Pro Musica Incorporated

ABN 46 381 984 616

Financial Statements

For the Year Ended 31 December 2015

Pro Musica Incorporated

ABN 46 381 984 616

Contents

For the Year Ended 31 December 2015

Committee's Report
For the Year Ended 31 December 2015

The committee members submit the financial report of the Association for the financial year ended 31 December 2015.

1. General information

Committee members

The names of committee members throughout the year and at the date of this report are:

Dr Arn Sprogis (President)	
Dorothy Danta	
Will Laurie (Treasurer)	
Donna Bush	Resigned on 31/12/2015
Bev Clarke	
Dr Royston Gustavson	
Govert Mellink	
Anna	Appointed on 31/12/2015

Principal activities

The principal activities of the Association during the financial year were to support and encourage enjoyment of music by members and the general public, through the presentation of the Canberra International Music Festival and other events.

Significant changes

No significant change in the nature of these activities occurred during the period.

At a board meeting held on 11 November 2014 it was recommended that the year end of Pro Musica Inc. be changed to 31 December. At a general meeting dated 27 March 2015 this change was passed. To facilitate this change accounts have been prepared for the six months ended 31 December 2014.

2. Operating results and review of operations for the period

Operating result

The profit of the Association for the 12 month period after providing for income tax amounted to $ 61,615 (December 2014: 6 months loss of $ (37,006)).

Signed in accordance with a resolution of the Members of the Committee:

Committee member: ....   Committee member: ....

Dated: 30 March 2016

Pro Musica Incorporated

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Revenue	3	**577,750**	56,514
Administrative costs		**(55,262)**	(18,206)
Artist fees and accommodation		**(92,688)**	(9,344)
Depreciation	6(a)	**(1,286)**	(1,284)
Production costs		**(193,880)**	(11,902)
Promotion cost		**(53,446)**	(8,155)
Staff costs		**(119,573)**	(44,629)
Profit for the year		**61,615**	(37,006)
Other comprehensive income			
Total comprehensive income for the year		**61,615**	(37,006)

The accompanying notes form part of these financial statements.

Pro Musica Incorporated

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Statement of Financial Position

As At 31 December 2015

	Note	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**203,123**	156,225
Trade and other receivables	5	**162,130**	80,310
TOTAL CURRENT ASSETS		**365,253**	236,535
NON-CURRENT ASSETS			
Property, plant and equipment	6	**2,574**	3,860
TOTAL NON-CURRENT ASSETS		**2,574**	3,860
TOTAL ASSETS		**367,827**	240,395
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**321,499**	217,259
TOTAL CURRENT LIABILITIES		**321,499**	217,259
NON-CURRENT LIABILITIES			
Trade and other payables	7	**32,077**	70,500
TOTAL NON-CURRENT LIABILITIES		**32,077**	70,500
TOTAL LIABILITIES		**353,576**	287,759
NET ASSETS		**14,251**	(47,364)
EQUITY			
Retained earnings		**14,251**	(47,364)
TOTAL EQUITY		**14,251**	(47,364)

The accompanying notes form part of these financial statements.

Pro Musica Incorporated
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Statement of Changes in Equity
For the Year Ended 31 December 2015

Year Ended 31 December 2015

	Restated Retained Earnings	Total
	$	$
Balance at 1 January 2015	**(47,364)**	**(47,364)**
Profit attributable to members	**61,615**	**61,615**
Balance at 31 December 2015	**14,251**	**14,251**

Six Months Ended 31 December 2014

	Restated Retained Earnings	Total
	$	$
Balance at 1 July 2014	(10,358)	(10,358)
Profit for the 6 months	(37,006)	(37,006)
Balance at 31 December 2014	(47,364)	(47,364)

The accompanying notes form part of these financial statements.

Pro Musica Incorporated

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Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**638,217**	243,903
Payments to suppliers and employees		**(553,778)**	(219,466)
Interest received		**882**	1
Net cash provided by/(used in) operating activities	9	**85,321**	24,438
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**(38,423)**	70,000
Net cash used by financing activities		**(38,423)**	70,000
Net increase/(decrease) in cash and cash equivalents held		**46,898**	94,438
Cash and cash equivalents at beginning of period		**156,225**	61,787
Cash and cash equivalents at end of financial period	4	**203,123**	156,225

The accompanying notes form part of these financial statements.

Pro Musica Incorporated is a not-for-profit Association incorporated and domiciled in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The financial statements are presented in Australian dollars.

1 Basis of Preparation

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Act.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Ticket sales, grants and sponsorship revenue are recognised in the same financial year as the expenses related to the relevant revenues are incurred. Donation, membership, interest and other sources of revenue are generally recognised on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Comparatives

At a board meeting held on 11 November 2014 it was recommended that the year end of Pro Musica Inc. be changed to 31 December. At a general meeting dated 27 March 2015 this change was passed. To facilitate this change accounts have been prepared for the six months ended 31 December 2014.

In addition it was identified that an ACT government grant for $78,925 and an Australia Council grant for $30,210 totalling $109,135 were recognised as income in the 6 months to December 2014 that should have been shown as income in the 12 months to December 2015. The result to 31 December 2014 has therefore been amended from a profit of $72,129 to a loss of $37,006 and the profit for 2015 has been increased by the same $109,135 adjustment.

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

2 Summary of Significant Accounting Policies continued

(d) Goods and Services Tax (GST) continued

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 in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, Plant and Equipment

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

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture and equipments	33.33%

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.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, bank 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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Summary of Significant Accounting Policies continued

(g) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2014-3 Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation	Annual reporting periods beginning on or after 1 January 2016.	This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: a. establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; b. clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and c. clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances	No impact from this standard.

Notes to the Financial Statements
For the Year Ended 31 December 2015

3 Revenue and Other Income

	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Sales revenue		
- Ticket sales	**207,937**	-
- Grant - Chief Minister's Department	**78,925**	-
- Fundraising events	**15,020**	-
- Grant - Australia Council	**60,420**	-
- Grant - Festivals ACT	**20,000**	-
- Grants - Other	**82,903**	6,000
- Concert Sponsorship	**62,900**	-
- Donations	**15,274**	9,680
- General advertising income	**900**	650
- Other income	**31,849**	18,706
- Membership fees	**740**	-
- Interest income	**882**	1
- GST refund	**-**	21,477
Total Revenue	**577,750**	56,514

4 Cash and cash equivalents

	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Cash on hand	**104**	1,482
Cash at bank	**203,019**	154,743
	203,123	156,225

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Cash and cash equivalents	**203,123**	156,225

5 Trade and other receivables

	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
CURRENT		
Trade receivables	**108,433**	-
Prepayments	**49,035**	1,739
GST receivable	**2,562**	12,571
Pledges receivable	**2,100**	66,000
Total current trade and other receivables	**162,130**	80,310

6 Property, plant and equipment

	Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Furniture and equipment		
At cost	**15,135**	15,135
Accumulated depreciation	**(12,561)**	(11,275)
Total furniture and equipment	**2,574**	3,860

(a) Movements in carrying amounts of property, plant and equipment

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

	Furniture and equipments $	Total $
Year ended 31 December 2015		
Balance at the beginning of year	**3,860**	**3,860**
Depreciation expense	**(1,286)**	**(1,286)**
Balance at the end of the year	**2,574**	**2,574**

6 Property, plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment continued

	Furniture, Fixtures and Fittings	Total
	$	$
Six Months ended 31 December 2014		
Balance at the beginning of year	5,144	5,144
Depreciation expense	(1,284)	(1,284)
Balance at the end of the period	3,860	3,860

7 Trade and other payables

	Year Ended 31 December 2015	Restated Six Months Ended 31 December 2014
	$	$
CURRENT		
Trade payables	**4,068**	14,013
GST payable	**11,951**	-
Accrued expenses	**13,739**	-
Income received in advance	**291,633**	195,760
Other payables	**108**	7,486
Secured Liabilities		
	321,499	217,259

	Year Ended 31 December 2015	Restated Six Months Ended 31 December 2014
	$	$
NON-CURRENT		
Other payables	**32,077**	70,500
	32,077	70,500

7 Trade and other payables continued

(a) Financial liabilities at amortised cost classified as trade and other payables

		Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Trade and other payables:			
- total current		**321,500**	217,259
- total non-current		**32,077**	70,500
Financial liabilities as trade and other payables	8	**353,577**	287,759

8 Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Year Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Financial Assets			
Cash and cash equivalents	4	**203,123**	156,225
Trade and other receivables	5	**162,130**	80,310
Total financial assets		**365,253**	236,535
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	7(a)	**321,499**	217,259
Total financial liabilities		**321,499**	217,259

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association and arises principally from the Association's receivables.

It is the Association’s policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer’s financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors, these limits are reviewed on a regular basis.

8 Financial Risk Management continued

(b) Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

9 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Yea Ended 31 December 2015 $	Restated Six Months Ended 31 December 2014 $
Profit / (Loss) for the year	**61,615**	(37,006)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**1,286**	1,284
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(34,524)**	(8,370)
- (increase)/decrease in prepayments	**(47,296)**	801
- increase/(decrease) in income in advance	**95,873**	195,760
- increase/(decrease) in trade and other payables	**(9,945)**	(123,881)
- increase/(decrease) in GST Payable	**11,951**	-
- increase/(decrease) in accrued expenses	**13,739**	-
- increase/(decrease) in other payables	**(7,378)**	(4,150)
Cashflow from operations	**85,321**	24,438

10 Events Occurring After the Reporting Date

The financial report was authorised for issue on 15 March 2016 by the Committee.

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

11 Association Details

The registered office of the association is:
Pro Musica Incorporated
Ainslie Arts Centre
Eloura Street
Braddon ACT 2601

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 2:

1. Present fairly the financial position of Pro Musica Incorporated as at 31 December 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that Pro Musica Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President ....

Treasurer..

Dated 30 March 2016

Independent Audit Report to the members of Pro Musica Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Pro Musica Incorporated, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Associations Incorporation Act (ACT) 1991 ("the Act")* , and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

Independent Audit Report to the members of Pro Musica Incorporated

Basis for Qualified Opinion

As is common for organisation of this type, it is not practical to maintain an effective system of internal control over membership, donations, sponsorship and performance income streams into the association until their entry into the accounting system. Accordingly, our audit in relation to the income items stated was limited to the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of Pro Musica Incorporated and its subsidiaries, as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and *Associations Incorporation Act (ACT) 1991 ("the Act")* .

Hardwickes
Chartered Accountants

Robert Johnson FCA
Partner

Canberra

30 March 2016