

PUFFING BILLY PRESERVATION SOCIETY

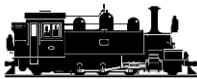
ABN 79 004 621 505

annual report

AND FINANCIAL STATEMENTS

2019





PUFFING BILLY PRESERVATION SOCIETY

The Puffing Billy Railway

*A compelling story of initiative, commitment, perseverance
and just plain hard work by volunteers of the
Puffing Billy Preservation Society for more than 60 years.*

What is the Puffing Billy Preservation Society?

The Society is a member-based volunteer organisation, originally formed in 1955 to restore and preserve the Puffing Billy narrow gauge railway, (then operated by the Victorian Railways) and to ensure that it continues to provide a rail experience for the purposes of enjoyment of families and visitors to Melbourne. The Society has more than 1,000 members.

What does the Puffing Billy Preservation Society do now?

Following the Victorian Government passing an Act of Parliament in 1977 to empower the Emerald Tourist Railway Board to manage the operation of the railway, PBPS members have continued to volunteer and support the day to day operation of the railway, raise vital funds for restoration and development projects, work on restoration projects and recruit member volunteers to work on the railway.

How does the Puffing Billy Preservation Society raise funds?

PBPS continues to conduct major events on the railway and to receive donations and bequests. Every event has benefits to the Emerald Tourist Railway Board from media exposure to community liaison, as well as the financial outcomes through grants. More than \$3 million has been granted to the Emerald Tourist Railway Board for a wide range of projects in recent years.

What are the funds used for?

The funds are used for a wide range of projects, for example, locomotive restoration and maintenance, construction of the Menzies Creek museum, infrastructure developments, all projects that support/enhance the passenger and railway experience.

What does the Society own?

The Society owns museum exhibits, historical locomotives, rolling stock and land used by the Railway.

What else do the volunteers do?

On any day on the railway, Society members who are volunteers are the crews that operate the railway – drivers, firemen, guards, signalmen, track patrol, fire patrol, engine cleaners, as well as station masters, conductors and booking clerks. Society members also volunteer as museum staff, archives personnel, restoration personnel, engineering personnel, volunteer support and a wide range of other areas.

What 'drives' the Society volunteers?

Society members and volunteers are committed to preserving Victoria's unique historic narrow gauge railway in the Dandenong Ranges and working in the community to support one of Victoria's principal heritage tourist attractions.

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

PRESIDENT'S REPORT

THE period July 2018 to June 2019 has seen many changes in the Puffing Billy Preservation Society, as it has undergone transformation, both internally and in its relationship with the Emerald Tourist Railway Board. All these changes are still evolving, and more changes are likely to take place over the next 12 months, while we all work together to move forward, for the continued successful operation of the Puffing Billy Railway.

Major changes

The Ombudsman's report in June 2018 saw much upheaval at the Puffing Billy Railway, starting with the Government's appointment of a re-organising Board that had no representation from the Puffing Billy Preservation Society. This was a substantial change after 40 years of the Society's guardianship of the Railway.

Recommendations from the Ombudsman's Report continue to be followed up by the State Government and the ETRB. The Society Executive Committee submitted recommendations to the Government review of the ETRB, particularly governance issues for the relationship between the Society and the ETRB.

Prior to the release of the Ombudsman's report, the Society received four Supreme Court writs in connection with historical child sex abuse that occurred around forty years ago. This led to a mediation process in February 2019, during which settlement was reached. The Society has received further writs related to events prior to the mid-eighties. At all times, during these processes, the Society has felt and expressed sympathy to those affected by those events and regret that at the time there were insufficient processes in place to protect young volunteers.

A major change currently underway is the transfer of all PBPS finance processes from the ETRB to the Society. We thank all the people from the ETRB Finance Department who have assisted the Society over many years and greatly appreciate their help in this transition period. A PBPS Finance Committee has been established to assist the transfer, as well as to more clearly understand the financial arrangements and processes of the Society.

Events and Fundraising

- A Graeme Breydon Memorial Film Night was held on August 11 2018. A wonderful range of films was shown at the GEMCO theatre to members, volunteers and their friends and families. Thank you to the previous Social Committee for organising this event, enjoyed by all.
- The annual luncheon for 50 year members was held on 8 September 2018 at the Menzies Creek Museum. This successful event was well appreciated by members attending. Thank you to Jean Clowes and her fellow Executive members and to David Baker, Ben van der Linde and the Museum team for hosting the event.
- The Climax Locomotive Operating Committee (CLOC) conducted a successful Twilight Train on 6 October 2018 with Climax 1694 travelling from Menzies Creek to Lakeside and return, followed by an evening at the Museum and a spit roast dinner. For various reasons, it was not possible to run Commissioners Specials during the remainder of the financial year.

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

PRESIDENT'S REPORT *(continued)*

- An event was held in October to commemorate 20 years since the 1998 opening to Gembrook.
- Footplate Experience Trains (FETs) were run during the year, but due to issues related to crewing, an ETRB decision was made to honour all outstanding pre-paid FETs and to cease marketing the format of FETs that have been a fundraiser for CLOC for some years.
- Santa Specials were run in early December 2018 and provided a great opportunity for families to enjoy time together before the busy Christmas rush.
- The 2019 Great Train Race was held on May 5. Funds from this year's race have been directed to Heritage Rolling Stock restoration projects.
- Our thanks to all the many staff and volunteers who helped to make all these events a success.
- During the year, grants were made to the Emerald Tourist Railway Board to support the construction of the Belgrave Signal Box, restoration of the NG/G16-129, maintenance of locomotive G42, Menzies Creek Museum development, Wright Station reconstruction and environmental programs. These were only possible with the dedicated support of donors and fundraisers over many years. Thank you to all who assisted.

Member Meetings

- A Special General Meeting was held on 2 September 2018. The resolution passed at this meeting saw all PBPS Executive positions declared vacant as at the 2018 Annual General Meeting.
- The Menzies Creek Museum was an excellent venue for the 2018 Annual General Meeting.

It was well attended by members and invited guests, including some members of the Emerald Tourist Railway Board. Only one member of the previous Executive Committee chose to stand for election again. Many thanks to the outgoing Executive Committee for their dedicated commitment over the past ten years.

- Member information gatherings (a new initiative to enhance communication) were held on 30 March 2019 and 22 June 2019. As well as being a great way to communicate with members and to hear their concerns, sharing of afternoon tea afterwards allowed many members to catch up and chat with each other.

People

The Society operates with the support of many individuals.

Firstly, our members. With the recent changes, our membership is slightly lower

	Full	Concession	Life (inc. Hon. and Senior)	Family	Junior/ Student	Total
As at 30/06/18	443	448	85	187	32	1195
As at 30/06/19	433	413	88	205	26	1165

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

PRESIDENT'S REPORT *(continued)*

than last year. However, it is rewarding to see the renewal rate of our long-term members continues and there are many new members for the new financial year. The support of our members is always valued and appreciated.

Secondly, our sub-committees, working groups and related organisations.

- The Climax Locomotive Operations Committee team continues to raise funds and support the operation of Climax 1694, under Caleb Fielding's leadership.
- The Publications Committee, under the leadership of Phil Matthews, successfully ran two book fundraisers – *Timeless Impressions* and *VR Series – Lamps and Lighting Vol 1*.

Some further publications are in development, including one to commemorate NG/G16-129 coming into traffic and one to celebrate the importance of people involved in operating the Railway – *A Day in the Life of Puffing Billy*.

- Four issues of *Narrow Gauge* have been published and enjoyed by our many readers. Thank you to editors, Malcolm Simister and John Thompson, our designer, Greta van Malenstein and our proof reading panel of Andrew Hennell, Andrew Webster and Max Raynor, assisted by other members of the Publications team. Malcolm was unable to continue due to significant travel and John Thompson ably stepped into the breach. It's always great to receive our copies of *Narrow Gauge* in the mail.
- The Visiting Speakers Panel, consisting of members, Don Horsburgh, Alan Gray and Rob Dawson OAM, provided a wonderful support to Puffing Billy's marketing team, as they travel around Victoria giving talks to community groups about the PB experience. This year, 39 talks were given to 2017 people.
- The Puffing Billy Modellers Group, led by Alan Gray and a strong committee, continue to put on excellent displays of 'Paradise Valley' at model railway shows and other events, promoting Puffing Billy as a great place to visit and to volunteer. We were pleased to assist them with banners to add to their display.
- The Wright station restoration project, led by Robert Smith, was completed on 2 February – a great lineside improvement. This was a volunteer-led and managed project and the people involved are all to be commended for the great result.
- The Archives team, led by Geoff Tasker, and supported by Ted Godwin, Maggie Lambert and other volunteers, continues to provide a significant service to the Puffing Billy Railway with access to a wide range of historical material. Members are welcome to visit on Mondays to view the library and to seek information.
- The Gembrook Book Sales team raised money to support the Climax operation over the year and sadly closed in June, due to the space no longer being available. The regular income from these sales boosted PBPS funds.
- The G42 shop, adjacent to the Emerald Car Shops, provides railway books for sale by the team of Bruce West and Peter Medlin, continuing to raise funds to support G42 maintenance. Members are welcome to visit on the first Saturday of most months.

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

PRESIDENT'S REPORT *(continued)*

- The Assets Investigation team of the Society Executive successfully identified many of the items around the Railway and their provenance. Many thanks to Jenny Baker, supported by a team of people, who produced extensive documentation that will be used in future years to properly identify items and their ownership.
- Four Society members recently visited Taiwan for a Forum on Industrial Heritage Conservation and an associated Field School. Rob McUtchen represented the Society at the Forum and Chris Tasker, Tim Heeks and Caleb Fielding attended the Field School. We look forward to hearing more about their recommendations.
- The Heritage Rolling Stock Committee, under Graeme Kidgell, is preparing to implement a number of storage and conservation plans for various items of rolling stock.

The most important group of people in our Society is the volunteers who support the day to day and behind the scenes operation of the Railway. They support the management and staff of the railway to ensure that many people have a great experience when they visit us. A comment I recently received was 'Volunteers don't do it for the money, but they don't do it for nothing'. This says it all. I trust that everyone is benefiting from their volunteer experience.

Special thanks are due to every single member of the Society's Executive Committee – all of whom have given many volunteer hours towards the Society's operation in these changing times. To those who have assisted in other supporting roles, a big thanks to you as well. To those who continue their support into the 2019-2020 year, many best wishes for the future. Thank you to those who are retiring this year.

Thank you to everyone who contributed and supported the Society and the Railway. It has been a year of challenges and learning. Members of the Executive Committee have all achieved a greater understanding of the organisation that will provide a solid foundation going ahead.

The Society will continue to play a vital role in the success and future of the Puffing Billy Railway, just as it did in 1955 – by supporting the continued preservation of an historic steam railway that is operating successfully as an iconic tourist attraction and experience for the people of Melbourne and visitors from around the world to enjoy.

Anne MacLeish

Anne MacLeish
PBPS President
22 August 2019

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT of the EXECUTIVE COMMITTEE

THE Executive Committee submits herewith the Financial Statements of the Society for the year ended 30 June, 2019.

The Committee members in office from 1 July 2018 to 14 October 2018 were:

Mr D Baker	Mr R Bowen	Mrs J Clowes	Mr R Cochrane
Mr J Goodwin	Mr T Heeks	Mr N Kingswood	Mr B van der Linde

The Committee members in office from 14 October 2018 to 30 June 2019 were:

Mrs J Baker	Mr J Conway	Mr G Hunter	Mr G Kidgell
Mr K Larkin (to 26/4)		Ms A MacLeish	Mr P Matthews
Rev R McUtchen	Mr M Raynor	Mr A Stephens	Mr B van der Linde

The principal activities of the Society, during the financial year, were in relation to the ongoing operation of the Puffing Billy Preservation Society and the continued preservation and operation of the Puffing Billy Railway, through the provision of funds to support restoration and maintenance projects and voluntary personnel to supplement the staff of the Emerald Tourist Railway Board.

The surplus of the Society, before grants made to Emerald Tourist Railway Board, was \$6,382 (2018: \$249,427).

The Net Result of the Society, after grants made to Emerald Tourist Railway Board, was a deficit of \$310,133 (2018: surplus \$168,331).

No bequests were received during the year. (2018: \$10,000).

In 2019, \$316,515 (2018: \$81,097) was donated towards key projects. \$194,157 was contributed to the Belgrave signal box project, \$89,255 was made available to assist with the upgrade of the Museum, while \$19,570 was provided to the Railway to assist with the restoration of the NG/G16 Locomotive. \$13,533 of minor grants were provided for the upkeep of the G42 locomotive, restoration of Wright Station and an environmental grant. In 2018, \$81,097 was donated from the 2017 Great Train Race towards the Museum redevelopment at Menzies Creek.

The Society's constitution specifically prohibits the payment of any dividends.

The Society is a Company limited by Guarantee. If the Society is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Society. At 30 June 2019, there were 1,165 members (2018: 1,195).

The Society's long and short-term objectives are to:

- Restore and preserve the heritage assets of the Puffing Billy Railway.
- Raise funds to assist in covering the cost of restoring Puffing Billy's heritage assets.
- Support volunteers to assist in the daily operations of the Puffing Billy Railway.
- Conserve and catalogue archival material that relates to the history of the Puffing Billy Railway and its assets.
- Exhibit non-operational rolling stock and heritage assets in the Puffing Billy Railway museum at Menzies Creek.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT of the EXECUTIVE COMMITTEE *(continued)*

The Society's strategy for achieving these objectives during the year was as follows:

- Assisting the Emerald Tourist Railway Board with the promotion of volunteering.
These people are essential for the daily operation of the Puffing Billy Railway.
- Providing funding towards the construction of the Belgrave signal box, the redevelopment of the Menzies Creek museum and other key projects for a combined amount of \$316,515.
- The Society owns a substantial amount of archival material that is gradually being conserved or catalogued by volunteers at the Society's office in Kings Road, Emerald.
- The Society owns substantial non-operational physical heritage assets that are located at the Puffing Billy Museum site at Menzies Creek. These include the iconic 3A, which has played a key part in the history of the Puffing Billy Railway since 1900; Shay #14, donated by the Alishan Forest Railway; and 'Lil Toot', used at the Museum. The Society has provided \$731,078 towards the Museum development since 2010. The Museum building has been completed to house and display many non-operational narrow-gauge locomotives and rolling stock. Over the past year, final touches have been undertaken to prepare the Museum for reopening in late 2019. Work has also been undertaken on the rest of the site, with planning underway for further museum development.
- The Society owns substantial operational physical heritage assets used in day-to-day railway operations. These include locomotives (G42, 8A, NRT1, Peckett) and rolling stock (1NAL, 2NAL, 3NAL, 4NAL, 1NB, 2NBD, 5NBD, 1NBH, 5NBH, 12NBH, 15NBH).
- During the year, considerable time has been spent on asset identification, as this has not been undertaken by the Society Executive Committee for many years. During 2019-2020, it is intended to complete a full asset verification and valuation, including museum exhibits and rolling stock in regular traffic.
- The Society owns land in the Belgrave Station area, which is used by Emerald Tourist Railway Board for passenger facilities, Volunteer Services, volunteer accommodation and Way and Works.
- The Society holds several fund-raising events each year, including Great Train Race, Santa Specia trains, and Footplate Experience Trains. The Australian Taxation Office has granted GST exempt status to Great Train Race, which means that GST is not required to be collected or paid on entry fees, and GST is not refundable on supplies of goods and services purchased for the Race. This year's net proceeds from the Great Train Race: \$58,788 (2018: \$89,255) will be contributed towards the restoration of Heritage Rolling Stock. *Continued ...*

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT of the EXECUTIVE COMMITTEE *(continued)*

Towards the end of the last financial year, the Society received writs related to historical child sexual abuse in the 1980s. A legal firm was engaged to provide legal assistance with the writs. The cost of both legal costs and settlements expended to June 30 2019 was \$171,469. At the time of preparing this report, further writs have been received and further legal expenses are being incurred.

The Society was required to make a major change to develop independent financial processing and reporting from July 1, 2019 with associated costs. The Society has taken out separate insurance for some aspects of its operation, not covered in the joint policies held with the Emerald Tourist Railway Board. Other costs are being incurred as a result of independent administrative functions.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Society, the results of these operations or the state of affairs of the Society in subsequent financial years.

No Committee member, since the end of the previous financial year, has received or has become entitled to receive a benefit by reason of a contract made by the Society or a related corporation with the Committee member or with a firm of which he is a member or with a company in which he has a substantial financial interest, with the exception of a small transaction with a company related to the current President (see Note 12).

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT of the EXECUTIVE COMMITTEE (continued)

Information on Committee Members in office at 30 June 2019

Member	Experience	Special Responsibilities
A.M. MacLeish B.Sc., Assoc Dip Bus.	President for 1 year Prev. Committee member for 2 years Small Business Company Director	President
B.L. van der Linde B. Eng. (Mech.)	Vice President for 1 year Prev. Committee member for 3 years Engineering Design Manager	Vice President
G. Hunter	Secretary for 1 Year IT Manager	Secretary
J. Baker	Committee member for 1 year Historic Research Consultant	
J. Conway	Committee member for 1 year Laboratory Technician	
G. Kidgell	Committee member for 1 year Retired Engineer	Convenor Heritage Rolling Stock
P. Matthews	Committee member for 1 year Business Consultant	Convenor Publications Committee
R. McUtchen B. Ec., B Theol.	Committee member for 1 year Previous Committee member for 2 years. Minister of Religion	
M. Raynor BE (Civ), Grad Dip DP, AMICDA	Committee member for 1 year Retired Engineer/IT Specialist	
A. Stephens	Committee member for 1 year Public Servant	

Meetings of Committee Members

During the financial year, seventeen (17) meetings of the Executive Committee were held. The number of meetings attended by each committee member was:

Mr. D. Baker	2/3	Mrs. J. Baker	14/14	Mr R. Bowen	1/3
Mrs. J. Clowes	3/3	Mr. R. Cochrane	3/3	Mr. J. Conway	12/14
Mr. J. Goodwin	2/3	Mr. T. Heeks	3/3	Mr. G. Hunter	14/14
Mr. G. Kidgell	12/14	Mr. N. Kingswood	3/3	Mr K. Larkin	3/11
Ms A. MacLeish	14/14	Mr. P. Matthews	11/14	Rev. R. McUtchen	12/14
Mr. M. Raynor	14/14	Mr. A. Stephens	11/14	Mr. B. van der Linde	15/17

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT of the EXECUTIVE COMMITTEE *(continued)*

Indemnifying Officers of the Society

The Society has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Society indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year a premium of \$1,421 (2018 - \$3,608) was paid to insure officers and members of the Executive Committee of the Puffing Billy Preservation Society against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of an officer of the Society, other than conduct involving a wilful breach of duty.

The Society Officers in respect of whom the premium was paid are:

Mrs. J. Baker	Mr. J. Conway	Mr. G. Hunter
Mr. G. Kidgell	Mr. K.Larkin	Ms. A. MacLeish
Mr. P. Matthews	Rev. R. McUtchen	Mr. M. Raynor
Mr. A. Stephens	Mr. B. van der Linde	

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 27 of the Annual Report.

This report is made by authority of a resolution of the Committee and signed on their behalf by:



Anne MacLeish
President

Dated this 13th day of October 2019

PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

EXECUTIVE COMMITTEE DECLARATION

The Executive Committee of the Society declares that:

The financial statements and notes, as set out on accompanying pages 11 to 26 are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*:

- a) comply with accounting standards, reduced disclosure requirements, and the Australian Charities and Not-for-profit Commission Regulations 2013; and other mandatory professional reporting requirements, and
- b) give a true and fair view of the financial position as at 30 June, 2019 and performance of the Society for the year ended on that date, and
- c) in the opinion of the Executive Committee there are reasonable grounds to believe that the Society 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 Executive Committee.



Anne MacLeish
President

Dated this 13th day of October 2019

PUFFING BILLY PRESERVATION SOCIETY
COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Sales Revenue	2	3,471	47,356
Cost of Sales	2	(1,291)	(21,471)
Gross Profit		2,180	25,885
Other Income			
General Activities	2	492,145	553,236
Expenses			
General Activities	2	(487,943)	(329,694)
Surplus before grants made		6,382	249,428
Grants made to Emerald Tourist Railway Board			
Belgrave Signal Box Construction		(194,157)	–
G42 Locomotive Maintenance		(6,715)	–
Menzies Creek Museum Redevelopment		(89,255)	(81,097)
Garratt Locomotive NG/G16-129 Restoration		(19,570)	–
Wright Station Reconstruction		(5,000)	–
Payment made on behalf of PBR to another entity			
Environmental Support – weed spraying		(1,818)	–
		(316,515)	(81,097)
Comprehensive Result for the Year		(310,133)	168,331

The accompanying notes form part of the Financial Statements

PUFFING BILLY PRESERVATION SOCIETY
BALANCE SHEET AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Financial Assets			
Cash and Cash Equivalents	3	429,851	520,383
Receivables	4	21,374	35,164
Other Financial Assets	5	1,460,557	1,708,780
Total Financial Assets		1,911,782	2,264,327
Non-Financial Assets			
Inventories	6	16,750	16,650
Property, Plant and equipment	7	1,750,097	1,030,097
Total Non-Financial Assets		1,766,847	1,046,747
Total Assets		3,678,629	3,311,074
Liabilities			
Payables	8	22,207	67,305
Other	9	54,677	51,891
Total Liabilities		76,884	119,196
Net Assets		3,601,745	3,191,878
Equity			
Asset Revaluation Reserve		1,626,970	906,970
Retained Profits	10	1,974,775	2,284,908
Total Equity		3,601,745	3,191,878

The accompanying notes form part of the Financial Statements

PUFFING BILLY PRESERVATION SOCIETY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Profits	Asset Revaluation Reserve	Total Equity
2017-2018	\$	\$	\$
Opening Balance at 1 July 2017	2,116,577	906,970	3,023,547
Net Result for the year	168,331	–	168,331
Physical Asset Revaluation	–	–	–
Closing Balance at 30 June 2018	<u>2,284,908</u>	<u>906,970</u>	<u>3,191,878</u>
2018-2019			
Opening Balance at 1 July 2018	2,284,908	906,970	3,191,878
Net Result for the year	(310,133)	–	(310,133)
Physical Asset Revaluation	–	720,000	720,000
Closing Balance at 30 June 2019	<u><u>1,974,775</u></u>	<u><u>1,626,970</u></u>	<u><u>3,601,745</u></u>

The accompanying notes form part of the Financial Statements

PUFFING BILLY PRESERVATION SOCIETY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Receipts from Customers and Members		457,309	566,815
Payments to Suppliers		(517,856)	(307,469)
Interest Received		38,307	36,212
Net Cash Flows from Operating Activities	14b	(22,240)	295,558
Cash Flows from Investing Activities			
Grants to Emerald Tourist Railway Board for restoration Projects and payment to another entity for ETRB environment projects		(316,515)	(81,097)
Payment for / (Redemption of) Investments		248,223	(42,038)
Net Cash used in Investing Activities		(68,292)	(123,135)
Net Increase (Decrease) in Cash and Cash Equivalents		(90,532)	172,424
Cash and Cash Equivalents at the beginning of the Year		520,383	347,959
Cash and Cash Equivalents at the end of the Year	14a	429,851	520,383

The accompanying notes form part of the Financial Statements

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Australian Charities and Not-for-profit Commission Act 2012* and the *Australian Charities and Not-for-profit Commission Regulations 2013*.

Puffing Billy Preservation Society is a Company limited by Guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 13 October 2019.

Basis of preparation

These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB). The adoption of these standards has not had any impact on the current period or any prior period and is not likely to affect future periods.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Society.

In the application of AAS, judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

Income Tax

The Society qualifies as an organisation specifically exempted from income tax pursuant to section 50-45 of the *Income Tax Assessment Act 1997*. Therefore no provision has been made for income tax.

Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies *(continued)*

Sales of goods and services

Income from the provision of services is recognised by reference to the stage of completion of the services being performed. The income is recognised when:

- the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Society. Under the stage of completion method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed in each annual reporting period.

Income from the sale of goods is recognised by the Society when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income, and the costs incurred or to be incurred in respect of the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Society.

Grants

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Society gains control over the underlying assets. The Society received resources and volunteer services free of charge as part of its operations. As the value of these resources and services cannot be reliably measured, they have not been recognised as revenue.

Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Depreciation

All plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

It is considered by the Society that Museum Exhibits are no longer depreciating and may well be appreciating in value. Accordingly no depreciation has been provided for these assets.

Interest expense

Interest expenses are recognised as expenses in the period in which they are incurred.

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when sold.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies *(continued)*

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies *(continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the simplified approach to impairment, as applicable under AASB 9:

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Inventories

Inventories are valued at the lower of weighted average cost or net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average acquisition cost basis. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Property, plant and equipment categories have been categorised into a hierarchy of three levels, which are as follows:

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies *(continued)*

- Level 1 – are assets which can be purchased in an active market in which there are identical or similar assets readily available
- Level 2 – are assets in a market in which there are other like or observable assets, other than those included in Level 1, which can be quoted either directly or indirectly.
- Level 3 – are assets which are not observable against any other assets to determine a comparable cost.

Non-financial physical assets such as land assets are measured at fair market value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

Restrictive nature of cultural and heritage assets – Classified as Level 3 assets

The Society holds some heritage assets which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

The fair value of Museum Exhibits has been measured at cost and these Exhibits are not depreciated as it is considered by the Society that these Exhibits may well be appreciating in value.

Liabilities

Payables

Payables consist of:

- Contractual payables include accounts payable. Accounts payable represent liabilities for goods and services provided to the Society prior to the end of the financial year that are unpaid, and arise when the Society becomes obliged to make future payments in respect of the purchase of those goods and services; and
- Statutory payables include goods and services tax.

Other Liabilities

Other liabilities consist of payments made in advance for membership renewals and services to be provided after the end of the current year.

New accounting standards for application in future periods

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the company has decided not to early adopt.

AASB 15 Revenue from Contracts with Customers is applicable to the entity from 1 July 2019. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognized. The standard is not expected to have a impact on initial application.

AASB 16 Leases is applicable to the entity from 1 July 2019. The standard removes the classification of leases by the lessee, and effectively treats all leases as finance leases. Short term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the lease accounting requirements. This standard is not expected to have a material impact on initial application.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: Summary of Significant Accounting Policies *(continued)*

New and amended accounting policies adopted by the entity

Initial application of AASB 9: Financial Instruments

The entity has adopted AASB 9: Financial Instruments with a date of initial application of 1 July 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Disclosure: Initial application of AASB 9

The date of initial application was 1 July 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139).

A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

The entity reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the entity's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018

	Financial instrument category		Carrying amount		
	AASB 139 Original	AASB 9 New	AASB 139 Original	AASB 9 recognition of additional loss allowance	AASB 9 New
Financial assets					
Current and non-current					
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	35,164	–	35,164
Financial assets	Held-to-Maturity	Financial assets at amortised cost	1,708,780	–	1,708,780
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	520,383	–	520,383
Financial liabilities					
Current and non-current					
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	67,305	–	67,305

The application of these changes in accounting policies had no impact on the cash flows of the entity.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: Operating Profit

	NOTE	2019 \$	2018 \$
Income			
Sale of Merchandise		3,471	47,356
Less: Cost of Sales		<u> </u>	<u> </u>
Opening Stocks		16,650	18,907
Purchases		1,391	19,214
Less: Closing Stocks		(16,750)	(16,650)
Cost of Sales		<u>1,291</u>	<u>21,741</u>
Gross Profit		<u><u>2,180</u></u>	<u><u>25,885</u></u>
 Income			
Donations – General		7,263	5,617
– G42 Locomotive Maintainance		3,571	4,055
– Climax Maintenance		2,892	7,679
– Belgrave Signal Box Construction		11,609	15,062
– Heritage Rolling Stock Restoration		2,160	1,575
– 3A Locomotive Restoration		2,121	1,860
– Garratt Loco NGG16-129 Restoration		7,182	8,912
– Menzies Creek Museum Development		2,095	1,211
– Society Archives Development		–	223
Bequests		–	10,000
Grants		–	7,920
Interest – Bank and Investments		38,307	36,212
Membership Subscriptions		85,779	84,334
Gross Proceeds Fundraising – General		1,093	5,010
– Fundraising– Climax Loco Maintenance		9,330	56,887
– Great Train Race		241,407	243,174
– Santa Specials		64,038	63,505
– Fundraising – Publications	2a	13,298	–
		<u>492,145</u>	<u><u>553,236</u></u>

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: Operating Profit *(continued)*

	NOTE	2019	2018
		\$	\$
Less: Expenditure			
Auditors' Remuneration		5,595	5,000
Archives Expenses		1,020	5,509
Bank Charges and Government Taxes		836	1,201
Grant Expenses		2,078	7,102
Compliance and Legal Fees		171,469	54,487
Member Services	2b	12,569	–
<i>Narrow Gauge</i>	2c	20,887	8,188
Postage and Telephone	2d	8,402	–
Printing and Stationery		5,959	5,997
Sundry Expenses		4,966	13,327
Gross Expenses: – Fundraising Activities – General		701	5,048
– Fundraising Activities – Climax Maintenance		10,433	18,335
– Great Train Race		182,619	153,919
– Santa Specials		51,933	51,581
– Fundraising – Publications	2a	8,476	–
		487,943	329,694
Surplus before Grants made		6,382	249,428

Note 2a – Two Publications Committee projects were run as fundraisers for Heritage Rolling Stock – *Timeless Impressions* and *VR Lamps & Lighting, Vol 1*.

Note 2b – Member Services shows costs associated with member meetings and travel by 3 Society members to Taiwan to attend the Alishan Field School on Heritage Preservation and Conservation in June 2019. These costs were not previously shown separately.

Note 2c – In 2018, the cost of only 2 *Narrow Gauge* magazines were included in the amount for the year, due to late invoicing by the supplier. In 2019, the cost of 5 *Narrow Gauge* magazines are included in the expenditure, being 3 for the current year and 2 from the previous year.

Note 2d – Postage for previous years was included in Sundry Expenses. During 2019, more mailouts than usual were required due to communications to members following the events of June 2018.

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at Bank	164,215	56,473
Bank Online Saver Account	265,636	463,910
	<u>429,851</u>	<u>520,383</u>

NOTE 4: Receivables

Current – Contractual

Sundry Debtors	18,925	34,089
----------------	--------	--------

Statutory

GST Receivables	2,449	1,075
-----------------	-------	-------

	<u>21,374</u>	<u>35,164</u>
--	---------------	---------------

The Society does not have any material credit risk exposure to any single receivable or group of receivables.

There are no balances within trade receivables that contain assets that are impaired or are past due. It is expected that all balances will be received when due.

The Society does not have any receivables whose terms have been renegotiated, but which would otherwise be past due or impaired.

NOTE 5: Other Financial Assets

	2019	2018
	\$	\$
Held-to-maturity Investments – Current:		
Interest Bearing Bank Term Deposits	1,460,557	1,708,780
	<u>1,460,557</u>	<u>1,708,780</u>

NOTE 6: Inventories

Current

Finished Goods, at net realisable value	16,750	16,650
	<u>16,750</u>	<u>16,650</u>

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: Property, Plant and Equipment	2019	2018
	\$	\$
Land and Buildings, at fair value	1,715,000	995,000
Museum Exhibits, at fair value	48,368	48,368
Less: Accumulated Depreciation	(13,271)	(13,271)
	<u>35,097</u>	<u>35,097</u>
Total Property, Plant and Equipment	<u><u>1,750,097</u></u>	<u><u>1,030,097</u></u>

Movement in carrying amounts

Movement of the carrying amounts for each class of property, plant and equipment at the beginning and end of the current financial year:

	Land	Museum Exhibits
Fair Value Level	2	3
Carrying Amount at 1st July 2018	995,000	35,097
Additions	–	–
Revaluations	720,000	–
Depreciation Expense	–	–
Carrying Amount at 30 June 2019	<u><u>1,715,000</u></u>	<u><u>35,097</u></u>

Land valuations were undertaken by Giles Valuation Services on the 10 individual allotments of land owned by the Society in Old Monbulk Road and Stanley Street, Belgrave in June 2019. Valuation was based on Fair Market Value.

NOTE 8: Payables	2019	2018
Current	\$	\$
Contractual		
Sundry Creditors – unsecured	16,562	59,464
Statutory		
GST Payable	5,645	7,841
	<u>22,207</u>	<u>67,305</u>

NOTE 9: Other Liabilities

Current		
Members Subscriptions in advance	48,495	51,891
Pre-Payments – Foot Plate Experiences	6,182	–
	<u>54,677</u>	<u>51,891</u>

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: Retained Profits	2019	2018
General Fund	\$	\$
Balance at beginning of the Year	1,212,563	1,044,232
Surplus before Grants	6,382	249,428
	<hr/>	<hr/>
	1,218,945	1,293,660
	<hr/>	<hr/>
Transfer to Endowment Fund	(10,000)	-
Transfer to 3A Special Purpose Fund	(27,671)	-
Transfer to Legal Contingency Fund	(150,000)	-
Grants to Emerald Tourist Railway Board	(316,515)	(81,097)
	<hr/>	<hr/>
Balance at end of the Year	714,759	1,212,563
	<hr/>	<hr/>
Legal Contingency Fund		
Transfer from General Fund	150,000	-
	<hr/>	<hr/>
Balance at end of the Year	150,000	-
	<hr/>	<hr/>
3A Special Purpose Fund		
Transfer from General Fund	27,671	-
Transfer from Endowment Fund	352,329	-
	<hr/>	<hr/>
Balance at end of the Year	380,000	-
	<hr/>	<hr/>
Endowment Fund		
Balance at beginning of the Year	1,072,345	1,072,345
Transfer from General Fund	10,000	-
Transfer to 3A Special Purpose Fund	(352,329)	-
	<hr/>	<hr/>
Balance at end of the Year	730,016	1,072,345
	<hr/>	<hr/>
Total Retained Profits	1,974,775	2,284,908
	<hr/> <hr/>	<hr/> <hr/>
General Fund balances at the end of the year include amounts for the following specific purposes:		
Garratt Locomotive G42 Maintenance	3,571	6,715
Gembrook Restoration	1,579	1,579
Climax Locomotive Maintenance	66,415	64,626
Belgrave Signal Box Appeal	11,162	193,710
Heritage Rolling Stock	88,148	22,378
Garratt Locomotive NG/G16-129 Restoration	5,556	17,944
Archives at Kings Road, Emerald	340	1,360
Menzies Creek Museum	5,169	92,329
	<hr/>	<hr/>
	181,940	400,641
	<hr/> <hr/>	<hr/> <hr/>

Continued ...

PUFFING BILLY PRESERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: Related Party

Currently there is one member of the Puffing Billy Preservation Society on the Emerald Tourist Railway Board, being Campbell Rose AM, Deputy Chair of the ETRB. He is not a member or nominee of the Executive Committee of the Puffing Billy Preservation Society.

In addition to the specific cash grants disclosed in the accounts, the Society provides significant voluntary services to the Board.

NOTE 12: Related Party Transactions

The Society sold books and DVD's to the value of \$859 (2018: \$4,654) to Emerald Tourist Railway Board.

The Society purchased repair services to the value of \$150 from T W Sands and Co, a company associated with Anne MacLeish.

NOTE 13: Members' Guarantee

The Society is Company limited by Guarantee. If the Society is wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Society. At 30 June 2019 the number of members was 1,165 (2018: 1,195).

NOTE 14: Cash Flow Information

	NOTE	2019 \$	2018 \$
14a Reconciliation of Cash			
Cash and Cash Equivalents	3	429,851	520,383
Cash and Cash Equivalents as per Cash Flow Statement		429,851	520,383
14b Reconciliation of Net Cash provided by Operating Activities to Operating Profit			
Surplus before grants to Emerald Tourist Railway Board	2	6,382	249,428
Changes in Assets and Liabilities			
(Increase) Decrease in Receivables		13,790	15,724
(Increase) Decrease in Inventories		(100)	2,257
(Decrease) Increase in Accounts Payable		(45,098)	41,437
(Decrease) Increase in Other Liabilities		2,786	(13,288)
Net Cash provided (used) by Operating Activities		(22,240)	295,558

NOTE 15: Subsequent Events

The release of the Ombudsman's report in June 2018 has resulted in several legal matters that extend beyond this balance date of 30 June 2019. The Ombudsman's report relates to historical claims of abuse during the 1970s to the early 1990s.

NOTE 16: Commitments and Contingencies

Legal costs identified to date on known matters are estimated at \$130,000. The contingency currently to hand is \$150,000. The quantum of any legal exposure is not able to be determined.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION ACT 2012 TO THE DIRECTORS OF PUFFING BILLY PRESERVATION SOCIETY**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


McLean Delmo Bentleys Audit Pty Ltd


Martin Fensome
Partner

Hawthorn
11 October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUFFING BILLY PRESERVATION SOCIETY

Opinion

We have audited the financial report of the Puffing Billy Preservation Society, which comprises the statement of financial position as at 30 June 2019, the statement of 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 other explanatory information, and the directors' declaration.

In our opinion, the financial report of the Puffing Billy Preservation Society is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Puffing Billy Preservation Society's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

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 Puffing Billy Preservation Society 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors as at the time of this auditor's report.

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

Emphasis of Matter

As disclosed in Note 15 and 16 to the financial statements, The release of the Ombudsman's report from June 2018 has resulted in several legal matters that extend beyond this balance date of 30th of June 2019. The Ombudsman's report relates to historical claims of abuse during the 1970's to the early 1990's. The quantum of any legal exposure is not able to be determined.

Our opinion is not modified with respect to this matter.

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUFFING BILLY PRESERVATION SOCIETY (CONTINUED)**

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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 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 the financial report.

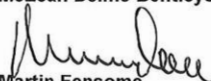
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
15 October 2019



PUFFING BILLY PRESERVATION SOCIETY

gratefully acknowledges generous contributions by the following sponsors of the Society operation and events

TOSHIBA

The Society greatly appreciates the support of Toshiba in our daily work

PUFFING BILLY PRESERVATION SOCIETY

also thanks the following organisations who supported the 2019 Great Train Race

Country Fire Authority and Local Brigades

Victoria Police

Emerald SES Unit

Cardinia Shire Council

Shire of Yarra Ranges

VicRoads

Hermon's Rainbow Removals & Storage

Mater Christi College

Rotary Club of Emerald and District

145/37 Foresters Venturer Unit

Australian College of Fitness and Bodywork

THE SOCIETY EXECUTIVE COMMITTEE

is grateful for the support of

PBPS Members

Volunteers for the Puffing Billy Railway

Puffing Billy Management and Staff

COVER PICTURE

In a picture-perfect setting, Puffing Billy loco 6A works its lightly-loaded train up the Emerald bank on a fine Sunday morning.

PHOTO: DAN HANCOCK