

Museum of Brisbane Pty Ltd

ABN 52 098 223 413

Annual report

For the year ended 30 June 2016

Museum of Brisbane Pty Ltd

ABN 52 098 223 413

Annual report

For the year ended 30 June 2016

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Museum of Brisbane Pty Ltd

ABN 52 098 223 413

Directors' Report

The Directors present their report together with the consolidated financial report of Museum of Brisbane Pty Ltd and its controlled entity (the consolidated entity) for the year ended 30 June 2016 and auditor's report thereon. This consolidated financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of the Directors in office at any time during, or since the end of the year are:

Sallyanne Atkinson AO (appointed 27 August 2012)
Jeffery Ross Humphreys (appointed 10 September 2012)
Christopher Michael Tyquin (appointed 10 September 2012)
Andrew Edward Harper (appointed 10 September 2012)
Alison Kubler (appointed 10 September 2012)

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

Company Secretary

David Martin Askern has held the position of Company Secretary since October 2013. David holds the Bachelor of Laws from University of Queensland.

Operating Results

The consolidated results of the consolidated entity recorded a deficit for the year amounting to \$63,858 (2015: profit \$268,850).

Despite the deficit, the Company has sufficient cash reserves to cover leave provisions and statutory obligations when they fall due.

The consolidated financial result for the year is as expected by the Board of Directors. It was also very pleasing that the Museum in 2016 also increased its return on income generating activities above projections.

Museum of Brisbane is now well established in the cultural life of the city and has a new three year funding agreement in place with Brisbane City Council through to 2019.

Museum of Brisbane Pty Ltd

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Directors' Report (continued)

Review of Operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached consolidated financial statements.

Significant Changes in State of Affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal Activity

The principal activity of the Company during the year was operating the Museum of Brisbane.

No significant change in the nature of these activities occurred during the year other than as disclosed above.

After Balance Date Events

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

Likely Developments

The Company expects to maintain the present status and level of operations.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid, recommended and declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Indemnification of Officer

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the Company.

Indemnification of Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Museum of Brisbane Pty Ltd

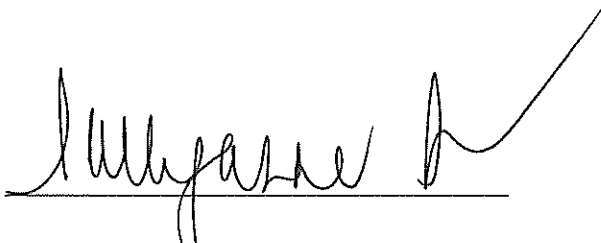
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Directors' Report (continued)

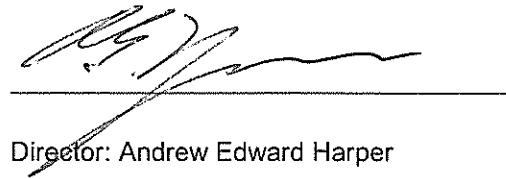
Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed on behalf of the Board of Directors:



Director: Sallyanne Atkinson AO



Director: Andrew Edward Harper

Dated this

16TH

day of

SEPTEMBER

2016

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Museum of Brisbane Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Museum of Brisbane Pty Ltd for the financial year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



J MACGREGOR CPA
as delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Museum of Brisbane Pty Ltd and Its Controlled Entity
ABN 52 098 223 413

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
OPERATING RESULT			
Income from Continuing Operations			
Revenue	1	5,708,103	5,463,536
Expenses from Continuing Operations			
Employee benefits expense	2	(2,548,839)	(2,271,920)
Audience development expenses		(1,211,001)	(1,122,533)
Program (exhibition) expenses		(757,246)	(507,622)
Lease expense		(738,514)	(684,819)
Minor equipment		(23,249)	(36,138)
Consultancy expenses		-	(40,463)
Collection management		(26,538)	(30,824)
Depreciation and amortisation expenses	3	(104,938)	(95,540)
Internet webhosting expenses		(113,621)	(128,877)
Other expenses		(248,015)	(275,950)
Total Expenses from Continuing Operations		(5,771,961)	(5,194,686)
Operating Results for the Year		(63,858)	268,850
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income		(63,858)	268,850

The accompanying notes form part of these consolidated financial statements.

Museum of Brisbane Pty Ltd and Its Controlled Entity

ABN 52 098 223 413

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Current Assets			
Cash and cash equivalents	4	943,242	918,262
Receivables		191,434	18,978
Other assets		54,943	6,017
GST receivable		8,093	-
Total Current Assets		1,197,712	943,257
Non-Current Assets			
Property, plant and equipment	5	1,354,546	1,150,637
Total Non-Current Assets		1,354,546	1,150,637
Total Assets		2,552,258	2,093,894
Liabilities			
Current Liabilities			
Payables	6	700,607	220,138
Provisions	7	144,385	126,658
Other liabilities	8	109,653	30,000
Total Current Liabilities		954,645	376,796
Non-Current Liabilities			
Provisions	7	-	55,627
Total Non-Current Liabilities		-	55,627
Total Liabilities		954,645	432,423
Net Assets		1,597,613	1,661,471
EQUITY			
Share capital	9	1	1
Unitholder's capital	9	10	10
Retained earnings		1,597,602	1,661,460
Total Equity		1,597,613	1,661,471

The accompanying notes form part of these consolidated financial statements.

Museum of Brisbane Pty Ltd and Its Controlled Entity
ABN 52 098 223 413

Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Share capital \$	Unit- holder's capital \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2014		1	10	1,392,610	1,392,621
Operating Result from continuing operations		-	-	268,850	268,850
Other Comprehensive Income for the Year		-	-	-	-
Total comprehensive income for the year		-	-	268,850	268,850
Balance as at 1 July 2015		1	10	1,661,460	1,661,471
Operating Result from continuing operations		-	-	(63,858)	(63,858)
Other Comprehensive Income for the Year		-	-	-	-
Total comprehensive income for the year		-	-	(63,858)	(63,858)
Balance as at 30 June 2016		1	10	1,597,602	1,597,613

The accompanying notes form part of these consolidated financial statements

Museum of Brisbane Pty Ltd and Its Controlled Entity
ABN 52 098 223 413

Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers and donations		429,986	320,858
Receipt of funding from Brisbane City Council		4,224,132	4,298,333
Payments to suppliers and employees		(4,594,635)	(4,294,745)
Interest received		49,547	46,369
Net cash provided by operating activities		<u>109,030</u>	<u>370,815</u>
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		-	5,222
Payments for property, plant & equipment		(84,050)	(264,412)
Net cash used in investing activities		<u>(84,050)</u>	<u>(259,190)</u>
Net increase in cash held		24,980	111,625
Cash and cash equivalents at beginning of financial year		918,262	806,637
Cash and cash equivalents at end of financial year	4	<u><u>943,242</u></u>	<u><u>918,262</u></u>

The accompanying notes form part of these consolidated financial statements.

Museum of Brisbane Pty Ltd and its controlled entity
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Reconciliation of Consolidated Cash Flow From Operating Activities
For the year ended 30 June 2016

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW	2016	2015
Note	\$	\$
Reconciliation of Operating Result to Net Cash Provided by Operating Activities		
Operating (deficit) / surplus	(63,858)	268,850
Non-cash items included in operating result		
Depreciation	104,938	95,540
Net loss on disposal of property, plant and equipment	-	(1,308)
Value of artwork and collectibles received	(224,797)	(139,913)
Changes in assets and liabilities		
Increase in receivables	(180,549)	(7,586)
(Increase) / decrease in other assets	(48,926)	11
Increase in payables	480,469	169,308
Increase / (decrease) in other liabilities	79,653	(30,000)
(Decrease) / increase in provisions	(37,900)	15,913
Net Cash provided by Operating Activities	<u>109,030</u>	<u>370,815</u>

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

GENERAL INFORMATION

Museum of Brisbane Pty Ltd ("the Company") is a company limited by shares, incorporated and domiciled in Australia and wholly owned by the Brisbane City Council (BCC). Museum of Brisbane Trust was established by Brisbane City Council to promote art for the benefit of the public.

The registered office of the Company is Brisbane Square, Level 23, 266 George Street, Brisbane QLD 4000. The principal place of business is City Hall, King George Square, Brisbane QLD 4000.

BASIS OF PREPARATION

The consolidated financial statements are prepared on an accrual basis.

STATEMENT OF COMPLIANCE

A statement of compliance with International Financial Reporting Standards cannot be made due to the Company applying the non-for-profit sector specific requirements contained in the Australian Accounting Standards.

THE REPORTING ENTITY

The consolidated financial statements include all income, expenses, assets, liabilities and equity of Museum of Brisbane Pty Ltd ("the Company") and Museum of Brisbane Trust ("the Trust").

The Company acts as trustee of the Museum of Brisbane Trust and in accordance with the power in the Trust deed, the company is deemed to have a control over the Trust.

MEASUREMENT

The historical cost convention is used unless fair value is stated as the measurement basis.

PRESENTATION MATTERS

Currency and Rounding

The consolidated financial report is presented in Australian dollars and full amount.

Comparatives

Comparative information reflects the audited 2015-16 consolidated financial statements.

Current/Non-current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Consolidated Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Company does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements are authorised for issue by the Directors at the date of signing the Directors' report.

OBJECTIVES OF THE COMPANY

The objectives of Museum of Brisbane are to research and present a changing program of high quality exhibitions that explore and present all that is Brisbane, to establish itself as a museum of national significance by creating rich cultural experiences that inform, educate and entertain.

NOTE 1 REVENUE

	2016	2015
	\$	\$
Grant Revenue		
BCC funding	3,000,000	3,000,000
BCC rental funding	730,132	712,324
Other	2,000	94,009
	<u>3,732,132</u>	<u>3,806,333</u>
Service Level Agreement Revenue		
BCC Clocktower/ tours revenue	492,000	492,000
	<u>492,000</u>	<u>492,000</u>
Sales Revenue		
Merchandise sales	151,097	148,111
	<u>151,097</u>	<u>148,111</u>
Other Revenue		
Artwork donations*	224,797	139,913
Event income	52,688	42,384
Sponsorship in-kind	686,838	619,169
Sponsorship income	250,000	80,000
Interest income	49,547	46,369
Philanthropy	39,118	35,150
Public programs and education	13,725	20,203
Other revenue	16,161	32,596
	<u>1,332,874</u>	<u>1,015,784</u>
Other Income		
Gain on disposal of non-current assets	-	1,308
	<u>-</u>	<u>1,308</u>
Total Other Income		
	<u>-</u>	<u>1,308</u>
Total Revenue	<u>5,708,103</u>	<u>5,463,536</u>

* Included in donations revenue is an amount of \$224,797 (2015: \$139,913) representing the fair value of artwork and collectibles donated for no consideration.

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 1:

REVENUE (continued)

Grants

Grants that are not-reciprocal in nature are recognised as revenue in the year in which the company obtains control over them (control is generally obtained on receipt). The museum has not received any reciprocal grants.

Service level agreement revenue

Service level agreement revenue are recognised as revenue in the year in which the company obtains control over them (control is generally obtained on receipt).

Sales Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Artwork donations

Contributed assets above the relevant asset recognition threshold are recognised assets and revenues at their fair value on the date of acquisition. Assets below the relevant recognition thresholds are recognised as revenues and expenses.

Sponsorship

Sponsorships are recognised as revenue in the year in which the company obtains control over them (control is generally obtained on receipt) or receives the benefits.

NOTE 2:

EMPLOYEE BENEFITS EXPENSE

	2016	2015
	\$	\$
Employee benefits expense		
- Wages and salaries	1,996,297	1,824,518
- Annual leave and long service leave provision expense	198,262	167,618
- Superannuation contributions	209,542	177,793
- Workers compensation premium	16,165	11,388
- Payroll tax	128,574	90,603
	<u>2,548,840</u>	<u>2,271,920</u>

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 2:

EMPLOYEE BENEFITS EXPENSE (continued)

Employee Benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits. Payroll tax and workers compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Consolidated Statement of Financial Position at the current salary rates. As the Company expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Annual leave

Annual leave expected to be settled within twelve months of the reporting date are measured using remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the employee benefits liability.

Long Service leave

Liabilities arising in respect of long service which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Long service leave provision is presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation

Employer superannuation contributions are paid to employees' nominated superfunds. Contributions are expensed in the period in which they are paid or payable.

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 3: DEPRECIATION EXPENSE

	2016	2015
	\$	\$
Depreciation of non current assets		
- Plant and equipment	74,362	59,277
- Furniture and fittings	28,509	34,197
- Computer equipment	2,067	2,066
	<u>104,938</u>	<u>95,540</u>

NOTE 4: CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash on hand	1,500	1,500
Cash at bank	177,899	211,280
Cash on deposits	763,843	705,482
	<u>943,242</u>	<u>918,262</u>

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

The Museum of Brisbane Board of Directors will ensure that the term deposit is allocated to cover the amount of staff vesting leave provisions. It is agreed to carry a contingency of cash on hand to cover a two month trading period at any time.

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 5

PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Plant and equipment		
Plant and equipment at cost	843,799	843,799
Accumulated depreciation	(319,253)	(244,891)
	<u>524,546</u>	<u>598,908</u>
Furniture, fixtures and fittings at cost	298,451	298,451
Accumulated depreciation	(100,322)	(71,813)
	<u>198,129</u>	<u>226,638</u>
Computer equipment at cost	8,266	8,266
Accumulated depreciation	(7,141)	(5,074)
	<u>1,125</u>	<u>3,192</u>
Artwork and collectibles	630,746	321,899
Total property, plant and equipment	<u><u>1,354,546</u></u>	<u><u>1,150,637</u></u>

Recognition Thresholds for Property Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and Equipment	\$5,000
Furniture, fixtures and fittings	\$5,000
Computer equipment	\$5,000
Art and Collectibles	\$1

Items with a lesser value are expensed in the year of acquisition.

Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. Any training costs are expensed as incurred.

Artwork and collectibles acquired at no cost or for nominal consideration are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment acquired for exhibition purposes are expensed in the current financial year since it is considered that no economic benefit will be derived post this financial year.

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 5: PROPERTY, PLANT AND EQUIPMENT (continued)

Measurement of Property Plant and Equipment using Cost

Plant and equipment, furniture, fixtures and fittings and computer equipment are measured at cost. The carrying amount for such plant and equipment at cost is not materially different from their fair value.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Depreciation of Property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Company.

Key Estimate: For each class of depreciable asset the following depreciation rates are used:

Class	Useful lives
Plant and equipment	1 to 10 years
Furniture, fixtures and fittings	1 to 10 years
Computer equipment	1 to 4 years

The Company's Artwork and Collectibles are not depreciated due to the heritage and cultural nature of the assets.

Impairment of Non-Current Assets

Key Judgement and Estimate: All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Company determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 5:

PROPERTY, PLANT AND EQUIPMENT (continued)

Balance and Reconciliations of Carrying Amount

	2016	2015
	\$	\$
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Plant and equipment</i>		
Opening carrying amount	598,908	501,959
Additions	-	156,626
Disposals	-	(400)
Depreciation expense	(74,362)	(59,277)
Closing carrying amount	<u>524,546</u>	<u>598,908</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	226,638	201,074
Additions	-	63,675
Disposals	-	(3,914)
Depreciation expense	(28,509)	(34,197)
Closing carrying amount	<u>198,129</u>	<u>226,638</u>
<i>Computer equipment</i>		
Opening carrying amount	3,192	5,258
Depreciation expense	(2,067)	(2,066)
Closing carrying amount	<u>1,125</u>	<u>3,192</u>
<i>Artwork and collectibles</i>		
Opening carrying amount	321,899	137,475
Additions	308,847	184,424
Disposals	-	-
Closing carrying amount	<u>630,746</u>	<u>321,899</u>

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 6: PAYABLES

	2016 \$	2015 \$
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	634,555	170,568
Other payables	66,052	49,570
	<u>700,607</u>	<u>220,138</u>

Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Note 7: PROVISIONS

	2016 \$	2015 \$
CURRENT		
Annual leave	116,373	110,247
Long service leave	28,012	11,838
Sick leave	-	4,573
	<u>144,385</u>	<u>126,658</u>
NON CURRENT		
Long service leave	-	55,627
	<u>-</u>	<u>55,627</u>
(a) Number of employees at year end	<u>35</u>	<u>34</u>

Provisions

Provisions represent unpaid employee benefits in accordance with Note 2.

Note 8: OTHER LIABILITIES

	2016 \$	2015 \$
CURRENT		
Deferred sponsorship income	<u>109,653</u>	<u>30,000</u>

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements For the year ended 30 June 2016

Note 9: EQUITY

	2016 \$	2015 \$
Museum of Brisbane Pty Ltd		
Issued and paid-up capital		
Ordinary shares	<u>1</u>	<u>1</u>
Museum of Brisbane Trust		
Unitholder's contribution	<u>10</u>	<u>10</u>

Rights of each type of share

Ordinary shares do not participate in dividends and the proceeds on winding up of the parent entity.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise shareholder has one vote on a show of hands.

Note 10: FINANCIAL RISK DISCLOSURE

Financial Instrument Categories

Recognition

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the consolidated entity becomes party to the contractual provisions of the financial instrument. The consolidated entity has the following categories of financial assets and financial liabilities:

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	943,242	918,262
Receivables	322,974	18,978
Total	<u>1,266,216</u>	<u>937,240</u>
Financial liabilities		
Payables	700,607	220,138
Total	<u>700,607</u>	<u>220,138</u>

Museum of Brisbane Pty Ltd and its controlled entity

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Notes to the Consolidated Financial Statements For the year ended 30 June 2016

Note 10: FINANCIAL RISK DISCLOSURE (continued)

Classification

Financial Instruments are classified and measured as follows:

- Cash and cash equivalents – at fair value through profit or loss
- Receivables – at amortised cost
- Payables – at amortised cost

The consolidated entity does not enter into transactions for speculative purposes, nor for hedging. Apart for cash and cash equivalents, the company holds no financial assets classified at fair value through profit or loss.

No financial assets and financial liabilities have been offset and presented net in the Consolidated Statement of Financial Position.

Financial Risk Management

Risk Exposure

Financial risk management is implemented pursuant to consolidated entity's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the consolidated entity.

The board of directors have overall responsibility for identifying and managing operational and financial risks.

The consolidated entity's activities expose it to a variety of financial risks as set out below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The consolidated entity is exposed to interest rate risk through its cash deposited in interest bearing accounts. The consolidated entity does not undertake any hedging in relation to interest rate risk. The interest rate risk is not significant due to the low effective interest rate to which cash and cash equivalents are subject to.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in Consolidated Statement of Financial Position and notes to consolidated financial statements.

All receivables are considered current and receivable within 30 days. No receivables are considered impaired

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

Note 10: FINANCIAL RISK DISCLOSURE (continued)

Financial Risk Management (continued)

(i) *Cash deposits*

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) *Trade and other receivables*

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity manages liquidity risk by continuously monitoring cash flows and maturity profiles of financial assets and liabilities.

Liquidity Risk – Contractual Maturity of Financial Liabilities

The following table sets out the liquidity risk of financial liabilities held by the consolidated entity. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Consolidated Statement of Financial Position that are based on discounted cash flows.

Year ended	< 6 months	6-12	1-5 years	Total	Carrying
30 June 2016	\$	months	\$	contractual	amount
			\$	cash flows	\$
Payables	700,607			700,607	700,607
Net Maturities	700,607	-	-	700,607	700,607
<hr/>					
Year ended					
30 June 2015					
Payables	220,140	-	-	220,140	220,138
Net maturities	220,140	-	-	220,140	220,138

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 11: CONTINGENCIES

The Directors are not aware of any contingent assets or liabilities as at 30 June 2016 (2015: \$nil).

Note 12: COMMITMENTS

	2016 \$	2015 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	654,268	674,085
- later than one year and not later than five years	279,265	947,669
	<u>933,533</u>	<u>1,621,754</u>

Operating leases relate to a premise lease, storage unit lease and equipment rental under normal commercial operating lease terms and conditions. The premises lease is for 5 years with no options to renewal and no annual increases. The storage unit lease is for 3 years with an option to renew for an additional 3 years with an annual increase of CPI or 4%, whichever is greater. Equipment rental payments are fixed and none of the leases have escalation clauses nor options to renew.

The consolidated entity has no capital commitment at year-end (2015: \$nil).

Note 13: EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the consolidated entity.

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 14:

FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

AASB 124 – Related Party Disclosures

From reporting periods beginning on or after 1 July 2016, the consolidated entity will need to comply with the requirements of AASB 124 Related Party Disclosures. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The consolidated entity already discloses information about the remuneration expenses for key management personnel (refer to note 15) and related party transactions (refer note 16). Therefore, the most significant implications of AASB 124 for the consolidated entity's consolidated financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 15 – Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2018. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the consolidated entity's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the consolidated entity has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The consolidated entity is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the consolidated entity are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the consolidated entity's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 14:

FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

The consolidated entity has not commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the consolidated entity's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Consolidated entity enters into, all of the Consolidated entity's financial assets are expected to be measured at fair value. In the case of the consolidated entity's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the consolidated entity's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the consolidated entity's receivables. Assuming no substantial change in the nature of the consolidated entity's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the consolidated entity will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The consolidated entity will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the consolidated entity enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at fair value through other comprehensive income and derecognition of these items.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Consolidated entity's activities, or have no material impact on the Consolidated entity.

The consolidated entity did not voluntarily change any of its accounting policies during 2015-16. No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this consolidated financial report.

Note 15:

KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration expense

	2016	2015
	\$	\$
Compensation received by key management personnel of the company		
- short-term employee benefits	749,218	760,839
- post-employment benefits	66,061	65,309
- termination payments	8,132	-
	<u>823,411</u>	<u>826,147</u>

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Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

Note 16:

RELATED PARTY TRANSACTIONS

The parent entity of the consolidated entity is the Brisbane City Council (BCC). The following arrangements are in place between the consolidated entity and BCC:

- BCC contributed ongoing funding income of \$3,000,000 (2015: 3,000,000) to the consolidated entity under the Museum of Brisbane Funding Agreement.
- BCC also contributed funding income of \$730,132 (2015: \$712,324) to the consolidated entity under the Museum of Brisbane Funding Agreement in respect to the City Hall and Green Square lease commitments.
- BCC compensated the consolidated entity for conducting clock tower and city hall tours under a service agreement to the amount of \$492,000 (2015: \$492,000).
- From December 2012, the consolidated entity rents its premises from BCC. \$696,326 rental payments were made to BCC during the 2016 year (2015: \$636,300) during the year, in line with the executed lease between the parties.
- Museum of Brisbane Pty Ltd compensated Brisbane City Council \$1,015 for legal services to the consolidated entity.
- Goa Billboards, a company directed by Christopher Michael Tyquin, Museum of Brisbane Board member, provided in-kind services to the value of \$326,000 for outdoor advertising.

Note 17:

TAXATION

Museum of Brisbane Pty Ltd is a fully owned corporate entity of the Brisbane City Council. The Company's activities are exempt from all forms of Commonwealth Taxation, except for Fringe Benefits Tax (FBT) and Goods and Services tax (GST). Museum of Brisbane Pty Ltd is not a subject entity for participation in the local Government Tax Equivalents regime in relation to income tax.

Note 18:

PARENT INFORMATION

	2016	2015
	\$	\$
Statement of Comprehensive income		
Total (deficit)/surplus	(661,509)	207,386
Comprehensive income	(661,509)	207,386
ASSETS		
Current Assets	1,148,503	860,953
Non-current Assets	723,800	1,150,637
Total Assets	1,872,303	2,011,590
LIABILITIES		
Current Liabilities	954,645	376,796
Non-current Liabilities	-	55,627
Total Liabilities	954,645	432,423
Total Equity	917,658	1,579,167

Museum of Brisbane Pty Ltd and its controlled entity

ABN 52 098 223 413

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

Note 18:

PARENT INFORMATION (continued)

Of the deficit in the Company, \$335,813 related to artwork transferred to Museum of Brisbane Trust. This is a once only transfer of artworks from the Company to the Trust and has increased the assets of the Trust for the financial year 2015/16.

In August 2015, the Board made a decision to maintain all artwork and collectibles in the accounts of the Museum of Brisbane Trust. All such artwork and collectibles were transferred as a donation to this entity on 30 September 2015.

Further to this deficit, \$300,000 represented a once off upfront expenditure from the Company's retained earnings for our new three year semi-permanent exhibition *100% Brisbane*.

Guarantees

Museum of Brisbane Pty Ltd has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2016, Museum of Brisbane had a contingent liability of \$Nil (2015: \$Nil).

Contractual commitments

At 30 June 2016, Museum of Brisbane Pty Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2015: \$Nil).

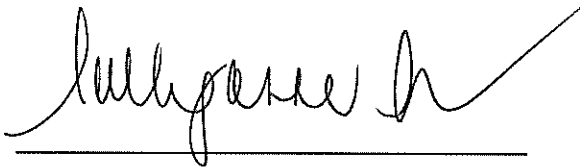
Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 5-26, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated financial position of the Company and its controlled entity as at 30 June 2016 and of their performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

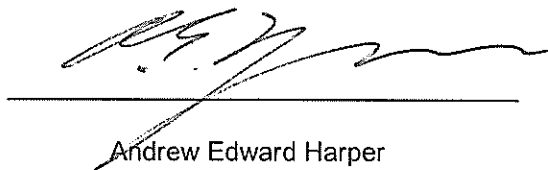
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Sallyanne Atkinson AO

Director:



Andrew Edward Harper

Dated this

16TH

day of

SEPTEMBER

2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Museum of Brisbane Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Museum of Brisbane Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Museum of Brisbane Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

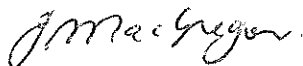
Opinion

In my opinion, the financial report of Museum of Brisbane Pty Ltd is in accordance with the *Corporations Act 2001*, including –

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters – Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



J MACGREGOR CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Museum of Brisbane Trust

ABN 70 514 947 142

Annual report

For the year ended 30 June 2016

Museum of Brisbane Trust
ABN 70 514 947 142

Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue			
Artwork Donations	2	560,610	-
Philanthropy		39,118	35,150
Donations		8,051	26,199
Interest		1,426	809
Total Revenue		609,205	62,158
Expenses			
Acquisition Costs		(1,150)	-
Bank & Credit Card Charge/Fees		(313)	(391)
Merchant Fees		(91)	(303)
Museum of Brisbane Service		(10,000)	-
Total Expenses		(11,554)	(694)
Surplus for the year		597,651	61,464
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		597,651	61,464

Museum of Brisbane Trust
ABN 70 514 947 142

Statement of Financial Position
As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		41,116	82,304
GST receivable		8,093	-
Total Current Assets		<u>49,209</u>	<u>82,304</u>
Non-Current Assets			
Artwork and collectibles	3	630,746	-
Total Non-Current Assets		<u>630,746</u>	<u>-</u>
Total Assets		<u>679,955</u>	<u>82,304</u>
Unitholders' Equity			
Units		10	10
Retained surplus		679,945	82,294
Total Equity		<u>679,955</u>	<u>82,304</u>

Museum of Brisbane Trust
ABN 70 514 947 142

Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Unitholders \$	Retained surplus \$	Total equity \$
Balance as at 1 July 2014		10	20,830	20,840
Surplus for the year		-	61,464	61,464
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	61,464	61,464
Balance as at 1 July 2015		10	82,294	82,304
Surplus for the year		-	597,651	597,651
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	597,651	597,651
Balance at 30 June 2016		10	679,945	679,955

Museum of Brisbane Trust
ABN 70 514 947 142

Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Artwork purchases		(78,229)	-
Donations received		8,051	26,199
Philanthropy donation received		39,118	35,150
Payments to suppliers		(11,554)	(694)
Interest received		1,426	809
Net cash (used in) / provided by operating activities		<u>(41,188)</u>	<u>61,464</u>
Net increase in cash held		(41,188)	61,464
Cash and cash equivalents at beginning of financial year		<u>82,304</u>	<u>20,840</u>
Cash and cash equivalents at end of financial year		<u><u>41,116</u></u>	<u><u>82,304</u></u>

Museum of Brisbane Trust

ABN 70 514 947 142

Notes to the Financial Statement

Basis of Financial Statement Preparation

For the year ended 30 June 2016

GENERAL INFORMATION

Museum of Brisbane Trust ("the Trust") is a Trust, incorporated and domiciled in Australia. The registered office of the Trust is Brisbane Square, Level 23, 266 George Street, Brisbane QLD 4000.

STATEMENT OF COMPLIANCE

The directors of the Trustee have determined that the trust is not a reporting entity as there are limited users dependent on the financial report. The financial report is a special purpose financial report prepared in order to satisfy the requirements of the Trust Deed, in accordance with clause 9.2.

The Trust is a not-for-profit entity and the special purpose financial statements have been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation of Standards

AASB 1054 Australian Additional Disclosures.

THE REPORTING ENTITY

The financial statements include all income, expenses, assets, liabilities and equity of the Trust.

MEASUREMENT

The historical cost convention is used unless fair value is stated as the measurement basis.

Museum of Brisbane Trust

ABN 70 514 947 142

Notes to the Financial Statement

For the year ended 30 June 2016

PRESENTATION MATTERS

Currency and Rounding

The financial report is presented in Australian dollars and full amount

Comparatives

Comparative information reflects the audited 2014-15 financial statements.

Current/Non-current Classification

Assets are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date.

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Directors of the Trustee at the date of signing the Trustee's statement.

OBJECTIVES OF THE TRUST

The objectives of the Trust are to establish and maintain a museum and art gallery for the benefit of the public; to promote art for the benefit of the public by the establishment and maintenance of an art gallery within the Brisbane City Hall and to advance education by the establishment and maintenance of a museum.

NOTE 1: ACCOUNTING POLICY

Artwork donations

Contributed assets are recognised assets and revenues at their fair value on the date of acquisition.

Philanthropic income and donations

Income and donations are recognised as revenue in the year in which the Trust obtains control over them (control is generally obtained on receipt) or receives the benefits.

TRUSTEE

Museum of Brisbane Pty Ltd acts as trustee for and manages the Museum of Brisbane Trust established by Brisbane City Council to promote art for the benefit of the public.

NOTE 2: Artwork donations

Museum of Brisbane Pty Ltd donated the artwork amounting to \$335,813 to the Trust during the year.

Museum of Brisbane Trust

ABN 70 514 947 142

Notes to the Financial Statement

For the year ended 30 June 2016

NOTE 3: Artwork and collectibles

	2016	2015
	\$	\$
<hr/>		
<i>Artwork and collectibles</i>		
Opening carrying amount	-	-
Additions	630,746	-
Disposals	-	-
Closing carrying amount	<u>630,746</u>	<u>-</u>

Museum of Brisbane Trust

ABN 70 514 947 142

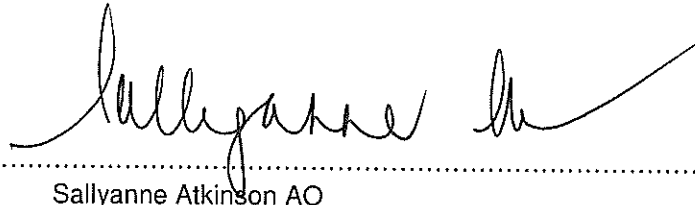
Trustee's Declaration

The Trustee of the Museum of Brisbane Trust declares that the trust is not a reporting entity and that this special purpose financial report has been prepared in accordance with Clause 9.2 of the Trust Deed of the Museum of Brisbane Trust dated 21 October 2011 and the accounting policies described in Note 1.

In the opinion of the Trustee:

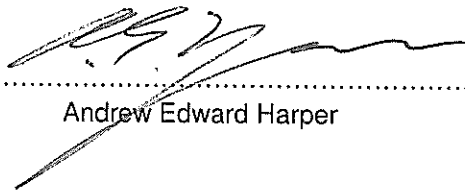
1. The financial statements and notes present fairly the Trust's financial position as at 30 June 2016 and its performance for the year ended in accordance with the accounting policies described in Note 1.
2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Director.....



Sallyanne Atkinson AO

Director.....



Andrew Edward Harper

Dated this.....

16th

day of

SEPTEMBER

.....2016

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Museum of Brisbane Trust

Report on the Financial Report

I have audited the accompanying financial report, being a special purpose financial report, of Museum of Brisbane Trust, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and declarations given by the Directors of the Museum of Brisbane Pty Ltd as Trustee.

The Trustee's Responsibility for the Financial Report

The trustee is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in the notes to the financial statement is appropriate to meet the requirements of the trust deed of Museum of Brisbane Trust dated 21 October 2011 and is appropriate to meet the needs of the trustee. The trustee's responsibility also includes such internal control as they determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Basis for Prior Year Qualified Opinion - Donations

In 2014-15 cash donations were a significant source of fundraising revenue for the Trust and I was unable to and did not express an opinion on the completeness of donations and whether all cash donations received by the Trust had been brought to account and recorded in the financial report for that year. Due to the inherent nature of the cash donations received, the Trustee had not established adequate controls over the collection of cash donations prior to entry into the Trust's financial records. Accordingly, as the evidence available to me regarding revenue from this source was limited, my audit procedures with respect to donations had to be restricted to the amounts detailed in the financial records.

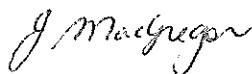
During the 2015-16 year, the Trust has received significant artworks donations and cash donations are a less significant source of revenue. In addition, the internal controls over cash donations in 2015-16 were considered appropriate for the nature of the fundraising activity undertaken. I am still unable to and do not express an opinion on the completeness of comparative donation revenue and whether all donations received by the Trust, in 2014-15, which totalled \$26,199 and were reported in the comparative Statement of Comprehensive Income, have been brought to account and recorded in the financial report.

Qualified Opinion

In accordance with Clause 9.2 of the Trust Deed of Museum of Brisbane dated 21 October 2011, I have audited the financial report of Museum of Brisbane Trust, and except for the possible effects of the matter described in the Basis for Prior Year Qualified Opinion paragraph, in my opinion, the financial report presents fairly, in all material respects, the transactions of the Trust for the financial year 1 July 2015 to 30 June 2016 in accordance with the accounting policies described in the notes to the financial statement.

Emphasis of Matter - Basis of Accounting

Without further modification to my opinion, attention is drawn to the Statement of Compliance in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustee's financial reporting responsibilities under the trust deed. As a result, the financial report may not be suitable for another purpose.



J MACGREGOR CPA
(as delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane