

ArtSound FM Inc

ABN: 29 083 850 739

Financial Statements

For the Year Ended 30 June 2014

ArtSound FM Inc

ABN: 29 083 850 739

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For the Year Ended 30 June 2014

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ArtSound FM Inc

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**Board of Management Report
For the Year Ended 30 June 2014**

Your board of management members submit the financial report of the Association for the financial year ended 30 June 2014.

1. General information

Board of management members

The names of the board of management members throughout the year and at the date of this report are:

Richard Scherer	Neale Emanuel
Paul Conn	Rebecca Scouller
Peter Crossing	Peter Tregear
Brian Leonard	Bill Mason
Christine Cansfield-Smith	Emeritus Prof. Deane Terrell AO

Principal activities

The principal activities of association during the financial year was the operation of a community arts radio station.

Significant changes

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

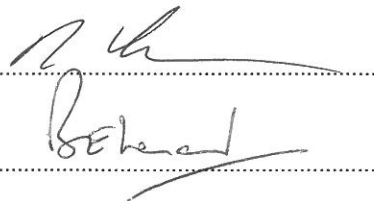
Operating result

The deficit of the Association for the financial year after providing for income tax amounted to (40,507)(2013 surplus: \$ 5,523).

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

Board of Management Member:

Board of Management Member:



Dated 5 November 2014

ArtSound FM Inc

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**Income and Expenditure Statement
For the Year Ended 30 June 2014**

	2014	2013
Note	\$	\$
INCOME	-	-
Operating income	184,951	204,556
Grants income- arts ACT	66,250	64,750
Other grants	28,177	82,762
Interest received	5	2
	<u>279,383</u>	<u>352,070</u>
EXPENDITURE	-	-
Administrative expenses	(85,639)	(107,692)
Audio services	(22,786)	(34,943)
Broadcast costs	(55,382)	(62,485)
Contract management services	(58,039)	(56,494)
Other expenses	(23,628)	(21,412)
Supplies and services	(74,416)	(63,521)
	<u>(319,890)</u>	<u>(346,547)</u>
Current year surplus (deficit) before income taxes	(40,507)	5,523
Income tax expense	-	-
Net current year surplus after income tax	(40,507)	5,523
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR	224,350	218,826
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR	<u>183,843</u>	<u>224,349</u>

The accompanying notes form part of these financial statements.

ArtSound FM Inc

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Assets and Liabilities Statement**As At 30 June 2014**

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	87,771	34,328
Trade and other receivables	3	23,111	71,468
Other assets	5	10,513	9,834
TOTAL CURRENT ASSETS		<u>121,395</u>	<u>115,630</u>
Property, plant and equipment	4	198,582	218,520
TOTAL NON-CURRENT ASSETS		<u>198,582</u>	<u>218,520</u>
TOTAL ASSETS		<u><u>319,977</u></u>	<u><u>334,150</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	30,266	29,150
Borrowings		1,024	-
GST liabilities		1,444	4,444
Annual leave provision		2,996	3,179
Other financial liabilities	7	100,404	73,027
TOTAL CURRENT LIABILITIES		<u>136,134</u>	<u>109,800</u>
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		<u>136,134</u>	<u>109,800</u>
NET ASSETS		<u><u>183,843</u></u>	<u><u>224,350</u></u>
EQUITY			
Retained Earnings		<u>183,843</u>	<u>224,350</u>
TOTAL EQUITY		<u><u>183,843</u></u>	<u><u>224,350</u></u>

The accompanying notes form part of these financial statements.

ArtSound FM Inc

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Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2013	224,350	224,350
Deficit for the year	(40,507)	(40,507)
Balance at 30 June 2014	<u>183,843</u>	<u>183,843</u>

2013

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2012	218,827	218,827
Surplus for the year	5,523	5,523
Balance at 30 June 2013	<u>224,350</u>	<u>224,350</u>

The accompanying notes form part of these financial statements.

ArtSound FM Inc

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Statement of Cash Flows
For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	368,849	298,933
Payments to suppliers and employees	(309,060)	(367,715)
Interest received	5	2
Net cash provided by (used in) operating activities	8 <u>59,794</u>	<u>(68,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(7,375)</u>	(21,226)
Net cash used by investing activities	<u>(7,375)</u>	<u>(21,226)</u>
Net increase (decrease) in cash and cash equivalents held	52,419	(90,006)
Cash and cash equivalents at beginning of year	<u>34,328</u>	124,334
Cash and cash equivalents at end of financial year	2 <u><u>86,747</u></u>	<u>34,328</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies

Basis of preparation

This financial statements are special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act Australian Capital Territory 1991. The committee has determined that the Association is not a reporting entity.

The financial statements have been prepared on an accruals and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial statements.

(a) Property, plant and equipment

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

Plant and equipment

Plant and equipment are carried at fair value.

The carrying amount of plant and equipment is reviewed annually by the board of management members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a diminishing value basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(b) Impairment of non-financial assets

At the end of each reporting period, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income and expenditure statement.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(d) Income tax

No provision for income tax has been raised as the Association is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(e) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the Association obtains control over the funds which is generally at the time of receipt.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and services tax (GST)

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 the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

2 Cash and Cash Equivalents

	2014	2013
	\$	\$
Cash at bank and in hand	87,727	34,284
Short-term bank deposits	44	44
	<u>87,771</u>	<u>34,328</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the assets and liabilities statement as follows:

	2014	2013
	\$	\$
Cash and cash equivalents	87,771	34,328
Bank overdrafts	(1,024)	-
Balance as per statement of cash flows	<u><u>86,747</u></u>	<u><u>34,328</u></u>

Notes to the Financial Statements
For the Year Ended 30 June 2014

3 Trade and Other Receivables

	2014	2013
	\$	\$
CURRENT		
Trade receivables	14,552	62,909
Other receivables	8,559	8,559
Total current trade and other receivables	23,111	71,468

4 Property, Plant and Equipment

	2014	2013
	\$	\$
PLANT AND EQUIPMENT		
Office equipment		
At cost	19,786	9,260
Accumulated depreciation	(5,079)	(1,143)
Total office equipment	14,707	8,117
Broadcast and audio equipment		
At fair value	231,689	234,841
Accumulated depreciation	(62,557)	(42,865)
Total broadcast and audio equipment	169,132	191,976
Computer and other furniture and equipment		
At fair value	27,172	27,172
Accumulated depreciation	(12,429)	(8,745)
Total computer and other furniture and equipment	14,743	18,427
Total property, plant and equipment	198,582	218,520

5 Other Assets

	2014	2013
	\$	\$
Prepayments	10,513	9,834
	10,513	9,834

6 Trade and Other Payables

Trade payables	24,902	18,648
Sundry payables and accrued expenses	-	4,957
Other payables	5,364	5,545
	30,266	29,150

Notes to the Financial Statements

For the Year Ended 30 June 2014

7 Other Liabilities

	2014	2013
	\$	\$
Government grants	67,832	71,450
Other income in advance	32,572	1,577
Total	100,404	73,027

8 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:

	2014	2013
	\$	\$
Profit for the year	(40,507)	5,523
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	27,312	25,395
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	48,357	(27,860)
- (increase)/decrease in prepayments	(679)	762
- increase/(decrease) in income in advance	27,377	(63,378)
- increase/(decrease) in trade and other payables	1,116	(12,401)
- increase/(decrease) in employee benefits	(3,182)	3,179
Cashflow from operations	59,794	(68,780)

Committee Members' Declaration

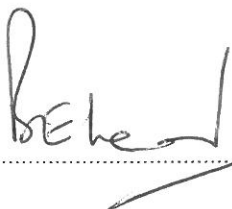
The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 2 to 9:

1. Presents fairly the financial position of ArtSound FM Inc as at 30 June 2014 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 FM Inc will be able to pay its debts as and when they fall due.

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

President.....

Treasurer

Dated this 5 day of November 2014

Independent Auditor's Report to the members of ArtSound FM Inc

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report, of ArtSound FM Inc, which comprises the assets and liabilities statement as at 30 June 2014, income and expenditure statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board of management's assertion statement.

Board of Management's Responsibility for the Financial Report

The board of management of ArtSound FM Inc are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Act ACT 1991 and is appropriate to meet the needs of the members. The officers' responsibility also includes such internal control as the officers determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for ArtSound FM Inc to maintain an effective system of internal control over revenues and other fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to revenues was limited to amounts recorded.

Independent Auditor's Report to the members of ArtSound FM Inc

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of ArtSound FM Inc as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Associations Incorporation Act ACT 1991.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist ArtSound FM Inc to comply with the financial reporting provisions of the Associations Incorporation Act ACT 1991. As a result, the financial report may not be suitable for another purpose.



Hardwickes
Chartered Accountants



Amanda O'Reilly CA
Partner

Deakin ACT

5 November 2014