Redland Museum Inc.

ABN: 78 257 513 502

Financial Statements

For the Year Ended 30 June 2018

Redland Museum Inc.

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Contents

For the Year Ended 30 June 2018

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue	2	**373,702**	353,502
Other income	2	**7,429**	8,500
Marketing expenses		**(3,735)**	(4,639)
Administrative expenses		**(243,756)**	(205,920)
Property Expenses		**(179,044)**	(168,456)
Museum Collection Expenses		**(8,715)**	(7,167)
Fundraising and Event Expenses		**(34,543)**	(19,978)
Customer Service, Volunteer and Member Expenses		**(5,906)**	(9,384)
Exhibition Expenses		**(8,167)**	(4,110)
Deficit for the year		**(102,735)**	(57,652)
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(102,735)**	(57,652)

The accompanying notes form part of these financial statements.

Redland Museum Inc.

ABN: 78 257 513 502

Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**139,441**	133,022
Trade and other receivables	4	**789**	1,668
Other financial assets	5	**296,960**	290,000
TOTAL CURRENT ASSETS		**437,190**	424,690
NON-CURRENT ASSETS			
Property, plant and equipment	6	**2,064,549**	2,164,304
TOTAL NON-CURRENT ASSETS		**2,064,549**	2,164,304
TOTAL ASSETS		**2,501,739**	2,588,994
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**19,635**	7,471
Employee benefits	8	**34,624**	35,657
Other liabilities		**5,623**	-
TOTAL CURRENT LIABILITIES		**59,882**	43,128
NON-CURRENT LIABILITIES			
Employee benefits	8	**339**	1,613
TOTAL NON-CURRENT LIABILITIES		**339**	1,613
TOTAL LIABILITIES		**60,221**	44,741
NET ASSETS		**2,441,518**	2,544,253
EQUITY			
Reserves	9	**266,000**	266,000
Retained earnings		**2,175,518**	2,278,253
TOTAL EQUITY		**2,441,518**	2,544,253

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Retained Earnings $	Reserves $	Total $
Balance at 1 July 2017	**2,278,253**	**266,000**	**2,544,253**
Deficit for the year	**(102,735)**	**-**	**(102,735)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the year	**(102,735)**	**-**	**(102,735)**
Balance at 30 June 2018	**2,175,518**	**266,000**	**2,441,518**

2017

	Retained Earnings $	Reserves $	Total $
Balance at 1 July 2016	2,353,002	248,903	2,601,905
Deficit for the year	(57,652)	-	(57,652)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(57,652)	-	(57,652)
Transfers from retained earnings to general reserves	(17,097)	17,097	-
Balance at 30 June 2017	2,278,253	266,000	2,544,253

The accompanying notes form part of these financial statements.

Redland Museum Inc.

ABN: 78 257 513 502

Statement of Cash Flows

For the Year Ended 30 June 2018

	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	**402,178**	380,313
Payments to suppliers and employees	**(347,790)**	(299,795)
Interest received	**7,499**	8,484
Net cash provided by operating activities	**61,887**	89,002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	**(48,508)**	(57,524)
Net cash increase in held-to-maturity investments	**(6,960)**	55,254
Net cash used by investing activities	**(55,468)**	(2,270)
Net increase in cash and cash equivalents	**6,419**	86,732
Cash and cash equivalents at beginning of year	**133,022**	46,290
Cash and cash equivalents at end of financial year	**139,441**	133,022

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2018

The financial statements cover Redland Museum Inc. as an individual entity. Redland Museum Inc. is a not-for-profit association incorporated in Queensland under the *Associations Incorporation Act (QLD) 1981* (as amended by the *Associations Incorporation and Other Legislation Amendment Act (QLD) 2007*).

The principle activities of the Association for the year ended 30 June 2018 was the operation of a museum in Redland City.

The functional and presentation currency of Redland Museum Inc. is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, the *Associations Incorporation Act (QLD) 1981* (as amended by the *Associations Incorporation and* Oth*er Legislation Amendment Act (QLD) 2007*) and the *Australian Charities and Not-for-Profit Commission Act 2012*.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Income Tax

The Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Grant revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the entity obtains control of the grant, 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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies (continued)

(d) Revenue and other income (continued)

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model as specified below.

Cost Model

The asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Buildings

Buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model. Expenditure relating to the construction of exhibitions which, are expected to have a useful life of greater than one year, is capitalised.

1 Summary of Significant Accounting Policies (continued)

(f) Property, Plant and Equipment (continued)

Collection items

Collection items purchased are measured using the cost model. In addition, the Management Committee retains physical control of a number of other items ('Non-accessioned Collection') that have not been accessioned into the Collection. Such items are not accounted for or valued for the purpose of these financial statements. The 'Non-accessioned Collection' contains a number of items which do not meet the definition and recognition criteria for an asset and are not recorded in these financial statements. The Management Committee considers that any future value of these items will not be material in terms of the total value of the Collection.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets but excluding collection items, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements (which includes buildings on leasehold land) are depreciated over the estimated useful lives of the improvements.

Collection assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	5%
Plant and Equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Association's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised when the Association becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

1 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

The Association's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the Statement of Financial Position if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119 *Employee Benefits*.

Notes to the Financial Statements
For the Year Ended 30 June 2018

2 Revenue and Other Income

	2018 $	2017 $
Revenue		
- Sales and admission	**98,858**	76,668
- Grants	**232,496**	234,182
- Membership fees	**4,601**	4,352
- Donations	**37,747**	38,300
	373,702	353,502
Other income		
- Interest received	**7,429**	8,500
	7,429	8,500
Total Revenue and Income	**381,131**	362,002

3 Result for the Year

The result for the year includes the following specific expenses:

	Note	2018 $	2017 $
Depreciation of property, plant and equipment	(a)	**148,262**	139,913
Employee benefits expense			
- Salaries and wages		**163,508**	126,097
- Superannuation contributions		**15,175**	11,873
- Movement in employee benefit provisions		**(2,307)**	2,817
Total employee benefits expense		**176,376**	140,787

(a) Depreciation Expense

Depreciation expense is included in 'property expenses' in the Statement of Profit or Loss and Other Comprehensive Income.

4 Trade and other receivables

	2018 $	2017 $
CURRENT		
Trade receivables	**324**	1,134
Accrued income	**465**	534
	789	1,668

Notes to the Financial Statements
For the Year Ended 30 June 2018

5 Other financial assets

	Note	2018 $	2017 $
CURRENT			
Held-to-maturity financial assets	(a)	**296,960**	290,000
		296,960	290,000

(a) Held-to-maturity financial assets

Held-to-maturity financial assets consist of term deposit accounts.

6 Property, plant and equipment

	2018 $	2017 $
Buildings (on leasehold land)		
At cost	**2,529,873**	2,510,304
Accumulated depreciation	**(616,313)**	(490,179)
Total buildings	**1,913,560**	2,020,125
Plant and equipment		
At cost	**160,935**	132,491
Accumulated depreciation	**(70,849)**	(48,721)
Total plant and equipment	**90,086**	83,770
Collection items		
At cost	**60,903**	60,409
Total collection items	**60,903**	60,409
Total property, plant and equipment	**2,064,549**	2,164,304

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings $	Plant and Equipment $	Collection items $	Total $
Balance at the beginning of year	2,020,125	83,770	60,409	2,164,304
Additions	19,569	28,444	494	48,507
Depreciation expense	(126,134)	(22,128)	-	(148,262)
Balance at the end of the year	1,913,560	90,086	60,903	2,064,549

Notes to the Financial Statements
For the Year Ended 30 June 2018

7 Trade and other payables

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Trade payables	**16,275**	4,533
GST payable	**3,360**	2,938
	19,635	7,471

8 Employee Benefits

	2018 $	2017 $
CURRENT		
Long service leave	**19,909**	18,252
Annual leave	**14,715**	17,405
	34,624	35,657
NON-CURRENT		
Long service leave	**339**	1,613
	339	1,613

9 Reserves

Reserves consist of funds set aside by the management committee for funding of future maintenance requirements and projects.

	2018 $	2017 $
Future fund and gift reserve	**200,000**	200,000
Collection sinking fund	**22,000**	22,000
Property, plant & equipment sinking fund	**21,500**	21,500
Solar power system sinking fund	**15,000**	15,000
Technology sinking fund	**7,500**	7,500
	266,000	266,000

10 Contingencies

In the opinion of the management committee, the Association did not have any contingencies at 30 June 2018 (30 June 2017: None).

11 Events Occurring After the Reporting Date

The financial report was authorised for issue on ...... August 2018 by the Management Committee.

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

Statement by Members of the Committee

The members of the management committee declare that in their opinion:

- there are reasonable grounds to believe that the Association is able to pay all of its debts, as and when they become due and payable; and

- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (QLD) 1981*

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013* .

President ....   Treasurer ....

Dated this .... day of 2018

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF REDLAND MUSEUM INC.

QUALIFIED OPINION

We have audited the financial report of Redland Museum Inc., which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the management committee.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial report of Redland Museum Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-For-Profit Commission Act 2012* and the *Associations Incorporations Act (QLD) 1981* (as amended by the *Associations Incorporation and Other Legislation Amendment Act (QLD) 2007*), including:

(a) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

BASIS FOR QUALIFIED OPINION

Cash sales and donations are a significant source of revenue for Redland Museum Inc. Redland Museum Inc. has determined it is impracticable to establish control over the collection of cash receipts prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to cash receipts had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether cash receipts the Redland Museum Inc. recorded is complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and 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 qualified opinion.

MANAGEMENT COMMITTEE'S RESPONSIBILITY FOR THE FINANCIAL REPORT

The Management Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, *Associations Incorporations Act (QLD) 1981* (as amended by the *Associations Incorporation and Other Legislation Amendment Act (QLD) 2007*) and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 the Management Committee.

- Conclude on the appropriateness of the Management Committee'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 the Management Committee 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

UHY Haines Norton
Chartered Accountants

Reece Jory
Partner

Brisbane, 7 August 2018