

Victorian Scottish Heritage Cultural Foundation Limited

Annual Report 2014-15



Directors

Old Scotch Collegians Association Director representatives

H R Tadgell, Chairman

B A Brown

A C Crawford

P K Sim (alternate director)



Melbourne Scots Director representatives

J B Blanch

D A Kemp

D P Mercer

J M B Ross (alternate director)

R L Adam (alternate director)

Officeholders

Foundation Ambassador

G M Bradbeer

Company Secretary

S R Montgomery

Administrator

R C Falconer

Registered Office

1 Morrison Street, Hawthorn, Victoria 3122

Bankers

National Australia Bank

Investment Advisers

JBWere

Front Cover Photo

Victorian Scottish Heritage Cultural Foundation Board members in front of the Robbie Burns portrait

Standing: Bruce Brown, Rick Falconer, Robert Adams, John Blanch and Andrew Crawford

Sitting: Scott Montgomery, Don Mercer, Hamish Tadgell and the Hon Dr David Kemp

Annual Meeting 2014-15

Notice to all members of the Victorian Scottish Heritage Cultural Foundation Ltd

Annual General Meeting - 2015

The Victorian Scottish Heritage Cultural Foundation was founded in 2010 and incorporated on 6 October 2010.

Notice is hereby given that the 3rd Annual Meeting of the Corporation will be held at Scotch College in the Randall Building, Meeting Room 1 on Thursday 19 November 2015 at 7.15pm.

Business

1. Reception and adoption of the Annual Report and Financial Statements.
2. Agreement that no auditor be appointed.
3. Other business legally brought before the meeting.
4. Appointment of Directors and Office Holders.

By Order of the Board
S R Montgomery
Secretary
27 October 2015

Chairman's Report

I am pleased to report that 2014-15 has been a year in which the Victorian Scottish Heritage Cultural Foundation has taken a number of further steps forward in ensuring that the Scottish cultural heritage of Victoria and Australia continues to enjoy active support and encouragement.

It is only 18 months ago that the Foundation became a recognised cultural organisation by the Australian Government Ministry of Arts and received deductible gift recipient endorsement from the Australian Taxation Office, making it eligible to receive tax-deductible donations. As such, it can be said we are still in start-up, having bedded down the key administrative policies and procedures and now looking to communicate and engage more broadly with the community.

In February we set out four strategic priorities for the next twelve months being:

1. Increasing the awareness of VSHCF through connecting with Schools and other cultural groups, and building our audience and connectivity with the community.
2. Developing our communications strategy through building out our website to promote greater awareness of the Foundation, and better connect with project applicants and potential donors.
3. Establishing and implementing a fundraising/ donor strategy.
4. Appointing an administrative manager to help in managing the affairs of the Foundation.

In April Richard Falconer joined as Administrator to work with Scott Montgomery in attending to the administration the Foundation. Richard is a member of the Melbourne Scots, and brings a banking and finance background.

To help in delivering on our priorities we have established three sub-committees that report to the Board.

The Communications and Fundraising sub-committee will help spread awareness of the Foundation and our objectives. The VSCHF website (www.vschf.com.au) has been enhanced and updated to include our grant making policy and application guidelines, and recent project reviews. They are also working on a donor policy. As a not-for-profit organisation the Foundation relies heavily on the generosity of its supporters and donors. The Foundation is fortunate to have a substantial corpus, as a result of the gift of the late Mr Geoff Donaldson, but the development and expansion of the Foundations program is dependent on supplementing the income from our invested capital with further fundraising and bequests. Our vision is to grow the corpus over time and with it the number and variety of projects we support in encouraging and celebrating Scottish culture. We are currently supporting projects of approximately \$25,000 to 30,000 p.a, but it is hoped this will increase as the corpus grows.

The Project and Grant Management Committee is focused on increasing awareness of the Foundation and encouraging public participation in projects. There continues to be a strong desire to work with secondary schools, which have been established by the Scottish community, and schools, which have demonstrated an interest in Scottish culture. These include independent and government schools catering to both boys and girls. This reflects the deep roots of schooling in Scottish culture, and the key role of schools in transmitting cultural heritage from one generation to the next. Whilst still in a formative stage, we are currently working on a tartan project, which is aimed at getting student involved in the designing a tartan and in doing so exploring and understanding Scottish history and culture.

The Finance and Investment sub-committee has during the year invested the Donaldson bequest following it being released from the Scotch Charitable Fund. In line with our stated objective of taking a conservative investment view, with a medium to long-term investment horizon and focus on capital preservation, we have invested in a balanced range of investments aimed at delivering a return that will enable us to deliver on our project objectives.

During the year the Foundation supported a number of projects celebrating and promoting Scottish cultural heritage.

Following on from our support of the 'For Auld Lang Syne' exhibition at the Art Gallery of Ballarat last year, we bought 130 copies of the Exhibition catalogue. The catalogue was produced under the supervision of the Ballarat Gallery Director Gordon Morrison as a permanent record of the project, and included a forward by HRH the Prince of Wales, and essays by eight leading scholars on aspects of the Scottish presence in Australia. In its own right, the publication is an important document, reinforcing the contribution and influence Scots have had on the settlement and development of Australia. Our intention is to provide copies of the catalogues to schools and use them in fostering a broader understanding early Scots influence in Australia.

The Foundation supported the fourth Robert Burns Scottish Festival at Camperdown in late June. The Festival is dedicated to celebrating Camperdown and the surrounding communities strong links to Scottish culture and history by offering a diverse event focusing on local history, music, literature, dance, poetry, golfing, hill runs, workshops and food.

The Foundation purchased a new set of drums for the Hawthorn City Pipe Band. The Band has just celebrated its 100th anniversary and as one of the oldest continuously active Pipe Bands in the world has developed an enviable standing in the pipe band movement. We also purchased:

- Six sets of Scottish Smallpipes for the Scotch College Pipes and Drums. Smallpipes provide an opportunity for pipers to expand their musical experience beyond the pipe band and more traditional Great Highland bagpipes and play traditional Scottish folk music with other quieter acoustic instruments such as fiddles and guitars; and
- New Inverness capes and Glengarries for the Old Scotch Pipes and Drums.

The Foundation's annual awards program for achievements in bagpiping saw it present piping prizes to students at Scotch College, Haileybury College, Ballarat Grammar and Presbyterian Ladies College.

The activities of the Foundation rely heavily on the support of the volunteers and co-opted members of the various sub-committees. I thank Scott Montgomery and the Old Scotch Collegians Association, and Richard Falconer for their assistance in overseeing the administrative and secretarial functions of the Foundation. I also extend my appreciation to Graham Bradbeer in more broadly promoting Scottish Heritage and general awareness of the Foundation.

During the year Peter Findlay and Peter England resigned as Director and Alternate Director respectively. I thank them both for their valuable contributions to the Foundation as founding directors, and stewardship in assisting in the formative development of the organisation. Finally, I would also like to extend my appreciation to the current Board of Directors who give a considerable amount of time, thought and effort to overseeing the activities of the Foundation, both freely and willingly. I thank them for their continued support and diligence in their deliberations.

Hamish R Tadjell
Chairman

Directors' Report

The Directors have pleasure in presenting their report together with the accounts of the Victorian Scottish Heritage Cultural Foundation for the year ended 30 June 2015.

Organisational Structure

The Victorian Scottish Heritage Cultural Foundation Limited is a company limited by guarantee, and is listed on the Register of Cultural Organisations under the Income Tax Assessment Act 1997, and its public fund, The Victorian Scottish Heritage Cultural Foundation Ltd Public Fund, is eligible to receive donations as a deductible gift recipient.

Objectives and principle activities

The core principles of the VSHCF that underscore objectives of the Foundation are to:

- Promote the values of the Scottish enlightenment, including high value placed on education for all, the role of reason in building modern society, and belief in egalitarian values. The focus of the foundation on education reflects the deep roots of schooling in Scottish culture, and the key role of schooling in transmitting cultural heritage from one generation to the next.
- Recognise Scottish traditions and celebrate Scottish heritage through encouraging and promoting public participation in, and performance of, Scottish cultural activities.
- Promote and recognise excellence and achievement in the performance of Scottish cultural activities.

The objectives of the VSHCF are to:

- Manage the VSHCF Public Fund to support the promotion and recognition of, and participation in, Scottish culture and heritage in Victoria and throughout Australia.
- Foster appreciation and awareness through experience of Scottish cultural activities, and develop opportunities for promotion of Scottish music, Scottish cultural events, research into Scottish culture, the development of instructional materials for teaching and displays, the production of cultural items, and culturally relevant visits.
- Award prizes and scholarships in recognition of excellence and to encourage advancement of skills and cultural understanding and promotion of Scottish heritage, particularly within secondary schools.
- Fund the promotion of events that celebrate and promote Scottish cultural traditions and heritage.

Grant making policy

The Foundation has established a funding policy to achieve its objectives for the public benefit.

- Funding for the majority of projects is made in response to applications and/or an expression-of-interest in relation to projects advertised by the Foundation on its website, although occasionally grants may be made in response to a need or opportunity pro-actively identified by the Foundation. The organisation applying to the Foundation must be the organisation that will run the project or program for which a grant is being sought.
- Programs selected for funding will have clearly defined objectives and measurable end results. The output of projects must be available to the public, and preference will be given to projects that involve members of the public.
- The Foundation does not fund existing projects, although may consider applications for strategic expansions of existing programs or new/innovative additions to an existing project. The Foundation does not fund retrospectively and will not fund projects that have already started.
- Applicants must be domiciled and undertake their primary activities in Australia, although the Foundation will consider supporting tours by Australian applicants overseas, exchange programs and invitations of overseas visitors to Australia where it furthers the promotion of Scottish culture and heritage, and activities of the applicant.
- Applicants are NOT required to be incorporated or have Deductible Gift Recipient (DGR) or have Tax Concession Charity (TCC) status, but organisations or Groups applying are required to be not-for profit.

Projects that will not be considered include:

- General fund raising appeals.
- Retrospective funding – projects which are already underway or which will commence prior to the date indicated in our online application information are not eligible for consideration.
- Recurrent expenditure for which there is no future provision.
- Capital or endowment funds established to provide a corpus for institutions.
- Auspicing (an ineligible organisation applying to the Foundation via an eligible organisation) is not permitted – the organisation applying must be the one that will run the program or project.
- Applications for projects that have previously been declined by the Foundation cannot be resubmitted.
- Applications will not be accepted from organisations that have not successfully acquitted previous grants from the Foundation.
- Sport, recreation or social activities for their own sake.

Application process

- **Projects applications:** The Foundation will advertise for Projects on the VSHCF website. To be eligible applications must reach the VSHCF by the closing date stipulated in the advertisement for the matter applied for.

The Board has the discretion to consider project applications in exceptional circumstances in response to a need or opportunity pro-actively identified by the Foundation.

- **Funding bands:** Organisations and individuals can apply for up to \$10,000 for one-off projects. Funds are modest, and highly expensive projects will not be considered. Multi-year grant commitments will be considered in exceptional circumstance and considered on their merit.

- **Applications:** Applicants should apply by completing the current application form, which can be found on the VSHCF website at www.vshcf.com.au, and be accompanied by a letter supporting the case for funding and accompanied with background information that helps gain a better understanding of your organisation eg annual report, newsletters, bulletins etc. All applications should be forwarded to Victorian Scottish Heritage Cultural Foundation Limited, c/o OSCA, 1 Morrison Street, HAWTHORN, VIC 3122.
- **Eligible applicants** need to supply the following eligibility information if applying as an organisation:
 - Verify is a not-for-profit organisation.
 - Evidence of current insurance status – public liability and/ or professional indemnity.
- **Evaluation process:** Generally, the process of evaluation, assessment and approval takes approximately two months from the application closing date. All project applications will be reviewed and decided on by the VSHCF board. After the board has assessed all applications you will be notified in writing whether or not your application has been successful.
- **Feedback:** The Foundation is run by a small number of staff. Unfortunately it is not possible for us to provide formal feedback for unsuccessful applications.
- **Grant conditions:** All projects are subject to our Standard Project Conditions which outline obligations for successful applicants, such as reporting and evaluation, after a Project has been funded

Donations and Investments

The Foundation's work is entirely reliant on income and investment returns from its endowments. In the financial year ending 30 June 2015 the Foundation received bequests totalling \$2,750.

As at 30 June 2015 the Foundation had \$733,958 in investments and net cash.

The Foundation's investment strategy is to maintain the real value of the investment assets, generating a stable and sustainable return whilst taking into consideration requirements of the Foundation (especially operating cash flow and income needs). The VSHCF Board considers the Association a conservative investor, with a medium to long-term investment horizon.

Directors

Under the Foundation Constitution the Board shall comprise a maximum of six directors, with three directors each being appointed by the Old Scotch Collegians Association and the Melbourne Scots.

The name of the Directors in office at any time during or since the end of the financial year:

Name	Position	Appointed	Resigned	No. of meetings eligible to attend during the year	No. of meetings attended during the year
D L Adams	Alternate Director	31 January 2013		4	3
B A Brown	Director	28 October 2013		4	3
J B Blanch	Director (Treasurer)	6 October 2010		4	4
P F England	Alternate Director	28 October 2013	6 May 2015	3	1
P M Findlay	Director	6 October 2010	6 May 2015	1	0
D A Kemp	Director	6 October 2010		4	3
D P Mercer	Director	6 October 2010		4	3
J M B Ross	Alternate Director	28 October 2013		4	3
H R Tadgell	Director (Chairman)	28 October 2013		4	4
P K Sim	Alternate Director	6 May 2015		2	1
A C Crawford	Director	6 May 2015		2	1

Mr S R Montgomery, has been Company Secretary since 9 October 2012.

Sub-committees

During the financial year the following Sub-committee structure was put in place to assist in overseeing the activities of the Foundation. The Committee members have various business, professional, academic and social experience and qualifications appropriate to overseeing the running of the Committees and Foundation.

	Project & Grant Management Committee	Finance & Investment Committee	Fundraising & Communications Committee
Responsibilities:	<ul style="list-style-type: none"> • Grant application policies & procedures • Project development • Promoting awareness of Scottish heritage 	<ul style="list-style-type: none"> • Investments • Finances • Compliance 	<ul style="list-style-type: none"> • Fundraising & donor relations • Promotional activities • Website & communications •
Committee members:	H R Tadgell (Chair)	J M B Ross (Chair)	D P Mercer (Chair)
	J B Blanch	A C Crawford	B A Brown
	D A Kemp	S R Montgomery	P K Sim
	R L Adams	R C Falconer	S R Montgomery
	G M Bradbeer		R C Falconer

Result of operations

The net operating position of the Foundation for the financial year ended 30 June 2015 after provision for income tax was a deficit of \$ 4,621 (2014: \$143 deficit). As at 30 June 2015 the Foundation had net assets of \$733,958 (2014: \$725,175).

The Foundation is a Company limited by guarantee and under the Corporations Act not required to have its accounts audited, and the Foundation's Constitution does not require an audit to be undertaken.

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

H R Tadgell
Chairman

J B Blanch
Treasurer

27 October 2015
Melbourne

Special Purpose Financial Report for year ended 30 June 2015

The Victorian Scottish Heritage Cultural Foundation
Statement of Surplus or Deficit
For year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue			
Interest	2(a)	10,526	43
Dividends	2(a)	12,253	-
Donations	2(b)	2,750	7,000
		<u>25,529</u>	<u>7,043</u>
Total Income			
Expenses			
Project funding		26,875	7,000
Other		3,275	186
		<u>30,150</u>	<u>7,186</u>
Total Expenditure			
Net Operating (Deficit)/Surplus before Income Tax		(4,621)	(143)
Income Tax Expense	2(c)	-	-
		<u>(4,261)</u>	<u>(143)</u>
Net Operating (Deficit)/Surplus after Income Tax			

The accompanying notes form part of these financial statements.

The Victorian Scottish Heritage Cultural Foundation
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Cash at Bank		75,334	2,830
Investments	3	658,624	-
Receivable from Scotch College Charitable Fund		-	722,345
		<hr/>	<hr/>
TOTAL ASSETS		733,958	725,175
		<hr/>	<hr/>
NET ASSETS		733,958	725,175
		<hr/> <hr/>	<hr/> <hr/>
ACCUMULATED SURPLUS	4	733,958	725,175
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

The Victorian Scottish Heritage Cultural Foundation

Notes to the Financial Statements

For the year ended 30 June 2015

1. Introduction

The Victorian Scottish Heritage Cultural Foundation was established in 2011 and is a limited liability company registered with ASIC for the purposes of promoting the recognition, understanding and celebration of Scottish cultural heritage.

The Foundation was established on the joint initiative of the Melbourne Scots and the Old Scotch Collegians Association to ensure that the Scottish cultural heritage of Victoria and Australia continued to enjoy active support and encouragement. The Foundation has a particular interest in the teaching and practice of Scottish Cultural heritage in educational institutions, as well as in the general community. Through its activities the Foundation seeks to ensure that the role of Scottish heritage and culture in Australia's history is forever recognised in Victoria and widely in Australia.

The financial statements are presented in Australian dollars.

The Foundation Public Fund was approved by the Australian Government Ministry of Arts as an organisation on the Register of Cultural Organisations under the Income Tax Assessment Act 1997 on 20 March 2014 and received deductible gift recipient endorsement from the Australian Taxation Office on 28 March 2014, making it eligible to receive tax deductible donations.

2. Summary of significant accounting policies

These financial statements are a special purpose financial report prepared in order to satisfy the accounts preparation requirements contained in the Constitution of the Victorian Scottish Heritage Cultural Foundation Limited. The Directors has determined that the Foundation is not a reporting entity as defined in Statement of Accounting Concepts 1 "Definition of the Reporting Entity" and therefore there is no requirement to apply accounting concepts or standards in the preparation of these statements.

The financial report has however adopted the measurement requirements Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards.

The principle accounting policies adopted by The Foundation are stated in order to assist in a general understanding of the financial report.

a) Investment Income

Income and expenses are brought to account on an accrual basis. Interest income reflects coupon interest received and interest on bank deposits. Dividend income reflects dividends and distributions from investments in equities and fixed income.

b) Donations

Income is recognised when the Foundation obtains control of the contribution or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be reliably measured. Donations in kind are recognised at the net fair value of the underlying asset.

c) Income Tax

The Foundation is a non-profit registered cultural organisation and is endorsed by the Australian Taxation Office as a deductible gift recipient and exempt from income tax under Subdivision 50-1 of the Income Tax Assessment Act 1997 as the Foundation is an exempt entity given:

- It is a non-profit Cultural Organisation
- Complies with all substantive requirements of its governing rules
- Applies all of its income and assets solely for the purposes for which it was established; and
- Meets at least two of the required tests (i.e. physical presence in Australia and deductible gift recipient tests and is exempt from income tax.

d) Cash

Cash includes deposits held at call with a bank or financial institution and highly liquid investments that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

3. Investments

- The following table details the fair values of financial investments held at balance date:

As at 30 June 2015	2015	2014
	\$	\$
Share in listed companies and trusts	364,570	-
Fixed interest investments	294,054	-
Total	658,624	-

4. Accumulated Funds

	Balance 1 Jul 14 \$	Donations \$	Income Return \$	Payments \$	Receivable (Paid)/ Received \$	Capital Return \$	Balance 30 Jun 15 \$
VSHCF Foundation	2,830	2,750	16,593	(30,150)	728,531	13,404	733,958
Scotch Charitable Fund	722,345		6,186		(728,531)		
	725,175	2,750	22,779	(30,150)		13,404	733,958

	Balance 1 Jul 13 \$	Donations \$	Income Return \$	Payments \$	Receivable (Paid)/ Received \$	Capital Return \$	Balance 30 Jun 14 \$
VSHCF Foundation	2,973	7,000	43	(7,186)			2,830
Scotch Charitable Fund	719,972		12,373	(10,000)			722,345
	703,176	7,000	12,416	(17,186)			725,175

The directors of the Foundation declare that the financial statements and notes of the Foundation set out on pages 12 to 15:

- (a) are consistent with the financial reporting requirements of The Victorian Scottish Heritage Cultural Foundation Limited and are appropriate to meet the needs of the members; and
- (b) present fairly the Foundation's financial position as at 30 June 2015 and its performance for the financial period ended on that date.

In the opinion of the directors of the Foundation:

- (a) the financial statements and notes are in accordance with the Foundation's Constitution; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed at Melbourne in accordance with a resolution of the directors this the 19th day of November 2015.

Mr H R Tadgell
Director

Mr J B Blanch
Director