

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

ABN 52 098 223 413

Financial Report

FOR THE YEAR ENDED 30 JUNE 2020

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

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FOR THE YEAR ENDED 30 JUNE 2020

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MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2020

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 2020 and auditors 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 the period ended 30 June 2020 are:

Names	Position	Appointed/Resigned
Sallyanne Atkinson AO	Director	Appointed: 27 August 2012
Jeffery Ross Humphreys	Director	Resigned: 22 September 2019
Christopher Michael Tyquin	Director	Appointed: 10 September 2012
Andrew Edward Harper	Director	Appointed: 10 September 2012
Liana Heath	Director	Appointed: 18 March 2019
Natasha Hood	Director	Appointed: 18 March 2019
Leanne Alva Coddington	Director	Appointed: 21 January 2020
Andrew Gutteridge	Director	Appointed: 23 January 2020

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 2020.

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 2020 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 2020

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	6	4	2
Jeffery Ross Humphreys	2	2	-	-
Christopher Michael Tyquin	6	5	4	4
Andrew Edward Harper	6	6	4	4
Liana Heath	6	6	-	-
Natasha Hood	6	5	4	3
Leanne Alva Coddington	3	3	-	-
Andrew Gutteridge	3	3	-	-

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 \$612,491 (2019: \$379,881).

Both the Company and the Trust recorded a positive result for the year despite the current challenges being experienced worldwide due to the Covid-19 pandemic. The Museum will utilise the surplus generated this year to fund programs that were postponed and an awareness campaign to attract local audience in the coming financial year.

Museum of Brisbane's Trust was established to receive gifts, bequests and donations. Philanthropic support has continued, enabling the further expansion of the Artist in Residence program, our Collection and to continue the maintenance program for 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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2020

2. Operating results and review of operations for the year (continued)

c Significant changes in state of affairs

On 11 March 2020, the World Health Organisation ("WHO") declared a pandemic in respect of the increasing cases of COVID-19 being recorded on a global basis. Since the WHO declaration, The Australian Commonwealth and State governments have been implementing various policy measures to respond to the pandemic, including quarantine measures and economic stimulus packages.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the Directors of the Company considered that the financial effects of COVID-19 on the consolidated entity's financial statements cannot be reasonably estimated for future financial periods.

The Museum has been closed to the public since 23 March 2020. This has affected the ticketed events and exhibitions as well as rental income, although the retail shop is open for online sales. The Museum is still continuing with the installation of a new exhibition, called The Storytellers, however has had to postpone programming this financial year including the Bauhaus exhibition to next financial year, and the exhibition sponsorship has been affected. On 6 April 2020, Brisbane City Council announced 4 months of rent relief for Museum of Brisbane. This credit was applied at 30 June 2020 and is reflected within revenue of the Statement of Comprehensive Income of \$270,099 (\$297,108 GST inclusive).

The Company's Directors and Management have performed a preliminary assessment of the potential impact of COVID-19 based on the nature of the Company's operations and business model. At this stage, with the information available at the date these financial statements are authorised for issue, Management concluded that the outbreak of COVID-19 did have a material impact on the 2020 financial results of the consolidated entity.

In the 2021 financial year, the Museum expects to continue to be affected by the impacts of COVID-19, with reduced income from sponsorship, education, engagement programs and retail. The Museum expects visitor numbers to be reduced generally and more specifically overseas and interstate visitors to be greatly affected. The Museum re-opens on 17 July 2020.

Except for the above, no other matters or circumstances have arisen during the 30 June 2020 financial year that have significantly or may significantly affect the consolidated entity.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

30 JUNE 2020

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 2020

5. Proceedings on Behalf of the Consolidated Entity

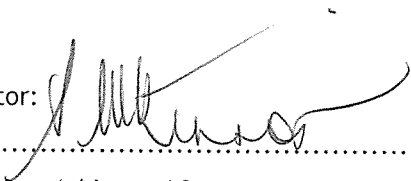
a Leave or proceedings

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

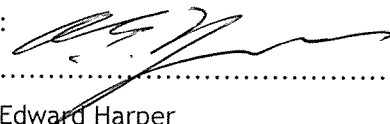
Signed on behalf of the Board of Directors:

Director:



Sallyanne Atkinson AO

Director:



Andrew Edward Harper

Dated this 21st day of August 2020

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 2020, 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

24 August 2020

Queensland Audit Office
Brisbane

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
OPERATING RESULT			
Income			
Revenue	2	6,753,462	7,212,067
Expenses			
Employee benefits expense	3	(2,988,855)	(3,037,289)
Audience development expenses		(1,114,572)	(1,666,673)
Program (exhibition) expenses		(524,828)	(626,438)
Lease expense		(9,007)	(710,614)
Minor equipment		(87,028)	(75,259)
Collection management		(35,797)	(76,833)
Depreciation and amortisation expenses	4	(820,946)	(104,796)
Internet webhosting expenses		(111,696)	(100,558)
Finance costs		(42,193)	-
Other expenses		(406,049)	(433,726)
Total Expenses		(6,140,971)	(6,832,186)
Operating Results for the Year		612,491	379,881
Other Comprehensive Income:			
Increase in asset revaluation surplus		11,975	12,182
Total Comprehensive Income		624,466	392,063

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,263,502	1,130,959
Receivables		297,109	33,786
Other assets		165,404	160,660
GST receivable		6,349	39,343
TOTAL CURRENT ASSETS		1,732,364	1,364,748
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,709,511	4,347,264
Right-of-use assets	7	1,345,982	-
TOTAL NON-CURRENT ASSETS		6,055,493	4,347,264
TOTAL ASSETS		7,787,857	5,712,012
LIABILITIES			
CURRENT LIABILITIES			
Payables	8	233,542	321,300
Provisions	9	132,369	167,797
Other liabilities	10	177,972	19,583
Lease liabilities	11	680,941	-
TOTAL CURRENT LIABILITIES		1,224,824	508,680
NON-CURRENT LIABILITIES			
Provisions	9	40,335	-
Lease liabilities	11	694,899	-
TOTAL NON-CURRENT LIABILITIES		735,234	-
TOTAL LIABILITIES		1,960,058	508,680
NET ASSETS		5,827,799	5,203,332
EQUITY			
Share Capital	12	1	1
Unitholder's capital	12	10	10
Asset revaluation surplus		92,689	80,714
Retained earnings		5,735,099	5,122,607
TOTAL EQUITY		5,827,799	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 CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Share Capital \$	Unit holder's capital \$	Asset revaluation surplus \$	Retained earnings \$	Total equity \$
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 1 July 2019		1	10	80,714	5,122,607	5,203,332
Operating Result from continuing operations		-	-	-	612,491	612,491
Increase in asset revaluation surplus		-	-	11,975	-	11,975
Total comprehensive income for the year		-	-	11,975	612,491	624,466
Balance at 30 June 2020		1	10	92,689	5,735,099	5,827,799

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,177,145	1,624,970
Receipt of funding from Brisbane City Council		4,736,000	4,644,000
Payment to suppliers and employees		(4,977,035)	(5,921,912)
ATO Cash Flow Boost for Employers received in error		50,000	-
Interest Received		25,161	36,892
Net cash provided by operating activities		<u>1,011,271</u>	<u>383,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for property, plant and equipment		(164,350)	(140,635)
Net cash used in investing activities		<u>(164,350)</u>	<u>(140,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments - principal component		(672,187)	-
Lease payments - interest component		(42,194)	-
Net cash used in financing activities		<u>(714,381)</u>	<u>-</u>
Net increase in cash held		132,540	243,314
Cash and cash equivalents at beginning of year		1,130,959	887,645
Cash and cash equivalents at end of financial year	5	<u><u>1,263,502</u></u>	<u><u>1,130,959</u></u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

RECONCILIATION OF CONSOLIDATED CASH FLOW OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

	Note	2020 \$	2019 \$
Cash Flow Information			
Reconciliation of Operating Result to Net Cash Provided by Operating Activities			
Operating surplus/(deficit)		612,491	379,881
Non-cash items included in operating result			
Depreciation		820,946	104,796
Interest expense		42,194	-
Value of artwork and collectibles donated	2	(304,824)	(125,377)
Changes in assets and liabilities			
Decrease/(Increase) in receivables		(263,321)	(22,286)
Decrease/(Increase) in other assets		(4,745)	(29,632)
Decrease/(Increase) in GST receivable		32,994	-
(Decrease)/Increase in payables		(87,761)	56,367
(Decrease)/Increase in other liabilities		158,389	(1,917)
(Decrease)/Increase in provisions		4,907	22,119
Net Cash provided by Operating Activities		1,011,271	383,950

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 and Principal place of business of the Company is City Hall, Level 3, 64 Adelaide Street, 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.

IMPACT OF COVID-19

The Museum closed to the public on 23 March 2020 and reopened on 17 July 2020. This decreased revenue from ticketed events and exhibitions. Merchandise sales were partially supported through the retail shop remaining open online.

Brisbane City Council provided 4 months of rent relief for Museum of Brisbane. This credit was applied at 30 June 2020 and is reflected as other revenue within the Statement of Comprehensive Income for \$270,099.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020.

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.

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 2020

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 accounts. 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 to the nearest dollar.

1(d) Comparatives

Comparative information reflects the audited 2018-19 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 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(f) Adoption of New and Revised Accounting Standards

The Consolidated entity has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities* and *AASB 16 Leases* effective from 1 July 2019.

AASB 15 - Revenue from Contracts with Customers

AASB 15 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.

For the financial year ended 30 June 2020, income has been identified as contracts with customers or other revenue (refer to Note 2).

Note 10 discloses deferred income, where payment has been receipted, but the contract has not been fulfilled.

AASB 1058 - Income of Not-for-Profit Entities

AASB 1058 replaces *AASB 1004 Contributions*. Together with *AASB 15*, these Standards contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

The Consolidated entity reports no changes to the revenue recognition methods as outlined under Note 2, therefore there is no material impact of these new accounting standards. The Consolidated entity does not currently have any revenue contracts with a material impact, however will continue to monitor the impact of any such contracts subsequently entered into after 1 July 2020.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(f) Adoption of New and Revised Accounting Standards (continued)

AASB 16 - Leases

AASB 16 replaces *AASB 117 Leases* and for lessors eliminates the classifications of operating leases and finance leases. Subject to exceptions, a lease liability 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 over 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 lease liability asset is recognised or lease payments are expensed in the profit or loss as incurred. A 'right-of-use' asset 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 or loss under *AASB 16*. For classification within the statement of cash flows, the lease payment has been 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 has applied *AASB 16* using the modified retrospective approach. Therefore, the right-of-use asset recognised will be equal to the lease liability calculated at 1 July 2019. 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*.

The Consolidated entity identified the following lease commitments held:

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(f) Adoption of New and Revised Accounting Standards (continued)

AASB 16 - Leases

The weighted average lessee's incremental borrowing rate applied to lease liabilities in the statement of financial position at the date of initial application is 2.45% which is reflective of the average borrowing rate for similar term loans at a similar credit rating.

During the financial year Brisbane City Council provided the Museum of Brisbane Pty Ltd rent relief of 4 months. The Entity has applied the practical expedient relating to the credit applied to rent paid. This credit was applied at 30 June 2020 and is reflected within revenue of the Statement of Comprehensive Income of \$270,099 (\$297,108 GST inclusive).

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(f) Adoption of New and Revised Accounting Standards (continued)

AASB 16 - Leases (continued)

The following table demonstrates how the entity's lease expenses would be treated under AASB 117, and how it has been treated in the financial report under AASB 16:

For the period ended 30 June 2020	As reported under AASB 117	Impact of changes in accounting policies	As reported under AASB 16
Lease expenses	723,389	(714,381)	9,008 (i)
Depreciation expenses	-	702,045	702,045
Interest expenses	-	42,194	42,194
Profit for the year	642,349	29,858	612,491
Total comprehensive income for the year	654,324	29,858	624,466

(i) Note the residual lease expenses reported of \$9,008 in the Statement of Other Comprehensive Income relates to outgoings of utilities, rates and other taxes attached to the lease of the storage facility in Acacia Ridge, these are excluded from AASB 16.

No other new Australian Accounting Standard effective for the first time in 2019-20 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 9).

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: REVENUE

	2020	2019
	\$	\$
<i>Funding</i>		
Brisbane City Council funding	4,736,000	4,644,000
	<u>4,736,000</u>	<u>4,644,000</u>
<i>Revenue from Contracts with Customers</i>		
Grant revenue	73,303	123,900
Merchandise sales	282,312	400,894
Corporate fundraising	174,970	187,417
Venue hire	2,650	1,380
Public programs/tours revenue	118,933	232,803
Projects	209,882	313,845
	<u>862,050</u>	<u>1,260,239</u>
<i>Other revenue</i>		
Artwork donations*	304,824	125,377
Interest income	25,161	36,892
Sponsorship-in-kind	373,003	888,869
Philanthropy	119,930	248,847
Other	332,494	7,843
	<u>1,155,412</u>	<u>1,307,828</u>
Total Revenue	<u><u>6,753,462</u></u>	<u><u>7,212,067</u></u>

*Included in donations is an amount of \$304,834 (2019: \$125,377) 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 2020

NOTE 2: REVENUE (continued)

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

Funding

Funding received from Brisbane City Council, is not attached to performance obligations and the revenue is therefore recognised when the cash is receipted.

Grants

Grant revenue received for a purpose other than acquiring or constructing a non-financial asset is recognised in accordance with AASB 15 and the Consolidated Entity recognised the grant revenue on satisfaction of the performance obligations of the contract.

Sales Revenue

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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.

Fundraising

Corporate fundraising sponsorships are recognised as revenue monthly, quarterly, bi-annually or annually within the same financial year in which the sponsorship relates to.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: REVENUE (continued)

Philanthropy

Revenue is recognised as the donation occurs.

Ticketing/tours

Ticketing and touring is recognised at delivery of service.

Projects

Project income relates to Council funding in respect to services provided by the Museum in relation to specific projects. Revenue is recognised when the services have been provided.

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	2020	2019
	\$	\$
Employee benefits expense		
Wages and salaries	2,348,980	2,443,223
Annual leave and long service leave provision expense	253,039	200,444
Superannuation contributions	242,337	245,073
Workers compensation premium	9,015	11,441
Payroll tax	135,484	137,108
Total	2,988,855	3,037,289

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.

Superannuation

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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4: DEPRECIATION EXPENSE

	2020	2019
	\$	\$
Depreciation of non-current assets		
- Plant and equipment	77,984	75,272
- Furniture and fittings	40,917	29,524
- Right-of-use asset	702,045	-
Total	820,946	104,796

NOTE 5: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash on hand	1,146	1,500
Cash at bank	418,707	606,534
Cash on deposits	843,649	522,925
Total	1,263,502	1,130,959

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash assets include all cash and cheque's 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 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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: PROPERTY, PLANT & EQUIPMENT

	2020	2019
	\$	\$
Plant and equipment		
Plant and equipment of cost	897,011	857,608
Accumulated Depreciation	(613,326)	(535,342)
	<u>283,685</u>	<u>322,266</u>
Furniture, fixtures and fittings at cost	392,828	339,268
Accumulated depreciation	(206,506)	(165,588)
	<u>186,322</u>	<u>173,680</u>
Computer Equipment at cost	8,266	8,266
Accumulated Depreciation	(8,266)	(8,266)
	<u>-</u>	<u>-</u>
Artwork and collectibles	4,239,504	3,851,318
Total Property, plant and equipment	<u>4,709,511</u>	<u>4,347,264</u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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. 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.

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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 of disposal and current replacement cost.

An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

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 2020

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 are 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 2020

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 \$4,239,504 (2019 \$3,851,318).

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 2020				
Balance at beginning of year	322,266	173,680	3,851,318	4,347,264
Additions	39,403	53,559	376,211	469,173
Disposals	-	-	-	-
Revaluation surplus	-	-	11,975	11,975
Depreciation expense	(77,984)	(40,917)	-	(118,901)
Balance at 30 June 2020	283,685	186,322	4,239,504	4,709,511
30 June 2019				
Opening carrying amount	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

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7: RIGHT-OF-USE ASSETS

Buildings

The Museum leases two buildings which are used for offices and storage.

Plant & Equipment

The Museum leases a photocopier under a rental agreement.

Each lease is amortised on a straight line basis until the end of the lease term.

The remaining periods of the leases as at 30 June 2020 are as follows:

- Rent of Commercial Building (City Hall): 24 months
- Rent of Commercial Building (Acacia Ridge): 5 months
- Rent of Plant & Equipment (Photocopier Rental Agreement): 20 months

For the financial year commencing 1 July 2019, the Consolidated Entity has adopted AASB 16 Leases (refer to note 1 (f)). The impact of this results in almost all leases being recognised in the statement of financial position, as the distinction between operating and financing leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. The only exemption are short-term and low-value assets.

	Buildings	Plant & Equipment	Total
	\$	\$	\$
Adoption of AASB 16 at 1 July 2019	2,042,145	5,882	2,048,027
Depreciation charge	(699,906)	(2,139)	(702,045)
Balance as at 30 June 2020	1,342,239	3,743	1,345,982

NOTE 8: PAYABLES

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities		
Trade Creditors	104,012	159,612
Other payables	129,530	161,688
Total	233,542	321,300

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PAYABLES (continued)

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 9: PROVISIONS

	2020	2019
	\$	\$
CURRENT		
Annual Leave	123,659	137,674
Long service leave	8,710	30,123
	<u>132,369</u>	<u>167,797</u>
(a) Number of employees at year end	<u>42</u>	<u>48</u>
NON CURRENT		
Long service leave	40,335	-
	<u>40,335</u>	<u>-</u>

Movement in Provisions

	2020	2019
	\$	\$
<i>Annual Leave</i>		
Opening Carrying Amount	137,674	123,622
Provision/payment made during the year	(14,015)	14,052
Closing carrying amount	<u>123,659</u>	<u>137,674</u>

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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: PROVISIONS (continued)

	2020	2019
	\$	\$
<i>Long Service Leave</i>		
Opening Carrying Amount	30,123	22,056
Provision/payment made during the year	18,922	8,067
Closing carrying amount	49,045	30,123

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.

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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: OTHER LIABILITIES

	2020	2019
	\$	\$
CURRENT		
Deferred sponsorship income	12,113	19,583
Grants received in advance	165,859	-
	<u>177,972</u>	<u>19,583</u>

The deferred sponsorship income relates to sponsorship from third party corporate entities and as per the sponsorship agreement this is for financial year 2020/2021. This amount was paid in advance during the year 30 June 2020. The 2019 financial year deferred sponsorship income was utilised in the 2020 financial year.

Grants received in advance refers to Visions of Australia funding for Museum of Brisbane Pattern and Print: Easton Pearson Archive project and Indigenous Languages and Arts Program - Living Cultures program. The Visions for Australia contract relating to the grants was executed 29 November 2019. The entity will recognise the grant as income on execution of performing the Touring of the Pattern and Print: Easton Pearson Archive Project. The activity for recognition of the income ends on 31 December 2022 per the agreement. The Indigenous Languages and Arts Program - Living Cultures the Museum will recognise the grant for financial year 2019-2020 as income on execution of performing the program. The activity for recognition of the income ends on 31 December 2020.

NOTE 11: LEASE LIABILITIES

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

< 1 year	1 - 5 years	> 5 years	Total	Total per statement of financial position
\$	\$	\$	\$	\$
706,638	704,047	-	1,383,405	1,375,840

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: EQUITY

	2020	2019
Museum of Brisbane Pty Ltd		
Issued and paid-up capital		
Ordinary shares at \$1 per share	1	1
Museum of Brisbane Trust		
Unitholder's contribution at \$1 per unit	10	10

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 2020

NOTE 13: 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 amortised cost. The consolidated entity has the following categories of financial assets and financial liabilities.

	2020	2019
Financial assets	\$	\$
Cash and cash equivalents	1,263,502	1,130,959
Trade receivables	297,109	33,786
Total	<u>1,560,611</u>	<u>1,164,745</u>
Financial liabilities		
Payables	233,542	321,300
Total	<u>233,542</u>	<u>321,300</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.

Classification

Financial Instruments are classified and measured as follows:

- Cash and cash equivalents - at amortised cost
- Receivables - at amortised cost
- Payables - at amortised cost

The consolidated entity does not enter into transactions for speculative purposes, nor for hedging.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: 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 2020

NOTE 13: 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.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: CONTINGENCIES

The Directors are not aware of any contingent assets or liabilities as at 30 June 2020 (2019: \$nil)

NOTE 15: COMMITMENTS

	2020	2019
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	-	817,366
- later than one year and not later than five years	-	15,700
	<u>-</u>	<u>833,066</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 (2019: \$nil).

Operating lease commitments reconciliation

	\$
Operating lease commitments at 30 June 2019 per financial statements	833,066
Add:	
Operating lease commitments not disclosed previously - Photocopier lease	6,080
Options reasonably certain to be exercised not included in 2019 commitments disclosure	1,391,278
Less:	
Cleaning costs separated from the cost of the lease	(105,358)
Present value adjustment	(77,038)
Lease liabilities recognised at 1 July 2019	<u>2,048,028</u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16: EVENTS AFTER BALANCE DATE

There has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the consolidated entity.

NOTE 17: FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

AASB 1059 - *Service Concession Arrangements: Grantors*

AASB 1059 applies to concession arrangements where the operator provides public services related to a service concession on behalf of the grantor, and manages at least some of those services under its own discretion, rather than at the discretion of the grantor. The new standard will cause a change in accounting practice as grantors move from a 'risks and rewards' approach to a 'control approach'.

The transition date for AASB 1059 is 1 July 2020. Consequently, these standards will first apply to the Consolidated entity when preparing the financial statement for 2020-21. As the Consolidated entity has not and does not expect to enter into a service concession agreement, the Museum expects no material impact from the introduction of AASB 1059.

AASB 2018-6 - *Amendments to Australian Accounting Standards - Definition of a Business* and AASB 2018-7 - *Amendments to Australian Accounting Standards - Definition of Material*

To align with equivalent changes approved by the International Accounting Standards Board in October 2018, the Australian Accounting Standards Board published AASB 2018-6 and AASB 2018-7 to amend the definitions of a 'business' and 'material' in December 2018. AASB 2018-6 clarifies the definition of a 'business' to assist entities when determining whether a transaction should be accounted for as a business combination or an asset acquisition. AASB 2018-7 clarifies the definition of what is 'material' to the financial statements, including adding guidance and explanations to accompany the definition.

These standards apply to annual reporting periods beginning on or after 1 January 2020, therefore they will first apply to the Consolidated entity from 1 July 2020, and are not expected to have a material impact on the financial statements.

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration Expense	2020	2019
Compensation received by key management personnel of the Company	\$	\$
- short-term employee benefits	583,184	618,159
- post-employment benefits	59,384	59,914
- termination benefits	-	15,692
- long term benefits	515	960
	<u>643,083</u>	<u>694,725</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 2019/2020 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	Resigned: 31 January 2020
Melanie Heley	Appointed: 29 September 2017
Kathryn King	Resigned: 17 January 2020
Carolyn Karnovsky	Appointed: 23 March 2020
Alix Perry	Appointed: 10 January 2020
Dan Templeman	Appointed: 4 February 2020

NOTE 19: AUDITOR'S REMUNERATION

	2020	2019
Audit and review of financial Statements	\$	\$
Audit services		
- Queensland Audit Office	<u>17,425</u>	<u>17,000</u>

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20: 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 \$4,736,000 (2019: \$4,644,000).

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

	2020	2019
	\$	\$
Rent of premises	675,247	662,007
Rent Relief received	(270,099)	-
Project funding for Brisbane Art Design	200,000	300,000
Electricity	68,958	61,204
Cleaning	104,394	102,787
Work cover	5,000	5,000
Legal services	-	2,048
Other expenses	9,320	13,040
Total	792,820	1,146,086

Amounts owed to BCC for goods and services at 30 June 2020 is \$45,844.

Amounts owed from BCC relating to rent relief at 30 June 2020 is \$297,109.

Transactions with other related parties

There were no transactions between the Museum of Brisbane and other subsidiaries of Brisbane City Council.

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 \$22,134 for outdoor advertising, \$5,700 of this value was provided in-kind. In 2019, the value of services provided was \$26,994 for outdoor advertising, and \$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 2020

NOTE 21: 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 Equivalent regime in relation to income tax.

NOTE 22: PARENT INFORMATION OF MUSEUM OF BRISBANE PTY LTD

	2020	2019
Statement of Comprehensive Income	\$	\$
Total surplus/(deficit)	255,770	25,581
Comprehensive Income	255,770	25,581
ASSETS		
Current Assets	1,417,079	1,031,339
Non-Current Assets	1,815,988	495,947
Total Assets	3,233,067	1,527,286
LIABILITIES		
Current Liabilities	552,992	506,149
Non-Current Liabilities	1,403,171	-
Total Liabilities	1,956,163	506,149
Total Equity	1,276,904	1,021,136

MUSEUM OF BRISBANE PTY LTD AND ITS CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22: 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 2020, Museum of Brisbane had a contingent liability of \$Nil (2019:\$Nil).

Contractual commitments

At 30 June 2020, Museum of Brisbane Pty Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: \$Nil).

NOTE 23: ECONOMIC DEPENDENCY

The continuation of the consolidated entity is dependent on the ongoing financial commitment from Brisbane City Council. For the 2020-2021 financial year, Council has approved funding of \$4,830,720 million (exclusive of GST).

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 2-41, 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 2020 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 21st day of August 2020

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 2020, 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 2020, 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 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 Auditing Standards*. I am also independent in accordance with the auditor independence requirements of the *Corporations Act 2001*.

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

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.



24 August 2020

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane