

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

Financial Report

FOR THE YEAR ENDED 30 JUNE 2018

MUSEUM OF BRISBANE TRUST

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FOR THE YEAR ENDED 30 JUNE 2018

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue			
Artwork donations	2	37,560	2,775,015
Philanthropy		166,978	147,575
Grants		32,090	-
Donations		9,623	9,667
Interest		1,114	321
Total Revenue		247,365	2,932,578
Expenses			
Acquisition costs		(900)	(40,163)
Accounting and bookkeeping fees		(6,010)	(5,500)
Bank & credit card charge/fees		(3)	(61)
Philanthropy expenses		(56,273)	(810)
Other expenses		-	(2,995)
Total Expenses		(63,186)	(49,529)
Surplus for the year		184,179	2,883,049
Other Comprehensive Income:			
Increase in asset revaluation surplus		46,800	21,732
Total Comprehensive Income for the year		230,979	2,904,781

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		208,610	121,950
GST Receivable		3,007	982
TOTAL CURRENT ASSETS		211,617	122,932
NON-CURRENT ASSETS			
Artwork and collectibles	3	3,613,338	3,461,804
TOTAL NON-CURRENT ASSETS		3,613,338	3,461,804
TOTAL ASSETS		3,824,955	3,584,736
CURRENT LIABILITIES			
Trade and other payables		9,240	-
TOTAL CURRENT LIABILITIES		9,240	-
TOTAL LIABILITIES		9,240	-
NET ASSETS		3,815,715	3,584,736
UNITHOLDER'S EQUITY			
Units		10	10
Retained surplus		3,747,173	3,562,994
Asset revaluation surplus		68,532	21,732
TOTAL EQUITY		3,815,715	3,584,736

This statement is to be read in conjunction with the accompanying Notes and Significant Accounting Policies

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Unitholders	Asset revaluation surplus	Retained earnings	Total equity
Note	\$		\$	\$
Balance at 1 July 2016	10	-	679,945	679,955
Surplus for the year	-	-	2,883,049	2,883,049
Increase in asset revaluation surplus	-	21,732	-	21,732
Total comprehensive income for the year	-	21,732	2,883,049	2,904,781
Balance at 1 July 2017	10	21,732	3,562,994	3,584,736
Surplus for the year	-	-	184,179	184,179
Increase in asset revaluation surplus	-	46,800	-	46,800
Total comprehensive income for the year	-	46,800	184,179	230,979
Balance at 30 June 2018	10	68,532	3,747,173	3,815,715

This statement is to be read in conjunction with the accompanying Notes and Significant Accounting Policies

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		199,068	154,686
Donations		9,623	9,667
Payments to suppliers		(55,970)	(49,529)
Interest Received		1,114	321
Net cash used in operating activities		153,835	115,145
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for artwork and collectibles		(67,175)	(34,311)
Net cash used in investing activities		(67,175)	(34,311)
Net increase/(decrease) in cash held		86,660	80,834
Cash and cash equivalents at beginning of financial year		121,950	41,116
Cash and cash equivalents at end of financial year		208,610	121,950

This statement is to be read in conjunction with the accompanying Notes and Significant Accounting Policies

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RECONCILIATION OF CASH FLOW OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE STATEMENT OF CASH FLOW

Cash Flow Information

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Note	2018 \$	2017 \$
Operating surplus/(deficit)		184,179	2,883,049
Non-cash items included in operating result			
Value of artwork and collectibles donated	2	(37,560)	(2,775,015)
Changes in assets and liabilities			
Increase/ (decrease) in payables		9,240	-
Decrease/(increase) in receivables		(2,024)	7,111
Net Cash provided by Operating Activities		<u>153,835</u>	<u>115,145</u>

This statement is to be read in conjunction with the accompanying Notes and Significant Accounting Policies

MUSEUM OF BRISBANE TRUST

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE 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.

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.

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 1: SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of preparation

These special purpose financial statements are for the period 1 July 2017 to 30 June 2018. The Directors of the Trustee have determined that the Trust is not a reporting entity as there are no users dependent on these financial statement for information that would be useful for them for making and evaluating decisions about the allocation of resources.

The financial report is a special purpose financial report prepared in order to satisfy the requirements of the Trust Deed, in accordance with the clause 9.2 and the *Australian Charities and Not-for-profit Commission Act 2012 and the Australian Charities and Not-for-profit Commission Regulation 2013*. The financial statements are prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations.

Statement of Compliance

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 disclosure 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 financial statements include all income, expenses, assets, liabilities and equity of the Trust. These financial statements have been prepared under the historical cost convention except where stated.

1(b) Currency and rounding

The financial report is presented in Australian dollars and rounded to the nearest dollar.

1(c) Comparatives

Comparative information reflects the audited 2016- 2017 financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(d) Current/Non-current classification

Assets and liabilities 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. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the trust 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.

1(e) Authorisation of Financial Statement for Issue

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

1(f) Estimates and judgments

Where necessary judgments, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to assets or liabilities relate to:

- Valuation, depreciation and impairment of property, plant and equipment (Note 3)
- Artwork donations (Note 2).

1(g) Cash and cash equivalents

Cash and cash equivalents include all cash and cheques receipted but not banked at 30 June.

NOTE 2: REVENUE

Artwork donations

Contributed assets are recognised assets and revenue at their fair value on the date of acquisition. From the total donation of artwork \$37,560 received during the year, Museum of Brisbane Pty Ltd donated artwork amounted to \$0 (2017 :\$35,331) to the Trust during the year.

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.

NOTE 3: ARTWORK AND COLLECTIBLES

	2018	2017
Artwork collectibles	\$	\$
Opening carrying amount	3,461,804	630,746
Additions	104,734	2,809,326
Revaluation surplus	46,800	21,732
Closing carrying amount	<u>3,613,338</u>	<u>3,461,804</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: ARTWORK AND COLLECTIBLES (continued)

Recognition Threshold

Items of artwork and collectibles with a cost or other value equal to or in excess of \$1 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Acquisition of Artwork and collectibles

Actual cost is used for the initial recording of all 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.

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*.

Depreciation of Assets

Artwork and Collectibles are not depreciated due to the heritage and cultural nature of the assets.

Impairment of Non-current Assets

Key Judgment 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 entity 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 costs.

An impairment loss is recognised immediately in the 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.

Revaluation of artwork and collectible's

The Trust's artwork and collectibles are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*. These assets are reported at their revalued amounts, being the fair value at the date of valuation.

The costs of items acquired during the financial year has been judged by management of the the trustee company to materially represent their fair value at the end of the reporting period.

The artwork and collectibles is revalued in accordance with the Trust's revaluation policy which is approved by the Board of the trustee company. The revaluation process is managed by the Collections Manager and Business Services Manager and revaluations are approved by the Director of the trustee company. At least once every 5 years, a revaluation is conducted by an external valuer for artworks with higher individual values. The remaining items significantly lower in individual values in comparison to the total value of the collection and are less likely to be subject to material movement in fair value; consequently, those works are generally held at cost (which approximates fair value) but are periodically reviewed for material movement by the Trust's own expert curatorial staff.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: ARTWORK AND COLLECTIBLES (continued)

Revaluation of artwork and collectible's (continued)

Any revaluation increment arising on the revaluation of the artwork and collectibles assets is credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the asset revaluation surplus.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

In accordance with *AASB 13 Fair Value Measurements* are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

Artwork and collectibles of the Trust are classified as level 2 in the fair value hierarchy \$3,613,338 (2017 \$3,461,804).

Specific valuation techniques used to derive fair values

Artwork and collectibles were comprehensively revalued to fair market value as at 30 June 2017. An independent valuation was performed by Ross Searle. The valuation was derived by reference to market based evidence including sales prices of comparable artworks and general art market conditions. In the intervening year, the Trust has conducted internal reviews of the collection, with any significant market changes in the collection being revalued accordingly.

NOTE 4: AUDITOR'S REMUNERATION

	2018	2017
Audit and review of financial Statements	\$	\$
Audit services		
- Queensland Audit Office	5,500	5,500

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THE 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 *Australian Charities and Not-for-profit Commission Act 2012* and *Australian Charities and Not-for-profit Commission regulation 2013*.

In the opinion of the Trustee:

1. The financial statements and notes present fairly the Trust's financial position as at 30 June 2018 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.
3. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission Act 2012* signed in accordance with the subsection 60.15 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director:



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Christopher Michael Tyquin

Director:



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Andrew Edward Harper

Brisbane

Dated this TWENTY-FIRST day of SEPTEMBER 2018

INDEPENDENT AUDITOR'S REPORT

To the Trustee of the Museum of Brisbane Trust

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Museum of Brisbane Trust.

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the Museum of Brisbane Trust deed dated 21 October 2011, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and the financial reporting framework described in Note 1(a).

The financial report comprises the statement of financial position as at 30 June 2018, 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 summaries of significant accounting policies and other explanatory information, and the trustees' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the trust in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Trustees' financial reporting responsibilities under the trust deed and *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the trust for the financial report

The trustees' are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Museum of Brisbane Trust Deed dated 21 October 2011, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and the financial reporting framework described in Note 1(a), and for such internal control as the trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the trustees determined that the basis of preparation described in Note 1(a) is appropriate to meet the requirements of the trust deed and *Australian Charities and Not-for-profits Commission Act 2012*.

The trustees are also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trust.
- Conclude on the appropriateness of the trust'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 trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the trust 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.

I communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



26 September 2018

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane