

Redland Museum Inc.

ABN: 78 257 513 502

Financial Statements

For the Year Ended 30 June 2019

Redland Museum Inc.

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For the Year Ended 30 June 2019

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Redland Museum Inc.

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Statement of Comprehensive Income
For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue	2	408,483	372,312
Other income	2	18,761	8,819
Marketing expenses		(2,138)	(3,735)
Administrative expenses		(282,338)	(246,996)
Property Expenses		(183,237)	(175,179)
Museum Collection Expenses		(6,115)	(9,340)
Fundraising and Event Expenses		(64,692)	(34,543)
Customer Service, Volunteer and Member Expenses		(5,421)	(5,906)
Exhibition Expenses		(2,347)	(8,167)
Deficit for the year		<u>(119,044)</u>	<u>(102,735)</u>
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(119,044)</u>	<u>(102,735)</u>

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 2019**

	2019	2018
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	91,575	139,441
Trade and other receivables	4,170	789
Other financial assets	306,988	296,960
TOTAL CURRENT ASSETS	<u>402,733</u>	437,190
NON-CURRENT ASSETS		
Property, plant and equipment	1,978,053	2,064,549
TOTAL NON-CURRENT ASSETS	<u>1,978,053</u>	2,064,549
TOTAL ASSETS	<u><u>2,380,786</u></u>	<u>2,501,739</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	17,683	19,635
Employee benefits	39,245	34,624
Other liabilities	-	5,623
TOTAL CURRENT LIABILITIES	<u>56,928</u>	59,882
NON-CURRENT LIABILITIES		
Employee benefits	1,384	339
TOTAL NON-CURRENT LIABILITIES	<u>1,384</u>	339
TOTAL LIABILITIES	<u>58,312</u>	60,221
NET ASSETS	<u><u>2,322,474</u></u>	<u>2,441,518</u>
EQUITY		
Reserves	282,000	266,000
Retained earnings	2,040,474	2,175,518
TOTAL EQUITY	<u><u>2,322,474</u></u>	<u>2,441,518</u>

The accompanying notes form part of these financial statements.

Redland Museum Inc.

ABN: 78 257 513 502

**Statement of Changes in Equity
For the Year Ended 30 June 2019****2019**

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 July 2018	2,175,518	266,000	2,441,518
Deficit for the year	(119,044)	-	(119,044)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(119,044)	-	(119,044)
Transfers from retained earnings to general reserves	(16,000)	16,000	-
Balance at 30 June 2019	2,040,474	282,000	2,322,474

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

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 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	443,730	402,178
Payments to suppliers and employees	(416,820)	(347,790)
Interest received	4,953	7,499
Net cash provided by operating activities	31,863	61,887
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(69,701)	(48,508)
Net cash increase in amortised cost investments	(10,028)	(6,960)
Net cash used in investing activities	(79,729)	(55,468)
Net increase in cash and cash equivalents	(47,866)	6,419
Cash and cash equivalents at beginning of year	139,441	133,022
Cash and cash equivalents at end of financial year	91,575	139,441

The accompanying notes form part of these financial statements.

Redland Museum Inc.

ABN: 78 257 513 502

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 2019 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 Other 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 2019

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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 on the date that the 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

All of the Association's existing financial assets are classified as at amortised cost.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise only of trade payables.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(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*.

(j) Adoption of new and revised accounting standards

The Association has adopted AASB 9 which became effective for the first time during the year end 30 June 2019. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Association. The Association has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as AASB 7 *Financial Instruments: Disclosures*.

The classification and measurement requirements of AASB 9 did not have any significant impact on the Association. No changes were required to measurement requirements. As the Association does not have any material trade and other receivables, the change in impairment requirements for financial assets within AASB 9 did not have a material impact. The Association's classification of its financial assets were updated with the new standard but no change in measurement was required.

Refer to Note 1(g) for details of the Association's accounting policies relating to financial instruments.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- Sales and admission	137,338	97,468
- Grants	237,126	232,496
- Membership fees	4,495	4,601
- Donations	29,524	37,747
	<u>408,483</u>	<u>372,312</u>
Other income		
- Interest received	7,153	7,429
- Other income	11,608	1,390
	<u>18,761</u>	<u>8,819</u>
Total Revenue and Income	<u><u>427,244</u></u>	<u><u>381,131</u></u>

3 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
Note	\$	\$
Depreciation of property, plant and equipment	(a) 156,197	148,262
Employee benefits expense		
- Salaries and wages	190,311	163,508
- Superannuation contributions	16,936	15,175
- Movement in employee benefit provisions	5,666	2,817
Total employee benefits expense	<u>212,913</u>	<u>181,500</u>

(a) Depreciation Expense

Depreciation expense is included in 'property expenses' in the Statement of Comprehensive Income.

4 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	1,505	324
Accrued income	2,665	465
	<u>4,170</u>	<u>789</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Other financial assets

	2019	2018
Note	\$	\$
CURRENT		
Financial assets at amortised cost	(a) 306,988	296,960
	306,988	296,960

(a) Financial assets at amortised cost

Financial assets at amortised cost consist of term deposit accounts.

6 Property, plant and equipment

	2019	2018
	\$	\$
Buildings (on leasehold land)		
At cost	2,554,061	2,529,873
Accumulated depreciation	(743,019)	(616,313)
Total buildings	1,811,042	1,913,560
Plant and equipment		
At cost	206,447	160,935
Accumulated depreciation	(100,339)	(70,849)
Total plant and equipment	106,108	90,086
Collection items		
At cost	60,903	60,903
Total collection items	60,903	60,903
Total property, plant and equipment	1,978,053	2,064,549

(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	1,913,560	90,086	60,903	2,064,549
Additions	24,188	45,513	-	69,701
Depreciation expense	(126,706)	(29,491)	-	(156,197)
Balance at the end of the year	1,811,042	106,108	60,903	1,978,053

Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Trade and other payables

	2019	2018
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	124	9,047
GST payable	3,435	3,360
Sundry payables and accrued expenses	14,124	7,228
	<u>17,683</u>	<u>19,635</u>

8 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Long service leave	22,323	19,909
Annual leave	16,922	14,715
	<u>39,245</u>	<u>34,624</u>
NON-CURRENT		
Long service leave	1,384	339
	<u>1,384</u>	<u>339</u>

9 Reserves

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

	2019	2018
	\$	\$
Future fund and gift reserve	200,000	200,000
Collection sinking fund	24,000	22,000
Property, plant & equipment sinking fund	26,500	21,500
Solar power system sinking fund	19,000	15,000
Technology sinking fund	12,500	7,500
	<u>282,000</u>	<u>266,000</u>

10 Contingencies

In the opinion of the management committee, the Association did not have any contingencies at 30 June 2019 (30 June 2018: None).

11 Events Occurring After the Reporting Date

The financial report was authorised for issue on 29 August 2019 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.

Redland Museum Inc.

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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 29th day of AUGUST 2019

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 2019, the statement of 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 2019 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 Committee 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.

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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

UHY Haines Norton
Chartered Accountants



Reece Jory
Partner

Brisbane, 30 August 2019

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