

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

ABN 52 098 223 413

Financial Report

FOR THE YEAR ENDED 30 JUNE 2019

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY
ABN 52 098 223 413

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FOR THE YEAR ENDED 30 JUNE 2019

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MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2019

Directors present their report together with the consolidated financial report of Museum of Brisbane Pty Ltd and its controlled entity for the year ended 30 June 2019 and auditors report thereon. This consolidated financial report has been prepared in accordance with Australia Accounting Standards.

Directors

The names of the directors in office at any time during the period ended 30 June 2019 are:

Names	Position	Appointed/Resigned
Sallyanne Atkinson AO	Director	Appointed: 27 August 2012
Jeffery Ross Humphreys	Director	Appointed: 10 September 2012
Christopher Michael Tyquin	Director	Appointed: 10 September 2012
Andrew Edward Harper	Director	Appointed: 10 September 2012
Alison Kubler	Director	Resigned: November 2018
Liana Heath	Director	Appointed: 18 March 2019
Natasha Hood	Director	Appointed: 18 March 2019

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

Company Secretary

Melanie Heley was the Company Secretary for the period ended 30 June 2019. Melanie Heley replaced Shannon Brandon as Company Secretary on 1 March 2019.

No director has received or become entitled to receive a benefit (other than a benefit included in the Notes to the financial Statements) because of a contract that the Director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the period 30 June 2019 or at any other time) with:

- (a) the Company; or
- (b) an entity that the Company controlled, or body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2019

1. Director Information

a. Meetings of directors

During the financial year, 10 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Governance and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sallyanne Atkinson AO	6	5	4	1
Jeffery Ross Humphreys	6	6	-	-
Christopher Michael Tyquin	6	5	4	4
Andrew Edward Harper	6	6	4	4
Alison Kubler	2	2	-	-
Liana Heath	2	2	-	-
Natasha Hood	2	2	1	1

2. Operating results and review of operations for the year

a. Operating results

The consolidated results of the consolidated entity recorded a surplus for the year amounting to \$379,881 (2018: \$221,572).

Both the Company and the Trust recorded a positive result for the year, through careful management and the growth of non-government funded income generating initiatives including engagement and learning programs, a ticketed exhibition and merchandise sales.

Museum of Brisbane's Trust was established to receive gifts, bequests and donations. There has been increased activity in philanthropic support, which will enable the Museum to expand its artist in residence and learn programs, grow our collection and maintain the Easton Pearson Archive.

b. Review of operations

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

c. 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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2019

3. Other items

a 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.

b After balance date events

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

c Likely developments

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

d 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 of Australia.

e 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.

4. Indemnification

a 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.

b 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 consolidated entity.

c 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 AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2019

5. Proceedings on Behalf of the Consolidated Entity

a Leave or proceedings

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

b Sign off information

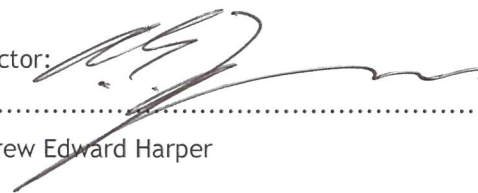
Signed on behalf of the Board of Directors:

Director:



.....
Sallyanne Atkinson AO

Director:



.....
Andrew Edward Harper

Dated this TWENTIETH day of SEPTEMBER 2019

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of the 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 the Museum of Brisbane Pty Ltd for the financial year ended 30 June 2019, 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.



John Welsh
as delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
OPERATING RESULT			
Income from Continuing Operations			
Revenue	2	7,212,067	6,424,392
Expenses from Continuing Operations			
Employee benefits expense	3	(3,037,289)	(2,968,210)
Audience development expenses		(1,666,673)	(1,162,709)
Program (exhibition) expenses		(626,438)	(601,241)
Lease expense		(710,614)	(695,994)
Minor equipment		(75,259)	(22,439)
Collection management		(76,833)	(46,058)
Depreciation and amortisation expenses	4	(104,796)	(101,803)
Internet webhosting expenses		(100,558)	(99,248)
Other expenses		(433,726)	(505,118)
Total Expenses from Continuing Operations		(6,832,186)	(6,202,820)
Operating Results for the Year		379,881	221,572
Other Comprehensive Income:			
Increase in asset revaluation surplus		12,182	46,880
Total Comprehensive Income		392,063	268,452

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,130,959	887,645
Receivables		33,786	11,500
Other assets		160,660	131,027
GST Paid		39,343	21,930
TOTAL CURRENT ASSETS		1,364,748	1,052,102
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,347,264	4,173,866
TOTAL NON-CURRENT ASSETS		4,347,264	4,173,866
TOTAL ASSETS		5,712,012	5,225,968
LIABILITIES			
CURRENT LIABILITIES			
Payables	7	321,300	247,520
Provisions	8	167,797	145,678
Other liabilities	9	19,583	21,500
TOTAL CURRENT LIABILITIES		508,680	414,698
TOTAL LIABILITIES		508,680	414,698
NET ASSETS		5,203,332	4,811,270
EQUITY			
Share Capital	10	1	1
Unitholder's capital	10	10	10
Asset revaluation surplus		80,714	68,532
Retained earnings		5,122,607	4,742,727
TOTAL EQUITY		5,203,332	4,811,270

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital \$	Unit holder's capital \$	Asset revaluation surplus \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		1	10	21,732	4,521,155	4,542,898
Operating Result from continuing operations		-	-	-	221,572	221,572
Increase in asset revaluation surplus		-	-	46,800	-	46,800
Total comprehensive income for the year		-	-	46,800	221,572	268,372
Balance at 1 July 2018		1	10	68,532	4,742,727	4,811,270
Operating Result from continuing operations		-	-	-	379,881	379,881
Increase in asset revaluation surplus		-	-	12,182	-	12,182
Total comprehensive income for the year		-	-	12,182	379,881	392,063
Balance at 30 June 2019		1	10	80,714	5,122,607	5,203,332

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,624,970	1,331,993
Receipt of funding from Brisbane City Council		4,644,000	4,553,000
Payment to suppliers and employees		(5,921,912)	(5,757,738)
Interest Received		36,892	27,423
Net cash used in operating activities		<u>383,950</u>	<u>154,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for property, plant and equipment		(140,635)	(138,748)
Net cash used in investing activities		<u>(140,635)</u>	<u>(138,748)</u>
Net increase in cash held		243,314	15,930
Cash and cash equivalents at beginning of year		887,645	871,715
Cash and cash equivalents at end of financial year	5	<u>1,130,959</u>	<u>887,645</u>

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

RECONCILIATION OF CONSOLIDATED CASH FLOW OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

	Note	2019 \$	2018 \$
Cash Flow Information			
Reconciliation of Operating Result to Net Cash Provided by Operating Activities			
Operating surplus/(deficit)		379,881	221,572
Non-cash items included in operating result			
Depreciation		104,796	101,803
Asset write-off		-	33,878
Value of artwork and collectibles donated	2	(125,377)	(37,560)
Changes in assets and liabilities			
Decrease/(Increase) in receivables		(22,286)	(1,870)
Decrease/(Increase) in other assets		(29,632)	(59,265)
(Decrease)/Increase in payables		56,367	(88,708)
(Decrease)/Increase in other liabilities		(1,917)	(68,500)
(Decrease)/Increase in provisions		22,119	53,328
Net Cash provided by Operating Activities		<u>383,950</u>	<u>154,678</u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE 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 ("the Trust") was established by Brisbane City Council to promote art for the benefit of the public.

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.

The registered office of the Company is City Hall, Level 3, 64 Adelaide Street, Brisbane QLD 4000. The principal place of business is City Hall, King George Square, Brisbane QLD 4000.

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: SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019.

They comply with the requirements of the *Corporations Act 2001* and the Australian Accounting Standards and interpretations issued by the Australia Accounting Standards Board (AASB). The consolidated entity is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities, which are inconsistent with International Financial Reporting Standards (IFRS). Therefore, in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except where stated.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(b) Basis of consolidation

The Company and its Controlled entity (the Trust) together form the economic entity, which is referred to in these financial statement as the consolidated entity. The financial statements of the controlled entity is included in the consolidated financial statements where material by size or nature, from the date when control commences until the date when control ceases.

Transactions between the Company and entities controlled by the Company have been eliminated when preparing consolidated account. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Company.

1(c) Currency and rounding

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

1(d) Comparatives

Comparative information reflects the audited 2017-18 consolidated financial statements.

1(e) 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 Consolidated entity 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(f) Adoption of New and Revised Accounting Standards

The Consolidated entity has adopted *AASB 9 Financial Instruments and AASB2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* effective from 1 July 2018. The Consolidated entity has not restated comparative figures for financial instruments. This is because financial instruments consist of cash and cash equivalents, short-term receivables, and short-term payables where the current disclosed value is representative of the fair value of each category.

AASB 9 introduces a new impairment model that requires the allowance for impairment to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, there is no material impact on the impairment of trade receivables.

No other new Australian Accounting Standard effective for the first time in 2018-19 had any material impact on the financial statements.

1(g) Authorisation of Consolidated Financial Statement for Issue

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

1(h) 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 6)
- Provisions (Note 8).

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE

	2019	2018
	\$	\$
Grant Revenue		
BCC funding	4,644,000	4,553,000
Other	123,900	135,747
	<u>4,767,900</u>	<u>4,688,747</u>
Sales Revenue		
Merchandise sales	400,894	258,029
	<u>400,894</u>	<u>258,029</u>
Other Revenue		
Artwork donations*	125,377	37,560
Corporate fundraising	187,417	161,500
Venue hire	1,380	6,404
Sponsorship in-kind	888,869	564,642
Interest income	36,892	27,423
Philanthropy	248,847	166,978
Public programs and education	91,698	68,051
Ticketing/tours revenue	141,105	211,016
Projects	313,845	152,500
Other revenue	7,843	81,542
	<u>2,043,273</u>	<u>1,477,616</u>
Total Revenue	<u><u>7,212,067</u></u>	<u><u>6,424,392</u></u>

*Included in donations is an amount of \$125,377 (2018: \$37,560) representing the fair value of artwork and collectibles for no consideration.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE (continued)

Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below:

Grants

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

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.

Sponsorship

Sponsorships are recognised as revenue in the year in which the consolidated entity obtains control over them or receives the benefits.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	2019	2018
	\$	\$
Employee benefits expense		
Wages and salaries	2,443,223	2,340,629
Annual leave and long service leave provision expense	200,444	241,249
Superannuation contributions	245,073	239,587
Workers compensation premium	11,441	12,008
Payroll tax	137,108	134,737
Total	3,037,289	2,968,210

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 consolidated entity 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

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. The liability is recognised based on the likelihood of employees' reaching 10 years of continuous service.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: EMPLOYEE BENEFITS EXPENSE (continued)

The likelihood of this occurring has been based on the following probability percentages:

Years of service	%
0-1 years	0
1-3 years	5
4-5 years	50
6 years	60
7 years	70
8-9 years	100
10 years +	100

The estimates are calculated using current pay rates, adjusted for projected future increases in those rates and includes related employee on-costs.

Where employees have met the prerequisite length of service and the consolidated entity does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability.

Superannuation

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

NOTE 4: DEPRECIATION EXPENSE

	2019	2018
	\$	\$
Depreciation of non-current assets		
- Plant and equipment	75,272	73,616
- Furniture and fittings	29,524	28,187
Total	104,796	101,803

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash on hand	1,500	1,500
Cash at bank	606,534	655,540
Cash on deposits	522,925	230,605
Total	1,130,959	887,645

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash assets include all cash and cheques received 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 there are funds 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.

NOTE 6: PROPERTY, PLANT & EQUIPMENT

	2019	2018
	\$	\$
Plant and equipment		
Plant and equipment of cost	857,608	851,531
Accumulated Depreciation	(535,342)	(460,069)
	<u>322,266</u>	<u>391,462</u>
Furniture, fixtures and fittings at cost	339,268	305,130
Accumulated depreciation	(165,588)	(136,065)
	<u>173,680</u>	<u>169,065</u>
Computer Equipment at cost	8,266	8,266
Accumulated Depreciation	(8,266)	(8,266)
	<u>-</u>	<u>-</u>
Artwork and collectibles	3,851,318	3,613,339
Total Property, plant and equipment	4,347,264	4,173,866

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: PROPERTY, PLANT & EQUIPMENT (continued)

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

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.

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.

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. Items purchased for exhibitions will be used only for that exhibition (usually lasting 3-6 months), due to the short time frame of use, they will not be added to the Fixed Asset Register to be depreciated over an extended time frame.

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: PROPERTY, PLANT & EQUIPMENT (continued)

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 consolidated entity.

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 consolidated entity's 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 consolidated 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 current 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: PROPERTY, PLANT & EQUIPMENT (continued)

Revaluation of artwork and collectibles

The consolidated entity'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 consolidated entity to materially represent their fair value at the end of the reporting period.

The artwork and collectibles is revalued in accordance with the consolidated entity's revaluation policy which is approved by the Board. The revaluation process is managed by the Head of Collections & Exhibitions and Head of Business Services and revaluations are approved by the Director. 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 movements by the consolidated entity's own expert curatorial staff.

Any revaluation increments arising on the revaluation of 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 Measurement* 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)

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: PROPERTY, PLANT & EQUIPMENT (continued)

Revaluation of artwork and collectibles (continued)

The consolidated entity's policy is to recognise transfers in and out of their fair value hierarchy level as at the end of the reporting period.

Artwork and collectibles of the consolidated entity are classified as level 2 in the fair value hierarchy \$3,851,318 (2018 \$3,613,339).

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.

Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current financial year.

	Plant and equipment	Furniture, fixtures and fittings	Artwork and collectibles	Total
	\$	\$	\$	\$
30 June 2019				
Balance at beginning of year	391,462	169,065	3,613,339	4,173,866
Additions	6,077	34,138	225,797	266,012
Disposals	-	-	-	-
Revaluation surplus	-	-	12,182	12,182
Depreciation expense	(75,273)	(29,523)	-	(104,796)
Balance at 30 June 2019	322,266	173,680	3,851,318	4,347,264
30 June 2018				
Opening carrying amount	450,184	174,451	3,461,804	4,086,439
Additions	23,029	48,544	104,735	176,308
Disposals	(8,135)	(25,743)	-	(33,878)
Revaluation surplus	-	-	46,800	46,800
Depreciation Expense	(73,616)	(28,187)	-	(101,803)
Balance at 30 June 2018	391,462	169,065	3,613,339	4,173,866

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: PAYABLES

	2019	2018
	\$	\$
CURRENT		
Unsecured liabilities		
Trade Creditors	159,612	130,680
Other payables	161,688	116,840
Total	321,300	247,520

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 and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

NOTE 8: PROVISIONS

	2019	2018
	\$	\$
CURRENT		
Annual Leave	137,674	123,622
Long service leave	30,123	22,056
	167,797	145,678
(a) Number of employees at year end	48	48

Provisions

Provisions represent unpaid employee benefits in accordance with Note 3.

Movement in Provisions

	2019	2018
	\$	\$
<i>Annual Leave</i>		
Opening Carrying Amount	123,622	88,323
Provision/payment made during the year	14,052	35,299
Closing carrying amount	137,674	123,622

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: PROVISIONS (continued)

	2019	2018
	\$	\$
<i>Long Service Leave</i>		
Opening Carrying Amount	22,056	4,027
Provision/payment made during the year	8,067	18,029
Closing carrying amount	<u>30,123</u>	<u>22,056</u>

NOTE 9: OTHER LIABILITIES

	2019	2018
	\$	\$
CURRENT		
Deferred sponsorship income	<u>19,583</u>	<u>21,500</u>

The deferred sponsorship income relates to sponsorship from third party corporate entities and as per the sponsorship agreement this is for financial year 2019/2020. This amount was paid in advance during the year 30 June 2019.

NOTE 10: EQUITY

	2019	2018
	\$	\$
Museum of Brisbane Pty Ltd		
Issued and paid-up capital		
Ordinary shares	1	1
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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: 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. There have been no changes in the types of transactions the Consolidated entity enters into, and all of the Consolidated entity's financial assets are expected to be measured at fair value. The consolidated entity has the following categories of financial assets and financial liabilities.

	2019	2018
Financial assets	\$	\$
Cash and cash equivalents	1,130,959	887,645
Trade receivables	33,786	11,500
Total	<u>1,164,745</u>	<u>899,145</u>
Financial liabilities		
Payables	321,300	247,520
Total	<u>321,300</u>	<u>247,520</u>

Financial assets of the Consolidated entity for the current financial year include cash and cash equivalents and receivables measured at amortised cost. As the Consolidated entity's current receivables 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 results.

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 from 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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: FINANCIAL RISK DISCLOSURE (continued)

Financial Risk Management

Risk Exposure

Financial risk management is implemented pursuant to Company's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the controlled entities. 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 current credit risk in comparison to the credit risk that existed when the receivables were initially recognised has not changed, therefore it has been determined that there are no impairment losses to be recognised. There has been no substantial change in the nature of the Consolidated entity's receivables, and they do not include a significant financing component.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: FINANCIAL RISK DISCLOSURE (continued)

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks and state-based financing authorities.

(ii) Trade and other receivables

Credit risk for trade receivable 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 Consolidation Statement of Financial Position that are based on discounted cash flows.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
Year ended 30 June 2019					
Payables	321,300	-	-	321,300	642,600
Net Maturities	321,300	-	-	321,300	642,600
Year ended 30 June 2018					
Payables	247,520	-	-	247,520	247,520
Net Maturities	247,520	-	-	247,520	247,520

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: CONTINGENCIES

The Directors are not aware of any contingent assets or liabilities as at 30 June 2019 (2018: \$nil)

NOTE 13: COMMITMENTS

	2019	2018
	\$	\$
Operating lease commitments		
Non-cancelable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	817,366	800,684
- later than one year and not later than five years	15,700	833,066
	<u>833,066</u>	<u>1,633,750</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 4 years with 2 x 1-year options to renew and 2% annual increases. The tenant is also required to pay annual cleaning costs over the period of lease. The storage unit lease is for 3 years and will expire in November 2020.

The Museum of Brisbane has no capital commitments at year-end (2018: \$nil).

NOTE 14: EVENTS AFTER BALANCE DATE

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the consolidated entity.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: 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 15 - Revenue from Contracts with Customers

This Standard became effective for reporting periods beginning on or after 1 January 2018 for for-profit entities. The application date for not-for profit entities has been extended to annual periods beginning on or after 1 January 2019 (refer to *AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*).

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 a liability (unearned revenue) in the meantime).

AASB 1058 - Income of Not-for-Profit Entities

AASB 1058 replaces AASB1004 *Contributions*. This standard is effective from reporting periods beginning on or after 1 January 2019. Together with AASB 15, they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the Consolidated entity when preparing the financial statements for 2019-20. The Consolidated entity has reviewed the effect of AASB 15 and AASB 1058 and identified the following impacts of adoption of the new standards.

The Consolidated entity expects no changes to the revenue recognition methods as outlined under Note 2, therefore expects no material impact of these new accounting standards. The Consolidated entity does not currently have any revenue contracts with a material impact, however will monitor the impact of any such contracts subsequently entered into after 1 July 2019.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 - *Leases*

The standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 *Leases* and for lessors will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However profit results will be improved as the operating expense is replaced by interest expense and depreciation in the profit of loss under AASB 16. For classification within the statement of cash flows, the lease payment will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Consolidated entity intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Consolidated entity intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 - *Leases* (continued)

The Consolidated entity has assessed the impact of adoption for the financial year ending 30 June 2020 on the following lease commitments held:

- Commercial Building: Rent of City Hall
- Commercial Building: Rent of Acacia Ridge
- Plant and Equipment: Photocopier Rental Agreement

The consolidated entity has estimated the financial disclosure impact for the financial year ending 30 June 2020 to be as follows:

Consolidated Statement of Comprehensive Income: Lease expenses will be replaced by lease depreciation and lease interest of \$652,652 and \$41,558 respectively. The adoption will result in an increase in EBIT of \$20,171.

Consolidated Statement of Financial Position: The net asset position of the Consolidated entity will decrease by \$97,471 for the financial year ended 30 June 2020. This is the net result of an increase in the right to use current asset of \$1,251,769 and an increase in financial lease liabilities of \$1,349,240.

Consolidated Statement of Cash Flows: The lease payments will no longer be an operating expense outflow and will now be categorised as a financing cash flow.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration Expense	2019	2018
Compensation received by key management personnel of the Company	\$	\$
- short-term employee benefits	618,159	676,737
- post-employment benefits	59,914	59,154
- termination benefits	15,692	10,587
- long term benefits	960	1,200
	<u>694,725</u>	<u>747,678</u>

Transactions with key management personnel (KMP)

KMP include the Board of Directors and executive management team of Museum of Brisbane Pty Ltd. The compensation paid to KMP for 2018/2019 is disclosed above. The executive management team of Museum of Brisbane Pty Ltd include:

Executive Management Team

Renai Grace	Appointed: 15 November 2016
Georgia Sedgwick	Appointed: 29 September 2017
Melanie Heley	Appointed: 29 September 2017
Kathryn King	Appointed: 8 January 2018
Jill Martin	Resigned: 31 January 2019
Vivienne Johnson	Resigned: 19 October 2018
Danika Bakalich	Resigned: 29 January 2019

NOTE 17: AUDITOR'S REMUNERATION

	2019	2018
Audit and review of financial Statements	\$	\$
Audit services		
- Queensland Audit Office	<u>17,000</u>	<u>16,400</u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: RELATED PARTY TRANSACTIONS

The ultimate parent entity of the Consolidated entity is the Brisbane City Council (BCC).

Transactions with parent entity

During the year BCC contributed on going funding income under the Museum of Brisbane Funding Agreement of \$4,644,000 (2018: \$4,553,000).

The following goods and services were supplied by BCC on normal terms and conditions (excl. of GST):

	2019	2018
	\$	\$
Rent of premises	662,007	713,929
Project funding for Brisbane Art Design	300,000	-
Electricity	61,204	67,025
Cleaning	102,787	111,461
Work cover	5,000	5,345
Legal services	2,048	1,348
Other expenses	13,040	14,374
Total	1,146,086	913,482

Amounts owed to BCC for goods and services at 30 June 2019 is \$0.

Transactions with other related parties

The following transactions (inclusive of GST if applicable) occurred with other related parties of the Consolidated entity. Other related parties include subsidiaries of Brisbane City Council.

Name of entity	Type of transaction	2019
Brisbane Powerhouse Pty Ltd	Purchase	1,190
Brisbane Marketing Pty Ltd	Purchase	7,150
Brisbane Marketing Pty Ltd	In-kind	165,000

During the financial year, General Outdoor Advertising Pty Ltd trading as goa billboards, a company of whom Christopher Michael Tyquin, Museum of Brisbane Board member is a shareholder and director, provided services to the value of \$26,994 for outdoor advertising, \$12,540 of this value was provided in-kind.

All other transactions with other related parties were made on the terms and conditions available to the general public and have been assessed as immaterial.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: TAXATION

Museum of Brisbane Pty Ltd is a fully owned corporate entity of the Brisbane City Council. The consolidated entity'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 20: PARENT INFORMATION OF MUSEUM OF BRISBANE PTY LTD

	2019	2018
Statement of Comprehensive Income	\$	\$
Total surplus/(deficit)	25,581	37,396
Comprehensive Income	25,581	37,396
ASSETS		
Current Assets	1,031,339	840,486
Non-Current Assets	495,947	560,527
Total Assets	1,527,286	1,401,013
LIABILITIES		
Current Liabilities	506,149	405,458
Total Liabilities	506,149	405,458
Total Equity	1,021,136	995,555

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20: PARENT INFORMATION (continued)

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 2019, Museum of Brisbane had a contingent liability of \$Nil (2018:\$Nil).

Contractual commitments

At 30 June 2019, Museum of Brisbane Pty Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: \$Nil).

NOTE 21: ECONOMIC DEPENDENCY

The continuation of the consolidated entity is dependent on the ongoing financial commitment from Brisbane City Council. For the 2019-2020 financial year, Council has approved funding of \$4,736,000.

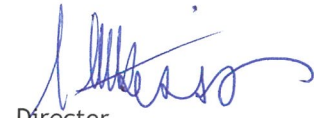
MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The consolidated financial statements and notes, as set out on pages 2-35, 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 entity's financial position as at 30 June 2019 and of its 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

Brisbane

Dated this TWENTIETH day of SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of the Museum of Brisbane Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Museum of Brisbane Pty Ltd and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, 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 directors' 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 group in accordance 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 am also independent in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Other information comprises the information included in the group's directors' report for the year ended 30 June 2019 but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group'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 group 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group'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 group'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 group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's directors 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.



John Welsh
as delegate of the Auditor-General

23 September 2019

Queensland Audit Office
Brisbane