

Victorian Scottish Heritage Cultural Foundation Limited

Annual Report 2015-16



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 Adams (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

Annual Meeting 2015-16

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

Annual General Meeting - 2016

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

Notice is hereby given that the 5th Annual Meeting of the Corporation will be held at Scotch College in the Randall Building, Meeting Room 1 on Monday 28 November 2016 at 7.30pm.

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
11 November 2016

Chairman's Report

I am pleased to report that 2015-16 has been a year in which the Victorian Scottish Heritage Cultural Foundation (VSHCF) has taken further steps forward in ensuring that the Scottish cultural heritage of Victoria and Australia continues to enjoy active support and encouragement.

At the beginning of the year we set out four strategic priorities for the next twelve months, being:

1. Increasing the awareness of the VSHCF through building our audience and connectivity with the wider Scottish community and building out our communications strategy and website, with the aim of attracting wider more diverse project applicants.
2. Improving diversity and co-opting members with relevant skills to the three primary sub-committees.
3. Building on developing and implementing a fundraising/ donor strategy.
4. Continuing to build out our administrative and capabilities.

One way the Foundation has looked to connect more broadly with the Scottish Community is through the Scots of Victoria a co-ordinating group, who seek to assist all Victorian Scottish organisations to achieve their shared goals. There is considerable overlap with the large constituency of Scottish cultural groups with whom Scots of Victoria are trying to connect, and the audience with whom the Foundation is seeking to engage. This has provided fertile ground, and we are currently collaborating on a number of initiatives, including building awareness of the Foundation and its activities through the Scottish Voice, a quarterly newsletter.

During the year we were delighted that Liz McKenzie agreed to join the Communications and Fundraising Committee as a co-opted member. Liz has a particular interest in education and helping broaden the reach of the Foundation. This has started with exploring opportunities where the Foundation may be able to work closer with Scottish dance clubs and groups.

More recently Nicholas Jarman has also joined as a co-opted member of the Communications and Fundraising Committee. Nicholas has considerable experience working in the not for profit sector in fundraising, and we are looking forward to him helping drive our fundraising and donor support program. We see this as important in helping broaden the types of projects the Foundation can support, and taking the organisation to the next level. 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. 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 Communications and Fundraising sub-committee has also been busy this year refreshing and improving the VSCHF website (www.vschf.com.au). I would like to thank Peter Sim for his considerable work in this regard, and more broadly for his contribution to the Foundation's activities. Peter is stepping down at the AGM as a director.

The Project and Grant Management Committee has again had a busy year, and was in receipt of a wide range of projects applications. Whilst there is a strong desire to work with secondary schools, which have been established by the Scottish

community, and schools with an interest in Scottish culture, there is also a desire to increasingly broaden the reach of Scottish activities and organisations with which the Foundation engages.

This year we expanded our bagpiping scholarships program to secondary schools, and awarded our first drumming scholarship. Whilst still in its formative stages, we are continuing to work on a tartan project, which is aimed at getting students involved in the designing a tartan and in doing so exploring and understanding Scottish history and culture. It is hoped this may evolve to the point where schools design, register and wear a school tartan.

Other projects the Foundation supported during the year included:

- The Melbourne Athenaeum Library's publication of "These Walls Speak Volumes" by Pam Baragwanath and Ken James, a historical reference book documenting the 1,000 plus mechanics institutes that are known to have existed in Victoria, and in the 175th year the first institute was founded in the State. The founding and emergence of the mechanics institute is linked to the Scottish enlightenment and egalitarian and academic traditions of educating students from working class backgrounds who did not have the advantage of a formal (university) education. The early Scottish settlers established mechanics institutes throughout Australia, and they proved invaluable to Australian settlements in providing community centres, libraries and catalysts for technical education. "These Walls Speak Volumes" has generated significant national press coverage and at the Victorian Community History Awards, received the 2016 Most Outstanding Community History Project award.
- The Scots School Albury inaugural Highland gathering and Tattoo in Wodonga.
- The Melbourne Scottish Fiddle Club production of a Century CD and Ceilidh.
- The fifth Robert Burns Scottish Festival at Camperdown. 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 purchase of drum cases for the Hawthorn City Pipe Band.

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.

Finally, I would 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 2016.

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 e.g. 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 2016 the Foundation received bequests totalling \$3,100.

As at 30 June 2016 the Foundation had \$701,187 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
R L Adams	Alternate Director	31 January 2013		4	4
B A Brown	Director	28 October 2013		4	3
J B Blanch	Director (Treasurer)	6 October 2010		4	3
A S Crawford	Director	6 May 2015		4	2
D A Kemp	Director	6 October 2010		4	4
D P Mercer	Director	6 October 2010		4	4
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		4	2

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

Sub-committees

During the financial year the following Sub-committee structure assisted 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
			L McKenzie

Result of operations

The net operating position of the Foundation for the financial year ended 30 June 2016 after provision for income tax was a deficit of \$18,431 (2015: \$4,621 deficit). As at 30 June 2016 the Foundation had net assets of \$701,187 (2015: \$ 733,958).

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

11 November 2016
Melbourne

Special Purpose Financial Report for year ended 30 June 2016

The Victorian Scottish Heritage Cultural Foundation
Statement of Surplus or Deficit
For year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue			
Interest	2(a)	4,246	10,526
Dividends	2(a)	23,506	12,253
Donations	2(b)	3,100	2,750
		<hr/>	<hr/>
Total Income		30,852	25,529
		<hr/>	<hr/>
Expenses			
Project funding		47,140	26,875
Other		2,143	3,275
		<hr/>	<hr/>
Total Expenditure		49,283	30,150
		<hr/>	<hr/>
Net Operating (Deficit)/Surplus before Income Tax		(18,431)	(4,621)
Income Tax Expense	2(c)	-	-
		<hr/>	<hr/>
Net Operating (Deficit)/Surplus after Income Tax		(18,431)	(4,621)
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

The Victorian Scottish Heritage Cultural Foundation
Statement of Financial Position
As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Cash at Bank		56,903	75,334
Investments	3	644,284	658,624
Receivable from Scotch College Charitable Fund		-	-
		<hr/>	<hr/>
TOTAL ASSETS		701,187	733,958
		<hr/>	<hr/>
NET ASSETS		701,187	733,958
		<hr/> <hr/>	<hr/> <hr/>
ACCUMULATED SURPLUS	4	701,187	733,958
		<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 2016

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.

The Foundation became registered as a charity with the Australian Charities and Not-for-Profits Commission in December 2015 and has been granted tax-exempt status by the Australian Tax Office.

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 have 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 2016	2016	2015
	\$	\$
Share in listed companies and trusts	346,025	364,570
Fixed interest investments	298,259	294,054
	<hr/>	<hr/>
Total	644,284	658,624
	<hr/> <hr/>	<hr/> <hr/>

4. Accumulated Funds

	Balance 1 Jul 15 \$	Donations \$	Income Return \$	Payments \$	Receivable (Paid)/ Received \$	Capital Return \$	Balance 30 Jun 16 \$
VSHCF Foundation	733,958	3,100	27,752	(49,283)		(14,340)	701,187
	733,958	3,100	27,752	(49,283)		(14,340)	701,187

	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

The directors of the Foundation declare that the financial statements and notes of the Foundation set out on pages 12 to 16:

- (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 2016 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 15th day of November 2016.

Mr H R Tadgell
Director

Mr J B Blanch
Director