

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

Financial Report

FOR THE YEAR ENDED 30 JUNE 2020

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

CONTENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Page
Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flow	5
Notes to the Financial Statements	7
Trustees' Declaration	11
Independent Auditor's Report	12

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue			
Artwork donations	2	304,824	125,377
Philanthropy		119,930	248,847
Donations		6,483	7,843
Interest		1,529	1,963
Other income		-	20,000
Total Revenue		432,766	404,030
Expenses			
Acquisition costs		(3,500)	(2,300)
Accounting and bookkeeping fees		(6,000)	(4,990)
Bank & credit card charge/fees		(352)	(850)
Philanthropy expenses		(66,192)	(41,428)
Other expenses		-	(163)
Total Expenses		(76,044)	(49,731)
Surplus for the year		356,722	354,299
Other Comprehensive Income:			
Increase in asset revaluation surplus		11,975	12,182
Total Comprehensive Income for the year		368,697	366,481

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		308,937	330,323
GST Receivable		3,108	3,086
TOTAL CURRENT ASSETS		<u>312,045</u>	<u>333,409</u>
NON-CURRENT ASSETS			
Artwork and collectibles	3	4,239,504	3,851,318
TOTAL NON-CURRENT ASSETS		<u>4,239,504</u>	<u>3,851,318</u>
TOTAL ASSETS		<u>4,551,549</u>	<u>4,184,727</u>
CURRENT LIABILITIES			
Trade and other payables		655	2,530
TOTAL CURRENT LIABILITIES		<u>655</u>	<u>2,530</u>
TOTAL LIABILITIES		<u>655</u>	<u>2,530</u>
NET ASSETS		<u>4,550,894</u>	<u>4,182,197</u>
UNITHOLDER'S EQUITY			
Units		10	10
Retained surplus		4,458,194	4,101,472
Asset revaluation surplus		92,689	80,714
TOTAL EQUITY		<u>4,550,894</u>	<u>4,182,197</u>

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

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Unitholders	Asset revaluation surplus	Retained earnings	Total equity
Note	\$		\$	\$
Balance at 1 July 2018	10	68,532	3,747,173	3,815,715
Surplus for the year	-	-	354,299	354,299
Increase in asset revaluation surplus	-	12,182	-	12,182
Total comprehensive income for the year	-	12,182	354,299	366,481
Balance at 1 July 2019	10	80,714	4,101,472	4,182,197
Surplus for the year	-	-	356,722	356,722
Increase in asset revaluation surplus	-	11,975	-	11,975
Total comprehensive income for the year	-	11,975	356,722	368,697
Balance at 30 June 2020	10	92,689	4,458,194	4,550,894

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

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Receipts from customers		119,931	268,886
Donations		6,483	7,843
Payments to suppliers		(77,941)	(56,558)
Interest Received		1,529	1,963
Net cash provided by operating activities		50,002	222,134
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for artwork and collectibles		(71,388)	(100,420)
Net cash used in investing activities		(71,388)	(100,420)
Net increase/(decrease) in cash held		(21,386)	121,713
Cash and cash equivalents at beginning of financial year		330,323	208,610
Cash and cash equivalents at end of financial year		308,937	330,323

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

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

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

NOTES TO THE STATEMENT OF CASH FLOW

Cash Flow Information

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Note	2020	2019
		\$	\$
Operating surplus/(deficit)		356,722	354,299
Non-cash items included in operating result			
Value of artwork and collectibles donated	2	(304,824)	(125,377)
Changes in assets and liabilities			
Increase/(decrease) in payables		(1,874)	(6,709)
Decrease/(increase) in receivables		(22)	(79)
Net Cash provided by Operating Activities		<u>50,002</u>	<u>222,134</u>

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

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

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

CORPORATE INFORMATION

Museum of Brisbane Trust ("the Trust") is a Trust incorporated and domiciled in Australia. The registered office of the Trust is City Hall, Level 3, 64 Adelaide Street, Brisbane QLD 4000.

OBJECTIVES OF THE TRUST

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

TRUSTEE

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of preparation

These special purpose financial statements are for the period 1 July 2019 to 30 June 2020. The Directors of the Trustee have determined that the Trust is not a reporting entity as there are no users dependent on these financial statement for information that would be useful for them for making and evaluating decisions about the allocation of resources.

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

Statement of Compliance

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

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

- AASB 101 Presentation of Financial Statements*
- AASB 107 Statement of Cash Flows*
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1048 Interpretation of Standards*
- AASB 1054 Australian Additional Disclosures.*

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

1(b) Currency and rounding

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

1(c) Comparatives

Comparative information reflects the audited 2018-2019 financial statements.

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

1(d) Current/Non-current classification

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

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

1(e) Authorisation of Financial Statement for Issue

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

1(f) Estimates and judgments

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

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

1(g) Cash and cash equivalents

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

NOTE 2: REVENUE

Artwork donations

Contributed assets are recognised as assets and revenue at their fair value on the date of acquisition. From the total donation of artwork \$304,824 received during the year, Museum of Brisbane Pty Ltd donated artwork amounting to \$0 (2019 :\$2,000) to the Trust during the year.

Philanthropic Income and donations

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

NOTE 3: ARTWORK AND COLLECTIBLES

	2020	2019
Artwork collectibles	\$	\$
Opening carrying amount	3,851,318	3,613,338
Additions	376,211	225,798
Revaluation surplus	11,975	12,182
Closing carrying amount	<u>4,239,504</u>	<u>3,851,318</u>

The Trust has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities at 1 July 2019. There is no material impact on recognition of these standards.

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

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

NOTE 3: ARTWORK AND COLLECTIBLES (continued)

Recognition Threshold

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

Acquisition of Artwork and collectibles

Actual cost is used for the initial recording of all acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

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

Depreciation of Assets

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

Impairment of Non-current Assets

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

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

An impairment loss is recognised immediately in the 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.

Revaluation of artwork and collectibles

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

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

The artwork and collectibles is revalued in accordance with the Trust's revaluation policy which is approved by the Board of the trustee company. The revaluation process is managed by the Collection Manager and Head of Business Services and revaluations are approved by the Director of the trustee company. At least once every 5 years, a revaluation is conducted by an external valuer for artworks with higher individual values. The remaining items 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 movement by the Trust's own expert curatorial staff.

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

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

NOTE 3: ARTWORK AND COLLECTIBLES (continued)

Revaluation of artwork and collectible's (continued)

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

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

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

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

Artwork and collectibles of the Trust are classified as level 2 in the fair value hierarchy \$4,239,504 (2019 \$3,851,318).

Specific valuation techniques used to derive fair values

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

NOTE 4: AUDITOR'S REMUNERATION

	2020	2019
Audit and review of financial Statements	\$	\$
Audit services		
- Queensland Audit Office	6,150	6,000

MUSEUM OF BRISBANE TRUST

ABN 70 514 947 142

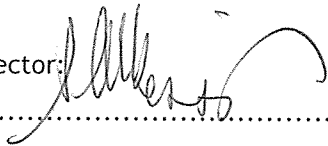
THE TRUSTEE'S DECLARATION

The Trustee of the Museum of Brisbane Trust declares that the Trust is not a reporting entity and that this special purpose financial report has been prepared in accordance with Clause 9.2 of the Trust Deed of the Museum of Brisbane Trust dated 21 October 2011 and the *Australian Charities and Not-for-profit Commission Act 2012* and *Australian Charities and Not-for-profit Commission regulation 2013*.

In the opinion of the Trustee:

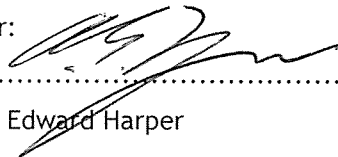
1. The financial statements and notes present fairly the Trust's financial position as at 30 June 2020 and its performance for the year ended in accordance with the accounting policies described in Note 1.
2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission Act 2012* signed in accordance with the subsection 60.15 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director:



Sallyanne Atkinson AO

Director:



Andrew Edward Harper

Brisbane

Dated this 21st day of August 2020

INDEPENDENT AUDITOR'S REPORT

To the Trustee of the Museum of Brisbane Trust

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the Museum of Brisbane Trust deed dated 21 October 2011, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and the financial reporting framework described in Note 1(a).

The financial report comprises the statement of financial position as at 30 June 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 trustee's 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 trust in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Emphasis of matter – basis of accounting

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

Responsibilities of the trustee for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trust.
- Conclude on the appropriateness of the trust's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



24 August 2020

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane