

**The Board of Trustees of Newstead House
Financial Statements 2016-17**

Contents

| | Page No. |
|---|----------|
| Statement of Comprehensive Income | 2 |
| Statement of Financial Position | 3 |
| Statement in Changes in Equity | 4 |
| Statement of Cash Flows | 5 |
| Notes To and Forming Part of the Financial Statements | 6 |
| Management Certificate | 20 |

General Information

These financial statements cover The Board of Trustees of Newstead House.

The Board of Trustees of Newstead House is constituted under the *Newstead House Trust Act 1939*.

Newstead House is located at Newstead Park, Corner Breakfast Creek Road and Newstead Avenue, Newstead, Queensland, 4006.

A description of the nature of the Board's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the financial statements for The Board of Trustees of Newstead House please email manager@newsteadhouse.com.au or visit the website of the Department of Environment and Heritage Protection. The financial statements for the Board can be found as an appendix to the annual report of the Department of Environment and Heritage Protection.

Amounts shown in these financial statements may not add to the correct sub-totals of totals due to rounding.

**The Board of Trustees of Newstead House
Statement of Comprehensive Income
For the year ended 30 June 2017**

| | Note | 2017 \$ | 2016 \$ |
|--|------|----------------|------------------|
| Income from Continuing Operations | | | |
| Grants from State Government | | 350,000 | 155,725 |
| Other Grants and Subsidies | | 2,329 | 17,659 |
| Programming, admission and tour fees | | 80,120 | 44,812 |
| Function fees | | 43,576 | 43,395 |
| Donations | | 3,175 | 10,801 |
| Other | | 10,692 | 3,536 |
| Total Income from Continuing Operations | | 489,892 | 275,928 |
| Expenses from Continuing Operations | | | |
| Employee expenses | 2 | 245,830 | 212,157 |
| Supplies and services | 4 | 92,813 | 84,609 |
| Building expenses | 5 | 62,271 | 66,475 |
| Depreciation | | 36,609 | 36,090 |
| Total Expenses from Continuing Operations | | 437,523 | 399,331 |
| Operating Result from Continuing Operations | | 52,369 | (123,403) |
| Other Comprehensive Income | | | |
| Increase (decrease) in asset revaluation surplus | 9 | 59,175 | (9,600) |
| Total Other Comprehensive Income | | 59,175 | (9,600) |
| Total Comprehensive Income | | 111,544 | (133,003) |

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Financial Position
As at 30 June 2017**

| | Note | 2017 \$ | 2016 \$ |
|--------------------------------------|------|--------------------------------|--------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 7 | 47,422 | 7,005 |
| Receivables | | 10,293 | 5,757 |
| Inventory | | 9,685 | 12,014 |
| Security deposits paid | | 1,700 | 200 |
| Total Current Assets | | <u>69,100</u> | <u>24,976</u> |
| Non Current Assets | | | |
| Property, plant and equipment | 8 | 2,056,673 | 2,030,018 |
| Total Non Current Assets | | <u>2,056,673</u> | <u>2,030,018</u> |
| Total Assets | | <u><u>2,125,773</u></u> | <u><u>2,054,994</u></u> |
| Current Liabilities | | | |
| Payables | | 28,319 | 56,051 |
| Unearned revenue | | 4,600 | 9,850 |
| Employee entitlements | | 12,116 | 19,899 |
| Total Current Liabilities | | <u>45,035</u> | <u>85,800</u> |
| Non-Current Liabilities | | | |
| Employee entitlements | | - | - |
| Total Non-Current Liabilities | | <u>-</u> | <u>-</u> |
| Total Liabilities | | <u>45,035</u> | <u>85,800</u> |
| Net Assets | | <u>2,080,738</u> | <u>1,969,194</u> |
| Equity | | | |
| Asset revaluation surplus | 9 | 1,890,022 | 1,830,847 |
| Accumulated surplus | | 190,716 | 138,347 |
| Total Equity | | <u>2,080,738</u> | <u>1,969,194</u> |

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Changes in Equity
For the year ended 30 June 2017**

| | Accumulated Surplus | | Asset Revaluation Surplus (Note 9) | | Total | |
|--|---------------------|----------------|------------------------------------|------------------|------------------|------------------|
| | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ |
| Balance as at 1 July | 138,347 | 261,750 | 1,830,847 | 1,840,447 | 1,969,194 | 2,102,197 |
| Operating results from continuing operations | 52,369 | (123,403) | - | - | 52,369 | (123,403) |
| <i>Total Other Comprehensive Income</i> | | | | | | |
| - Increase/(decrease) in asset revaluation surplus | - | - | 59,175 | (9,600) | 59,175 | (9,600) |
| Balance as at 30 June | 190,716 | 138,347 | 1,890,022 | 1,830,847 | 2,080,738 | 1,969,194 |

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Cash Flows
For the year ended 30 June 2017**

| | Note | 2017 \$ | 2016 \$ |
|---|------|-----------------------------|----------------------------|
| Cash Flows from Operating Activities | | | |
| Inflows: | | | |
| Grants from Government | | 350,000 | 155,725 |
| Other Grants and Subsidies | | 2,329 | 17,659 |
| Admission and Tour fees | | 77,103 | 42,806 |
| Function fees | | 36,807 | 50,692 |
| Donations | | 3,175 | 10,801 |
| Other | | 10,692 | 3,536 |
| GST input tax credits from ATO | | 8,856 | 1,757 |
| GST collected from customers | | 11,201 | 13,204 |
| | | | |
| Outflows: | | | |
| Employee expenses | | (256,286) | (195,443) |
| Supplies and services | | (119,916) | (71,220) |
| Building expenses | | (57,351) | (67,151) |
| GST paid to suppliers | | (22,104) | (11,524) |
| Net cash provided by (used in) operating activities | 6 | <u>44,506</u> | <u>(49,158)</u> |
| | | | |
| Cash Flows from Investing Activities | | | |
| Outflows: | | | |
| Payments for property, plant and equipment | | (4,089) | - |
| Net cash provided by (used in) investing activities | | <u>(4,089)</u> | <u>-</u> |
| | | | |
| Net increase (decrease) in cash and cash equivalents | | 40,417 | (49,158) |
| | | | |
| Cash and cash equivalents at beginning of the financial year | | 7,005 | 56,163 |
| | | | |
| Cash and cash equivalents at end of the financial year | 7 | <u><u>47,422</u></u> | <u><u>7,005</u></u> |

The accompanying notes form part of these statements.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Objectives and Principal Activities of the Board

The objective of the Board is to govern, manage and control Newstead House, the oldest surviving residence in Brisbane.

The Board is primarily funded for the services it delivers through grant funding from the State Government. It also provides the following on a fee for service basis:

- Admission to Newstead House;
- Tours of Newstead House; and
- Functions.

Note 1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The Board of Trustees of Newstead House has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2017, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

The accounting policies adopted by the Board are materially consistent with those for the previous year.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Trust.

(c) Revenue

Revenue from the sale of goods/services is recognised upon the delivery of goods to customers. This involves either invoicing for related goods/services and/or the recognition of accrued revenue.

All revenue is stated net of the amount of Goods and Services Tax (GST).

User charges and fees are recognised as revenue when invoices for the related services are issued. Deposits received in advance for functions yet to take place as at 30 June 2017 are treated as unearned.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Board obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as at 30 June as well as deposits at call with financial institutions.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 1 Summary of Significant Accounting Policies (continued)

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement on these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment.

(g) Acquisition of Assets

Actual 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 preparing the asset to be ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

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

(h) Property, Plant and Equipment

Plant and equipment are included in the accounts at cost less accumulated depreciation. The threshold for the capitalisation of plant and equipment is \$1,000.

Buildings are included in the accounts at fair value. The threshold for the capitalisation of buildings is \$10,000.

Land is included in the accounts at fair value. The threshold for the capitalisation of land is \$1.

Assets that are donated to the heritage collection are included in the accounts at a value as assessed by a registered valuer. In 2017, an independent valuation of the heritage collection was performed by Hind's Antiques Pty Ltd. The valuation of these assets is based on fair value. The threshold for recognition of assets in the heritage collection is \$1,000.

Items with a lesser value than the class capitalisation thresholds are expensed in the year of acquisition.

(i) 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 Trust.

Depreciation is not charged on the actual buildings due to their historical significance. Depreciation reported under buildings relates to the access lift.

Depreciation is not charged on land as it has an unlimited useful life.

For each class of depreciable asset the following depreciation rates were used:

| Class | Rate % |
|---------------------------|---------------|
| Plant and Equipment: | |
| Computer | 27% |
| Fittings | 7.5% |
| Fire Alarms and Detectors | 5% |
| Telephone System | 5% |
| Other Equipment | 2.5% to 20% |
| Buildings: | |
| Lift | 10% |

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 1 Summary of Significant Accounting Policies (continued)

(j) Revaluations of Non-Current Physical Assets

Land, buildings and the heritage collection are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trades Non-Current Asset Policies for the Queensland Public Sector.

The valuation of land is based on fair value principles taking into consideration there is no open market for the land with its current zoning and use. The valuation of Newstead House and the Resource Centre is based on replacement cost as no ready market exists for similar heritage assets.

Independent valuations were performed as at 30 June 2017 by qualified valuers from G.D. Trivett & Associates of Bowen Hills for Newstead House, the Resource Centre and underlying land in accordance with the methods stated above.

Non-current physical assets measured at fair value are comprehensively revalued at least every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Revaluation of heritage assets is conducted annually on the basis of fair value.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class 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 revaluation reserve relating to that class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Only those assets, considered material to the value of their class to which they belong, are comprehensively revalued.

(k) Impairment of Non-Current Assets

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

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 1(j).

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 1 Summary of Significant Accounting Policies (continued)

(l) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(m) Trust Balances

The Board undertakes certain trustee transactions in relation to security deposits required when holding a function at Newstead House.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Board becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

Cash and cash equivalents - held at fair value through profit and loss

Receivables - held at amortised cost

Payables - held at amortised cost

The Board does not enter transactions for speculative purposes, or for hedging. It holds no financial assets classified as at fair value through profit and loss or classified as held to maturity.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the Board are included in Note 12.

(o) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. The Board is not subject to payroll tax.

Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages, salaries and annual leave, are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date and include related on-costs.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave

A liability for long service leave has not been recognised as an employee entitlement given the length of service of the current employees.

Superannuation

Employer superannuation contributions are paid to a superannuation fund nominated by the employee.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 1 Summary of Significant Accounting Policies (continued)

(o) Employee Benefits (continued)

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 3 for the disclosures on key management personnel and remuneration.

(p) Taxation

The Board is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued.

(q) Insurance

The Board's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, with premiums being paid on a risk assessment basis. In addition, the Board pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Issuance of Financial Statements

The financial statements are authorised for issue by the Manager and Chairperson of the Board of Trustees of Newstead House at the date of signing the Management Certificate.

(s) Judgements

The Board has made no judgements that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(t) Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(u) New and Revised Accounting Standards

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Board has reviewed the new standards and interpretations and determined there is currently no impact or applicability for the Board.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

| | | 2017 | 2016 |
|---------------|----------------------------|----------------|----------------|
| | | \$ | \$ |
| Note 2 | Employee Expenses | | |
| | Salaries and related costs | 160,017 | 176,685 |
| | Contractor Payments | 85,813 | 35,472 |
| | Total | 245,830 | 212,157 |
| | Number of Employees | 8 | 5 |

In 2016-17 the number of employees comprised 2 full-time staff with other employees being engaged on a casual basis. Also refer note 1(o) Employee Benefits for further information.

Note 3 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly.

Those persons having authority and responsibility for planning, directing and controlling the activities of the Board are:

- Manager

The aggregate compensation made to key personnel is set out below.

| | 2017 | 2016 |
|---|----------------|---------------|
| | \$ | \$ |
| Compensation Made to Key Personnel | | |
| Short-term employee benefits | 104,245 | 75,649 |
| Post-employment benefits | - | - |
| Termination benefits | - | - |
| Total Compensation | 104,245 | 75,649 |

Board members did not receive any payments in the 2016-17 financial year.

Note 4 Supplies and Services

| | | |
|---------------------------|---------------|---------------|
| Electricity | 5,241 | 5,764 |
| Consultants | - | 500 |
| Audit Fees | 3,850 | 5,650 |
| Telephone | 6,760 | 5,534 |
| Advertising and Marketing | 11,629 | 12,806 |
| Stationery and printing | 7,320 | 10,359 |
| Minor equipment purchases | 5,364 | - |
| Functions | 22,805 | 28,560 |
| Other | 29,844 | 15,436 |
| Total | 92,813 | 84,609 |

Note 5 Building Expenses

| | | |
|--------------|---------------|---------------|
| Insurance | 12,724 | 14,874 |
| Security | 10,897 | 16,092 |
| Cleaning | 8,928 | 12,851 |
| Maintenance | 19,108 | 13,894 |
| Rates | 10,614 | 8,764 |
| Total | 62,271 | 66,475 |

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

| | 2017 | 2016 |
|---|---------------|-----------------|
| | \$ | \$ |
| Note 6 Reconciliation of Operating Result to Net Cash Provided by (Used in) Operating Activities | | |
| Operating Surplus/(Deficit) | 52,369 | (123,403) |
| Depreciation expense | 36,609 | 36,090 |
| Change in assets and liabilities: | | |
| (Increase)/Decrease in inventory | 2,329 | (12,014) |
| Increase/(Decrease) in accrued employee benefits | (7,783) | 8,375 |
| (Increase)/Decrease in receivables | (4,536) | 791 |
| (Increase)/Decrease in security deposits paid | (1,500) | (200) |
| Increase/(Decrease) in payables | (27,732) | 36,702 |
| Increase/(Decrease) in unearned revenue | (5,250) | 4,500 |
| Net cash provided by (used in) operating activities | 44,506 | (49,158) |

Note 7 Cash and Cash Equivalents

| | | |
|------------------|---------------|--------------|
| Imprest accounts | 200 | 1,000 |
| Cash at bank | 47,222 | 6,005 |
| Total | 47,422 | 7,005 |

Note 8 Property, Plant and Equipment

| | 2017 | | 2016 | |
|-----------------------------|----------------|-------------------------|----------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Land | | 251,450 | | 223,400 |
| Buildings - Heritage | 1,550,873 | | 1,524,722 | |
| Accumulated Depreciation | <u>122,688</u> | 1,428,185 | 94,216 | 1,430,506 |
| Buildings - Other | | 134,750 | | 131,625 |
| Heritage collection | | 206,000 | | 204,150 |
| Plant & Equipment (at cost) | 147,984 | | 143,618 | |
| Accumulated Depreciation | <u>111,694</u> | <u>36,288</u> | <u>103,281</u> | <u>40,337</u> |
| | | <u>2,056,673</u> | | <u>2,030,018</u> |

Only those portions of land on which Newstead House and the accompanying Resource Centre are sited are recorded in the accounts of the Board of Trustees of Newstead House. The balance comprising Newstead Park is controlled by the Brisbane City Council.

Buildings and land were comprehensively revalued during the 2016-17 year using "fair value" principles. Refer Note 1(j).

The assets which make up the heritage collection were comprehensively revalued in 2016-17 using "fair value" principles. This revaluation resulted in a increment of \$1,850 due to current market conditions.

Plant and equipment is valued at cost.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 8 Property, Plant and Equipment (continued)

Property, Plant and Equipment Reconciliation

| | Land | Buildings - Heritage | Buildings - Other | Heritage Collection | Plant and Equipment | Total |
|--|----------------|-------------------------|----------------------|------------------------|------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount at 1 July 2016 | 223,400 | 1,430,507 | 131,625 | 204,150 | 40,337 | 2,030,018 |
| Acquisitions | | | | | 4,089 | 4,089 |
| Donated Assets | | | | | | - |
| Disposals | | | | | | - |
| Revaluation Increments/(Decrement) | 28,050 | 26,150 | 3,125 | 1,850 | | 59,175 |
| Depreciation | | (28,472) | | | (8,137) | (36,609) |
| Carrying amount at 30 June 2017 | 251,450 | 1,428,185 | 134,750 | 206,000 | 36,288 | 2,056,673 |

| | Land | Buildings - Heritage | Buildings - Other | Heritage Collection | Plant and Equipment | Total |
|--|----------------|-------------------------|----------------------|------------------------|------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount at 1 July 2015 | 223,400 | 1,458,979 | 131,625 | 213,750 | 47,955 | 2,075,708 |
| Acquisitions | | | | | | - |
| Donated Assets | | | | | | - |
| Disposals | | | | | | - |
| Revaluation Increments/(Decrement) | | | | (9,600) | | (9,600) |
| Depreciation | | (28,472) | | | (7,618) | (36,090) |
| Carrying amount at 30 June 2016 | 223,400 | 1,430,507 | 131,625 | 204,150 | 40,337 | 2,030,018 |

The Board has plant and equipment with an original cost of \$36,457 (12 assets) with a written down value of zero still being used in the provision of services.

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Note 9 Asset Revaluation Surplus by Class | | |
| Balance 1 July | 1,830,847 | 1,840,447 |
| Increments/(Decrements) | | |
| Land | 28,050 | - |
| Buildings - Heritage | 26,150 | - |
| Buildings - Other | 3,125 | - |
| Heritage collection | 1,850 | (9,600) |
| Balance 30 June | 1,890,022 | 1,830,847 |

The asset revaluation reserve represents the net effect of upward and downward revaluations of assets to fair value.

Note 10 Contingencies

There are no contingent liabilities of a significant nature as at 30 June 2017 (2016 \$nil).

There are no contingent assets of a significant nature as at 30 June 2017 (2016 \$nil).

Note 11 Commitments for Expenditure

There were no commitments of a significant nature as at 30 June 2017 (2016 \$nil).

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17**

Note 12 Financial Instruments

(a) Categorisation of Financial Instruments

The Board has the following categories of financial assets and financial liabilities:

| Category | Note | 2017 \$ | 2016 \$ |
|---------------------------|-------------|--------------------|--------------------|
| Financial Assets | | | |
| Cash and cash equivalents | 7 | 47,422 | 7,005 |
| Receivables | | 10,293 | 5,757 |
| Total | | 57,715 | 12,762 |
| Financial Liabilities | | | |
| Payables | | 28,319 | 56,051 |
| Total | | 28,319 | 56,051 |

(b) Financial Risk Management

The Board's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk.

The Board measures risk exposure using a variety of methods as follows -

| Risk Exposure | Measurement method |
|----------------------|------------------------------------|
| Credit Risk | Ageing analysis, earnings at risk |
| Liquidity Risk | Sensitivity analysis |
| Market Risk | Interest rate sensitivity analysis |

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Board may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Board's maximum exposure to credit risk based on contractual amounts net of any allowances:

| Maximum Exposure to Credit Risk | | | |
|--|-------------|--------------------|--------------------|
| Category | Note | 2017 \$ | 2016 \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 7 | 47,422 | 7,005 |
| Receivables | | 10,293 | 5,757 |
| Total | | 57,715 | 12,762 |

No collateral is held as security relating to financial assets held by the Board. No credit enhancements relate to the financial assets held by the Board.

The Board manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Board monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 12 Financial Instruments (continued)

(c) Credit Risk Exposure (continued)

There is no impairment loss for the current year (2016 - \$nil).

No financial assets have had their terms renegotiated so as to prevent them from ageing past due or impaired, and are stated at the carrying amounts as indicated.

The Board has no financial assets that are past due but not impaired or impaired financial assets.

(d) Liquidity Risk

Liquidity risk refers to the situation where the Board may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Board is exposed to liquidity risk in respect of its payables.

The Board manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Board has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Board. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the liabilities at balance date.

| | 2017 Payable in | | | Total \$ |
|------------------------------|-----------------|-----------------|-----------------|---------------|
| | < 1 year \$ | 1-5 years \$ | > 5 years \$ | |
| Financial Liabilities | | | | |
| Payables | 28,319 | - | - | 28,319 |
| Total | 28,319 | - | - | 28,319 |

| | 2016 Payable in | | | Total \$ |
|------------------------------|-----------------|-----------------|-----------------|---------------|
| | < 1 year \$ | 1-5 years \$ | > 5 years \$ | |
| Financial Liabilities | | | | |
| Payables | 56,051 | - | - | 56,051 |
| Total | 56,051 | - | - | 56,051 |

(d) Market Risk

The Board does not trade in foreign currency and is not materially exposed to commodity price changes.

(e) Interest Rate Sensitivity Analysis

The Board has no interest bearing financial assets.

(f) Fair Value

The Board does not recognise any financial assets or financial liabilities at fair value.

The fair value of cash, cash equivalents, receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 13 Budget vs Actual Comparison

Statement of Comprehensive Income

| | Variance Notes | Original Budget 2017 \$ | Actual 2017 \$ | Variance \$ | Variance % of Budget |
|--|-------------------|----------------------------------|----------------------|----------------|----------------------------|
| Income from Continuing Operations | | | | | |
| Grants from State Government | 1 | 150,000 | 350,000 | 200,000 | 133.33% |
| Other Grants and Subsidies | | 2,329 | 2,329 | - | - |
| Programming, admission and tour fees | 2 | 130,000 | 80,120 | (49,880) | -38.37% |
| Function fees | 3 | 75,000 | 43,576 | (31,424) | -41.90% |
| Donations | 4 | 10,000 | 3,175 | (6,825) | -68.25% |
| Other | | 10,000 | 10,692 | 692 | 6.92% |
| Total Income from Continuing Operations | | 377,329 | 489,892 | 112,563 | 29.83% |
| Expenses from Continuing Operations | | | | | |
| Employee expenses | 5 | 222,185 | 245,830 | 23,645 | 10.64% |
| Supplies and services | 6 | 62,000 | 92,813 | 30,813 | 49.70% |
| Building expenses | 7 | 51,724 | 62,271 | 10,547 | 20.39% |
| Depreciation | | 36,090 | 36,609 | 519 | 1.44% |
| Total Expenses from Continuing Operations | | 371,999 | 437,523 | 65,524 | 17.61% |
| Operating Result from Continuing Operations | | 5,330 | 52,369 | 47,039 | 882.53% |
| Other Comprehensive Income | | | | | |
| Increase (decrease) in asset revaluation surplus | 8 | - | 59,175 | 59,175 | - |
| Total Other Comprehensive Income | | - | 59,175 | 59,175 | - |
| Total Comprehensive Income | | 5,330 | 111,544 | 106,214 | 1992.76% |

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 13 Budget vs Actual Comparison (continued)

Statement of Financial Performance

| | Variance Notes | Original Budget 2017 \$ | Actual 2017 \$ | Variance \$ | Variance % of Budget |
|--------------------------------------|-------------------|----------------------------------|----------------------|----------------|----------------------------|
| Current Assets | | | | | |
| Cash and cash equivalents | 9 | 5,000 | 47,422 | 42,422 | 848.44% |
| Receivables | 10 | 5,000 | 10,293 | 5,293 | 105.86% |
| Inventory | | 9,000 | 9,685 | 685 | 7.61% |
| Security deposit paid | 11 | 200 | 1,700 | 1,500 | 750.00% |
| Total Current Assets | | <u>19,200</u> | <u>69,100</u> | <u>49,900</u> | <u>259.90%</u> |
| Non Current Assets | | | | | |
| Property, plant and equipment | 12 | 2,030,018 | 2,056,673 | 26,655 | 1.31% |
| Total Non Current Assets | | <u>2,030,018</u> | <u>2,056,673</u> | <u>26,655</u> | <u>1.31%</u> |
| Total Assets | | <u>2,049,218</u> | <u>2,125,773</u> | <u>76,555</u> | <u>3.74%</u> |
| Current Liabilities | | | | | |
| Payables | 13 | 15,000 | 28,319 | 13,319 | 88.79% |
| Unearned revenue | 14 | 10,000 | 4,600 | (5,400) | -54.00% |
| Employee entitlements | | 10,000 | 12,116 | 2,116 | 21.16% |
| Total Current Liabilities | | <u>35,000</u> | <u>45,035</u> | <u>10,035</u> | <u>28.67%</u> |
| Non-Current Liabilities | | | | | |
| Employee entitlements | | - | - | - | - |
| Total Non-Current Liabilities | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | | <u>35,000</u> | <u>45,035</u> | <u>66,520</u> | <u>28.67%</u> |
| Net Assets | | <u>2,014,218</u> | <u>2,080,738</u> | <u>66,520</u> | <u>3.30%</u> |
| Equity | | | | | |
| Asset revaluation surplus | | 1,890,022 | 1,890,022 | - | - |
| Accumulated surplus | | 124,196 | 190,716 | 66,520 | 53.56% |
| Total Equity | | <u>2,014,218</u> | <u>2,080,738</u> | <u>66,520</u> | <u>53.56%</u> |

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17**

Note 13 Budget vs Actual Comparison (continued)

Statement of Cash Flows

| | Variance Note | Original Budget 2017 \$ | Actual 2017 \$ | Variance \$ | Variance % of Budget |
|---|------------------|----------------------------------|----------------------|----------------|----------------------------|
| Cash Flows from Operating Activities | | | | | |
| Inflows: | | | | | |
| Grants from Government | | 150,000 | 350,000 | 200,000 | 133.33% |
| Other Grants and Subsidies | | 2,329 | 2,329 | - | - |
| Admission and Tour fees | | 100,000 | 77,103 | 22,897 | -22.90% |
| Function fees | | 60,000 | 36,807 | 23,193 | -38.66% |
| Donations | | 10,000 | 3,175 | 6,825 | -68.25% |
| Other | | 10,000 | 10,692 | 692 | 6.92% |
| GST input tax credits from ATO | | 5,000 | 8,856 | 3,856 | 77.12% |
| GST collected from customers | | 15,000 | 11,201 | 3,799 | -25.33% |
| Outflows: | | | | | |
| Employee expenses | | (230,000) | (256,286) | (26,286) | 11.43% |
| Supplies and services | | (100,000) | (119,916) | (19,916) | 19.92% |
| Building expenses | | (50,000) | (57,351) | (7,351) | 14.70% |
| GST paid to suppliers | | (18,000) | (22,104) | (4,104) | 22.80% |
| Net cash provided by (used in) operating activities | | (45,671) | (44,506) | 90,177 | -197.45% |
| Cash Flows from Investing Activities | | | | | |
| Outflows: | | | | | |
| Payments for property, plant and equipment | | - | (4,089) | (4,089) | - |
| Net cash provided by (used in) investing activities | | - | (4,089) | (4,089) | - |
| Net increase (decrease) in cash and cash equivalents | | (45,671) | 40,417 | 86,088 | -188.50% |
| Cash and cash equivalents at beginning of the financial year | | 7,005 | 7,005 | - | - |
| Cash and cash equivalents at end of the financial year | | (38,666) | 47,422 | 86,088 | -222.65% |

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2016-17

Note 13 Budget vs Actual Comparison (continued)

Explanations of Major Variances

Statement of Comprehensive Income

1. Increased funding provided by Department of Environment and Heritage Protection to assist Board will establishing additional revenue channels.
2. Delays experienced in progressing new revenue generating activities, many of which will now commence in the 2017-18 financial year.
3. Lower than anticipated function bookings and delays in preparing Sub-Station No.5 for hire. This will be a significant focus in 2017-18 with a view of securing bookings.
4. Variance relates to annual donation from the Friends of Newstead. These funds are provided for specific purposes or projects submitted by the Board. These funds will now be provided in the 2017-18 financial year.
5. Additional employee expenses due to engagement of casual staff to assist with visitor related activities and the collection management project.
6. Increase mainly relates to additional programming expenses and purchase of Americana chairs for functions.
7. Variance mainly due to additional maintenance expenses.
8. Comprehensive valuations are conducted annually, however, this is not considered in the budget development process.

Statement of Financial Performance

9. The increase cash available at 30 June 2017 is due to additional funds being provided by the Department of Environment and Heritage Protection. These funds mainly relate to grant funded projects which will be completed in 2017-18.
10. Higher than anticipated receivables relate to programming for Jazz by the River and The War Years: Americans at Newstead House.
11. Relates to security deposit required by Brisbane City Council for the Jazz by the River event.
12. Comprehensive valuations are conducted annually, however, this is not considered in the budget development process.
13. Variance relates to payments to Australian Taxation Office for Pay As You Go tax and Goods and Service Tax and the Small Business Superannuation Clearing House.
14. Variance due to lower than forecast function bookings.

**The Board of Trustees of Newstead House
Management Certificate**
for the year ended 30 June 2017

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Board of Trustees of Newstead House for the financial year ended 30 June 2017 and of the financial position of the Board at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Kim Davis
BBus(Accy,Banking & Finance)
GradCertMgt
Acting Manager

Dr. Daniel Morgan
Chairman

Date: 25 August 2017

Date: 25 August 2017

**Independent Auditor's Report
to the members of
The Board of Trustees of Newstead House
ABN 59 107 732 156**

Opinion

I have audited the accompanying financial report of the Board of Trustees of Newstead House, which comprises the Statement of Financial Position as at 30 June 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairman.

In my opinion the financial report of The Board of Trustees of Newstead House is in accordance with :

- (a) the prescribed requirements in respected of the establishment and keeping of accounts have been complied with in all material respects; and
- (b) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standard of the transactions of the Board of Trustees of Newstead House for the financial year 1 July 2016 to 30 June 2017 and the financial position as at the end of that year.

Basis for Opinion

I have conducted my audit in accordance with 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 Entity 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.

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

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with the Australian Accounting Standards. The

Board's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the Board is responsible for assessing the entity'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 the management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for overseeing the entity's financial reporting process.

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 the 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 misstatements 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 the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 entity'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. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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 directors regards, 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.



.....
Robert Edwards B Com FCA
RCA# 6246
Level One 180 Main Street
Kangaroo Point Qld 4169

Dated: 30 August 2017