

ArtSound Incorporated

ABN: 29 083 850 739

Financial Statements

For the Year Ended 31 December 2018

ArtSound Incorporated

ABN: 29 083 850 739

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For the Year Ended 31 December 2018

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Board's Report

For the Year Ended 31 December 2018

The board members submit the financial report of the Association for the period ended 31 December 2018.

1. General information

Board members

The names of the board members in office at any time during, or since the end of, the year are:

| Names | Position |
|-------------------|-----------------|
| Amalijah Thompson | President |
| Jacqui Knobel | Treasurer |
| Eric McDonald | Secretary |
| John Worcester | Vice president |
| Ursula Reid | Board member |
| Kathy Syrette | Board member |
| Peter Field | Board member |
| Bryan Cummins | Ex board member |
| Richard Scherer | Ex board member |
| Owen Gardner | Ex board member |
| Deanne Tyrell | Ex board member |
| Stuart Warner | Ex board member |
| Jan Muir | Ex board member |

Board members have been in office since the start of the financial year to the end date of the financial year unless otherwise stated.

Principal activities

The principal activity of the Association during the period was the operation of a community arts radio station.

Significant changes

No significant change in the nature of these activities occurred during the period.

2. Operating results

The deficit of the Association for the financial year after providing for income tax amounted to \$ 45,636 (2017: surplus \$ 8,458).

Signed in accordance with a resolution of the Members of the Board:

President:



Amalijah Thompson

Treasurer:



Jacqui Knobel

Dated

19 May 2019

ArtSound Incorporated

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Statement of Profit or Loss
For the Year Ended 31 December 2018

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Note | \$ | \$ |
| Income | | |
| Operating income | 92,254 | 172,464 |
| Grant income - ACT Arts Fund Program | 77,394 | 70,700 |
| Grant Income - Community Broadcasting Foundation | 25,750 | 17,752 |
| Interest income | 695 | 447 |
| | <u>196,093</u> | <u>261,363</u> |
| Expenditure | | |
| Administrative expenses | 42,491 | 46,826 |
| Contract management services | 39,214 | 47,584 |
| Depreciation -other assets | 16,891 | 18,773 |
| Supplies and services | 143,133 | 139,722 |
| | <u>241,729</u> | <u>252,905</u> |
| Income tax expense | - | - |
| (Deficit) / surplus for the year | 3(a) <u>(45,636)</u> | <u>8,458</u> |
| Retained earnings at the beginning of the financial period | <u>229,037</u> | <u>220,579</u> |
| Retained earnings at the end of the financial period | <u><u>183,401</u></u> | <u><u>229,037</u></u> |

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

ArtSound Incorporated

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Statement of Assets and Liabilities

As At 31 December 2018

| | Note | 2018 \$ | 2017 \$ |
|----------------------------------|------|----------------|----------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 49,192 | 92,235 |
| Trade and other receivables | 5 | 3,288 | 83,346 |
| Term deposit | | 6,304 | - |
| Prepayments | 7 | 14,140 | 12,822 |
| TOTAL CURRENT ASSETS | | 72,924 | 188,403 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 6 | 134,247 | 140,565 |
| TOTAL NON-CURRENT ASSETS | | 134,247 | 140,565 |
| TOTAL ASSETS | | 207,171 | 328,968 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 18,662 | 20,804 |
| Other liabilities | 9 | 5,108 | 79,127 |
| TOTAL CURRENT LIABILITIES | | 23,770 | 99,931 |
| TOTAL LIABILITIES | | 23,770 | 99,931 |
| NET ASSETS | | 183,401 | 229,037 |
| MEMBERS' FUNDS | | | |
| Retained earnings | | 183,401 | 229,037 |
| TOTAL MEMBERS' FUNDS | | 183,401 | 229,037 |

The accompanying notes form part of these financial statements.

ArtSound Incorporated

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Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

| | Retained Earnings | Total |
|------------------------------------|----------------------|----------------|
| | \$ | \$ |
| Balance at 1 January 2018 | 229,037 | 229,037 |
| (Deficit) for the year | (45,636) | (45,636) |
| Balance at 31 December 2018 | <u>183,401</u> | <u>183,401</u> |

2017

| | Retained Earnings | Total |
|------------------------------------|----------------------|----------------|
| | \$ | \$ |
| Balance at 1 January 2017 | 220,579 | 220,579 |
| Surplus for the year | 8,458 | 8,458 |
| Balance at 31 December 2017 | <u>229,037</u> | <u>229,037</u> |

The accompanying notes form part of these financial statements.

ArtSound Incorporated

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Statement of Cash Flows
For the Year Ended 31 December 2018

| | 2018 | 2017 |
|---|------------------------|----------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 215,927 | 295,239 |
| Payments to suppliers and employees | (242,789) | (285,599) |
| Interest received | 695 | 4,583 |
| Net cash provided by/(used in) operating activities | 10 <u>(26,167)</u> | <u>14,223</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (10,572) | (1,137) |
| Purchase of investments | (6,304) | - |
| Net cash provided by/(used in) investing activities | <u>(16,876)</u> | <u>(1,137)</u> |
| Net increase/(decrease) in cash and cash equivalents held | (43,043) | 13,086 |
| Cash and cash equivalents at beginning of year | 92,235 | 79,149 |
| Cash and cash equivalents at end of financial year | 4 <u><u>49,192</u></u> | <u><u>92,235</u></u> |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial statements cover ArtSound Incorporated as an individual entity. ArtSound Incorporated is a not-for-profit Association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The functional and presentation currency of ArtSound Incorporated is Australian dollars.

1 Basis of Preparation

In the opinion of the Board of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Association has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 January 2017.

As part of the adoption of AASB 9, the Association adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided in the current year.

The key changes to the Association's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Association has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Classification of financial assets

The financial assets of the Association have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - debt instruments (FVOCI - debt)

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets

- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 January 2018 are shown below:

Notes to the table:

- Increase in expected credit losses for trade receivables

The move to the expected credit loss model under AASB 9 has not caused the creation of a provision for trade receivables at the adoption date.

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

| | Classification under AASB 139 | Classification under AASB 9 | Carrying amount under AASB 139 | Reclassific- ation | Re- measur- e-nts | Carrying amount under AASB 9 |
|------------------------------------|-------------------------------------|--------------------------------|---|-----------------------|-------------------------|---------------------------------------|
| Note | | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | | |
| Trade and other receivables | Loans and receivables | Amortised cost | 83,346 | - | - | 83,346 |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 92,235 | - | - | 92,235 |
| Total financial assets | | | 175,581 | - | - | 175,581 |
| Financial liabilities | | | | | | |
| Trade payables | Other financial liabilities | Other financial liabilities | 14,498 | - | - | 14,498 |
| Total financial liabilities | | | 14,498 | - | - | 14,498 |

Notes to the table:

- Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets and financial liabilities

Association intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

3 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss when the Association obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of assets and liabilities as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Summary of Significant Accounting Policies

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4 Cash and cash equivalents

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| | \$ | \$ |
| Cash at bank and in hand | 49,192 | 92,235 |
| | <u>49,192</u> | <u>92,235</u> |

5 Trade and other receivables

| | 2018 | 2017 |
|--|---------------------|----------------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 2,502 | 85,096 |
| Expected credit losses | - | (1,750) |
| | <u>2,502</u> | <u>83,346</u> |
| GST receivable | 786 | - |
| Total current trade and other receivables | <u><u>3,288</u></u> | <u><u>83,346</u></u> |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

6 Plant and equipment

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| PLANT AND EQUIPMENT | | |
| Office equipment | | |
| At cost | 27,858 | 25,340 |
| Accumulated depreciation | (19,955) | (17,602) |
| Total | <u>7,903</u> | <u>7,738</u> |
| Broadcast and audio equipment | | |
| At cost | 258,918 | 250,864 |
| Accumulated depreciation | (137,404) | (124,074) |
| Total | <u>121,514</u> | <u>126,790</u> |
| Computer and other furniture and equipment | | |
| At cost | 27,172 | 27,172 |
| Accumulated depreciation | (22,342) | (21,135) |
| Total | <u>4,830</u> | <u>6,037</u> |
| Total plant and equipment | <u><u>134,247</u></u> | <u><u>140,565</u></u> |

7 Other Assets

| | 2018 | 2017 |
|----------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Prepayments | 14,076 | 12,758 |
| Accrued income | 64 | 64 |
| | <u>14,140</u> | <u>12,822</u> |

8 Trade and other payables

| | 2018 | 2017 |
|--------------------------------------|---------------|---------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 14,250 | 7,600 |
| GST payable | - | 6,306 |
| Sundry payables and accrued expenses | 4,412 | 6,898 |
| | <u>18,662</u> | <u>20,804</u> |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 31 December 2018

9 Other liabilities

| | 2018 | 2017 |
|-----------------------------|--------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Amounts received in advance | 5,108 | 79,127 |
| Total | 5,108 | 79,127 |

10 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | 2018 | 2017 |
|---|-----------------|---------------|
| | \$ | \$ |
| (Deficit) / Surplus for the year | (45,636) | 8,458 |
| Non-cash flows in profit: | - | - |
| - depreciation | 16,891 | 18,773 |
| Changes in assets and liabilities: | - | - |
| - (increase)/decrease in trade and other receivables | 80,843 | (67,095) |
| - (increase)/decrease in prepayments | (1,318) | (12,092) |
| - increase/(decrease) in income in advance | (74,019) | 77,127 |
| - increase/(decrease) in trade and other payables | 4,164 | (11,545) |
| - increase/(decrease) in goods & services tax liability | (7,092) | (3,539) |
| - increase/(decrease) in accrued income | - | 4,136 |
| Cashflow from operations | (26,167) | 14,223 |

11 Statutory Information

The registered office and principal place of business of the company is:

ArtSound Incorporated
 Manuka Arts Centre
 Cnr Manuka Circle & NSW Crescent
 GRIFFITH ACT 2603

ArtSound Incorporated

ABN: 29 083 850 739


Statement by Members of the Board

The board has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 3 to the financial statements.

In the opinion of the board the financial report as set out on pages 2 to 11:

1. Presents fairly the financial position of ArtSound Incorporated as at 31 December 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that ArtSound Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the board and is signed for and on behalf of the board by:

President 
Amalijah Thompson

Treasurer 
Jacqui Knobel

Dated 19 May 2019

Independent Audit Report to the members of ArtSound Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of ArtSound Incorporated (the Association), which comprises the statement of assets and liabilities as at 31 December 2018, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the board.

In our opinion, the accompanying financial report of the Association for the year ended 31 December 2018 is prepared, in all material respects, in accordance with the Associations Incorporation Act (ACT) 1991.

Basis for 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 Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of 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 our audit of the financial report 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Association to meet the reporting requirements of the Associations Incorporation Act (ACT) 1991. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to or used by parties other than the Association. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act (ACT) 1991, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



Independent Audit Report to the members of ArtSound Incorporated

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 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 this financial report.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

19 May 2019