

Murray Arts Incorporated

ABN 78 816 892 584

Special Purpose Financial Statements

For the year ended 31 December 2021

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Murray Arts Incorporated ABN 78 816 892 584

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Revenue	2	608,293	456,389
Employee costs		227,738	223,152
Administration expenses		43,853	28,385
Depreciation expenses	5	2,031	1,945
Motor vehicle expense		15,773	12,352
Rent and outgoings		38,809	7,245
Program Expenses		231,558	98,332
Gallery expenses		64,700	5,550
Other expenses		2,534	4,847
Surplus/(deficit) before income tax expense		<u>(18,703)</u>	<u>74,581</u>
Income tax expense	1(c)	<u>-</u>	<u>-</u>
Net surplus/(deficit)		<u>(18,703)</u>	<u>74,581</u>
Other comprehensive income		-	-
Total comprehensive result for the year		<u>(18,703)</u>	<u>74,581</u>

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

Murray Arts Incorporated ABN 78 816 892 584

Statement of financial position

As at 31 December 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	301,178	374,411
Trade and other receivables	4	170,333	9,689
Inventories		2,259	740
Total current assets		473,770	384,840
Non-current assets			
Property, plant & equipment	5	2,847	7,064
Total non-current assets		2,847	7,064
Total assets		476,617	391,904
LIABILITIES			
Current liabilities			
Trade and other payables	6	38,908	28,033
Employee Benefits	7	11,638	11,553
Other Liabilities	8	220,432	127,975
Total current liabilities		270,978	167,561
Total liabilities		270,978	167,561
Net assets		205,639	224,343
EQUITY			
Accumulated Surplus		205,639	224,343
Total equity		205,639	224,343

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

Murray Arts Incorporated ABN 78 816 892 584

Statement of changes in equity

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Accumulated surplus			
Accumulated surplus at the beginning of the financial year		224,342	149,468
Net surplus/(deficit) for the year		<u>(18,703)</u>	<u>74,874</u>
Accumulated surplus at the end of the financial year		<u>205,639</u>	<u>224,342</u>

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

Murray Arts Incorporated ABN 78 816 892 584

Statement of cash flows

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from grant funding, contributions & customers		539,702	367,988
Cash payments in the course of operations		(613,340)	(392,219)
Interest received		405	1,821
Net cash inflow/(outflow) from operating activities	10	<u>(73,233)</u>	<u>(22,410)</u>
Cash flows from investing activities			
Payments for property, plant & equipment	5	-	(2,455)
Net cash inflow/(outflow) from investing activities		<u>-</u>	<u>(2,455)</u>
Net increase/(decrease) in cash and cash equivalents held			
		(73,233)	(24,865)
Cash and cash equivalents at the beginning of the financial year		374,411	399,276
Cash and cash equivalents at the end of the financial year	3	<u>301,178</u>	<u>374,411</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 2021

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.

Notes to and forming part of the financial statements

For the year ended 31 December 2021

Note 1. Summary of significant accounting policies (continued)

(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.

(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.

(v) *Art sales*

Art gallery sales are recognised as revenue when the transaction takes place.

(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) 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.

(g) 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.

Notes to and forming part of the financial statements

For the year ended 31 December 2021

Note 1. Summary of significant accounting policies (continued)

(h) 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>2021</u>	<u>2020</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.

(i) 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.

(j) 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 recognise and is measured at 100% of the entitlement at the reporting date for all employees with 5 years' service or more.

(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(h).

Notes to and forming part of the financial statements

For the year ended 31 December 2021

Note 2. Revenue

	2021	2020
	\$	\$
Revenue		
Create NSW funding	168,000	140,000
Council contribution income	87,969	86,754
Project income	277,296	84,649
Art sales	55,911	-
Interest income	405	1,821
Other income	9,048	13,593
Loss on disposal of P,P&E	(2,186)	-
Job Keeper Subsidy – COVID 19	11,850	90,600
Cashflow Stimulus – COVID 19	-	28,972
Victorian Government Stimulus – COVID 19	-	10,000
Total Revenue	<u>608,293</u>	<u>456,389</u>

Note 3. Current assets - Cash and cash equivalents

Cash on hand	5,841	1,704
Business account	54,492	47,197
Foundation account	1	1
Business I-saver	104,390	196,293
Hume Investment account	126,686	126,386
Burraja Arts account	9,768	2,830
	<u>301,178</u>	<u>374,411</u>

Note 4. Current assets – Trade and other receivables

Trade receivables	<u>170,333</u>	<u>9,689</u>
	<u>170,333</u>	<u>9,689</u>

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

Plant and equipment – At cost	29,584	31,770
Less: Accumulated depreciation	<u>(26,737)</u>	<u>(24,706)</u>
Total Property, Plant & Equipment	<u>2,847</u>	<u>7,064</u>

Notes to and forming part of the financial statements

For the year ended 31 December 2021

Note 5. Non-current assets - Property, plant and equipment (continued)

Reconciliations	2021	2020
	\$	\$

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

	Plant & Equipment	
Carrying amount at the beginning of the year	7,064	6,554
Additions	-	2,455
Disposals	(2,186)	-
Depreciation	(2,031)	(1,945)
	<u>2,847</u>	<u>7,064</u>

Note 6. Current liability - Trade and other payables

Trade creditors	6,368	2,133
Accrued Expenses	2,362	2,362
Net GST payable	16,341	3,890
Sundry Payables	13,837	19,648
	<u>38,908</u>	<u>28,033</u>

Note 7. Provisions

Current

Provision for annual leave	<u>11,638</u>	<u>11,553</u>
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Note 8. Current liability – Other Liabilities

Income in advance	<u>220,432</u>	<u>127,975</u>
	<u>220,432</u>	<u>127,975</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	14,445	12,912
Later than one year but not later than 5 years	5,737	-
	<u>20,182</u>	<u>12,912</u>

Notes to and forming part of the financial statements

For the year ended 31 December 2021

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

	2021	2020
	\$	\$
Surplus after income tax	(18,703)	74,581
Depreciation	2,031	1,945
Loss on disposal of P,P&E	2,186	-
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(160,644)	(1,993)
Decrease/(Increase) in prepayments	-	3,477
Increase/(Decrease) in trade and other payables	10,875	(9,798)
Increase/(Decrease) in provisions for employees	85	(6,035)
Increase/(Decrease) in other liabilities	92,456	(84,587)
Increase/(Decrease) in inventories	(1,519)	-
	<u>(73,233)</u>	<u>(22,410)</u>

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 2021.

Note 13. Economic Dependency

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

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*.

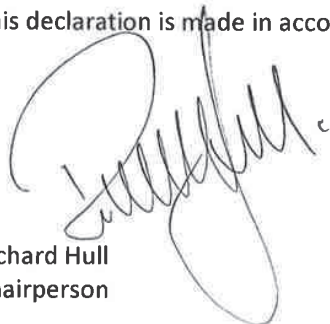
The financial statements have been prepared in accordance with applicable accounting standards and mandatory professional reporting requirements to the extent described in Note 1(a).

The Board of Management declares that the financial statements and notes set out on pages 1 to 10:

- 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 2021, 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.



Richard Hull
Chairperson



David Thurley
Treasurer

Date:

21/04/2022

Murray Arts Incorporated ABN 78 816 892 584

Auditor's Independence Declaration under 60-40 of the *Australian Charities and Not-for-profits Commission Act 2021*

For the year ended 31 December 2021

As Auditor for the audit of Murray Arts Incorporated for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2021* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Johnsons MME
Chartered Accountants



Ryan Schischka
Director

Albury 25 April 2022

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 2021, and the statement of profit or 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 2021 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 based on 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
25 April 2022