



PUFFING BILLY PRESERVATION SOCIETY

ABN 79 004 621 505 ACN 004 621 505

ANNUAL REPORT and financial statements

2022





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) 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 seven hundred 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 funds for restoration and development projects, and work on restoration and preservation projects.

How does the Puffing Billy Preservation Society raise funds?

The Society receives donations and bequests and conducts fundraising activities when possible. Over \$5 million has been granted to the ETRB for a wide range of projects over the years. Funds are made available to the ETRB, subject to agreed criteria for capital and operational projects.

What are the funds used for?

Funds can be used for a wide range of projects, in particular locomotive restoration and maintenance and enhancements to collections at the Menzies Creek Museum and the Society Archives. Together with infrastructure enhancements, projects supporting enhanced passenger experience from a heritage perspective with links to railway history are preferred.

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. In the early decades of the Society, historical artefacts and material were saved. There has been less opportunity in more recent times.

What 'drives' the Society volunteers?

Society members have committed over time to preserving Victoria's unique heritage narrow gauge railway in the Dandenong Ranges and its history for current and future generations to enjoy.

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30 June 2022

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ABOUT US

Puffing Billy Preservation Society is a member-based organisation with an elected Executive Committee. The members of the Executive Committee themselves volunteer and are supported by a small group of volunteers. The Society operates independently of the operators of the Puffing Billy Railway (PBR), the Victorian Government appointed Emerald Tourist Railway Board (ETRB).

There are significant opportunities for the Society to develop projects, events and activities that have not been able to be progressed, due to insufficient resources. We encourage members to step up and become involved, so that these opportunities can be planned and progressed.

During the year, changes to the operation of the Puffing Billy Railway were highlighted with assent of the *Puffing Billy Railway Act 2022*. From an organisation, that only four years ago was volunteer run with involvement of Society members at all levels of the railway and financially successful, the railway now has high staff levels, receives significant funding from the Victorian Government for operational purposes and rosters volunteers in operational roles.

The new Act allows for two members of the Society to be members of the new Board (to be called the 'Puffing Billy Railway Board') and we encourage members with the right expertise to apply for these positions when they become available.

OUR MEMBERS

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

The past year started with months of lockdown conditions and a slow return to normal. During this time, efforts were made to stay connected with membership. During the year,

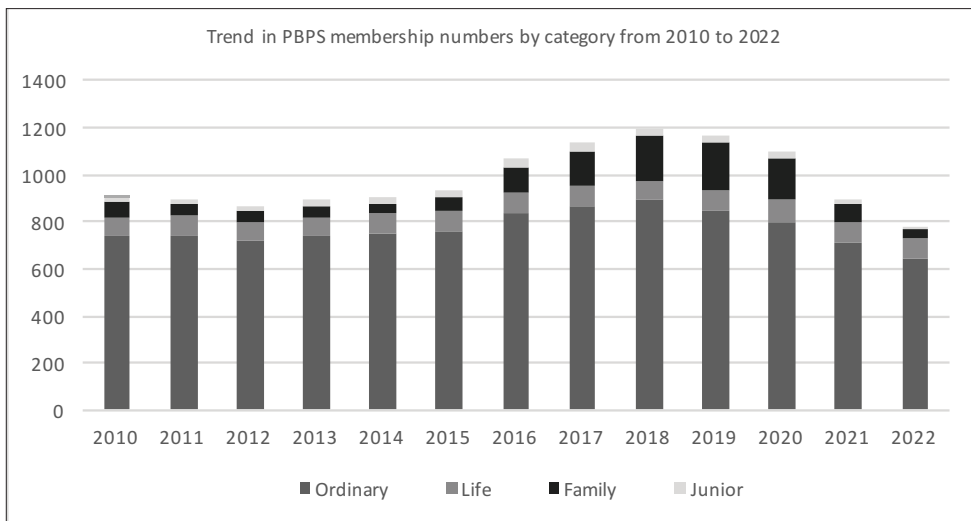
- 9 Zoom Gatherings of members were held with guest speakers at five of them. We thank speakers Alan Gray, Greg Michael (twice), Greg Finster and Chris Tasker. A Zoom gathering in March enabled an on-line discussion about the Puffing Billy Railway Bill, during the time the Bill was before the parliament.
- 28 Member Communications emailed with 15 of these having links to PBPS virtual film nights on YouTube, a great initiative by Jenny Baker during the years of lockdown.
- Publication of two issues of *Narrow Gauge* – September (mailed November), December (mailed February). Due to lack of resources, March and June issues are still underway.
- Awards in recognition of years of cumulative membership years in 2021 included:

Membership badge	20 Years	30 Years	40 Years	50 Years	60 Years
Number of badge awards	23	27	13	17	18

Records of cumulative membership were prepared during the year to recognise all years of membership. All years since 1961 are considered in determining years of membership. Records have become available for earlier years and these extra years will be considered in 2023 figures.

Trend in membership numbers

In 2022, our membership numbers were 778. Numbers have dropped in recent years, with significant drop off in numbers since 2020 due to the impact of COVID-19 and the removal of member travel benefits on Puffing Billy Railway, previously granted by the Emerald Tourist Railway Board (ETRB) since 1977 and prior to that by the Victorian Railways. The graph on the following page shows the trend of membership numbers by category over the past thirteen years.



OUR ORGANISATION

The Executive Committee is determined at each AGM and casual vacancies can be filled during the year. The Executive Committee has worked tirelessly 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 of 30 June 2022, and to those who have been involved during the financial year. All have contributed to the operation of the Society in this difficult year and are thanked for all their efforts.

Executive Committee members – in office as of 30 June 2022		
Name	Position and dates	Attendance, roles in Society & other
Anne MacLeish	President since AGM 2018	Executive Meetings attended 17/17 Finance, Publications, Redress Company Director
Richard Main	Committee Member since November 2020 Secretary since AGM 2021	Executive Meetings attended 17/17 Membership Consultant
Jeremy Paton	Committee Member since October 2021 Vice President since March 2022	Executive meetings attended 13/14 Finance, Redress Retired Company Director
Gareth Hunter	Secretary from AGM 2018 to November 2021 Committee Member since AGM 2021	Executive Meetings attended 15/17 Society IT Support, Redress IT Manager
Sandra Beldman	Committee Member since March 2022	Executive Meetings attended 3/5 Finance Chief Financial Officer
Jeffery Gouldson	Committee Member since March 2022	Executive Meetings attended 4/5 Governance Retired Engineer

Executive Committee members – held positions during 2021-2022

We thank these people for their involvement with the Executive Committee in the past 12 months

Name	Position and dates	Attendance, roles in Society
Richard Elphick	Committee Member to February 2022	Committee Member since AGM 2020 Meetings attended 5/10
Alf Grigg	Committee Member to February 2022	Committee Member since AGM 2019 Meetings attended 7/9
Graeme Kidgell	Vice President to February 2022	Committee Member since AGM 2018 Meetings attended 10/10
Phil Matthews	Committee Member to February 2022	Committee Member since AGM 2018 Meetings attended 10/10

During the year there were a few weeks when the Executive Committee worked to return to the required number of members for ongoing operation. We welcomed two new Executive members in March. Meetings of the Society Executive Committee during the financial year were mainly held using Zoom technology. From early 2022, meetings were again able to be held 'in person', with Zoom still being used if required. In total, seventeen meetings were held.

OUR VOLUNTEERS

During 2021-2022, the Society Executive Committee was supported by volunteers, who participated on sub-committees and assisted with administration. These people are thanked for their support that has enabled Society activities to progress, as best as possible, in a difficult year.

In administration, support was provided by Heather Tasker and Lyn Wade, who worked on a range of projects in the Knoxfield office. This assistance has been appreciated.

A special mention is made of Andrew Webster, who has supported the Executive Committee as minutes secretary throughout the year.

The Finance sub-committee (Tim Horton, Eric Platt, and Sandra Beldman) have contributed to the Society with monitoring of financial processing, developing the investment strategy and investigating the Society's ownership of assets, opposite claims by the ETRB.

During the year, publications were supported by volunteers including Max Raynor, Andrew Webster, Andrew Hennell, Larry James, Robert Smith, John Thompson, and Greta van Malenstein. The Society needs other volunteers to step up to assist the publications area. The 2021 Jigsaw project saw four new jigsaws released following work by Rod Davies and Phil Matthews.

Members were supported by Jenny Baker's production of YouTube playlists early in the year and by Andrew Hennell's investigation to determine cumulative membership. A small committee under Richard Main of David Boutchard, Roy Richens and Peter Shearman have started the development of an improved membership processing system.

The G42 shop was operated, when possible, by Peter Medlin, supported by Bruce West, providing access to publications related to railway operations from around the world. The G42 shop closed due to lockdown from August to October 2021. The mail order service continues to grow.

Two committees currently in recess are Heritage Rolling Stock and Moondarra Construction, due to limited Executive Committee resources to support them.

John Conway, Henk Eyssens, Bernie Holmes, Graeme Kidgell, Hugh Markwick, and Kevin Taig comprised the Heritage Rolling Stock sub-committee. In September 2021, Graeme Kidgell, Phil Matthews, and Gareth Hunter coordinated the transfer of carriages 6NB and 8NB to a new location in Rawson for safe storage.

The Moondarra Construction Committee started initial planning and design concepts with members Max Bracher, Richard Elphick, Graeme Kidgell, Howard McTier, and Gary Ryan. High level requirements for a replacement building with a similar footprint with a heritage aspect were developed and preliminary discussions started to develop these into an appropriate design brief.

As part of the return to the Kings Road premises, a group of volunteers including Keith Buckland, Ted Godwin, Maggie Lambert, Lyn Wade, Lindsay Walker, and Deborah Woodward met over Zoom to identify Policies and Procedures required for the ongoing operations with the development and maintenance of the historical collections of the Society. Access to the site was only possible from March 2022 and Ted Godwin and Maggie Lambert are currently investigating records that may have been removed incorrectly by the ETRB between March 2020 and March 2022.

During the year, members contributed articles and photographs to the Narrow Gauge magazine and made donations to the Society of items for sale through the G42 shop or for inclusion in the Archives Collections. Thank you to all for these donations.

All volunteers of the Society are financial members of the Society and complete a registration process, which includes a Working with Children Check and a declaration of interests. Procedures to support the volunteer workforce are being developed, covering initially induction and workplace health and safety.

Insurance cover for volunteers when supporting the Society on sub-committees, or with administration and event organisation, was provided. During the financial year, a premium of \$985 (2021 - \$993) was paid for this insurance.

OUR AFFILIATIONS

The Society is a member of the following organisations:

- Australian Tourist and Heritage Railways Association – benefits have included building relationships with other railways and wider access to insurance options.
- Australian Museums and Galleries Association – benefits include access to information about museum operation.
- Royal Historical Society of Victoria – benefits include access to other historical societies and information on archives operation.

The Society is developing a Memorandum of Understanding with Walhalla Goldfields Railway and supported WGR with funds to support their recovery from the floods in winter 2021.

The Society is keen to reach agreement with the Emerald Tourist Railway Board as regards working together in the future.



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.

EXECUTIVE COMMITTEE REPORT

The past four years have been challenging for the Society and for the members of the Executive Committee. Setting up as an independent legal entity, as required, due to separation from the Emerald Tourist Railway Board, has seen the Society Executive undertake a much wider range of administrative duties than previously necessary. With only a small Executive and no back up support staff, the help of volunteers has been essential. To move forward, the Society Executive needs the support of the membership, by becoming more involved.

The three major interactions with the Emerald Tourist Railway Board this year were working toward resolution of the Society's ownership of assets, development of the Kings Road Access Agreement and discussion of a Memorandum of Understanding with the ETRB that is acceptable to both parties. In addition to that, the *Puffing Billy Railway Act 2022* was assented in April. All these matters impact on Society members in the future.

Society Assets

The Emerald Tourist Railway Board provided the *ETRB Asset Report* to the Society in September 2021 and the Society and volunteers have put in significant effort with limited access to records to investigate the points raised. Following extensive research, a formal response is being prepared.

Despite requests since July 2019, the ETRB continues to retain financial and other records of the Society. Most recent supply of financial records was in February 2022. ETRB moved documents of a non-financial nature from the Kings Road, Emerald premises to other sites during site closure to Society access from March 2020 until March 2022. Society volunteers are gradually working through a process of comparing computer registers (not available until March) with documents left on site to identify any records removed in error.

Clear ownership of land by the Society adjacent to the Belgrave Station saw the Society offer the ETRB leases for the land, as per the separate legal entity status and as per recommendations from the PwC report, as commissioned by the Department of Jobs, Precincts and Regions. These were not acceptable to the ETRB, and agreement on leases is an outstanding matter.

Kings Road, Emerald premises for Historical Collection

Considerable time has been spent to develop an acceptable "access only" agreement to the Kings Road premises at Emerald. As indicated to members at the AGM 2021, access is provided by ETRB free-of-charge to the Society. A tenancy agreement was not available, though it would have been preferable. ETRB provides maintenance and IT services to the Society and retains access rights to their computer room and other IT infrastructure at the site.

Agreement on working together

Following a one-hour meeting with ETRB representatives in June 2021, a draft Memorandum of Understanding (MoU) between the Society and the ETRB was prepared by ETRB management and provided to ETRB staff and volunteers, with a request to the Society to survey all members and provide feedback in a limited time. We thank all the members who responded to the member survey undertaken. There was a clear indication that the format provided by the ETRB was not acceptable to the membership. A draft MoU based on a standard NFP format was prepared and provided in response to the ETRB. Discussion on resolving a forward agreement is still ongoing and outstanding.

Puffing Billy Railway Act 2022

The Society needs to develop a new direction now that the *Puffing Billy Railway Act 2022* has been assented. Although input from previous ETR Boards from 2012 appears to have been considered by legislation drafters of the Bill there are matters of serious concern to separate legal entities such as the Society. Consultation prior to the release of the Bill was minimal and there was little opportunity for consultation prior to the Bill moving through both houses to assent. Members provided detailed feedback to all political parties to address concerns about the Bill. However, due to short time that the Bill was before the parliament, there was minimal adjustment made to the final wording of the Act.

Governance

Improving governance has been ongoing during the year. Areas completed and under development include:-

- Updating *Policies and Procedures*, especially as regards Workplace Health and Safety and volunteer and executive induction.
- Supporting the *Statement of Commitment to Child Safety*, introduced to members at the Annual General Meeting in November 2021 and included in December 2021 *Narrow Gauge*.
- Updating the *Charter and Guidelines for Narrow Gauge* and *Guidelines for Advertising Material in Publications* in line with separation from ETRB.
- Reviewing the Society's Constitution after assent of the *Puffing Billy Railway Act 2022*.
- Approving an ongoing direction with *Society Awards*, including on cumulative membership and use of objective criteria for level 1 and level 2 recognition awards.

During the year, three Society Executive members completed required training for the National Redress Scheme. The Society Executive must have trained officers in this area until 2028 to support any enquiries through the scheme or received directly, related to historical cases.

Fundraising Activities

During the year, there were various fundraising initiatives.

Publications, souvenir clothing, and commemorative mugs were sold to raise funds when members met and, in this way, funds were raised towards Climax Locomotive maintenance, as well as sales of masks, jigsaws and publications with proceeds directed towards general funds. A Christmas Catalogue that included jigsaws raised additional funds. (A selection of PBPS jigsaw puzzles is shown on the opposite page. Clockwise from Peckett (top left), 1920s scene, Lakeside and G42 cab.)

The G42 shop continued to provide a wide range of railway publications for sale and to raise funds to 'Keep G42 Going'.

Fundraising to support future restoration of the Shay #14 locomotive started with proceeds of \$1903 from sale of *The Shay Locomotive - An Illustrated History* in November 2021. Our initial purchase sold out quickly and a second order was placed.

Events

Eighty-five people accessed the 2021 Annual General Meeting by Zoom in November. Plans are to return to an in-person meeting in 2022, with an option for remote members to attend via Zoom.

In June 2022, seventy members and guests attended two lunch events held for those members with over 50 years of membership. The guest list was over 130 members, but distance and health issues made attendance difficult for a small percentage.

Thanks

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.

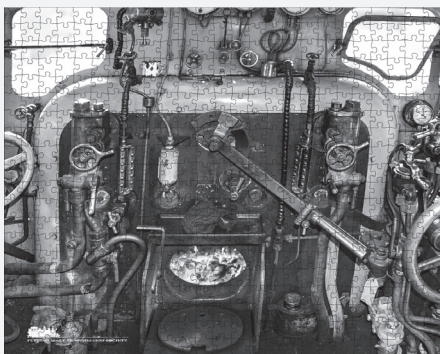
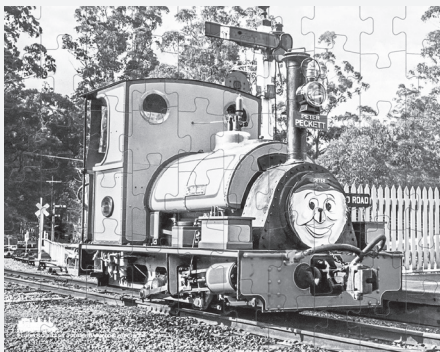
The support of Graeme Kidgell as Vice President for part of the year and Jeremy Paton for the balance was appreciated. Richard Main stepped into the role of Secretary after the AGM and has supported the Society well in this role.

We thank and wish all the best to Executive members who resigned during the year - Richard Elphick, Alf Grigg, Graeme Kidgell and Phil Matthews – all contributed to the activities of the Executive.

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

Jeremy Paton
Vice-President



2021 Jigsaw Puzzle Collection

SOCIETY FINANCIAL REPORT

The Executive Committee submits this Financial Report with following Financial Statements for the year ended 30 June 2022.

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

The net result of the Society was a deficit of \$67,846 (2021: surplus of \$27,406).

The deficit was due to reduced income from subscriptions and investments, increased costs from ongoing legal matters and provision made for slow moving stock of publications.

Finance sub-committee reviewed the Investment Strategy for the Society during the year and there was a move to diversify away from sole use of term deposits to the addition of managed funds with a longer-term perspective. Timing was such that lower interest rates and other market movements saw reduced income from the Society's investments. Since the end of the financial year, improved outcomes from the strategy are starting to be seen.

During the year, balances in specific purpose funds increased by \$33,658 due to fundraising, donations, and income allocation.

Legal costs included costs associated with the review of Kings Road Access Agreement, review of the *Puffing Billy Railway Act 2022*, investigation into Society ownership of assets, advice on constitutional matters and matters still associated with historic events.

Event costs related to running the Annual General Meeting via Zoom and the recommencement, post lockdown, of presentation events for members with over 50 years membership. Project costs were associated with the investigations into development of the Moondarra site and commencing to rebuild the historical collections located at Kings Road, Emerald.

Costs associated with administration included rental of storage and office space, IT costs and insurance (volunteer insurance, property and product insurance, public liability, director insurance).

Comparative cost analysis for *Narrow Gauge* magazine shows that in 2021, 4 issues printed and three posted (\$12,594). In 2022, 2 issues printed with extra costs from use of an external designer and three posted (\$12,673). Issues for March and June 2022 have yet to be published.

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 \$1,613 (2021 - \$1,603) 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.

Signed in accordance with a resolution of the Executive Committee dated 11 October 2022:



Anne MacLeish
President



Jeremy Paton
Vice-President

Puffing Billy Preservation Society

ABN: 79 004 621 505

Statement of Profit or Loss

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Income	2	93,709	119,514
Expenditure			
Legal Fees		(67,597)	(27,192)
Events		(3,240)	(1,999)
Projects		(4,237)	(3,578)
Insurance		(4,584)	(4,411)
Professional fees		(4,400)	(10,957)
Narrow Gauge (Society Magazine)		(12,673)	(12,594)
Other		(9,367)	(4,667)
Storage and Office Space		(10,276)	(7,909)
Other membership services		(6,221)	(7,016)
Cost of Sales		(22,505)	(10,541)
Finance costs		(975)	(1,244)
Unrealised loss on investments		(15,480)	-
Total comprehensive income/(loss) for the year		(67,846)	27,406

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 2022

	Note	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	103,220	114,620
Trade and other receivables	4	2,757	7,145
Financial assets	5	1,716,693	1,726,738
Inventories	6	2,951	16,782
Total current assets		1,825,621	1,865,285
Non-current assets			
Property, plant and equipment	7	2,424,976	2,418,025
Total non-current assets		2,424,976	2,418,025
TOTAL ASSETS		4,250,597	4,283,310
LIABILITIES			
Current liabilities			
Trade and other payables	8	56,258	16,241
Other liabilities	9	26,507	29,696
Total current liabilities		82,765	45,937
Non-current liabilities			
Other liabilities	9	42,265	43,960
Total non-current liabilities		42,265	43,960
TOTAL LIABILITIES		125,030	89,897
NET ASSETS		4,125,567	4,193,413
EQUITY			
Reserves		2,291,970	2,291,970
Accumulated surpluses	10	1,833,597	1,901,443
TOTAL EQUITY		4,125,567	4,193,413

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 2022

2022

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2021	1,901,443	2,291,970	4,193,413
Surplus/(deficit) for the year	(67,846)	-	(67,846)
Balance at 30 June 2022	<u>1,833,597</u>	<u>2,291,970</u>	<u>4,125,567</u>

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	<u>1,901,443</u>	<u>2,291,970</u>	<u>4,193,413</u>

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 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers, Donors and Members		109,617	99,764
Interest Received		4,772	16,731
Payments to Suppliers		<u>(113,200)</u>	<u>(103,540)</u>
Net cash used in operating activities	14	<u>1,189</u>	<u>12,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption/(placement) of term deposits		(5,435)	(63,568)
Purchase of property, plant and equipment		<u>(6,951)</u>	<u>-</u>
Net cash provided by investing activities		<u>(12,386)</u>	<u>(63,568)</u>
Net increase in cash and cash equivalents held		(11,197)	(50,613)
Cash and cash equivalents at beginning of year		<u>113,428</u>	<u>164,041</u>
Cash and cash equivalents at end of financial year	3	<u><u>102,231</u></u>	<u><u>113,428</u></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 2022

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report covers Puffing Billy Preservation Society as an individual entity.

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

The principal activities of the Company for the year ended 30 June 2022 were as a member-based organisation, established to restore and preserve the Puffing Billy narrow gauge railway and its history, through member involvement in fundraising, historical collection and volunteering to support the operator of the railway.

The functional and presentation currency of the Association is Australian dollars. The financial report was authorised for issue by the directors on the day of the director's declaration.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosure Standard 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.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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 2022

1 Summary of Significant 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.
- By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

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 2022

1 Summary of Significant 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 2022

1 Summary of Significant 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 2022

1 Summary of Significant 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 2022

1 Summary of Significant 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 2022

1 Summary of Significant 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 2022

2 Revenue and other income

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Member subscriptions	47,975	57,460
- Rental income	1,074	1,667
- Fundraising	187	701
- Sale of goods	11,571	13,024
	<u>60,807</u>	<u>72,852</u>
- Other income		
- Interest	4,772	16,731
- Bequest income	-	4,865
- Donations	28,130	25,066
	<u>32,902</u>	<u>46,662</u>
	<u>93,709</u>	<u>119,514</u>

3 Cash and Cash Equivalents

Cash at bank	<u>103,220</u>	<u>114,620</u>
--------------	----------------	----------------

4 Trade and Other Receivables

CURRENT

Trade Debtors	1,238	(33)
Interest Accrued	1,519	7,178
	<u>2,757</u>	<u>7,145</u>

5 Financial assets

CURRENT

Interest bearing bank term deposits	1,432,173	1,726,738
Managed funds - fair value through profit or loss	284,520	-
	<u>1,716,693</u>	<u>1,726,738</u>

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Inventories

	2022	2021
CURRENT		
Finished goods at net realisable value	<u>2,951</u>	<u>16,782</u>

7 Property, Plant and Equipment

LAND AND BUILDINGS

Land and Buildings and Improvements, at fair value

2,380,000 2,380,000

PLANT AND EQUIPMENT

Heritage Assets

58,247 51,296

Accumulated depreciation

(13,271) (13,271)

Total plant and equipment

44,976 38,025

Total property, plant and equipment

2,424,976 2,418,025

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 totalling \$2,380,000. The revaluation increment was recorded in the asset revaluation reserve.

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 2022

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 2022			
Balance at the beginning of year	2,380,000	38,025	2,418,025
Additions	-	6,951	6,951
Balance at the end of the year	2,380,000	44,976	2,424,976

8 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
GST payable/(receivable)	(81)	(1,301)
Trade Creditors	56,339	17,542
	56,258	16,241

9 Other Liabilities

CURRENT		
Membership fees received in advance	26,507	29,696
NON-CURRENT		
Life membership fees received in advance	42,265	43,960

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Retained Profits

	2022	2021
	\$	\$
General Fund		
Balance at the beginning of the year	673,789	657,269
Surplus/(deficit) before grants	<u>(67,843)</u>	<u>27,406</u>
	<u>605,946</u>	<u>684,675</u>
Transfer (to)/from Endowment Fund	<u>9,271</u>	<u>(4,865)</u>
Transfer (to)/from 3A Special Purpose Fund	<u>(1,553)</u>	<u>(6,021)</u>
Balance at end of the year	<u>613,664</u>	<u>673,789</u>
3A Special Purpose Fund		
Opening balance	396,519	390,498
Interest on Investment funds	<u>1,553</u>	<u>6,021</u>
Balance at end of the year	<u>398,072</u>	<u>396,519</u>
Endowment Fund		
Opening balance	831,135	826,270
Transfer from General Fund	<u>(9,271)</u>	<u>4,865</u>
Balance at end of the year	<u>821,864</u>	<u>831,135</u>
Total Retained Profits	<u>1,833,597</u>	<u>1,901,443</u>

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Retained Profits

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

	2022	2021
	\$	\$
Lineside Heritage	22,494	21,709
Climax Locomotive Maintenance	61,485	60,532
Belgrave Signal Box Appeal	48,000	35,000
Heritage Rolling Stock	92,832	91,673
G42 Maintenance	7,087	3,110
Archives Development	31,910	24,384
Menzies Creek Museum	7,841	7,684
Locomotive Restoration	3,096	1,995
Shay 14 Locomotive	5,000	-
	<u>279,745</u>	<u>246,087</u>

11 Auditors' Remuneration

- reviewing the financial statements	3,500	3,200
- Other services	800	800
	<u>4,300</u>	<u>4,000</u>

Other services includes preparation of the financial report.

12 Related Party

Some members of the Executive Committee volunteer for the Puffing Billy Railway.

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

A committee member was able to source distributor pricing through their association with White River Productions for the purchase of the book, *The Shay Locomotive - an Illustrated History*. The committee member did not receive any benefits from this arrangement.

13 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 2022 the number of members was 778. (2021: 892)

Puffing Billy Preservation Society

ABN: 79 004 621 505

Notes to the Financial Statements

For the Year Ended 30 June 2022

14 Cash Flow Information

	2022	2021
	\$	\$
Reconciliation of cashflow from operations with result for the year		
Net result for the year	(67,846)	27,406
Unrealised loss on investments	15,480	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	4,590	587
(Increase)/decrease in inventories	13,831	(380)
Increase/(decrease) in payables	40,018	(6,425)
Increase/(decrease) in other liabilities	(4,884)	(8,233)
Cashflows from operations	<u>1,189</u>	<u>12,955</u>

15 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

16 Contingent Liabilities

Puffing Billy Preservation Society had the following contingent liabilities at the end of the reporting period:

The resolution of asset ownership with the Emerald Tourist Railway Board is ongoing. Negotiations and possible further legal costs associated with these matters are expected to be incurred over the next 12 months.

Payments have been made under the National Redress Scheme. 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.

17 Company Details

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

Puffing Billy Preservation Society


ABN: 79 004 621 505

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard 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 

Director 

Dated 11 October 2022



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 2022, 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 Directors' 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 2022 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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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 2022 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosure Standard.

Saward Dawson

Jeffrey Tulk
Partner

Dated: 12 October 2022

Blackburn, VIC

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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 acknowledges 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:
 - Climax Locomotive Maintenance
 - G42 Locomotive Maintenance
 - 3A Locomotive Restoration
 - Shay 14 Locomotive Restoration

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. Bequests are added to the Endowment Fund to provide future income for Society projects and grants to other organisations that support Society directions. If you wish to direct your bequest to a specific 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.

Contact the Society Executive through the Secretary at secretary@pbps.org.au



CONTACT US

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

Cover Front *In 1962, after dedicated effort by the Puffing Billy Preservation Society, Puffing Billy Railway returned to Menzies Creek, since the line was closed in 1953. Photo taken on 28 July 1962 by Hal Hennell.*

Page 6 *'1962 - Return to Menzies Creek'. Photo PBPS Archives*

Page 9 *2021 Jigsaw Collection. For information to purchase in full colour, contact sales@pbps.org.au.*

Cover Back *In 2022, the Puffing Billy Preservation Society and the Emerald Tourist Railway Board celebrated the 60th anniversary of the return of Puffing Billy Railway to Menzies Creek with a joint event at the Museum. Photo courtesy ETRB.*
