic Buildings Council.

With the support of the Daryl Lindsay Scholarship and the Marten Bequest he was the Australian nominee to ICCROM in Rome for 1986. With the assistance of a Deakin University Scholarship, he completed his PhD 'Towering Over All, the Italianate Villa in the Colonial Landscape' in 2004.

Timothy has been a member of the Heritage Council of Victoria, of the Executive Council of the Victorian Chapter of the Australian Institute of Architects and of the Australia ICOMOS Executive Committee. He is a member of the ICOMOS International Scientific Committee on Cultural Routes, and is a sessional member of Planning Panels Victoria.

**JOAN KO**

Joan is a Chartered Environmentalist focused on sustainability in strategy and planning. She is a senior leader in Arup's consulting services and is also appointed to the Victorian Government's Sustainability Fund Committee.

Joan specialises in leading multidisciplinary teams that work across environment and economics. Examples of her work include advising policymakers on the role of infrastructure in resilient communities, helping organisations transition towards a circular economy, and identifying barriers and drivers for net zero emissions precincts in Australia.

At Working Heritage, Joan chairs the Audit and Risk Management Subcommittee. She is active in embedding sustainability and climate change resilience into Working Heritage's strategic agenda.

**ADAM MAGENNIS**

Adam's career includes 17 years working within the Victorian Heritage, Environmental and Communities sector in local and state government.

Prior to a career in the public service, Adam's first career was in the Victorian building sector as a qualified bricklayer and stone mason. He has worked as a mason in Ontario Canada, Michigan U.S.A., New South Wales and South Australia.

He has a keen interest in historical brickwork, brick architecture and brick making.

Adam is a qualified archaeologist, Archaeology (Honours) 2014 La Trobe University and is undertaking a current PhD candidature in archaeology. Adam has also been a professional artist for over 25 years and is director of Kaptify.



BORZ SHAHSAVAND

Borz is the Chief Executive Officer of Sustain Group, a leading sustainability focused asset management company building and managing commercial properties. Having held senior executive positions within leading design, construction and facility management companies across Australia, he has made it his mission to leave a legacy of sustainable change in the property sector.

Borz's passion is to constantly improve on the total cost of ownership and facilitate a broader view of facility management practices that cover utilities and risk of operations.

Borz holds a Masters of Corporate Sustainability Management, undergraduate Aerospace and Mechanical engineering degrees from Monash University as well as postgraduate qualifications in contract law and project management.

**ROSS TURNBULL**
– EXECUTIVE OFFICER

Ross has over thirty years' experience working across the fields of architecture, heritage conservation, project management and building construction in both the public and private sectors.

As Executive Officer at Working Heritage since 2015, Ross has embedded a new business model focused on social, financial and environmental sustainability; implemented improvements to organizational governance; and is working to establish an Artist-In-Residence program.

Before joining Working Heritage, Ross worked on nationally and internationally significance heritage places with Root Projects Australia and at 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.

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 has been part of Working Heritage since late 2013.



▲ Beaufort Court House



GOVERNANCE

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
 - integrity
- The Committee undertakes regular self-evaluation.
- The Committee undertakes training to improve both its collective capability and the skills of individual members.

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

SUBCOMMITTEES

Three subcommittees have been constituted to advise the Committee on areas of strategic and operational importance. The subcommittees are able to examine their particular specialised area of responsibility in depth and report back to the Committee with recommendations for action. In 2020–21, the following subcommittees met every second month:

- Audit and Risk Management
- Mint Site PCG
- Jack's Magazine Leasing
- Mint Site and Leasing*

* The Mint Site and Leasing Subcommittee comprises the former Mint Site PCG and Jack's Magazine Leasing subcommittees.



▲ Farm Viganò Restaurant

AUDIT AND RISK MANAGEMENT SUBCOMMITTEE

The independent Audit and Risk Management Subcommittee (ARMS) operates to assist the Committee and the organisation to fulfil 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 ARMS consists of four members, made up of three Committee of Management members and one external appointee. In 2020–21, the ARMS was chaired by Joan Ko.

For a significant portion of 2020–2021 the sub-committee also met fortnightly to monitor risks during the pandemic.

Table 3: Audit and Risk Management Subcommittee (ARMS) attendance, 1 July 2020 – 30 June 2021

ARMS Member	*Eligible Meetings	Meetings Attended
Joan Ko (ARMS Chair)	4	4
Kerry Anderson	4	4
Timothy Hubbard [^]	2	2
Mark Anderson (external member)	4	4

* Eligible relates to standard and special (not check-in) ARMS meetings for the 2020–2021 financial year.

[^] Timothy Hubbard did not continue as a member of the ARMS beyond 31 January 2021 (end of the original three-year term of CoM 2018–2021).



▲ Office and Officer's Quarters, Former Royal Mint

MINT SITE PROJECT CONTROL GROUP

The Mint Site Project Control Group (PCG) was convened in July 2017 during the design phase of the Mint Walls Structural Remediation project to oversee the design, tendering, cost and delivery of the \$3.9M project. Following completion of the work early in 2019, the subcommittee's role has shifted to the subsequent automation of the Mint Car Park and consideration of the future of the Mint Car Park as a development site.

In 2020–21, membership of the Mint Site PCG comprised Phillip Davies, Helen Weston, Dr Timothy Hubbard, Adam Magennis and Kerry Anderson.

JACK'S MAGAZINE LEASING SUBCOMMITTEE

The Jack's Magazine Leasing Subcommittee was convened to oversee the process of leasing the buildings and land at Jack's Magazine.

The property is Working Heritage's largest and has 13 historic buildings available for lease. The Subcommittee has been delegated a role in assessing proposals for use and development, and makes recommendations to the Committee regarding leasing of land and buildings within Jack's Magazine.

In 2020–21 the subcommittee was chaired by Phillip Davies. Membership comprised Borz Shahsavand, Helen Weston, Elizabeth Drozd, Kerry Anderson, Dr Timothy Hubbard, Phillip Davies and Adam Magennis.

MINT SITE AND LEASING SUBCOMMITTEE

In response to reduced committee members in February 2021, the Jack's Magazine Leasing and Mint Site Project Control Group subcommittees combined agendas and met as the Mint Site and Leasing Subcommittee.



▲ Examining and Cooperage Building, Jack's Magazine John Gollings

FINANCIAL STATEMENTS

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HOW THIS REPORT IS STRUCTURED

Working Heritage Incorporated (Working Heritage) has presented its audited general-purpose financial statements for the financial year ended 30 June 2019 in the following structure, to provide users with the information about the resources entrusted to it.

FINANCIAL STATEMENTS

- Comprehensive Operating Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity

NOTES TO THE FINANCIAL STATEMENTS

Note 1: About this report

The basis on which the financial statements have been prepared and compliance with reporting regulations.

Note 2: Funding delivery of our services

Revenue recognised from taxes, grants, sales of goods and services and other sources.

- 2.1 Summary of income that funds the delivery of our services

Note 3: The cost of delivering services

Operating expenses of Working Heritage.

- 3.1 Expenses incurred in delivery of services
- 3.2 Other operating expenses

Note 4: Key assets available to support service delivery

Assets, investments accounted for using the equity method, investments and other financial assets.

- 4.1 Non-financial assets carrying amount

Note 5: Other assets and liabilities

Working capital balances, and other key assets and liabilities.

- 5.1 Receivables
- 5.2 Payables

Note 6: How we financed our operations

Borrowings, cash flow information, leases and assets pledged as security.

- 6.1 Cash flow information and balances
- 6.2 Commitments for expenditure

Note 7: Risks, contingencies and valuation judgements

Financial risk management, contingent assets and liabilities as well as fair value determination.

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

Note 8: Other disclosures

- 8.1 Reserves
- 8.2 Responsible persons
- 8.3 Remuneration of accountable officer
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Subsequent events
- 8.7 Australian Accounting Standards issued that are not yet effective
- 8.8 Glossary of technical terms
- 8.9 Style conventions

DECLARATION

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

The attached financial statements for Working Heritage Incorporated (Working Heritage) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

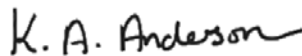
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the Committee at 30 June 2021.

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 15 October 2021.



Antony Christianen
Chief Finance Office
15 October 2021



Kerry Anderson
Acting Chair
15 October 2021



Ross Turnbull
Executive Officer
15 October 2021

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING HERITAGE INC

Opinion

We have audited the accompanying financial report of Working Heritage Inc (the Entity), which comprises the balance sheet as at 30 June 2021, the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and declaration in the financial statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with financial reporting requirements of part 7 of the Financial Management Act 1994 and applicable Accounting Standards as disclosed in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Impact of Covid-19

We draw attention to Note 1 to the financial report, which describes the basis of preparation of the financial report, including management's current understanding of the impact of global Covid-19 pandemic and the related social distancing measures to the operations of Working Heritage Inc. The note discloses the key management assumptions to reach the conclusion that the impact of the pandemic on the Entity is manageable and the going concern basis of accounting is still appropriate. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee of Management and Those Charged with Governance for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions and Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



LIABILITY LIMITED BY A SCHEME
APPROVED UNDER PROFESSIONAL
STANDARDS LEGISLATION

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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 Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 management.
- Conclude on the appropriateness 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Bernie Rohan
Director

BPR Audit Pty Ltd
(Authorised Audit Company)
Reg. No. 311673
G03, 12-14 Cato Street
Hawthorn East VIC 3123

Dated: Oct 21, 2021

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 ^(a)

	Notes	(\$) 2021	(\$) 2020
Continuing operations Income from transactions			
Income	2.1	1,994,110	1,930,591
Total income from transactions		1,994,110	1,930,591
Expenses from transactions			
Employee benefit expenses	3.1.1	(475,751)	(587,436)
Other operating expenses	3.2	(631,152)	(778,724)
Depreciation	4.1.1	(738,392)	(688,882)
Interest expense	6.1.1	(60,509)	(66,783)
Total expenses from transactions		(1,905,805)	(2,121,826)
Net result from transactions (net operating balance)		88,305	(191,235)
Other economic flows included in net result			
Fair value of assets and services received free of charge	8.1	–	1,088,100
Total other economic flows included in net result		–	1,088,100
Net result		88,305	896,865
Comprehensive result		88,305	896,865

The accompanying notes form part of these financial statements

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

BALANCE SHEET ^(a)

AS AT 30 JUNE 2021

	Notes	(\$) 2021	(\$) 2020
ASSETS			
Financial assets			
Cash and deposits		972,730	1,185,992
Receivables	5.1	64,251	202,149
Security Deposits		2,329	7,329
Total financial assets		1,039,310	1,395,470
Non-financial assets			
Plant and Equipment		23,836	23,674
Crown land		107,526,300	105,497,569
Improvements		23,681,272	23,227,012
Total non-financial assets	4.1	131,231,408	128,748,255
Total assets		132,270,718	130,143,725
LIABILITIES			
Payables	5.2	90,278	134,179
Borrowings	6.1	2,657,355	2,969,358
Employee related provisions	3.1.2	56,774	39,913
Total liabilities		2,804,406	3,143,449
Net assets		129,466,312	127,000,275
EQUITY			
Accumulated surplus		91,650,662	91,562,357
Physical asset revaluation surplus	8.2	37,815,650	35,437,918
Net worth		129,466,312	127,000,275

The accompanying notes form part of these financial statements

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

CASH FLOW STATEMENT ^(a)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	(\$) 2021	(\$) 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts received		2,068,834	1,920,404
Interest received		1,808	7,099
Total receipts		2,070,642	1,927,503
PAYMENTS			
Payments to suppliers and employees		(1,010,749)	(1,292,422)
Goods and Services Tax received from the ATO (b)		(56,829)	(105,767)
Interest and other costs of finance paid		(60,509)	(66,783)
Total payments		(1,128,087)	(1,464,972)
Net cash flows from operating activities	6.3.1	942,556	462,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(843,814)	(894,555)
Net cash flows (used in) investing activities		(843,814)	(894,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and principal portion of lease liabilities (c)		(312,004)	(305,478)
Net cash flows (used in) financing activities		(312,004)	(305,478)
Net increase/(decrease) in cash and cash equivalents		(213,262)	(737,502)
Cash and cash equivalents beginning of financial year		1,185,992	1,923,494
Cash and cash equivalents at end of financial year	6.3	972,730	1,185,992

The accompanying notes form part of these financial statements

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

(b) Goods and Services Tax received from the Australian Taxation Office (ATO) is presented on a net basis.

(c) WH has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

STATEMENT OF CHANGES IN EQUITY ^(a)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Physical asset revaluation surplus	Accumulated surplus	Total
Balance at 1 July 2019	29,381,979	90,665,492	120,047,471
Comprehensive result for the year	–	896,865	896,865
Transfer to accumulated surplus	6,055,939	–	6,055,939
Balance at 30 June 2020	35,437,918	91,562,357	127,000,275
Balance at 1 July 2020	35,437,918	91,562,357	127,000,275
Comprehensive result for the year	–	88,305	88,305
Transfer to accumulated surplus	2,377,732	–	2,377,732
Balance at 30 June 2021	37,815,650	91,650,662	129,466,312

The accompanying notes form part of these financial statements

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: ABOUT THIS REPORT

Working Heritage Inc (WH) is a Committee of Management and was constituted (as The Mint Inc) by Order in Council in March 1998 and gazetted on 5 March 1998 under the Crown Land (Reserves) Act 1978 .

A description of the nature of its operations and its principal activities is included in the “Report of Operations” which does not form part of these financial statements.

The principal address is: Working Heritage Inc,
280 Williams Street,
Melbourne Vic 3000

1.1 BASIS OF PREPARATION

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 Contributions , contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Working Heritage.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: ‘Significant judgement or estimates’.

These financial statements cover the WH as an individual reporting entity.

All amounts in the financial statements have been rounded to the nearest \$1 unless otherwise stated.

1.2 IMPACT OF COVID-19

Throughout 2020–21 the Australian Government together with State and Territory Premiers announced a continuing series of measures aimed at preventing the spread of COVID-19 (“measures”), which had the subsequent effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.) in the ensuing months.

The challenging economic environment has resulted in the following impact/changes for WH:

- Working capital level enabled WH to continue to operate and comply with the State Government’s directives in relation to rental relief and still have sufficient funds to pay its accounts as well as maintaining its workforce level at the required level and address the health care need of staff affected by the pandemic
- The WH income streams from the carpark operations and proerty income will enable WH to perform its legislative functions and stewardship of its assets for 2021/22.

Based on the current assessment as of the date of signing the financial report, the Committee have concluded that the going concern basis of accounting is appropriate as any impact of the pandemic on the organisation is expected to be manageable.

Post balance date event:

WH has managed, and continues to actively manage, the risks arising from COVID-19.

There have not been any significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and any known impacts to date have been reflected in the 30 June 2021 financial statements.

As at the date these financial statements are authorised for issue, the Committee of WH consider that the financial effects of any potential changes will not have a significant impact on future financial periods.

Based on the current assessment as of the date of signing the financial report, the Committee have concluded that the going concern basis of accounting is appropriate as any impact of the pandemic on the organisation is expected to be manageable. No other matters or circumstances have arisen subsequent to 30 June 2021 that would require adjustment of, or disclosure in, the financial statements.

1.3 COMPLIANCE INFORMATION

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Working Heritage Incorporated (Working Heritage) conserves and manages heritage properties on public land on behalf of the State of Victoria.

To enable Working Heritage to fulfill its objective, it receives income from property and car park operations. Working Heritage also received funding from the Australian Taxation Office under the COVID-19 rebate arrangements.

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

Income is recognised to the extent it is probable the economic benefits will flow to the Working Heritage and the income can be reliably measured. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Table 2.1 Income from transactions

INCOME TRANSACTION CATEGORIES	(\$) 2021	(\$) 2020
(a) Property income	1,059,304	1,025,909
(b) Car park income	753,664	866,775
(c) Other income	179,333	30,808
(d) Interest	1,808	7,099
Total	1,994,110	1,930,591

Notes

Income is recognised to the extent it is probable the economic benefits will flow to WH and the income can be reliably measured. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

- (a) **Property income** – Revenue is received from leasing properties. Under the State Government's direction WH also provided its property tenants with rent relief in accordance with scheme of arrangement negotiated with the relevant tenant.
- (b) **Car Park Income** – Revenue is received from operating a commercial car park. WH reduced its car park rates through out 2020/21 financial year to ensure that the car park remained utilised and to provide relief to travellers into the Melbourne CDB area.
- (c) **Other income** – Revenue is received from Australian Taxation Office for COVID-19 related rebates. The Federal Government paid WH for a cash boost under the Federal Government's plan to boost employer's cash flow to assist employers during the Coronavirus crisis, reimbursement of the PAYG taxes and payments related to Job Keeper.
- (d) **Interest** – interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

NOTE 3: THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by Working Heritage in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

3.1 EXPENSES INCURRED IN THE DELIVERY OF SERVICES

Table 3.1a: Expenses incurred in the delivery of services

EXPENSES:	Note	2021 (\$)	2020 (\$)
Employee benefit expenses	3.1.1	475,751	587,436
Other operating expenses	3.2	631,152	778,724
Total expenses incurred in delivery of services		1,106,903	1,366,160

3.1.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENTS

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members for defined contribution superannuation plans that are paid or payable during the reporting period.

Table 3.1.1a: Employee benefits in the comprehensive operating statement

EMPLOYEE BENEFITS:	2021 (\$)	2020 (\$)
Salaries and wages, annual leave and long service leave	434,962	537,893
Defined contribution superannuation expense	40,790	49,543
Total employee expenses	475,751	587,436

3.1.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Table 3.1.2a: Employee benefits in the balance sheet

EMPLOYEE BENEFITS:	2021 (\$)	2020 (\$)
Current provisions		
Annual leave (unconditional and expected to settle within 12 months)	18,094	11,640
Long-service leave (unconditional and expected to settle within 12 months)	–	–
On costs (unconditional and expected to settle within 12 months)	2,063	1,327
Total current provisions for employee benefits	20,157	12,967
Non current provisions		
Employee benefits	32,869	24,188
On costs	3,747	2,757
Total non current provisions for employee benefits	36,616	26,945
Total provisions for employee benefits	56,774	39,913

3.1.3 RECONCILIATION OF MOVEMENT IN ON-COST PROVISION

Wages and Salaries: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because Working Heritage does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the WH expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

Annual Leave: The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the WH does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Sick Leave: No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating statement as it is taken.

Employment on-costs: Costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional Long-Service Leave (LSL): This is disclosed as a current liability; even where the WH does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if Working Heritage expects to wholly settle within 12 months; or
- present value – if Working Heritage does not expect to wholly settle within 12 months.

Conditional Long-Service Leave (LSL): This is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as 'other economic flow' in the net result.

Table 3.1.3a: Reconciliation of movement in on-cost provision

	2021 (\$)
RECONCILIATION OF MOVEMENT IN ON-COST PROVISION:	
Opening balance	4,084
Additional provisions recognised	1,725
Closing balance	5,810
Current	2,063
Non current	3,747

3.1.4 SUPERANNUATION CONTRIBUTIONS

Employees and Committee members of Working Heritage are entitled to receive superannuation benefits paid to defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

Table 3.1.4: Superannuation contributions

	Paid contribution for the year		Contribution outstanding at year end	
	2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)
SUPERANNUATION CONTRIBUTIONS:				
Defined contribution plans				
VicSuper	7,629	7,551	1,530	3,240
Other	33,160	55,096	5,891	23,510
Total	40,790	62,646	7,421	26,750

3.2 OTHER OPERATING EXPENSES

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Table 3.2a: Other operating expenses

	2021 (\$)	2020 (\$)
OTHER OPERATING EXPENSES:		
Category		
Administration expenses	32,172	39,763
Audit fees	10,155	9,140
Bank charges	6,215	9,312
Car Parking expenses	252,943	206,150
Committee expenses	36,453	48,894
External finance / Internal audit fees	58,122	92,698
Property outgoings	211,678	302,549
Property and administration improvement expenses	6,215	70,219
Total other operating expenses	631,152	778,724

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

Working Heritage controls property, plant and equipment and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Working Heritage to be utilised for delivery of its objectives and activities.

Significant judgement: Classification of investments as ‘Key Assets’

Working Heritage has made the judgement that investments are key assets utilised to support Working Heritage’s objectives and outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT ^(a)**Table 4.1: Total property, plant and equipment**

ASSET CATEGORY	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)
Plant, equipment and fit-out	65,685	61,144	(41,849)	(37,470)	23,836	23,674
Crown Land at fair value	107,526,300	105,497,569	–	–	107,526,300	105,497,569
Improvements at fair value	26,503,414	25,315,141	(2,822,142)	(2,088,128)	23,681,272	23,227,012
Net carrying amount	134,095,399	130,873,853	(2,863,991)	(2,125,598)	131,231,408	128,748,255

Initial recognition: Items of plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Subsequent measurement: Plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset’s highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised herein by asset category.

Specialised land and specialised buildings: The market approach is also used for specialised land, although it 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.

Improvement: Heritage assets and infrastructure 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.

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

Note 7.3 includes additional information in connection with fair value determination of plant and equipment.

4.1.1 DEPRECIATION AND AMORTISATION

Charge for the period.

Table 4.1.1a: Depreciation and amortisation

	2021 (\$)	2020 (\$)
DEPRECIATION AND AMORTISATION:		
Furniture, equipment and fit-out	4,378	4,605
Improvements	734,013	684,276
Total depreciation	738,391	688,881

All furniture, equipment and fit-out 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.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below.

Table 4.1.1b: Estimated useful life for asset types

ESTIMATED USEFUL LIFE:	Useful life (years)
Asset Type	
Plant, equipment and fit-out	3 to 10
Improvements	30 to 100

4.1.2 CARRYING VALUES BY 'PURPOSE' GROUPS

Table 4.1.2a: Carrying values by 'purpose' groups

	Public administration		Total	
	2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)
Nature-based classification:				
Plant, equipment and fit-out	23,836	23,674	23,836	23,674
Improvements at fair value	23,681,272	23,227,012	23,681,272	23,227,012
Crown Land at fair value	107,526,300	105,497,569	107,526,300	105,497,569
Net carrying amount	131,231,408	128,748,255	131,231,408	128,748,255

4.1.3 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF NON-CURRENT ASSETS ^(a)

Table 4.1.3a: Reconciliation of movements in carrying amounts of non-financial assets (2021)

	Land at fair value (\$)	Improvements at fair value (\$)	Plant, equipment and fit-out at fair value (\$)
2021:			
Opening balance	105,497,569	23,227,012	23,674
Revaluations	2,028,731	349,000	–
Additions	–	839,273	4,542
Depreciation	–	(734,013)	(4,380)
Closing balance	107,526,300	23,681,272	23,835

Note:

a) Fair value assessments have been performed for this asset class and the assessment indicated movements would be changed based on indexations where appropriate for a full revaluation.

Table 4.1.3b: Reconciliation of movements in carrying amounts of non-financial assets (2020)

2020:	Land at fair value (\$)	Improvements at fair value (\$)	Plant, equipment and fit-out at fair value (\$)
Opening balance	98,681,930	22,688,334	28,281
Revaluations	5,727,539	328,399	–
Additions	1,088,100	894,555	–
Depreciation	–	(684,276)	(4,607)
Closing balance	105,497,569	23,227,012	23,674

Note:

'Fair value' assessments have been performed for this asset class and the assessment indicated movements would be changed based on indexations where appropriate for a full revaluation.

NOTE 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Working Heritage's operations.

5.1 RECEIVABLES

Table 5.1a: Receivables – contractual and statutory

	2021 (\$)	2020 (\$)
RECEIVABLES:		
Contractual		
Sale of goods and services	49,475	126,007
Statutory		
GST input tax credit recoverable	14,776	76,142
Total receivables	64,251	202,149
Represented by:		
Current receivables	64,251	202,149

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. WH holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments. WH applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Details about Working Heritage's impairment policies, its exposure to credit risk and the calculation of the loss allowance are set out in note 7.1.2.

5.2 PAYABLES

Table 5.2a: Payables – contractual and statutory

	2021 (\$)	2020 (\$)
RECEIVABLES:		
Contractual		
Supplies and services	10,565	44,728
Employee benefits	20,174	52,278
Securities held	10,585	10,585
Statutory		
GST payable	48,954	26,588
Total payables	90,278	134,179
<i>Represented by:</i>		
Current payables	53,662	107,234
Non-Current payables	36,616	26,945

Payables consist of:

- **Contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for supplies and services provided to Working Heritage prior to the end of the financial year that are unpaid; and
- **Statutory payables**, that 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 contracts.

Payables for supplies and services have an average credit period of 10 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

In the determination of fair value, consideration is given to factors including the overall capital management / prudential supervision framework in operation, the protection provided by the State Government by way of funding, should the probability of default increase, probability of default by the guaranteed party and the likely loss to Working Heritage in the event of default.

5.2.1 MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Table 5.2.1: Maturity analysis of contractual payables (i)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1 3 months	3–12 months	1–5 years
CONTRACTUAL PAYABLES:			(\$)			
2021						
Supplies and services	10,565	10,565	10,565	–	–	–
Total	10,565	10,565	10,565	–	–	–
2020						
Supplies and services	44,728	44,728	44,728	–	–	–
Total	44,728	44,728	44,728	–	–	–

Notes:

(i) Maturity analysis is presented using the contractual undiscounted cash flows.

NOTE 6: HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by Working Heritage during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Working Heritage.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

6.1 BORROWINGS

‘Borrowings’ refer to interest-bearing liabilities mainly raised from public borrowings via the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements.

Borrowings are classified as financial instruments. The measurement basis depends on whether the WH has categorised its interest bearing liabilities as either ‘financial liabilities designated at fair value through net result’, or financial liabilities at ‘amortised cost’. The classification depends on the nature and purpose of the interest bearing liabilities. Working Heritage determines the classification of its interest bearing liabilities at initial recognition.

Table 6.1a: Borrowings – current and non-current

	2021 (\$)	2020 (\$)
BORROWINGS:		
Current borrowings		
Loans from TCV	318,760	312,048
Total current borrowings	318,760	312,048
Non-current borrowings		
Loans from TCV	2,338,550	2,657,310
Total non-current borrowings	2,338,550	2,657,310
Total borrowings	2,657,310	2,969,358

‘Borrowings’ refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements.

Borrowings are classified as financial instruments. The measurement basis depends on whether WH has categorised its interest bearing liabilities as either ‘financial liabilities designated at fair value through net result’, or financial liabilities at ‘amortised cost’. The classification depends on the nature and purpose of the interest bearing liabilities. WH determines the classification of its interest bearing liabilities at initial recognition.

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Defaults and breaches: During the current and prior year, there were no defaults and breaches of any of the loans.

Table 6.1b: Maturity analysis of borrowings

	Carrying amount	Nominal amount	Less than 1 month	Maturity dates			
				1-3 months	3-12 months	1-5 years	5+ years
CONTRACTUAL PAYABLES:				(\$)			
2021							
Loans from TCV	2,657,310	2,657,310	23,605	52,750	239,705	1,345,094	993,456
Total	2,657,310	2,657,310	23,605	52,750	239,705	1,345,094	993,456
2020							
Loans from TCV	2,969,358	2,969,358	25,751	51,639	234,568	1,316,771	1,340,539
Total	2,969,358	2,969,358	25,751	51,639	234,568	1,316,771	1,340,539

Table 6.1c: Interest expense

TCV LOAN:	2021 (\$)	2020 (\$)
Interest on loans from TCV	60,509	66,783
Total interest expense	60,509	66,783

6.2 LEASES

As at 30 June 2021, Working Heritage was not committed to any leases.

6.3 CASH FLOW INFORMATION AND BALANCES

Cash and deposits, including cash equivalents, 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 which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents are indicated below.

Table 6.3a: Interest expense

INTEREST EXPENSE:	2021 (\$)	2020 (\$)
Total cash and deposits disclosed in the balance sheet	972,730	1,185,992
Balance as per cash flow statement	972,730	1,185,992

6.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

Table 6.3.1a: Reconciliations

	2021 (\$)	2020 (\$)
RECONCILIATIONS:		
Net result for the period	88,305	896,865
Non cash movements:		
Depreciation	738,392	688,882
Resources provided free of charge	–	(1,088,100)
Movements in assets and liabilities:		
(Increase) / decrease in receivables	142,898	(52,523)
(Increase) / decrease in payables	(11,797)	34,929
(Increase) / decrease in provisions	16,861	(3,522)
Decrease / (increase) in contract liabilities	(32,104)	(14,000)
Net cash flows from / (used in) operating activities	942,556	462,531

6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. 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 related liabilities are recognised in the balance sheet.

6.4.1 TOTAL COMMITMENTS PAYABLE

Table 6.4.1a: Total commitments payable – nominal amounts for 2021

	Less than 1 year	1 – 5 years	5+ years	Total
Nominal Amounts: 2021				(\$)
Commitments payable	–	–	–	–
Total commitments (inclusive of GST)	–	–	–	–
Less GST recoverable from the Australian Tax Office	–	–	–	–
Total commitments (exclusive of GST)	–	–	–	–

Table 6.3.1b: Total commitments payable – nominal amounts for 2020

	Less than 1 year	1 – 5 years	5+ years	Total
Nominal Amounts: 2020				(\$)
Commitments payable	819,459	–	–	819,459
Total commitments (inclusive of GST)	819,459	–	–	819,459
Less GST recoverable from the Australian Tax Office	–	–	–	(74,496)
Total commitments (exclusive of GST)	–	–	–	(744,963)

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Working Heritage is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument-specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Working Heritage, relates mainly to 'fair value' determination.

7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

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's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Guarantees issued on behalf of Working Heritage are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial assets

Financial assets at amortised cost:

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Working Heritage to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at 'fair value' plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment.

Working Heritage recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

Categories of financial assets

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

Working Heritage recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

Held-to-maturity financial assets: If Working Heritage has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost 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.

Working Heritage recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings.

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

Table 7.1.1a: Contractual financial assets and liabilities – 2021

	Cash and Deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2021	(\$)	(\$)		(\$)
CONTRACTUAL FINANCIAL ASSETS:				
Cash and deposits	972,730	–	–	972,730
Receivables ^(a)	–	49,475	–	49,475
Total contractual financial assets		49,475	–	1,022,205
CONTRACTUAL FINANCIAL LIABILITIES:				
Payables ^(a)				
Supplies and services	–	–	10,565	10,565
Employee benefits	–	–	20,174	20,174
Borrowings ^(a)				
Loans from TCV	–	–	2,657,354	2,657,354
Total contractual financial liabilities	–	–	2,688,093	2,688,093

Note:

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

Table 7.1.1b: Contractual financial assets and liabilities – 2020

	Cash and Deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2020	(\$)	(\$)	(\$)	(\$)
CONTRACTUAL FINANCIAL ASSETS:				
Cash and deposits	1,185,992	–	–	1,185,992
Receivables ^(a)	–	126,007	–	126,007
Total contractual financial assets		126,007	–	1,311,999
CONTRACTUAL FINANCIAL LIABILITIES:				
Payables ^(a)				
Supplies and services	–	–	44,728	44,728
Employee benefits	–	–	52,278	52,278
Borrowings				
Loans from TCV	–	–	2,969,358	2,969,358
Total contractual financial liabilities	–	–	3,066,363	3,066,363

Note:

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

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

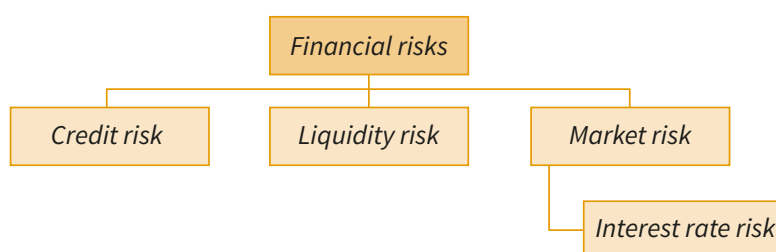
As a whole, Working Heritage's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 7.3 of the financial statements.

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

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

Working Heritage uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of Working Heritage.



FINANCIAL INSTRUMENTS: CREDIT RISK

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Working Heritage's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Working Heritage. Credit risk is measured at fair value and is monitored on a regular basis..

Credit risk associated with Working Heritage's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is Working Heritage's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Working Heritage does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Working Heritage's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Working Heritage will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Working Heritage's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Working Heritage's credit risk profile in 2020–21.

Table 7.1.2a: Credit quality of contractual financial assets that are neither past due nor impaired ^(a)

	(\$)			
	Financial institutions	Government agencies	Other	Total
2021:				
Cash and deposits	972,730	–	–	972,730
Receivables	–	5,369	44,106	49,475
Total contractual financial assets	972,730	5,369	44,106	1,022,205
2020:				
Cash and deposits	1,185,992	–	–	1,185,992
Receivables	–	23,053	102,954	126,007
Total contractual financial assets	1,185,992	23,053	102,954	1,311,999

Note:

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

FINANCIAL INSTRUMENTS: LIQUIDITY RISK

Liquidity risk arises from being unable to meet financial obligations as they fall due. Working Heritage operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

Working Heritage is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees.

Working Heritage manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- holding investments and other contractual financial assets that are readily tradeable in the financial markets.

Working Heritage's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available for sale financial investments.

Working Heritage's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available for sale financial investments.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents Working Heritage's maximum exposure to liquidity risk.

FINANCIAL INSTRUMENTS: MARKET RISK

Working Heritage's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

The WH's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding years, with all variables other than the primary risk variable held constant.

The following movements are 'reasonably possible' over the next 12 months. A movement of 100 basis points up and down (100 basis points up and down) in market interest rates (AUD) and the tables that follow show the impact on the Working Heritage's net result and equity for each category of financial instrument held by the WH at the end of the reporting period, if the above movements were to occur.

INTEREST RATE RISK

Table 7.1.2b: Interest rate exposure of financial instruments (2021)

		(\$)			
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
2021					
FINANCIAL ASSETS:					
Cash and deposits	0.26%	972,730	250,478	506,528	215,724
Receivables ^(a)					
Sale of goods and services	–	49,475	–	–	49,475
Total financial assets		1,022,205	–	506,528	265,199
FINANCIAL LIABILITIES:					
Payables ^(a)					
Supplies and services	–	44,728	–	–	44,728
Total financial liabilities		44,728	–	–	44,728

Note:

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

Table 7.1.2c: Interest rate exposure of financial instruments (2020)

		(\$)			
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
2020					
FINANCIAL ASSETS:					
Cash and deposits	0.46%	1,185,992	250,478	935,514	–
Receivables ^(a)					
Sale of goods and services	–	126,007	–	–	126,007
Total financial assets		1,311,999	–	935,514	126,007
FINANCIAL LIABILITIES:					
Payables ^(a)					
Supplies and services	–	44,728	–	–	44,728
Total financial liabilities		44,728	–	–	44,728

Note:

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

Table 7.1.2d: Interest rate risk sensitivity

		(\$)	
		0.005 basis points	+ 0.005 basis points
2021:	Carrying amount	Net result	Net result
Contractual financial assets			
Cash and deposits ^(a)	972,730	(4,864)	4,864
Total impact		(4,864)	4,864
		0.005 basis points	+ 0.005 basis points
2020:			
Contractual financial assets			
Cash and deposits ^(a)	1,185,992	(5,930)	5,930
Total impact		(5,930)	5,930

Note:

(a) Cash and deposits are exposed to floating rates movements. Sensitivities to these movements are calculated at movements of 0.005% up or down.

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**Contingent assets:**

Working Heritage has no contingent assets (2020: \$Nil)

Contingent liabilities:

Working Heritage has no contingent liabilities (2021: \$Nil)

7.3 FAIR VALUE DETERMINATION

Significant Judgement: fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Working Heritage.

This section sets out information on how Working Heritage determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through operating result; and
- Plant and equipment.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes. Working Heritage determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

Working Heritage determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value;
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs;
- a reconciliation of the movements in fair values from the beginning of the year to the end; and
- details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 7.3.1) and non-financial physical assets (refer 7.3.2)

7.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Working Heritage currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are an approximate of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020–21 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
<ul style="list-style-type: none"> • Cash and deposits • Receivables: <ul style="list-style-type: none"> – Sale of goods and services – Other • Investments and other contractual financial assets <ul style="list-style-type: none"> – Term deposits 	<ul style="list-style-type: none"> • Payables: <ul style="list-style-type: none"> – For supplies and services – Other payables • Borrowings: <ul style="list-style-type: none"> – Loans from TCV

7.3.2 FAIR-VALUE DETERMINATION: NON-FINANCIAL ASSETS

Table 7.3.2a: Fair-value measurement hierarchy (2021)

	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1	Level 2 (i)	Level 3
2021:				
Furniture, equipment and fit-out	23,836	–	23,836	–
Crown Land	107,526,300	–	107,526,300	–
Improvements	23,681,272	–	23,681,272	–
Total of non-financial assets at fair value	131,231,408	–	131,231,408	–

Note:

(i) Classified in accordance with the fair value hierarchy see note 7.3.1

Table 7.3.2b: Fair-value measurement hierarchy (2020)

	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1	Level 2 (i)	Level 3
2020:				
Furniture, equipment and fit-out	23,674	–	23,674	–
Crown Land	105,497,569	–	105,497,569	–
Improvements	23,227,012	–	23,227,012	–
Total of non-financial assets at fair value	128,748,255	–	128,748,255	–

Note:

(i) Classified in accordance with the fair value hierarchy see note 7.3.1

There were no changes in valuation techniques throughout the period to 30 June 2021, therefore, these assets are classified as Level 2 under the market approach.

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

NOTE 8: OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

Table 8.1a: Other economic flows included in the net result

	2021 (\$)	2020 (\$)
Land and property received free of charge	–	1,088,100
Total other gains / (losses) from other economic flows	–	1,088,100

8.2 RESERVES

Table 8.2a: Asset revaluation and reserves

	2021 (\$)	2020 (\$)
Physical asset revaluation surplus ^(a)		
Balance at beginning of financial year	35,437,916	29,381,979
Revaluation increments/(decrements)	2,377,732	6,055,937
Balance at end of financial year	37,815,648	35,437,916
Net changes in reserves	2,377,732	6,055,937

Note:

(a) The physical assets revaluation surplus arises on the revaluation of land and improvements.

8.3 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Responsible Officers in Working Heritage are as follows:

- Minister for Energy, Environment and Climate Change | The Hon Lily D'Ambrosio MP | 1 July 2020 to 30 June 2021
- Executive Officer | Ross Turnbull | 1 July 2020 to 30 June 2021

The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Remuneration received or receivable by the Accountable Officer in connection with the management of WH during the reporting period was in the range: \$160,000–\$169,999 (2020: \$150,000–\$159,999).

The persons who held the positions of Responsible Officers in Working Heritage are as noted in the following table:

Table 8.3a: Working Heritage responsible officers

Name	Position	Period
Ms Kerry Anderson	Committee member	1 July 2020 to 31 December 2020
	Committee Acting Chair	01 January 2021 to 30 June 2021
Ms Helen Weston	Committee Chair	1 July 2020 to 31 December 2020
	Committee member	01 January 2021 to 30 June 2021
Dr Timothy Hubbard	Committee member	1 July 2019 to 31 January 2021
Mr Phillip Davies	Committee member	1 July 2020 to 30 June 2021
Mr Adam Magennis	Committee member	1 July 2020 to 30 June 2021
Mr Borz Shahsavand	Committee member	1 July 2020 to 30 June 2021
Ms Elizabeth Drozd	Committee member	1 July 2019 to 31 January 2021
Ms Haleh Homaei	Committee member	1 July 2019 to 31 January 2021
Ms Joan Ko	Committee member	1 July 2020 to 30 June 2021

Table 8.3b: Remuneration of the responsible officers

	Total number of Responsible Officers	
BAND RANGE:	2021	2020
\$0–\$9,999	9	9
Total number of Responsible Officers	9	9
Total remuneration (\$)	29,054	36,900

8.4 REMUNERATION OF EXECUTIVES

The executive officer is the accountable officer and the remuneration of the accountable officer including superannuation is shown as the total annualised employee equivalents and provides a measure of full time equivalent accountable officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Table 8.4a: Remuneration of the accountable officer

Remuneration	2021 (\$)	2020 (\$)
Short-term employee benefits	145,715	144,663
Post-employment benefits	14,219	14,698
Total remuneration (i)	159,934	159,361
Total number of Accountable Officers	1	1
Total annualised employee equivalents (ii)	1	1

Note:

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported.

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.5 RELATED PARTIES

Working Heritage is a wholly-owned and controlled entity of the State of Victoria. Related parties of Working Heritage include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an 'arm's length' basis.

8.5.1 SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Working Heritage received funding from the entities noted in the table below.

Table 8.5.1a: Income from government-related entities

GOVERNMENT-RELATED ENTITY:	2021 (\$)	2020 (\$)
Court Services Victoria (CSV)	86,569	36,380
Department of Justice and Community Safety	–	4,480
DPV Health Ltd	45,883	45,358
Geelong Performing Arts Centre Trust	53,210	39,689
Magistrates Court Victoria	69,600	15,127
Maribyrnong City Council	1,815	–
Metro Trains Melbourne Pty Ltd	–	2,090
Total	257,077	143,123

Working Heritage transactions with government-related entities are noted in the table below.

Table 8.5.1b: Transactions with government-related entities

GOVERNMENT-RELATED ENTITY:	2021 (\$)	2020 (\$)
City of Greater Geelong	5,127	–
City of Melbourne	64,512	–
Country Fire Authority	161	–
Department of Environment, Land, Water and Planning	3,850	3,850
State Revenue Office	230,005	97,490
Victorian Government Solicitors Office (VGSO)	10,080	8,559
Total	313,735	109,899

8.5.2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel of Working Heritage include the Portfolio Minister, Committee members and the Executive Officer. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* is reported within the Department of Parliamentary Services' Financial Report.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories. Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or

services. Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased. Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Table 8.5.2a: Compensation for key management personnel

CATEGORY:	2021 (\$)	2020 (\$)
Short-term benefits ^(a)	173,107	179,800
Post-employment benefits	15,882	16,461
Total(b)	188,989	196,262

Notes:

(a) Total remuneration paid to KMPs including those employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that KMPs are also reported in the disclosure of remuneration of accountable officer (Note 8.3).

8.4.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATED PARTIES

Given the breadth and depth of state government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, e.g. stamp duty and other government fees and charges.

Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with Victorian Government Procurement Board requirements.

8.6 REMUNERATION OF AUDITORS

Table 8.5a: Remuneration of auditor

REMUNERATION:	2021 (\$)	2020 (\$)
Audit and review of the financial statements	10,155	9,140
Total remuneration of auditor	10,155	9,140

8.7 SUBSEQUENT EVENTS

The State of Victoria entered a lockdown from 11.59pm on 15 July 2021 to 11.59pm on 27 July 2021. A further lockdown commenced at 8.00pm on 5 August 2021. The impact on Working Heritage has been in relation to a decrease in revenue in the car park and potentially some property income deferred and some reduction in rental obligations and any known impacts to date have been reflected in the 30 June 2021 financial statements.

As at the date these financial statements are authorised for issue, the Committee of Working Heritage consider that the financial effects of any potential changes will not have a significant impact on future financial periods but could result in some deferrals of major property improvements.

8.8 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2020–21 reporting period. These accounting standards have not been applied to these Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective

Date to defer the application by one year to periods beginning on or after 1 January 2023. WH will not early adopt the Standard.

Working Heritage is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Working Heritage's reporting.

- AASB 17 Insurance Contracts
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For Profit Private Sector Entities
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments.
- AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures

8.9 GLOSSARY OF TECHNICAL TERMS

Borrowings

Borrowings refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

Commitments

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

Comprehensive result

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

Depreciation

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

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Ex gratia expenses

Ex gratia expenses are the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right 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 instrument

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 liability

A financial liability is any liability that is:

- (a) a contractual or statutory 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 balance sheet as at the end of the period;
- (b) a comprehensive operating statement for 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 paragraph 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 paragraph 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits in the form of goods or services to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

Interest income

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

Leases

Rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net result from transactions or net operating balance

Net operating balance or net result from transactions is a key fiscal aggregate and is revenue 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.

Operating result

This is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

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. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on re-measuring available-for-sale financial assets.

Payables

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

Receivables

Includes amounts owing from government through appropriation receivable, short and long term credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

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.

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 within 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.

8.10 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 2020–21 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's annual reports.



Working Heritage

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