

Annual General Meeting

Agenda Item 6

16 May 2019

Prepared by: Scott Mitchell

Date:10/4/2019

Topic: Audited Accounts for 2018, Appointment of Auditor for 2019, & Treasurer's Report for 2019 year to date

1. Recommendations

- 1.1 That the Audited Accounts for the year 2018 be adopted;
- 1.2 That Mr Anthony Wilson be re-appointed as Auditor for 2019; and
- 1.3 That the Reports of the Treasurer for the year to date be noted.

2. Audited Accounts for 2018

- 2.1 The accounts for 2018 have been audited by Mr Anthony Wilson, Principal of AccountAbility. ICOM Australia recorded an operating deficit of \$2,046 in 2018, compared to an operating deficit of \$3,580 in 2017. Members' equity has decreased from \$81,933 to \$79,947. Membership subscriptions decreased slightly from \$104,978 to \$100,905, while subscriptions to remitted Paris ICOM also decreased from \$84,284 to \$76,650, in part due to a slightly more favourable exchange rate compared to 2017.
- 2.2 The accrued cash and cash equivalents held at 31 December 2018 were \$116,953 dup from \$106,327 at the start of the year. The cash deposits held at 31 December 2018 consisted of a term deposit holding \$59,951 as well as \$57,002 in a Cash Management Account with ANZ Bank. Note that as at 31 December the amount of \$68,565 had been collected as subscriptions received for 2019 by Australian Museums and Galleries Association (AMaGA), which was subsequently paid to ICOM in January 2019.

2.3

A notable item in the 2018 Accounts is the \$17,276 contributed towards the costs of the AMAGA/ICOM Joint Secretariat (\$16,500 in 2017). Other (non-subscription) expenses include \$2,783 for travel bursaries, \$4,000 sponsorship of the Museums Australia Conference, and \$1000 in audit fees. \$2500 was contributed towards the Commonwealth Association of Museum's participation in the "Museum Education in the Pacific" workshop in Fiji from funds held under the IAMPP account. ICOM received \$106 in income during the year, the surplus of funds collected for an ICOM social event in November.

2.4 Copies of the Auditor's Report are available for consideration and adoption.

3. Appointment of Auditor for 2019

3.1 Mr Anthony Wilson has been our auditor for several years and also audits AMAGA's accounts. He continues to provide good service at reasonable cost and is willing to be re-appointed as auditor for 2019.

3.2 I recommend that he be reappointed as Auditor of ICOM Australia for 2019.

4. Treasurer's Report for year 2019 to date

4.1 At the time of writing, ICOM Australia has a budgeted operating deficit for 2019 of \$7,200. The actual result will depend significantly on future fluctuations in the value of the Australian dollar versus the Euro. An exchange rate of 0.60 was used in calculating the budget, which is very close to the rate at the time of writing.

4.2 Significant expenditure later in 2019 will include the transfer to Paris of the balance of subscriptions received, secretariat costs for Museums Australia), AMaGA conference sponsorship and costs associated with the ICOM Awards, and travel bursaries

4.3 The Committee has been continually monitoring whether ICOM Australia should cut back on operational expenses (such as bursaries) and/or raise member subscription fees. To date it has elected to maintain expenditure and membership fees at their current levels and draw down cash reserves.

4.4 I would like to acknowledge the work of Lee Scott under the Joint Secretariat arrangements. I would also like to thank member Margaret Birtley for organizing the remittance of surplus funds from the ICOM event in November.

International Council of Museums Australian Committee
Incorporated

Financial Statements

31 December 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the International Council of Museums Australian Committee Incorporated, which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the Executive Board.

In my opinion the financial report of the International Council of Museums Australian Committee Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of International Council of Museums Australian Committee Incorporated in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the *Code*) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the *Code*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis my opinion.

Other Information

The Executive Board is responsible for the other information. The other information comprises the information included in external reports prepared by International Council of Museums Australian Committee Incorporated and made available to members and the public such as the Annual Report, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Executive Board for the Financial Report

The Executive Board of the International Council of Museums Australian Committee Incorporated is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Executive Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Board is responsible for assessing the International Council of Museums Australian Committee Incorporated'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 Executive Board either intends to liquidate the International Council of Museums Australian Committee Incorporated or to cease operations, or has no realistic alternative but to do so.

The Executive Board is responsible for overseeing the International Council of Museums Australian Committee Incorporated's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit.

I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Council of Museums Australian Committee Incorporated's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the International Council of Museums Australian Committee Incorporated.
- Conclude on the appropriateness of the International Council of Museums Australian Committee Incorporated's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the International Council of Museums Australian Committee Incorporated's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the International Council of Museums Australian Committee Incorporated 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.

I communicate with the International Council of Museums Australian Committee Incorporated regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including when considered necessary any significant deficiencies in internal control that I identify during my audit.

AccountAbility



Anthony Wilson
Registered Association Auditor
Canberra, ACT
10 April 2019

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

Statement by Members of the Executive Board


In the opinion of the Executive Board members of the International Council of Museums Australian Committee Incorporated, the financial statements:

1. Present a true and fair view of the financial position of the Association as at 31 December 2018 and its performance for the year then ended; and
2. At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Members of the Executive Board.


.....
Board Member

ALEC COLES
CHAIR


.....
Board Member

IAN THILTHORPE
NATIONAL SECRETARY

Dated this 10th day of April 2019.

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

**Statement of comprehensive income
For the year ended 31 December 2018**

	2018	2017
	\$	\$
Income		
Subscriptions	100,905	104,978
Interest	1,001	1,325
Other	106	-
Total income	102,012	106,303
Expenses		
Subscriptions to Paris	76,650	84,284
MA Secretariat	17,276	16,500
Conference fees	4,000	3,500
Bursaries	2,783	2,250
ICOM website - administration	407	583
Other expenses	1,759	570
Bank fees/insurance	181	197
Audit fee (2017 expense includes 2016)	1,000	2,000
Total expenses	104,058	109,884
Operating deficit	(2,046)	(3,580)

The accompanying notes form part of these financial statements.

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

**Statement of financial position
As at 31 December 2018**

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	2	116,953	106,327
Trade and other receivables	3	68,707	65,798
Total current assets		<u>185,660</u>	<u>172,125</u>
Current liabilities			
Trade and other payables		1,000	11,250
Subscriptions received in advance		68,720	40,389
IAMPP funds	4	35,993	38,493
Total current liabilities		<u>105,714</u>	<u>90,132</u>
Net assets		<u>79,947</u>	<u>81,993</u>
Equity			
ICOM Australia bursary fund		51,760	51,760
Accumulated surplus		28,187	30,233
Total equity		<u>79,947</u>	<u>81,993</u>

The accompanying notes form part of these financial statements.

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED**Statement of recognised income and expenditure
For the year ended 31 December 2018**

	Accum' surplus	ICOM Bursary Fund	TOTAL
	\$	\$	\$
Balance as at 1 January 2018	30,233	51,760	81,993
Transfer of interest	-	-	-
Result attributable to members	(2,046)	-	(2,046)
Balance as at 31 December 2018	<u>28,187</u>	<u>51,760</u>	<u>79,947</u>

**Statement of cash flows
For the year ended 31 December 2018**

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from subscriptions		126,308	79,729
Fees and other receipts		106	-
Interest received		1,019	1,389
Payments to suppliers & others		(116,808)	(99,634)
<i>Cash provided by operating</i>	5	10,625	(18,516)
<i>Net cash movement for the year</i>		10,625	(18,516)
Cash and cash equivalents at beginning of year		106,327	124,842
Cash and cash equivalents at end of year		<u>116,953</u>	<u>106,327</u>

The accompanying notes form part of these financial statements.

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Statement of significant accounting policies

The financial report is a special purpose financial report that has been prepared in accordance with those Australian Accounting Standards deemed applicable and the requirements of the *Associations Incorporations Act 1991* of the Australian Capital Territory.

The financial report covers the International Council of Museums Australian Committee Incorporated as an individual entity. The International Council of Museums Australian Committee Incorporated is an association incorporated in the ACT under the *Associations Incorporation Act 1991*.

The financial report of the International Council of Museums Australian Committee Incorporated as an individual entity complies with all Australian equivalents to International Financial Reporting Standards in their entirety.

Basis of preparation

The financial report is prepared on an accruals basis using historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Association in the preparation of the financial report.

(a) Cash and cash equivalents

For the purposes of the Balance Sheet and the Statement of Cash Flows, cash includes cash on hand, at banks and other fixed period deposits.

(b) Subscriptions and other income

Subscriptions and other income are recognised on an accrual basis.

(c) Taxation

The Association is exempt from Income Tax in accordance with the provisions of the *Income Tax Assessment Act 1997*.

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 assets or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

(d) Subscriptions to Paris

Annual subscription fees are determined according to advice received from Paris converted at a set exchange rate. Subscriptions paid to Paris and recorded in the income and expenditure statement are determined according to the exchange rate prevailing at the date of payment of those subscriptions to Paris.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Statement of significant accounting policies (continued)

(e) Critical accounting estimates

The board members evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and other available data, obtained both externally and within the Association.

(f) Financial instruments - recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments – these investments have fixed maturities, and it is the Association's intention to hold these investments to maturity. Any "held-to-maturity" investments held by the Association are stated at amortised cost using the effective interest rate method.

Financial liabilities – non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

2. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	59,951	50,254
Term deposit #1	57,002	56,073
	<u>116,953</u>	<u>106,327</u>

3. Receivables

CURRENT

Membership subscriptions	68,565	65,638
Interest receivable	142	160
	<u>68,707</u>	<u>65,798</u>

INTERNATIONAL COUNCIL OF MUSEUMS AUSTRALIAN COMMITTEE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. IAMPP funds

Balance of funds brought forward to current year	38,493
Add receipts	-
Less payments	(2,500)
Interest received	-
Balance of funds carried forward to next year	<u><u>35,993</u></u>

5. Reconciliation of operating result to cash provided by operating activities

	2018	2017
	\$	\$
Operating deficit	(2,046)	(3,580)
Increase/(Decrease) in interest receivable	18	64
Decrease/(Increase) in trade Receivable	(2,927)	(41,740)
Increase/(Decrease) in subscriptions received in advance	28,330	16,490
Increase/(Decrease) in trade Payable	(10,250)	10,250
Cash provided by operating activities	<u><u>10,625</u></u>	<u><u>(18,516)</u></u>

6. Contingent assets and liabilities

There are no contingent assets or contingent liabilities of the Association at 31 December 2018.

7. Events after the reporting date

There have been no events after the reporting date at 31 December 2018 which have had a material impact on the Association.

8. Related party transactions

All transactions between the members of the Executive Board and the Association are on normal commercial terms.

9. Financial instruments

a) Financial risk management

The Association's principal financial instruments comprise cash at bank, receivables and accounts payable. These financial instruments arise through the ordinary operations of the Association. The Association does not have any derivative financial instruments as at 31 December 2018. It is, and has been through the 2018 financial year, the Association's policy that no trading in financial instruments shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Financial instruments (continued)

The main risks arising from the Association's financial instruments are interest rate risk, liquidity risk and credit risk. The policies adopted by the Association for the management of these risks are summarised below.

Interest rate risk

The Association's exposure to market risk for changes in interest rates primarily to the Association's holding of cash and cash equivalents. As at 31 December 2018 the Association had variable rate deposits (average interest rate for the period 0.5%) totalling \$59,951 and fixed interest deposits totalling \$57,002 (interest rate of 1.5% on term deposits).

Credit risk

The Association does not provide credit.

With respect to credit risk arising from the other financial assets of the Association, which comprise cash and cash equivalents, the Association's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Association manages this element of credit risk by maintaining deposits with established and reputable financial institutions.

The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

Liquidity risk

The Association has no external funding or facilities in place. The Association manages its cash balance to ensure that it has sufficient cash and cash equivalent holdings to meet all short, medium and long term requirements.

Foreign exchange risk

ICOM Australia collects revenues in Australian dollars but pays subscription fees to Paris in Euros, with the exchange rate set at the date of payment. A rapid decline in the value of the Australian dollar against the Euro could mean that subscription expenses exceed the subscription revenues collected from Members. The Association manages this risk by maintaining sufficient cash reserves to meet any reasonable foreseeable fluctuations in the exchange rate over the short term.

(b) Net fair values

The Board considers the carrying amount of financial assets and financial liabilities to approximate their net fair values.