

**Murray Arts Incorporated**

**ABN 78 816 892 584**

**Special Purpose Financial Statements**

For the year ended 31 December 2019

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## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue	2	363,190	380,537
Employee costs		211,153	210,671
Administration expenses		39,278	44,840
Depreciation expenses	5	1,799	1,847
Motor vehicle expense		13,790	13,644
Rent and outgoings		10,693	11,362
Program Expenses		57,402	85,649
Repairs and maintenance		-	2,089
Other expenses		3,504	4,047
Surplus before income tax expense		<u>25,571</u>	<u>6,388</u>
Income tax expense	1(c)	<u>-</u>	<u>-</u>
Net surplus		<u>25,571</u>	<u>6,388</u>
Other comprehensive income		-	-
Total comprehensive result for the year		<u>25,571</u>	<u>6,388</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## Statement of financial position

As at 31 December 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	399,276	317,732
Trade and other receivables	4	7,696	1,397
Inventories		740	740
Prepayments		3,477	3,477
<b>Total current assets</b>		<u>411,189</u>	<u>323,346</u>
<b>Non-current assets</b>			
Property, plant & equipment	5	<u>6,554</u>	<u>8,353</u>
<b>Total non-current assets</b>		<u>6,554</u>	<u>8,353</u>
<b>Total assets</b>		<u>417,743</u>	<u>331,699</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	37,831	27,084
Employee Benefits	7	17,588	17,588
Other Liabilities	8	<u>212,562</u>	<u>162,836</u>
<b>Total current liabilities</b>		<u>267,981</u>	<u>207,508</u>
<b>Total liabilities</b>		<u>267,981</u>	<u>207,508</u>
<b>Net assets</b>		<u>149,762</u>	<u>124,191</u>
<b>EQUITY</b>			
Accumulated Surplus		<u>149,762</u>	<u>124,191</u>
<b>Total equity</b>		<u>149,762</u>	<u>124,191</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

## Statement of changes in equity

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
<b>Accumulated surplus</b>			
Accumulated surplus at the beginning of the financial year		124,191	86,330
Change in accounting policy	1(m)	-	31,473
Amended Accumulated surplus at the beginning of the financial year		<u>124,191</u>	<u>117,803</u>
Net surplus for the year		25,571	6,388
Accumulated surplus at the end of the financial year		<u>149,762</u>	<u>124,191</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of cash flows

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from grant funding, contributions & customers		402,655	420,345
Cash payments in the course of operations		(325,073)	(355,421)
Interest received		3,962	3,871
<b>Net cash inflow/(outflow) from operating activities</b>	10	<u>81,544</u>	<u>68,795</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment	5	-	(5,658)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>-</u>	<u>(5,658)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>			
		81,544	63,137
Cash and cash equivalents at the beginning of the financial year		<u>317,732</u>	<u>254,595</u>
<b>Cash and cash equivalents at the end of the financial year</b>	3	<u><u>399,276</u></u>	<u><u>317,732</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### Note 1. Summary of significant accounting policies

#### (a) Basis of accounting

In the Board of Management's opinion, Murray Arts Incorporated (the 'Association') is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements that have been prepared for the sole purpose of complying with the requirements of the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012* to prepare and distribute financial statements to the members and must not be used for any other purpose. The Board of Management has determined that the accounting policies adopted are appropriate to meet the needs of the members.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The Association has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently where appropriate the Association has elected to apply options and exemptions within the AIFRS which are applicable to not-for-profit entities.

The financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements with the exception of the requirements of the following:

- AASB 7 - Financial Instruments: Disclosures
- AASB 9 – Financial Instruments
- AASB 15 – Revenue from Contracts with Customers
- AASB 16 - Leases
- AASB 119 - Employee Benefits
- AASB 124 - Related Party Disclosures
- AASB 132 - Financial Instruments: Presentation
- AASB 1058 – Income for Not-for-Profit Entities

The financial statements are prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

#### (b) Revenue Recognition

##### (i) *Create NSW funding*

Create NSW funding is received on a calendar year basis and recognised as income in the year to which it relates. Any such funding received in advance of the year to which it relates is deferred as a liability called income in advance (note 8).

##### (ii) *Council contribution income*

Council contribution income is recognised as revenue upon receipt.

## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### Note 1. Summary of significant accounting policies (continued)

#### (b) Revenue Recognition (continued)

##### (iii) Project income

Project income is recognised as revenue when the Association receives the income or has the rights to the income. However, where any amounts are received at balance date and remain unexpended and may have to be refunded, these amounts are not brought to account as revenue and are disclosed as a liability called income in advance (note 8).

##### (iv) Interest

Interest revenue is recognised on an accrual basis, taking into account the interest rates applicable to the financial assets.

#### (c) Income tax

Murray Arts Incorporated is exempt from income tax.

#### (d) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

#### (e) Trade and other receivables

Debtors are brought to account at their nominal amounts. A provision for doubtful debts is raised based on an expected credit loss model.

#### (f) Property, plant and equipment

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the prime cost and diminishing value method to write off the cost of the asset over its expected useful life. The depreciation rates applied are as follows:

	<u>2019</u>	<u>2018</u>
Office Equipment	5-40%	5-40%

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount exceeds its estimated recoverable amount.

#### (g) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. As the Association is a not-for-profit entity for AIFRS purposes, the value in use is the depreciated replacement cost of the asset.

## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### Note 1. Summary of significant accounting policies (continued)

**(h) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within normal trading terms.

**(i) Employee Entitlements**

*(i) Annual leave*

A liability for annual leave is recognised, and is measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

*(ii) Long service leave*

A liability for long service leave is recognised and is measured at 100% of the entitlement at the reporting date for all employees with 5 years' service or more.

**(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**(k) Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

**(l) Maintenance and repairs**

Maintenance and repairs are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case are capitalised and depreciated in accordance with note 1(f).



## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### (m) Change of accounting policy

Murray Arts receives contributions from six local governments; Albury City Council, Federation Council, Greater Hume Shire Council, Indigo Shire Council, Towong Shire Council and Wodonga Council. In 2019 management has changed the accounting policy for recognising council contributions to now be recognised on receipt of the monies. Previously, Council contributions relating to periods spanning across the Associations balance date were recognised proportionately across the periods to which they relate with the portion of contribution income received before year end, but relating to the following period, being deferred as a liability called income in advance.

The impact of these corrections has been a restatement of the 2018 comparative balances as follows:

	2018	Adjustment	Restated 2018
	\$	\$	\$
<b>Current Liability</b>			
Other Liabilities (Income in advance)	194,309	(31,473)	162,836
<b>Equity</b>			
Retained earnings	92,718	31,473	124,191

### Note 2. Revenue

	2019	2018
	\$	\$
<b>Revenue</b>		
Create NSW funding	140,000	140,000
Council contribution income	85,458	82,173
Project income	130,197	124,980
Interest income	3,962	3,871
Other income	3,573	32,823
Profit/(Loss) on sale of assets	-	(3,310)
Total Revenue	<u>363,190</u>	<u>380,537</u>

## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### Note 3. Current assets - Cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	2,613	3,458
Business account	35,582	186,160
Foundation account	1	1
Business I-saver	232,932	32,176
Hume Investment account	124,931	91,730
Burraja Arts account	3,217	4,207
	<u>399,276</u>	<u>317,732</u>

### Note 4. Current assets – Trade and other receivables

Trade receivables	6,976	676
Accrued income	720	721
	<u>7,696</u>	<u>1,397</u>

### Note 5. Non-current assets - Property, plant and equipment

Plant and equipment – At cost	29,316	29,316
Less: Accumulated depreciation	(22,762)	(20,963)
	<u>6,554</u>	<u>8,353</u>
Total Property, Plant & Equipment	<u>6,554</u>	<u>8,353</u>

### Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

	<b>Plant &amp; Equipment</b>
Carrying amount at the beginning of the year	8,353
Additions	-
Disposals	-
Depreciation	<u>(1,799)</u>
	<u>6,554</u>

## Notes to and forming part of the financial statements

For the year ended 31 December 2019

### Note 6. Current liability - Trade and other payables

	2019	2018
	\$	\$
Trade creditors	2,427	1,901
Accrued Expenses	2,362	2,362
Net GST payable	19,123	10,248
Sundry Payables	13,919	12,573
	<u>37,831</u>	<u>27,084</u>

### Note 7. Provisions

#### Current

Provision for annual leave	<u>17,588</u>	<u>17,588</u>
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### Note 8. Current liability – Other Liabilities

Income in advance	<u>212,562</u>	<u>162,836</u>
	<u>212,562</u>	<u>162,836</u>

### Note 9. Commitments for expenditure

#### Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	12,912	9,197
Later than one year but not later than 5 years	-	2,996
	<u>12,912</u>	<u>12,193</u>

### Note 10. Reconciliation of surplus to net cash inflow from operating activities

Surplus after income tax	25,571	6,388
Depreciation	1,799	1,847
Net loss on sale of fixed assets	-	3,310
Change in operating assets and liabilities:		
Decrease/(Increase in trade and other receivables	(6,299)	(133)
Decrease/(Increase in prepayments	-	(1,250)
Increase/(Decrease) in trade and other payables	10,747	10,642
Increase/(Decrease) in provisions for employees	-	7,104
Increase/(Decrease) in other liabilities	49,726	40,887
	<u>81,544</u>	<u>68,795</u>

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## **Notes to and forming part of the financial statements**

For the year ended 31 December 2019

### **Note 11. Events occurring after the balance date**

No matter or circumstance has arisen up to the date of the signing of these statements that has significantly affected, or may significantly affect the Association's operations in future financial years, or the results of those operations in future financial years, or the Association's state of affairs in future financial years.

### **Note 12. Contingent assets and liabilities**

The Board of Management are not aware of any contingent assets or liabilities that may exist as at 31 December 2019.

### **Note 13. Economic Dependency**

Murray Arts Incorporated is reliant on ongoing funding from Create NSW and Local councils.

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## **Board of Management's declaration**

For the year ended 31 December 2019

As stated in Note 1(a) to the financial statements, in the opinion of the Board of Management, Murray Arts Incorporated is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements that have been prepared to meet the requirements of the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with applicable accounting standards and mandatory professional reporting requirements to the extent described in Note 1(a).

The Board of Management declares that the financial statements and notes set out on pages 1 to 11:

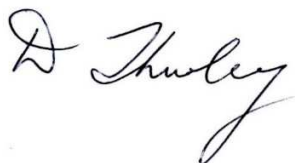
- a) comply with the Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Association Incorporations Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b) give a true and fair view of Murray Arts Incorporated's financial position as at 31 December 2019, and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the opinion of the Board of Management, there are reasonable grounds to believe that Murray Arts Incorporated 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 Management.



Tahni Froud  
Chairperson



David Thurley  
Treasurer

30 March 2020

## **Independent auditor's report to the members of Murray Arts Incorporated**

### **Opinion**

We have audited the financial statements, being a special purpose financial statements, of Murray Arts Incorporated, which comprises the statement of financial position at 31 December 2019, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Board of Management.

In our opinion the financial statements of Murray Arts Incorporated is in accordance with the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a). giving a true and fair view of Murray Arts Incorporated's financial position as at 31 December 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b). complying with Australian Accounting Standards to the extent described in note 1 and complying with the *Associations Incorporation Regulation 2016* and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

### **Basis of Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Board of Management's financial reporting responsibilities under the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result the financial statements may not be suitable for another purpose.

## **Independent auditor's report to the members (continued)**

### **Responsibilities of the Board of Management for the Financial Statements**

The Board of Management of Murray Arts Incorporated is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements which are appropriate to meet the requirements of the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012* and are appropriate to meet the needs of the members.

The Board of Management is also responsible for such internal control as the Board of Management determines necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Management are responsible for overseeing the Association's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.



Johnsons MME  
Chartered Accountants



Ryan Schischka  
Director

Albury  
30 March 2020