



PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT and financial statements **2021**





Our vision...

Engaging people in the preservation of Puffing Billy Railway for current and future generations.

*A compelling story of initiative, commitment, perseverance
and just plain hard work by volunteers of the
Puffing Billy Preservation Society for over 65 years.*

What is 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 over 800 members.

What does Puffing Billy Preservation Society do now?

Following the Victorian Government passing an Act of Parliament in 1977 to create the Emerald Tourist Railway Board (ETRB) 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 encourage other members to volunteer on the railway.

How does the Puffing Billy Preservation Society raise funds?

When possible, PBPS conducts fundraising activities and receives donations and bequests. Funds are made available, when possible, to the ETRB, with over \$3 million granted by the Society to the ETRB 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/maintenance, enhancements to collections at the Menzies Creek museum and the Society Archives, as well as infrastructure enhancements, all projects that support/enhance passenger and railway experience.

What does the Society own?

The Society owns museum exhibits, artefacts, archives, historical locomotives and other rolling stock and land used by the railway, as well as other assets.

What 'drives' Society volunteers?

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

SECTION 1 AN OVERVIEW OF PUFFING BILLY PRESERVATION SOCIETY	3
SECTION 2 GOVERNANCE	6
<i>President's Report</i>	
SECTION 3 OUR FINANCES	8
<i>Society Financial Report and Financial Statements</i>	
SECTION 4 OTHER IMPORTANT INFORMATION	30

ABOUT US

Puffing Billy Preservation Society has undergone great change since June 2018. Although it has always been a separate legal entity, during the past two years, it has moved to administration independent of the Emerald Tourist Railway Board, the operator of Puffing Billy Railway. Establishment of the Society as independent has been a time-consuming process for a voluntary Executive Committee, with no supporting administration team and work is still underway to establish all the required policies and procedures to enable forward progress.

During this time of pandemic, the Society Executive has worked to keep in touch with members, as well as continuing the process of evolving the Society into a new organisation for the future.

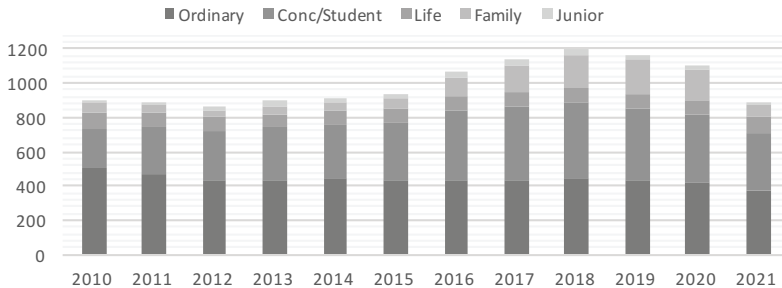
OUR MEMBERS

The members of the Society are important to the future of the organisation, with many having long term commitment through volunteering at Puffing Billy Railway and maintaining their membership since the early days of preservation in the 1950s.

Connections with our members increased during the year to help to maintain contact during the many Victorian lockdowns held since July 2020. Over this financial year the Society's Executive Committee organised:

- 10 Zoom Gatherings of members, with 3 having guest speakers
- Over 45 communications to members, via email or mail, with 39 of them providing links to PBPS virtual film nights on YouTube
- Publication of four issues of *Narrow Gauge* – September, December, March and June
- November 2020 Annual General Meeting and Special General Meeting via Zoom
- Mail order from the G42 shop to enable sales to continue to railfans during year
- Two member surveys, one using SurveyMonkey software
- Awards at the AGM in 2020 – seven COVID-19 awards at the AGM, ten Certificate of Appreciations and four Executive awards
- Awards in recognition of years of continuous memberships in 2020 – seven Twenty-year badges, fifteen Thirty-year badges, five Forty-year badges, two Fifty-year badges and four Sixty-year badges.

In 2021, our membership is 892, with significant drop off in numbers since 2020 due to the impact of COVID-19 and the reduction in member travel benefits on Puffing Billy Railway, previously granted by the Emerald Tourist Railway Board (ETRB) since 1977 and prior to that the Victorian Railways. A largely increased benefit was provided in 2014 by the ETRB, which resulted in increasing family memberships from 2016 and this benefit ceased in June 2020.



Graph showing Puffing Billy Preservation Society membership by category 2010–2021

OUR ORGANISATION

The Executive Committee is determined at each AGM and casual vacancies, if they exist, can be filled during the year. The Executive Committee has worked tirelessly in these difficult times to the best of their ability to fulfil the requirements of Responsible Persons, as per the governance standards of the Australian Charities and Not-for-profit Commission.

Many thanks to those in office as at June 30, 2021 and those that have been involved during the financial year. All have contributed to the operation of the Society in this difficult year and are to be thanked for all their efforts.

Executive Committee members – in office as at June 30 2021

Name	Position and dates	
Anne MacLeish	President since AGM 2018	Executive Meetings attended 17/17 Publications, Finance Company Director
Graeme Kidgell	Committee Member since AGM 2018, Vice President since AGM 2020	Executive Meetings attended 17/17 Heritage Rolling Stock Engineer (retired)
Gareth Hunter	Secretary since AGM 2018	Executive Meetings attended 14/17 IT Manager
Richard Elphick	Committee Member since AGM 2020	Executive Meetings attended 7/8 Heritage Rolling Stock Architect/Engineer (retired)
Alf Grigg	Committee Member since AGM 2019	Executive Meetings attended 14/17 Governance Civil Engineer
Richard Main	Committee Member since AGM 2020	Executive Meetings attended 7/8 Membership Consultant
Phil Matthews	Committee Member since AGM 2018	Executive Meetings attended 15/17 Merchandising, Fundraising & Events Business Consultant

Executive Committee members – held position during 2020-2021

We thank these people for their involvement with the Executive Committee in the past twelve months.

Jenny Baker	Committee Member to 26/10/2020	Committee Member since AGM 2018 Meetings attended 7/7
Andrea Coffey	Committee Member to 07/11/2020	Committee Member since AGM 2019 Meetings attended 8/9
Dylan Haywood	Committee Member to 10/05/2021	Committee Member since AGM 2019 Meetings attended 10/12
Rob McUtchen	Committee Member 01/07/2020 to 02/09/2020	Committee Member since AGM 2018 Meetings attended 5/5
Ben van der Linde	Vice President 01/07/2020 to 11/10/2020	Vice President since AGM 2018 Prev. Committee Member 3 years Meetings attended 7/8

All meetings of the Society Executive Committee during the financial year were held using ZOOM technology. In total, 17 meetings were held.

OUR VOLUNTEERS

During 2020-2021, the Society Executive Committee has been supported by volunteers who have participated on sub-committees and assisted with administration. All of these people are thanked for their support that has enabled many Society activities to progress, as best as possible, in a difficult year.

In the area of Publications, the sub-committee included Max Raynor, Andrew Webster, Andrew Hennell, Larry James and Robert Smith. In his role as editor of *Narrow Gauge*, Robert Smith has produced four issues of the magazine and is to be thanked by all for his dedication to this role. Other people supporting the area of Publications include Greta van Malenstein and John Thompson, as well as all who contribute articles to the magazine. Jigsaw design and production was supported by Rod Davies and Phil Matthews.

In the area of Finance, the sub-committee of Tim Horton, Eric Platt and Sandra Beldman have put in hours of work in supporting the establishment of independent financial processing and management, including investigation of investment options and financial history.

In supporting membership, Jenny Baker has led the process of regular production of YouTube clips for the Society's YouTube channel which members have enjoyed over the many weeks of lockdown. Phil Matthews has assisted for some of these productions, namely the special purpose ones.

In supporting Heritage Rolling Stock, the sub-committee included Graeme Kidgell, John Conway, Henk Eyssens, Bernie Holmes, Hugh Markwick and Kevin Taig have worked on plans for storage and restoration of carriages 6NB and 8NB, on hold until post-lockdown.

In supporting lineside projects, a feasibility study is being prepared for enhancements in the area of the landslide, including construction of the water tank, stand and loading platform. Investigations have been undertaken by Robert Smith.

In administration, support has been provided by Heather Tasker and Lyn Wade, who have worked on setting up the systems in the Knoxfield office. Andrew Hennell has worked on the cumulative membership years investigation. Andrew Webster has supported the Executive Committee as minutes secretary. This assistance has been greatly appreciated.

The G42 shop has been operated, when possible, by Peter Medlin and Bruce West providing access to publications related to railway operations from around the world. A mail order option has been introduced during the year.

During the year, many members donated to the Society with donations for the Archives Collection and also for sale through the second-hand outlet at the G42 shop. Thank for all these donations.

Members also donated to the various funds of the Society to enable finance to be available when projects start. Thank you for all these donations.

During the financial year, a premium of \$993 (2020 - \$1560) was paid to insure those who provide volunteer support to the Society on sub-committees and with administration.

STRUCTURE AND MANAGEMENT

Puffing Billy Preservation Society is registered with the Australian Charities and Not-for-profits Commission (ACNC). It is a company limited by guarantee.

PRESIDENT'S REPORT

Again, this year, my report starts in a similar way to last year with '2021 – a very difficult year for everyone, including the Society'. It is still unclear when a return to 'normal' will be possible and what that will look like.

During the year, the Society Executive and all who support the operations of the Society have undertaken what has been possible, as we work towards meeting our corporate requirements. During the year, the Society signed a Memorandum of Understanding with the Commonwealth Department of Social Services on the National Redress Scheme for Institutional Child Sexual Abuse. To date, the Society has responded to all requests for information from the Scheme in as timely a manner as possible. A report was also provided on request to the Commission for Children and Young People.

During the year, the Society became an Associate Member of the Association of Tourist and Heritage Railways of Australia (ATHRA). This has provided links to other Tourist and Heritage Railways in Victoria and joint projects have been developed with Central Highlands Tourist Railway and Walhalla Goldfields Railway.

During the year, building more regular connections with members was important and that was aided by the regular playlists of railway related clips prepared by Jenny Baker and supported by email communications on other member related matters. *Narrow Gauge*, edited by Robert Smith, with the support of the Publications Committee, also provided a great resource to members, appearing once a quarter. Regular Zoom meetings, coordinated by Phil Matthews and Gareth Hunter, have been enjoyed by those attending.

The Society Executive has valued the responses provided by members to the two surveys undertaken during the year and the information that has been provided has assisted in developing future directions. The Constitution Review project is still underway. Changes to the Society Constitution were made at a Special General Meeting held in November 2020 and further identified changes are committed to being completed in the coming year.

Other activities

During the year, access to the Kings Road building in Emerald, used since 2015 as the location of the Society Archives and Library, has not been possible. This building housed the railway's historical collection with material collected from PBPS, ETRB and Victorian Railways and catalogued by Society volunteers. Many of the corporate records of the Society were also housed in the building. From March 2020, ETRB removed records for their own cataloguing purpose and some may not be returned, once that is complete. Collection of archival material continued during the year for inclusion in the Archives Collection when again accessible. Work is continuing on re-gaining access to the records that remain in the Kings Road building.

Despite requests to set up an agreement with ETRB for use of Moondarra, no agreement was reached and the Society re-occupied the building with the intention of using it for Society purposes. A structural engineer's report indicated that the building was not fit for purpose. A planning committee for the future of the Moondarra area has been established and is working through strategies for development.

Fundraising Activities

During the year, there were four fundraising initiatives. Early in the year, Lockdown jigsaw puzzles were very popular with members. For the pre-Christmas sales, a Christmas Catalogue was organised that provided details on all Society merchandise, including publications, Climax shirts, mugs and mementos, selected items from PBR Retail area and for the times, PBPS face masks. In April, this was followed by the release of *VR History Series – Lamps and Lighting Volume 2*, a joint project with Central Highlands Tourist Railway. Throughout the year, the G42 shop has been open, when possible or via mail, to provide great reading material for members and rail enthusiasts.

Due to the uncertainty created by the pandemic, it was not possible to plan any events for members, outside those held using Zoom. None of these events were fundraising focused. We look forward to a time when events for members can again be held.

In ending, a special thanks to the members of the Society Executive Committee who have contributed voluntarily their time and efforts to support the Society and its members, through challenging times. The support of Graeme Kidgell as Vice President has provided a great balance to the Executive and the support of Gareth Hunter as Secretary with the many administrative tasks is appreciated.

In this coming year, the Society will be continuing to get its house in order, so that it can better achieve its objectives and work towards the vision of a Society that engages people in supporting the preservation of Puffing Billy for current and future generations.



Anne MacLeish
PBPS President
October 2021

OUR ACTIVITIES

Key focus areas for this year and the coming year have been:

- **Member Communication and Publications**
 - Projects are to continue in Communication and Publication projects, including anniversary events.
 - Work is underway to select and implement a membership processing system.
- **Lineside Projects**
 - Funds have been allocated for work on development of the landslide after feasibility completed.
 - Funds have been allocated for development of the Archives area.
- **Restoration Projects**
 - Funds continue to be collected for future construction of the Belgrave Signal Box.
 - Planning is underway for restoration of carriages 6NB and 8NB.
- **Society Administration**
 - Governance work continues, including Constitution Review and policies and procedures.
 - Planning for redevelopment of Moondarra site continues.
 - Investment strategies are being developed for the Endowment Fund to help fund future initiatives.

SOCIETY FINANCIAL REPORT

The Executive Committee submit this Financial Report with the following Financial Statements for the year ended 30 June 2021.

The principal activities of the Society during the financial year were in relation to the ongoing operation of the Puffing Billy Preservation Society, the preservation of the assets of the organisation and the raising of funds for future projects at Puffing Billy Railway.

The net result of the Society was a surplus of \$27,406 (2020: deficit of \$53,477).

This was largely due to no grants being made to the Emerald Tourist Railway Board (2020: \$28,267), legal cost reduction and cost management initiatives.

To enable the Society to continue to operate during the year, costs were incurred in rental of storage and office space to enable administration and sales related to fundraising to be undertaken. As part of the separation from the Emerald Tourist Railway Board, a new IT network was established at the office location to enable membership and financial processing.

Comparative cost analysis for the *Narrow Gauge* magazine shows that in 2020, 5 issues were printed and posted (\$20,107) and in 2021, 4 issues were printed and 3 posted (\$12,594). This was due to a timing issue between production and post.

Following the advice from structural engineers as regards the Moondarra property and other changes since 2019, a land revaluation of all properties was recommended and this is reflected in the financial statements. A small portion of the Society's land assets are leased to South East Water for use of their pumping station. All other assets recorded in the financial statements are valued based on historical cost.

In these COVID times, income was considerably reduced, however sales of railway related items, through two series of jigsaw puzzles, a Christmas catalogue of a wide range of items and launch for distribution of *VR History Series - Lamps & Lighting Volume 2* saw sales up on previous years. Sales of the Society's face mask continue, as it is unlikely that a mask free situation in Victoria will happen for some time.

Low interest rates saw a greatly reduced income from investments and an Investment Strategy is being developed to seek higher returns on funds held in the Endowment Fund, as was originally proposed in 2004. All bequests (non-specific) received by the Society are recorded in the Endowment Fund and the income from these funds is used for projects agreed to by the Society.

Membership subscriptions are down due to both reduction in member numbers for various reasons, plus a percentage of members who have changed from the higher fee of the Family subscription to either Full or Concession membership. As uncertainly continues in relation to the Emerald Tourist Railway Board and its support of the Puffing Billy Preservation Society members, this situation may continue until agreements are in place.

During the year, the Executive Committee allocated funds to projects related to Lineside Heritage, Belgrave Signal Box and Archives Development, as key areas identified at this stage for the coming year(s).

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 they are a member or with a company in which they have a substantial financial interest.

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 \$1,602 (2020 - \$1,431) 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.

This report is signed in accordance with a resolution of the Executive Committee:

Anne MacLeish
President

Graeme Kidgell
Vice President

Gareth Hunter
Secretary

Dated this day 11th October 2021



Puffing Billy Preservation Society

ABN: 79 004 621 505

Financial Statements

For the Year Ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Income	2	119,514	260,941
Expenditure			
Legal Fees		(27,192)	(218,187)
Events		(1,999)	(3,775)
Fundraising		-	(10,078)
Projects		(3,578)	(1,522)
Insurance		(4,411)	(4,101)
Consultants		-	(5,102)
Professional fees		(10,957)	(4,571)
Narrow Gauge (Society Magazine)		(12,594)	(20,107)
Other		(4,667)	(8,066)
Storage and Office Space		(7,909)	(930)
Other membership services		(7,016)	(6,462)
Cost of Sales		(10,541)	(1,930)
Finance costs		(1,244)	(1,320)
Surplus/(deficit) before grants		27,406	(25,210)
Grants Made to Emerald Tourist Railway Board			
G42 Locomotive Maintenance		-	(5,063)
Climax Maintenance		-	(17,600)
NG/G16-129 Restoration		-	(5,604)
Payments Made on behalf of PBPS to another entity		-	(28,267)
Total comprehensive income/(loss) for the year		27,406	(53,477)

The accompanying notes form part of these financial statements.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	113,428	164,041
Trade and other receivables	4	8,337	8,924
Financial assets	5	1,726,738	1,663,170
Inventories	6	16,782	16,402
Total current assets		1,865,285	1,852,537
Non-current assets			
Property, plant and equipment	7	2,418,025	1,753,025
Total non-current assets		2,418,025	1,753,025
TOTAL ASSETS		4,283,310	3,605,562
LIABILITIES			
Current liabilities			
Trade and other payables	8	16,241	20,927
Other liabilities	9	29,696	37,929
Total current liabilities		45,937	58,856
Non-current liabilities			
Other non-current liabilities	9	43,960	45,699
Total non-current liabilities		43,960	45,699
TOTAL LIABILITIES		89,897	104,555
NET ASSETS		4,193,413	3,501,007
EQUITY			
Reserves		2,291,970	1,626,970
Accumulated surpluses	10	1,901,443	1,874,037
TOTAL EQUITY		4,193,413	3,501,007

The accompanying notes form part of these financial statements.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2020	1,874,037	1,626,970	3,501,007
Surplus/(deficit) for the year	27,406	-	27,406
Revaluation increment (decrement)	-	665,000	665,000
Balance at 30 June 2021	1,901,443	2,291,970	4,193,413

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	1,974,775	1,626,970	3,601,745
Adjustment on application of AASB15: Revenue from Contracts with Customers	(47,261)	-	(47,261)
Surplus/(deficit) for the year	(53,477)	-	(53,477)
Balance at 30 June 2020	1,874,037	1,626,970	3,501,007

The accompanying notes form part of these financial statements.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers, Donors and Members		99,764	237,073
Interest Received		16,731	28,106
Payments to Suppliers		<u>(103,540)</u>	<u>(325,448)</u>
Net cash used in operating activities	13	<u>12,955</u>	<u>(60,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption/(placement) of term deposits		(63,568)	(202,613)
Payment for property, plant and equipment		<u>-</u>	<u>(2,928)</u>
Net cash provided by investing activities		<u>(63,568)</u>	<u>(205,541)</u>
Net increase in cash and cash equivalents held		(50,613)	(265,810)
Cash and cash equivalents at beginning of year		<u>164,041</u>	<u>429,851</u>
Cash and cash equivalents at end of financial year	3	<u>113,428</u>	<u>164,041</u>

The accompanying notes form part of these financial statements.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(a) Basis of Preparation

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

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Comparative Figures

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first out basis and is a net of any rebates and discounts received.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the financial 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.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(d) Financial Instruments

Classification and subsequent measurement of financial assets

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.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(d) Financial Instruments

Classification and subsequent measurement of financial assets

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 (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

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.

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

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise 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.

(f) Income taxes

No current or deferred income tax assets or liabilities have been raised by the Company as it is exempt from income tax under Division 50 of the Income Tax Assessment Act.

The company is registered as a charity with the Australian Charities and Not-for-profits Commission.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(g) Revenue

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Interest Income

Interest includes interest received on deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method that allocates the interest over the relevant period.

Donation and Other Income

Donations and bequests are recognised as revenue when the Society gains control of the assets, as there is no enforceable contract. All revenue is stated net of the amount of GST.

Membership Income

Annual memberships are recognised during the period to which the membership relates.

Lifetime memberships have historically been fully recognised when received. On application of AASB 15, life memberships have been reclassified as unearned income to be recognised as revenue over a 30 year period. Senior life memberships are recognised as revenue over a 17 year period. If a life membership is ended early, the remaining balance in unearned income will be recorded as revenue in that financial year.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(g) Revenue

Sale of Goods and Services

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.

(h) Expenses

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

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 sale are expensed when sold.

(i) Property, plant and equipment

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

Plant and Equipment

It is considered by the Society that Museum Exhibits, which include locomotives and rolling stock, are no longer depreciating and may well be appreciating in value. Accordingly, no depreciation has been provided for these assets since 1977.

The Society holds some heritage artifacts that 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.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(i) Property, plant and equipment

Property, plant and equipment consists of the following categories:

- Land - Measured at fair market value
- Buildings and improvements - Measured at fair value less accumulated depreciation
- Museum exhibits and heritage assets - Measured at cost

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Impairment of Assets

At the end of each reporting period the executive determines whether there is any evidence of an impairment on its non-financial assets.

Where an indicator exists, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets that have suffered an impairment loss.

(k) 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 Taxation 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 statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Accounting Policies

(I) Critical accounting estimates and judgments

The Society undertakes a number of estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgments made have been described below.

Key estimates - Fair value of property, plant and equipment

The Society has adopted the fair value of land and buildings as determined by a qualified valuer based on comparable sales data. Refer to Note 7 for further details.

Key estimates - useful life of depreciable assets

The executive reviews its estimate for the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to obsolescence that may change in the utility of certain plant and equipment.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Revenue and other income

	2021	2020
	\$	\$
Revenue		
- Sale of goods	13,024	2,244
- Interest - investment	16,731	28,106
- Fundraising	701	20,879
- Events	-	534
- Bequest income	4,865	96,254
- Member subscriptions	57,460	79,130
- Donations	25,066	33,794
- Rental income	1,667	-
Total Revenue and other income	<u>119,514</u>	<u>260,941</u>

3 Cash and Cash Equivalents

Bank balances	<u>113,428</u>	<u>164,041</u>
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4 Trade and Other Receivables

CURRENT

Trade Debtors	(33)	74
Interest Accrued	7,178	8,616
Other receivables	<u>1,192</u>	<u>234</u>
	<u>8,337</u>	<u>8,924</u>

5 Financial assets

CURRENT

Interest bearing bank term deposits	<u>1,726,738</u>	<u>1,663,170</u>
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6 Inventories

CURRENT

Finished goods at net realisable value	<u>16,782</u>	<u>16,402</u>
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Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Property, Plant and Equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Land and Buildings and Improvements, at fair value	<u>2,380,000</u>	<u>1,715,000</u>
PLANT AND EQUIPMENT		
Heritage Assets	51,296	51,296
Accumulated depreciation	<u>(13,271)</u>	<u>(13,271)</u>
Total plant and equipment	<u>38,025</u>	<u>38,025</u>
Total property, plant and equipment	<u>2,418,025</u>	<u>1,753,025</u>

Valuation

Land and buildings owned by the Company were independently valued by GVS Property Victoria for the year ended 30 June 2021 with the 10 lots of land over 6 titles totaling \$2,380,000. The revaluation increment was recorded in the asset revaluation reserve.

Movement in Carrying Amounts

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

Legal Title

The Emerald Tourist Railway Board (ETRB) has placed caveats over certain properties where the Company is the legal registered owner.

Legal ownership of heritage assets including rolling stock has been disputed by the ETRB.

The Directors believe that assets recorded in the financial report are the legal property of the Company.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Property, Plant and Equipment

(a) Movements in Carrying Amounts

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

	Land	Heritage Assets	Total
	\$	\$	\$
Year ended 30 June 2021			
Balance at the beginning of year	1,715,000	38,025	1,753,025
Revaluation increase	665,000	-	665,000
Balance at the end of the year	2,380,000	38,025	2,418,025

8 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
GST payable/(receivable)	(1,301)	(3,150)
Trade Creditors	17,542	24,077
	16,241	20,927

9 Other Liabilities

CURRENT		
Membership fees received in advance	29,696	37,929
NON-CURRENT		
Life membership fees received in advance	43,960	45,699

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Retained Profits

	2021	2020
	\$	\$
General Fund		
Balance at the beginning of the year	657,269	714,759
AASB15 adjustment	-	(47,261)
Surplus/(deficit) before grants	27,406	(25,210)
	<u>684,675</u>	<u>642,288</u>
Transfer to Endowment Fund	(4,865)	(96,254)
Transfer to 3A Special Purpose Fund	(6,021)	(10,498)
Transfer to/from Legal Contingency Fund	-	150,000
Grants to Emerald Tourist Railway	-	(28,267)
	<u>673,789</u>	<u>657,269</u>
Legal Contingency Fund		
Transfer from General Fund	-	150,000
Transfers in	-	50,000
Transfers out	-	(200,000)
		<u></u>
3A Special Purpose Fund		
Opening balance	390,498	380,000
Transfer from General Fund	6,021	10,498
	<u>396,519</u>	<u>390,498</u>
Endowment Fund		
Opening balance	826,270	730,016
Transfer from General Fund	4,865	96,254
	<u>831,135</u>	<u>826,270</u>
Total Retained Profits	<u>1,901,444</u>	<u>1,874,037</u>

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Retained Profits

General Fund balances at the end of the year include amounts for the following specific purposes

	2021	2020
	\$	\$
Lineside Heritage	21,709	696
Climax Locomotive Maintenance	60,532	58,637
Belgrave Signal Box Appeal	35,000	25,000
Heritage Rolling Stock	91,673	90,380
G42 Maintenance	3,110	-
Archives Development	24,384	-
Menzies Creek Museum	7,684	7,048
Locomotive Restoration	1,995	634
	<u>246,087</u>	<u>182,395</u>

11 Related Party

Some members of the Society are employed by Puffing Billy Railway and some members of the Society volunteer their time to Puffing Billy Railway.

The Directors of Puffing Billy Preservation Society are not remunerated in their capacity as Directors.

12 Member Guarantee

Puffing Billy Preservation Society is a Company Limited by Guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. As at 30 June 2021 the number of members was 892. (2020: 1,095)

13 Cash Flow Information

	2021	2020
	\$	\$
Reconciliation of cashflow from operations with result for the year		
Net result for the year	27,406	(53,477)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	587	10,001
(Increase)/decrease in inventories	(380)	348
Increase/(decrease) in payables	(6,425)	(5,013)
Increase/(decrease) in other liabilities	(8,233)	(12,128)
Cashflows from operations	<u>12,955</u>	<u>(60,269)</u>

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Events after the end of the Reporting Period

Since March 2020, the Australian economy has been significantly impacted by the disruption caused by the COVID-19 pandemic. In July and August 2021, the Victorian Government imposed further movement restrictions and shut-downs of businesses in Victoria to suppress recent virus outbreaks. As a result the Company has been unable to carry out its normal operations and no events have been possible.

There may be a financial impact in the future from matters before the National Redress Scheme that relate to the Company. The financial impact is not yet known.

Negotiations and further legal costs associated with the resolution of the asset ownership matters are expected to be incurred over the next 12 months.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

15 Company Details

Puffing Billy Preservation Society
PO Box 515
Belgrave, VIC 3160
Australia

Puffing Billy Preservation Society

ABN: 79 004 621 505

Responsible Entities' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
 - b. give a true and fair view of the financial position and performance of the Company;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director *Aime Macdonald*

Director *Carson Hunter*

Dated

12 October 2021



Puffing Billy Preservation Society

ABN: 79 004 621 505

Independent Review Report to the members of Puffing Billy Preservation Society

We have reviewed the financial report of Puffing Billy Preservation Society (the Company), which comprises of the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

Responsibility of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415: Company Limited by Guarantee or an Entity Reporting under the Australian Charities and Not-for-profits Commission Act 2012, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013, including giving a true and fair view of the company's financial position as at 30 June 2021 and its performance for the year ended on that date; and complying with the Australian Accounting Standards. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Liability limited by a scheme approved under Professional Standards Legislation

Puffing Billy Preservation Society

ABN: 79 004 621 505

Independent Review Report to the members of Puffing Billy Preservation Society

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report of Puffing Billy Preservation Society does not satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012, or has not been prepared, in all material respects, in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards as referred to in Note 1 of the financial statements.


Saward Dawson



Jeffrey Tulk
Partner

Dated: 13 October 2021

Blackburn, VIC

ACKNOWLEDGMENTS AND THANK YOU

Legal

Thank you to Simon Nunan of Eastern Bridge Lawyers for his support of the Society Executive with legal advice on matters related to assets and other issues.

Financial

Thank you to Jeff Tulk, Kane Noorbergen and other staff of Saward Dawson for their support of the Society through the annual financial process.

HOW YOU CAN HELP

Encourage membership

To ensure a positive future for the Puffing Billy Preservation Society, encouraging membership of those interested in preservation of the railway called 'Puffing Billy' and in ensuring that the railway continues to operate for the enjoyment of current and future generations is appreciated. Application forms can be found at pbps.org.au or enquire to membership@pbps.org.au

Volunteer your time

The Puffing Billy Preservation Society supports all those who volunteer their time towards the day-to-day operation of the Puffing Billy Railway, as operated by Emerald Tourist Railway Board.

The Society also requires volunteers to assist the Executive Committee with future projects, administration functions and event management. Information on these opportunities can be found in our regular email communications. More information available from secretary@pbps.org.au

Make a donation

Donations can be made at any time to the current funds and others that may be introduced over time. Current projects that funds are being used for include:

- Lineside Heritage
- Archives Development
- Menzies Creek Museum
- Belgrave Signal Box Construction
- Heritage Rolling Stock
- Locomotive Restoration and Maintenance, including:
 - o Climax Locomotive Maintenance
 - o 3A Restoration Fund
 - o G42 Maintenance

For more details about the current funds, email secretary@pbps.org.au

To make a donation, email pbpsaccounts@pbps.org.au or ring **03 9757 0767** to leave a message.

Leave a bequest

Consider making a bequest in your will for the Puffing Billy Preservation Society to include in the Endowment Fund to provide future income for Society projects and grants to the operator of Puffing Billy Railway. If you wish to direct your bequest to a special purpose, please contact the Society for advice on your requirements.

Support an event or fundraising activity

Your support for Society events and fundraising activities is appreciated. The Society Executive also appreciate proposals/suggestions for development from members that work towards achievements of Society objectives.

Get in touch with the Society Executive through the Secretary at secretary@pbps.org.au



CONTACT US

Puffing Billy Preservation Society
PO Box 515
Belgrave Victoria 3160
Australia
(03) 9757 0767 (leave message)
secretary@pbps.org.au

PHOTO CREDITS

Front cover After uncoupling 8A from the lunch train on 18 February, fireman Tony 'Ashcat' Marsden took what he considered at the time to be just another 'record the history shot'. Ascat could not possibly have known how prophetic the 'Not Going' sign was as passenger services stopped completely five weeks later. PHOTO-TONY MARSDEN, NARROW GAUGE #237 JUNE 2020.

Page 9 Moondarra, November 2020. PHOTO-ROBERT SMITH, NARROW GAUGE #240 MARCH 2021.

Page 31 A trip to Gembrook is not complete without a pre-arranged stop at Wright station to pick up a couple of familiar faces. Thanks to all involved. PHOTO-STEVE HOLMES, NARROW GAUGE #240 MARCH 2021.

Back cover First day at its new home, locomotive 3A sits majestically on its new plinth inside the Lakeside Visitor Centre after being transferred from the Menzies Creek Museum on Wednesday 1 July 2020. PHOTO-KANE CONSTRUCTIONS, NARROW GAUGE #238 SEPTEMBER 2020.

