



chartered accountants

Centre for Books, Writing and Ideas

Trading as The Wheeler Centre

ABN 97 134 682 189

Financial Statements

For the Year Ended 31 December 2010

Centre for Books, Writing and Ideas

ABN 97 134 682 189

From the Year Ended 31 December 2010

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Centre for Books, Writing and Ideas

ABN 97 134 682 189

Directors' Report

For the Year Ended 31 December 2010

Your directors present their report on the company for the financial for the year ended 31 December 2010.

Directors

The names of each person who has been a director during the period and to the date of this report are:

Names	Appointed dates
Mr Eric Beecher	
Mr Peter Biggs	
Ms Gabrielle Coyne	
Mr Andrew Hagger	
Ms Joanna Murray-Smith	
Mr Mark Rubbo	
Mr Tony Hudson	5 August 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The principal activities of Centre for Books, Writing and Ideas during the financial period were to promote literature, writing and creativity by offering writers and publishers the opportunity to foster collaborations.

The entity's short term objectives:

- Present an annual programme of literary and ideas related events that attracts a diverse local audience;
- Provide opportunities and access for Victorian writers to a range of programmes and services;
- Deliver a range of programme support and technical services to the literary organisations resident at the Centre.

The entity's long term objectives:

- The Wheeler Centre aspires to be nationally and internationally renowned as a leading institution for the discussion, debate and practice of writing and ideas and the key contributor to Melbourne's City of Literature status.

To achieve these objectives, the entity has adopted the following strategies:

- The Centre will present three seasons of programming between February and December each year, aiming to present no less than 160 events of which there will be a minimum of 10 co-presented events with the resident organisations.
- Achieve a total number of events, including outside hirers, of not less than 500 per year at the Centre.
- Source new funding, from corporate and philanthropic sources, to increase programming levels and services.
- Build strong national and international brand value and recognition.
- Maintain sound financial and governance processes and procedures.

Centre for Books, Writing and Ideas

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Directors' Report

For the Year Ended 31 December 2010

1. Information on Directors

Mr Eric Beecher	Chairman (non-executive) Chairman, Private Media Partners – publishers of Crikey.com
Experience	Extensive media experience, including past editor of both the Sydney Morning Herald and The Age.
Mr Peter Biggs	Director Managing Director, Clemenger BBDO
Experience	Extensive experience in advertising and the arts – former Chairman of Creative NZ and current Chairman of the New Zealand Book Council.
Ms Gabrielle Coyne	Director Managing Director, Penguin Group (Australia)
Experience	Extensive publishing experience
Mr Andrew Hagger	Director Group Executive, Corporate Affairs and Marketing, National Australia Bank
Experience	Qualified accountant; extensive financial experience
Ms Joanna Murray-Smith	Director Acclaimed Australian playwright, and long-standing member of Melbourne's literary community
Mr Mark Rubbo	Director & Member of Finance Committee Managing Director, Readings Books and Music
Experience	Extensive experience in book selling and business management, and long-standing member of Melbourne's literary community.
Mr Tony Hudson	Director, Company Secretary & Member of Finance Committee General Counsel and Company Secretary, ConnectEast Group
Experience	Lawyer; business experience

Centre for Books, Writing and Ideas

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Directors' Report

For the Year Ended 31 December 2010

Directors meetings

Eight meetings of directors (including director committee meetings) were held during the year. The attendance by each director during the year was as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Mr Eric Beecher	8
Mr Peter Biggs	4
Ms Gabrielle Coyne	7
Mr Andrew Hagger	6
Ms Joanna Murray-Smith	7
Mr Mark Rubbo	7
Mr Tony Hudson	8

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 31 December 2010 the number of members was one, the Minister for the Arts.

Auditor's Independence Declaration

The lead auditors independence declaration for the year ended 31 December 2010 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

Director:

Dated

27.04.2011

Centre for Books, Writing and Ideas

ABN 97 134 682 189

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson Chartered Accountants



Peter Shields
Partner

Date: 27 April 2011
Blackburn

Centre for Books, Writing and Ideas

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Statement of Comprehensive Income

For the Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Revenue	2	3,490,075	5,785,464
Employee benefits expense		(1,120,382)	(142,332)
Event management and consultants fees		(587,220)	(29,490)
Production cost		(395,515)	(11,145)
Marketing expense		(639,839)	(112,916)
Other operating expense		(271,585)	(56,404)
Prize money		(190,000)	-
Depreciation		(73,924)	-
Travel expense		(101,467)	(10,238)
Insurance expense		(8,141)	-
Surplus for the year		102,002	5,422,939
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the year		102,002	5,422,939

The accompanying notes form part of the financial statements

Centre for Books, Writing and Ideas

ABN 97 134 682 189

Statement of Financial Position

As at 31 December 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	510,497	5,415,182
Trade and other receivables	5	24,980	27,173
Financial assets	6	5,236,170	40,000
Other current assets	7	44,461	37,500
Total current assets		5,816,108	5,519,855
Property, plant and equipment	8	153,063	-
Total non-current assets		153,063	-
TOTAL ASSETS		5,969,171	5,519,855
LIABILITIES			
Current liabilities			
Trade and other payables	9	203,038	73,427
Borrowings	10	-	2,382
Short-term provisions	11	42,442	21,107
Income in advance	12	193,500	-
Total current liabilities		438,980	96,916
Other long-term provisions	11	5,250	-
Total non-current liabilities		5,250	-
TOTAL LIABILITIES		444,230	96,916
NET ASSETS		5,524,941	5,422,939
EQUITY			
Accumulated surpluses		5,524,941	5,422,939
TOTAL EQUITY		5,524,941	5,422,939

The accompanying notes form part of the financial statements

Centre for Books, Writing and Ideas

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Statement of Changes in Equity

For the Year Ended 31 December 2010

2010

	Accumulated Surpluses	Total
	\$	\$
Balance at 1 January 2010	5,422,939	5,422,939
Surplus for the year	102,002	102,002
Balance at 31 December 2010	5,524,941	5,524,941

2009

	Accumulated Surpluses	Total
	\$	\$
Balance at 1 January 2009	-	-
Surplus for the period	5,422,939	5,422,939
Balance at 31 December 2009	5,422,939	5,422,939

The accompanying notes form part of the financial statements

Centre for Books, Writing and Ideas

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Statement of Cash Flows

For the Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Cash from operating activities:			
Receipts from customers, supporters and grants		3,251,127	5,810,872
Payments to suppliers and employees		(3,192,682)	(380,493)
Interest received		257,688	22,421
		<hr/>	<hr/>
Net cash provided by (used in) operating activities	13	316,133	5,452,800
		<hr/>	<hr/>
Cash flows from investing activities:			
Placement of term deposits		(5,196,170)	(40,000)
Acquisition of property, plant and equipment		(22,266)	-
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(5,218,436)	(40,000)
		<hr/>	<hr/>
Net increase (decreases) in cash held		(4,902,303)	5,412,800
Cash and cash equivalents at beginning of year		5,412,800	-
		<hr/>	<hr/>
Cash at end of financial year	4	510,497	5,412,800
		<hr/>	<hr/>

The accompanying notes form part of the financial statements

Centre for Books, Writing and Ideas

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies

1a Basis of Preparation

The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Centre for Books, Writing and Ideas is a company limited by guarantee, incorporated and domiciled in Australia.

1b Revenue and Other Income

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

Donation income is recognised when it is received.

Gifts in kind are recognised at their fair value at the date that the company gains control of the donated goods.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received for specific projects, the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered for those specific projects, otherwise the grant is recognised as income on receipt.

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

All revenue is stated net of the amount of goods and services tax (GST).

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies continued

1c Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held-at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1d Financial Instruments

Initial Recognition and Measurement

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through surplus or loss', in which case transaction costs are expensed to surplus or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at one of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in surplus or loss.

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies continued

1d Financial Instruments continued

Initial Recognition and Measurement continued

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost .

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost .

1e Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use or where appropriate depreciated replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined on the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

1f Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions made by the company to an employee's superannuation fund are charged as expenses when incurred.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies continued

1g Income Tax

No current or deferred income tax assets or liabilities have been raised by the company as it is exempt from income tax under Division 50 of the Income Tax Assessment Act.

1h Goods and Services Tax (GST)

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

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

1i New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- ◆ simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- ◆ simplifying the requirements for embedded derivatives;
- ◆ removing the tainting rules associated with held-to-maturity assets;
- ◆ removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- ◆ allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies continued

1i New Accounting Standards for Application in Future Periods continued

- ◆ reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

- (a) the objective of the entity's business model for managing the financial assets; and
- (b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121,123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards — Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;

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Notes to the Financial Statements

For the Year Ended 31 December 2010

Note 1 Significant Accounting Policies continued

1i New Accounting Standards for Application in Future Periods continued

- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the company.

The company does not anticipate early adoption of any of the above accounting standards.

Note 2 Revenue

2a Funding received from Government Departments

Revenue includes funds contributed by:

Arts Victoria - Annual Funding: \$1,500,000 (2009: \$750,000).

Arts Victoria - Victorian Premiers Literary Award: \$308,000 (2009: \$0)

Department of Industry, Innovation and Regional Development - Deakins Lecture Series: \$688,000 (2009: \$0)

Centre for Books, Writing and Ideas

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
Note 3 Expenses		
Expenses from Ordinary Activities include:		
Remuneration of auditor		
Auditing or reviewing the financial statements	8,900	6,500
Other services	1,850	1,500
Rental expense on operating leases	<u>15,635</u>	<u>39</u>
Note 4 Cash and Cash Equivalents		
Cash on hand	1,100	700
Cash at bank	340,914	15,268
Short-term bank deposits	<u>168,483</u>	<u>5,399,214</u>
	<u>510,497</u>	<u>5,415,182</u>
Note 5 Trade and other receivables		
CURRENT		
Other receivables	<u>24,980</u>	<u>27,173</u>
	<u>24,980</u>	<u>27,173</u>
Note 6 Financial Assets		
Held-to-maturity Investments:		
CURRENT		
Term deposits	<u>5,236,170</u>	<u>40,000</u>
	<u>5,236,170</u>	<u>40,000</u>
Note 7 Other Assets		
CURRENT		
Prepayments	7,419	37,500
Interest income accrued	<u>37,042</u>	<u>-</u>
	<u>44,461</u>	<u>37,500</u>

Centre for Books, Writing and Ideas

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
Note 8 Property plant and equipment		
PLANT AND EQUIPMENT		
At cost	226,987	-
Accumulated depreciation	(73,924)	-
Total plant and equipment	<u>153,063</u>	-
Total property, plant and equipment	<u><u>153,063</u></u>	-
Note 9 Trade and other payables		
CURRENT		
Other payables - unsecured	203,038	73,427
	<u>203,038</u>	<u>73,427</u>
Note 10 Borrowings		
CURRENT		
Bank overdraft	-	2,382
	-	<u>2,382</u>
Note 11 Provisions		
CURRENT		
Employee benefits	42,442	21,107
	<u>42,442</u>	<u>21,107</u>
NON-CURRENT		
Employee benefits	5,250	-
	<u>5,250</u>	-
Note 12 Income In Advance		
Funding for specific projects	193,500	-
	<u>193,500</u>	-

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Notes to the Financial Statements

For the Year Ended 31 December 2010

2010	2009
\$	\$

Note 13 Cash Flow Information

Reconciliation of cashflow from operations with surplus for the year

Net surplus / deficit for the year	102,002	5,422,939
Non-cash flows in surplus		
Depreciation	73,924	-
Property, plant and equipment received in kind	(204,721)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(4,768)	(64,673)
Increase/(decrease) in trade payables and accruals	323,111	73,427
Increase/(decrease) in provisions	26,585	21,107
	<u>316,133</u>	<u>5,452,800</u>

Note 14 Events After the Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the result of those operations or the state of affairs of the company in future financial years.

Note 15 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstandings and obligations of the entity. At 31 December 2010 the number of members was one, the Minister for the Arts.

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Directors' Declaration

The directors have determined that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

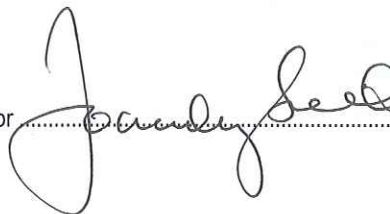
1. The financial statements and notes, as set out on pages 5 to 17, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2010 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Director



Dated

27. 04. 2011

Centre for Books, Writing and Ideas

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Independent Audit Report to the members of Centre for Books, Writing and Ideas

Report on the Financial Report

We have audited the accompanying financial report of Centre for Books, Writing and Ideas (the company), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Centre for Books, Writing and Ideas would be in the same terms if provided to the directors as at the date of this audit report.

Centre for Books, Writing and Ideas

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Independent Audit Report to the members of Centre for Books, Writing and Ideas

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Centre for Books, Writing and Ideas as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with the *Corporations Act 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Centre for Books, Writing and Ideas to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Peter Shields
Partner

Date 27 April 2011

Blackburn, Victoria