



Puffing Billy Preservation Society

ABN: 79 004 621 505

Financial Statements

For the Year Ended 30 June 2020

Puffing Billy Preservation Society

ABN: 79 004 621 505

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For the Year Ended 30 June 2020

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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 2020.

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 provision of funds to support restoration and maintenance projects of the Emerald Tourist Railway Board.

The loss by the Society, before grants made to Emerald Tourist Railway Board, was \$25,210 (2019: surplus of \$6,382).

The Net Result of the Society, after grants made to Emerald Tourist Railway Board, was a deficit of \$53,477 (2019: deficit \$310,113).

Bequests received during the year were \$96,254. (2019 – \$nil).

In 2020, \$28,267 (2019: \$316,515) was provided as grants to the Board towards locomotive restoration and maintenance. \$5,604 was provided to assist with the restoration of the NG/G16 locomotive, \$5,063 was provided towards the upkeep of the G42 locomotive and \$17,600 was provided to enable the Climax locomotive to be prepared to operational standard.

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, its 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 2020, there were 1,095 members (2019: 1,165).

During the year, the long-term objectives of the Society have been under review. The objects as stated in the Constitution are:

- Preserve and continue to develop the narrow-gauge railway line between Belgrave and Gembrook as a world class heritage railway known as Puffing Billy Railway,
- Maintain a museum of related artefacts, and,
- Support the Emerald Tourist Railway Board to keep the railway in operation as a major tourist attraction.

Towards these objectives, the Society has undertaken the following:

- Published
 - a) *Narrow Gauge*, our quarterly magazine, that records the history of the Railway and
 - b) *SAGA to Steam* that records the story of NG/G16-129 locomotive at Puffing Billy Railway.
- Continued with collection, conservation and cataloguing of archival material related to the history of Puffing Billy Railway, its assets and related railways.
- Supported the restoration of Wright station through funding and project support.
- Continued to provide artefacts for display at the Menzies Creek Museum and worked with railway personnel on artefacts for display at the Lakeside Visitor Centre (under construction by ETRB).
- Raised funds to assist in covering the cost of restoring, developing and maintaining Puffing Billy as a world class heritage railway. Funds were provided this year to the Emerald Tourist Railway Board towards the maintenance and restoration of locomotives used by Puffing Billy Railway for a combined amount of \$28,267.
- Provided assets of the Society for the use of the Emerald Tourist Railway Board and its day to day operation. Long overdue formalised agreements for this use have been proposed.
- Supported members who volunteer in the daily operations of Puffing Billy Railway.

Over the past twelve months, the Society Executive has been faced with challenges associated with separation from the Emerald Tourist Railway Board.

The Ombudsman Report of June 2018 recommended that the Minister responsible undertake a review that included governance issues associated with the Society. The review was commissioned by the Department of Jobs, Precincts and Regions in early 2019 and Society representatives met with consultancy firm PwC in May 2019 to provide limited input into the review. The review was completed in November 2019 and its recommendations were accepted by the Minister. The Society had a briefing from the Department and subsequently received one page of the report, which lists The Four Pillars of Separation, as Asset Separation, Board Separation, Management Separation and Function Separation.

Society Assets

Assets Separation is defined in the PwC report as “*Clarify ownership of assets critical to PBR in ETRB and Society registers. Ideally, ETRB to acquire all assets not owned by it or otherwise in its possession enter into lease or licence agreements to clarify and protect rights of use. At a minimum, ETRB should own land and rail tracks required for PBR operation.*”

Since March 2019, the ETRB has simply denied the Society’s ownership of assets. On legal advice, with regard to the interests of members and potential creditors of the Society, the Society maintains its ownership of those assets that have been purchased, earned, received by donation or constructed by the Society that were not transferred to the Board upon or around the establishment of the Board in 1977.

The Society has lodged a formal complaint with the Victorian Government Ombudsman in respect of the conduct of the Board in its treatment of the Society’s assets generally.

Assets owned by the Society include:

- Land and buildings in the Belgrave station area, adjacent to the rail corridor, purchased prior to 1980 from private owners for the purposes of enabling railway activities. These properties were purchased to provide room for railway development, administration, meeting space and volunteer accommodation. The Society is keen to formalise agreements with the ETRB on use of these areas, notwithstanding caveats placed by the ETRB on most of the land.
- Substantial assets in the nature of goodwill and intellectual property including assets which the Society uses to conduct its fundraising – for example goodwill and intellectual property associated with the Footplate Experience Trains, Santa Specials and the Great Train Race.
- Considerable work was undertaken by the Finance Committee into verification of the assets of the Society following the work undertaken in the 2019 year.
 - Artefacts (including display only items, under restoration/requiring restoration items and operational items) have been listed in registers and their status and location identified. Due to COVID-19 closure, a small number of items have still to be catalogued at Kings Road, Innes Road and other storage locations.
 - Due to prior years’ accounting practices, those items purchased before 1977 are recorded in the balance sheet at purchase cost, less depreciation accumulated prior to 1977. The two Ocean Grove carriages purchased in 2010 are recorded at purchase cost in the balance sheet. These carriages were moved into undercover storage (off site) to enable them to be prepared for restoration. The amount of work undertaken was limited by COVID-19 restrictions.
 - The intention prior to COVID-19 closure of the railway was to prepare for an independent valuation of the assets of the Society. This was not possible.
- The Society is keen to formalise agreements with the Emerald Tourist Railway Board on matters related to all these assets, consistent with recommendations of the PwC review.
- The Society has a substantial amount of archival material and a library of books, held mainly at the Archives office in Kings Road, Emerald. Collection, conservation and cataloguing activities were

underway, until the office was closed by the ETRB in March 2020, on their discovery of ETRB stored documents in the water tower located next to the office. The office has continued to be closed since then due to COVID-19 restrictions.

Administrative Matters

- The offices at Kings Road were provided to the Society for administration purposes in June 2019, when ETRB advised that space would no longer be made available at the Society's long-term location at Belgrave. The closure of Kings Road in March 2020 saw the Society with limited access to administration records and office equipment and it was necessary to rent office and storage space in the Knoxfield area. In July 2020, the ETRB provided the Society with some of the records and equipment held at Kings Road, however they still retain the Society's records (hard and soft copy) that have been requested since July 2019, as well as other material in the Kings Road offices.
- The Society, after implementing MYOB software, has completed a full year processing its own accounts, a first for many years. Appointment of a new Auditor occurred during the year and the first audit (independent of the ETRB) took place.
- The Society, previously covered under joint insurance policies with ETRB, has taken out policies to cover director's insurance, volunteer insurance, property insurance and public liability.
- All these additional administrative matters have had an impact on the Society, from both workload and financial point of view. In 2019, costs due to the separation from ETRB were close to \$2,000 and in 2020, these costs increased to close to \$20,000.

Member and Fundraising Matters

- Membership numbers have fallen slightly for year ending 2020, as shown below.

Type	Full	Concession	Life (inc Hon & Senior)	Family	Junior / Student	Total
As at 30/06/2019	433	413	88	205	26	1165
As at 30/06/2020	416	385	93	175	26	1095

- Two fundraising events were held during the year. In August, the Graeme Breydon Memorial Film night was held and in October, the Climax was the feature of the Twilight Train event. Previous Society events (Footplate Experience Trains, Santa Specials and Great Train Race) were not held due to ETRB decisions. These long-term Society initiated, enhanced and supported events raised considerable funds towards railway restoration projects. Planning for alternative events was limited and became impossible with the COVID-19 restrictions.
- Small fundraising projects included publication of *SAGA to Steam* to support the release into traffic of NG/G16-129 locomotive in December 2019. This restoration was the result of a Society initiative in the late 1990s to raise funds to purchase the locomotive from South Africa and was further supported by a contribution of over \$620,000 since 2012 to the ETRB towards the restoration.
- The Society's response to COVID-19 has been:-
 - Two series of jigsaw puzzles with railway related photos were produced and made available for sale to members, as a minor fundraiser.
 - The Society has kept in touch with members through release of weekly PBPS YouTube playlists, that enable members to share in viewing railway clips from around the world during the COVID-19 lockdown.
 - The Society has kept in touch with members through regular ZOOM gatherings and regular member communications by email.
- The Society has published four issues of *Narrow Gauge*, which are distributed to members, other railways and VIPs. *Narrow Gauge* is a key communication tool of the Society.

Legal Matters

- In the 2019 Annual Report, the Society reported receiving further writs post year end related to historical child abuse in the 1970s and 1980s. Another writ was received during the year. The cost of both legal fees and settlements incurred for the year to 30 June 2020 was \$218,187.
- The Society is in the process of joining the National Redress Scheme. This process significantly increases the administrative load on Society volunteers.

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 they is a member or with a company in which they has a substantial financial interest.

Executive Committee

The Committee members in office from 1 July 2019 to 30 June 2020 were:

Mrs J Baker	Ms A Coffey (from 11/19)	Mr J Conway (to 11/19)	Mr A Grigg (from 11/19)
Mr D Haywood (from 11/19)	Mr G Hunter	Mr G Kidgell	Ms A MacLeish
Mr P Matthews	Rev R McUtchen	Mr M Raynor (to 05/20)	Mr A Stephens (to 11/19)
Mr B van der Linde			

Meetings of Committee Members

During the financial year, twenty one (21) meetings of the Executive Committee were held. Mr A Grigg was on approved Leave of Absence for 6 meetings during the year. All meetings since March were held using ZOOM Technology. The number of meetings attended by each committee member was:

Mrs J Baker	21/21	Ms A Coffey	9/13	Mr J Conway	7/8
Mr A Grigg	5/7	Mr D Haywood	12/13	Mr G Hunter	19/21
Mr G Kidgell	19/21	Ms A MacLeish	21/21	Mr P Matthews	18/21
Rev R McUtchen	19/21	Mr M Raynor	19/21	Mr A Stephens	6/8
Mr B van der Linde	17/21				

Information on Committee Members in office at 30 June 2020

<i>Member</i>	<i>Experience</i>	<i>Special Responsibilities</i>
A M MacLeish B.Sc., Assoc Dip Bus.	President for 2 years Prev. Committee member for 2 years Company Director	President Liaison with Finance Committee
B L van der Linde B. Eng. (Mech)	Vice President for 2 years Prev. Committee member for 3 years Engineering Design Manager	Vice President
G Hunter	Secretary for 2 years IT Manager	Secretary
J Baker	Committee member for 2 years Historic Research Consultant	Convenor Virtual Film Nights
G Kidgell	Committee member for 2 years Retired Engineer	Convenor Heritage Rolling Stock
P Matthews	Committee member for 2 years Business Consultant	Convenor Merchandising, Fundraising & Events Committee Liaison with Publication Committee
R McUtchen B Ec., B Theol.	Committee member for 2 years Prev. Committee member for 2 years Minister of Religion	Convenor Strategy Committee
A Grigg	Civil Engineer Committee member for 1 year	
D Haywood	Mechanical Engineer Committee member for 1 year	
A Coffey	Mathematician and Photographer Committee member for 1 year	

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 \$1,431 (2019 - \$1,421) 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	Ms A Coffey	Mr J Conway	Mr A Grigg	Mr D Haywood
Mr G Hunter	Mr G Kidgell	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 2020 has been received and can be found in the Financial Statements prepared by the Auditor.

Signed in accordance with a resolution of the Executive Committee:

Anne MacLeish

Gareth Hunter

President - Anne MacLeish
Dated this 30th day of October 2020

Secretary - Gareth Hunter

Puffing Billy Preservation Society

ABN: 79 004 621 505

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Income	2	260,941	495,618
Expenditure			
Legal Fees		(218,187)	(171,469)
Events		(3,775)	(2,371)
Fundraising		(10,078)	(253,461)
Projects		(1,522)	-
Insurance		(4,101)	(1,421)
Consultants		(5,102)	-
Professional fees		(4,571)	(5,595)
Narrow Gauge (Society Magazine)		(20,107)	(20,887)
Other		(15,458)	(31,905)
Cost of Sales		(1,930)	(1,291)
Finance costs		(1,320)	(836)
Surplus/(deficit) before grants		(25,210)	6,382
Grants Made to Emerald Tourist Railway Board			
G42 Locomotive Maintenance		(5,063)	(6,715)
Belgrave Signal Box Construction		-	(194,157)
Climax Maintenance		(17,600)	-
NG/G16-129 Restoration		(5,604)	(19,570)
Menzies Creek Museum Redevelopment		-	(89,255)
Wright Station Reconstruction		-	(5,000)
Payments Made on behalf of PBR to another entity			
Environmental Support - Weed Spray		-	(1,818)
Total comprehensive income/(loss) for the year		(53,477)	(310,133)

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 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	164,041	429,851
Trade and other receivables	4	8,924	18,925
Financial assets	5	1,663,170	1,460,557
Inventories	6	16,402	16,750
Total current assets		1,852,537	1,926,083
Non-current assets			
Property, plant and equipment	7	1,753,025	1,750,097
Total non-current assets		1,753,025	1,750,097
TOTAL ASSETS		3,605,562	3,676,180
LIABILITIES			
Current liabilities			
Trade and other payables	8	20,927	19,758
Other liabilities	9	37,929	54,677
Total current liabilities		58,856	74,435
Other non-current liabilities	9	45,699	-
Total non-current liabilities		45,699	-
TOTAL LIABILITIES		104,555	74,435
NET ASSETS		3,501,007	3,601,745
EQUITY			
Reserves		1,626,970	1,626,970
Accumulated surpluses	10	1,874,037	1,974,775
TOTAL EQUITY		3,501,007	3,601,745

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 2020

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

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2018	2,284,908	906,970	3,191,878
Surplus/(deficit) for the year	(310,133)	-	(310,133)
Revaluation increment	-	720,000	720,000
Balance at 30 June 2019	1,974,775	1,626,970	3,601,745

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 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers, Donors and Members	237,073	457,309
Interest Received	28,106	38,307
Payments to Suppliers	(325,448)	(834,371)
Net cash used in operating activities	13 <u>(60,269)</u>	<u>(338,755)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption/(placement) of term deposits	(202,613)	248,223
Payment for property, plant and equipment	(2,928)	-
Net cash provided by investing activities	<u>(205,541)</u>	<u>248,223</u>
Net increase in cash and cash equivalents held	(265,810)	(90,532)
Cash and cash equivalents at beginning of year	429,851	520,383
Cash and cash equivalents at end of financial year	3 <u>164,041</u>	<u>429,851</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 2020

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 2020

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

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Notes to the Financial Statements

For the Year Ended 30 June 2020

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 2020

1 Accounting Policies

(g) Revenue

The Company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income for Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity as 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

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.

The modified retrospective application of AASB 15 has been applied from 1 July 2019, resulting in an adjustment to the retained earnings balance in the current year. Comparative balances have not been restated.

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.

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.

Puffing Billy Preservation Society

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Accounting Policies

(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

The locomotives, rolling stock and equipment, have been measured at cost. These items are not depreciated. It is considered that some of these items may be appreciating in value.

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 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.

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.

Puffing Billy Preservation Society

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Accounting Policies

(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.

(l) 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 - Impairment of property, plant and equipment

The Society assesses impairment at the end of each reporting period by evaluating conditions specific to the Society that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations that incorporate various key assumptions.

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 2020

2 Revenue and other income

	2020	2019
	\$	\$
Revenue		
- Sale of goods	2,244	3,471
- Interest - investment	28,106	38,307
- Fundraising	20,879	328,073
- Events	534	1,093
- Bequest income	96,254	-
- Member subscriptions	79,130	85,779
- Donations	33,794	38,895
Total Revenue and other income	260,941	495,618

3 Cash and Cash Equivalents

Bank balances	164,041	429,851
	164,041	429,851

4 Trade and Other Receivables

CURRENT

Trade Debtors	74	9,741
Interest Accrued	8,616	9,184
Other receivables	234	-
	8,924	18,925

5 Financial assets

CURRENT

Interest bearing bank term deposits	1,663,170	1,460,557
	1,663,170	1,460,557

6 Inventories

CURRENT

Finished goods at net realisable value	16,402	16,750
	16,402	16,750

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Property, Plant and Equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Land and Buildings and Improvements, at fair value	<u>1,715,000</u>	<u>1,715,000</u>
PLANT AND EQUIPMENT		
Heritage Assets	51,296	48,368
Accumulated depreciation	<u>(13,271)</u>	<u>(13,271)</u>
Total plant and equipment	<u>38,025</u>	<u>35,097</u>
Total property, plant and equipment	<u><u>1,753,025</u></u>	<u><u>1,750,097</u></u>

Valuation

Land and buildings owned by the Company were independently valued by Giles Valuation Services for the year ended 30 June 2019 with the 10 lots of land over 6 titles totaling \$1,715,000. The revaluation increment was recorded in the asset revaluation reserve.

Movements 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

Legal Title

The Emerald Tourist Railway Board (ETRB) has placed caveats over certain properties where the Society 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 Society.

	Land	Heritage Assets	Total
	\$	\$	\$
30 June 2020			
Balance at the beginning of year	1,715,000	35,097	1,750,097
Additions	-	2,928	2,928
Depreciation expense	-	-	-
Carrying amount at the end of year	<u><u>1,715,000</u></u>	<u><u>38,025</u></u>	<u><u>1,753,025</u></u>

Puffing Billy Preservation Society

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Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
GST payable/(receivable)	(3,150)	3,196
Trade Creditors	24,077	16,562
	<u>20,927</u>	<u>19,758</u>

9 Other Liabilities

CURRENT		
Membership fees received in advance	37,929	48,495
Other fees received in advance	-	6,182
	<u>37,929</u>	<u>54,677</u>
NON-CURRENT		
Life membership fees received in advance	45,699	-
	<u>45,699</u>	<u>-</u>

Puffing Billy Preservation Society

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Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Retained Profits

	2020	2019
	\$	\$
General Fund		
Balance at the beginning of the year	714,759	1,212,563
AASB15 adjustment	(47,261)	-
Surplus/(deficit) before grants	(25,210)	6,382
	<u>642,288</u>	<u>1,218,945</u>
Transfer to Endowment Fund	(96,254)	(10,000)
Transfer to 3A Special Purpose Fund	(10,498)	(27,671)
Transfer to/from Legal Contingency Fund	150,000	(150,000)
Grants to Emerald Tourist Railway	(28,267)	(316,515)
	<u>657,269</u>	<u>714,759</u>
Legal Contingency Fund		
Transfer from General Fund	150,000	150,000
Transfers in	50,000	-
Transfers out	(200,000)	-
	<u>-</u>	<u>150,000</u>
3A Special Purpose Fund		
Opening balance	380,000	-
Transfer from General Fund	10,498	27,671
Transfer from Endowment Fund	-	352,329
	<u>390,498</u>	<u>380,000</u>
Endowment Fund		
Opening balance	730,016	1,072,345
Transfer from General Fund	96,254	10,000
Transfer to 3A Special Purpose Fund	-	(352,329)
	<u>826,270</u>	<u>730,016</u>
Total Retained Profits	<u><u>1,874,037</u></u>	<u><u>1,974,775</u></u>

Puffing Billy Preservation Society

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Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Retained Profits

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

	2020	2019
	\$	\$
Garratt Locomotive G42 Maintenance	-	3,571
Gembrook Restoration	696	1,579
Climax Locomotive Maintenance	58,637	66,416
Belgrave Signal Box Appeal	25,000	11,162
Heritage Rolling Stock	90,380	88,148
Garratt Locomotive NG/G16-129 Restoration	-	5,556
Archives at Kings Road, Emerald	-	340
Menzies Creek Museum	7,048	5,169
Locomotive Restoration	634	-
	182,395	181,941

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, members of the society also volunteer for the Emerald Tourist Railway Board.

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

12 Member Guarantee

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 towards meeting any outstanding obligations of the society. As at 30 June 2020 the number of members was 1,095 (2019: 1,165).

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Cash Flow Information

	2020	2019
	\$	\$
Reconciliation of cashflow from operations with result for the year		
Net result for the year	(53,477)	(6,382)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	10,001	(5,506)
(Increase)/decrease in inventories	348	(100)
(Increase)/decrease in other current assets	-	(284,455)
Increase/(decrease) in payables	(5,013)	(45,098)
Increase/(decrease) in other liabilities	(12,128)	2,786
Cashflows from operations	<u>(60,269)</u>	<u>(338,755)</u>

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 2020, 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.

Legal costs associated with mediations in July/August have been paid in July 2020. Further legal costs were incurred in August 2020. These costs relate to matters raised in the 2019-2020 financial year and have been included in these accounts. Additional further claims may arise, however the financial impact to the company is not yet known.

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

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 2020 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 Anna Macheuk

Director Janette Hunter

Dated 30 October 2020

Puffing Billy Preservation Society

ABN: 79 004 621 505

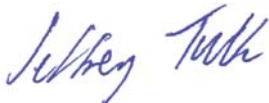
Auditors Independence Declaration to the Directors of Puffing Billy Preservation Society

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Accounting Professional Ethical Standards as required by Section 60.40 of 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.



Saward Dawson



Jeffrey Tulk
Partner

Date: 30 October 2020

Puffing Billy Preservation Society

ABN: 79 004 621 505

Independent Audit Report to the members of Puffing Billy Preservation Society

Opinion

We have audited the accompanying financial report, being a general purpose financial report of Puffing Billy Preservation Society (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, the accompanying financial report of Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (i) giving a true and fair view of Company's financial position as at 30 June 2020 and of its financial performance for the period ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter

We draw attention to Note 7 where the Emerald Tourist Railway Board have placed caveats over a number of properties owned by the Company and ownership of other assets is being disputed. The Directors believe they hold legal ownership of these assets as recorded in the financial statements.

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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine 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.

Puffing Billy Preservation Society

ABN: 79 004 621 505

Independent Audit Report to the members of Puffing Billy Preservation Society

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Company or to cease operations, or have 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 the Australian Auditing Standards, we exercise professional judgement 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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.

Puffing Billy Preservation Society


ABN: 79 004 621 505

Independent Audit Report to the members of Puffing Billy Preservation Society

We communicate with the directors 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.



Saward Dawson



Jeffrey Tulk
Partner

Dated: 30 October 2020