

# The WR Johnston Trust Financial Statements For The Year Ended 30 June 2017

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## Trustees' Declaration

The W.R. JOHNSTON TRUST is a charitable Trust created under the terms of a Deed of Trust dated 1st June 1987.


The Trustees have determined that the W.R.JOHNSTON TRUST is a non-reporting entity and the attached financial statements for the year ended 30 June, 2017 have therefore been prepared as a special purpose report for use by the Trustees. As the Trust is a non-reporting entity there is no requirement for the financial statements to comply with accounting standards or other mandatory professional reporting requirements.

The financial statements have been prepared by the Trustees with the objective of providing financial information which will give a true and fair view of the affairs of the Trust as at 30 June, 2017 and of the results of its operations for the year ended on that date.

The financial statements and notes, set out on pages 2 to 11, present fairly the Trust's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.

The Trustees have formed the opinion that, at the date of this report, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Dated the <sup>24</sup> day of *November*, 2017



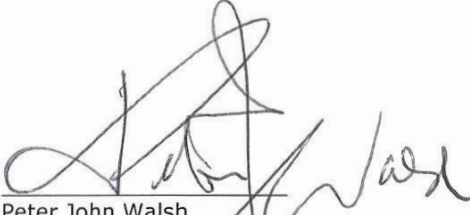

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Peter Roy Watts  
Trustee





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Graeme Leslie Blackman  
Trustee



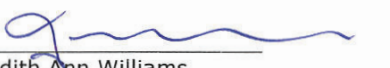

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Peter John Walsh  
Trustee




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Jane Louise Scott  
Trustee




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Judith Ann Williams  
Trustee

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## Comprehensive Income Statement for the year ended 30 June 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Museum Income	245,521	258,082
Rental Income	63,998	76,155
Investment Income	196,490	52,557
Friends Income	41,334	31,643
Fundraising Income	206,794	216,460
<b>TOTAL INCOME</b>	<b><u>754,137</u></b>	<b><u>634,897</u></b>
<b>EXPENSES</b>		
Museum Expenses	236,579	249,739
Rental Expenses	26,955	24,950
Investment Expenses	16,408	28,547
Administrative Expenses	461,973	466,190
Friends Expenses	38,114	31,527
Fundraising Expenses	10,877	24,633
Other Expenses	11,057	3,462
<b>TOTAL EXPENSES</b>	<b><u>801,964</u></b>	<b><u>829,048</u></b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-47,827</b>	<b>-194,151</b>
Revenue Reserves at closing of prior year	3,726,845	3,920,996
<b>REVENUE RESERVES AT END OF THE YEAR</b>	<b><u>3,679,018</u></b>	<b><u>3,726,845</u></b>

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## Statement of Financial Position as at 30 June 2017

		2017 \$	2016 \$
<b>TRUST FUNDS</b>			
Corpus of Trust	Note	3,550,412	3,550,412
The Nina Stanton 18th Century Porcelain Bequest Fund		296,078	293,189
Alwynne Jona Bequest		50,348	50,014
Revenue Reserves		3,679,018	3,726,845
Asset Revaluation Reserve		883,927	883,927
<b>TOTAL TRUST FUNDS</b>	6	<b>8,459,782</b>	<b>8,504,387</b>
<b>Represented By:</b>			
<b>CURRENT ASSETS</b>			
<b>Cash</b>			
Cash at Bank & On Hand		483,727	261,470
The Friends Petty Cash Float		200	200
The Nina Stanton Bequest Term Deposit		137,353	210,441
The 25th Anniversary Porcelain Fund Term Deposit		17,136	16,764
<b>Total Cash</b>		638,415	488,875
<b>Inventory</b>			
Goods for Resale		15,124	22,119
<b>Total Inventory</b>		15,124	22,119
<b>Receivables</b>			
Debtors	4	11,942	16,398
GST Account		3,429	7,871
<b>Total Receivables</b>		15,371	24,269
<b>Other</b>			
Prepayments		36,226	32,886
		36,226	32,886
<b>TOTAL CURRENT ASSETS</b>		<b>705,137</b>	<b>568,149</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	5	5,440,835	5,365,929
<b>Investments</b>			
Unrealised Capital Gain		506,612	554,449
Shares in Listed Companies and Trusts - at cost (Market Value - \$2,438,113, 2016 - \$2,701,628)		1,918,483	2,147,179
<b>Total Investments</b>		2,425,095	2,701,628
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,865,930</b>	<b>8,067,557</b>
<b>TOTAL ASSETS</b>		<b>8,571,066</b>	<b>8,635,706</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors		30,531	49,386
Sundry Creditors		5,229	3,079
Accrued Audit Fees		5,500	5,500
Deposit Received		-	240
Friends of Johnston Collection Holding Account	3	-	196
PAYG Withholding Tax Payable		2,846	2,842
Provision for Annual Leave		30,818	30,692
Provision for Long Service Leave		28,490	28,016
<b>TOTAL CURRENT LIABILITIES</b>		<b>103,414</b>	<b>119,950</b>
<b>NON CURRENT LIABILITIES</b>			
Capital Lease - Sharp Copier MX-2300N		7,871	11,369
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>7,871</b>	<b>11,369</b>
<b>TOTAL LIABILITIES</b>	7	<b>111,284</b>	<b>131,319</b>
<b>NET ASSETS</b>		<b>8,459,782</b>	<b>8,504,387</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows as at 30 June 2017

	2017	2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	498,876	516,328
Rental & Investment Income	261,601	176,957
Payments to suppliers and employees	<u>-709,535</u>	<u>-726,341</u>
<b>Net cash provided by (used in) operating activities</b>	<b>1(a) 50,943</b>	<b>-33,056</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redevelopment of Properties	-5,607	-71,145
Additions to Museum Collection	-87,692	-55,395
Acquisition of property, plant and equipment	-35,080	-31,745
Proceeds from Shares	<u>228,696</u>	<u>296,705</u>
<b>Net cash provided by (used in) investing activities</b>	<b>98,873</b>	<b>138,420</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Bequests / Donations	3,223	-18,115
Repayment of borrowings	<u>-3,498</u>	<u>1,601</u>
<b>Net cash provided by (used in) financing activities</b>	<b>-275</b>	<b>-16,514</b>
<b>OTHER ACTIVITIES</b>		
<b>Net increase (decreases) in cash held</b>	149,541	88,850
Cash and cash equivalents at beginning of financial year	488,875	400,025
<b>Cash and cash equivalents at end of financial year</b>	<b>1 638,416</b>	<b>488,875</b>

### Note 1 Cash and Cash Equivalents

Cash at Bank & On Hand	483,727	261,470
The Friends Petty Cash Float	200	200
The Nina Stanton Bequest Term Deposit	137,353	210,441
The 25th Anniversary Porcelain Fund Term Deposit	<u>17,136</u>	<u>16,764</u>
<b>Total Cash</b>	<b>638,415</b>	<b>488,875</b>

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# Notes To The Financial Statements for the year ended 30 June 2017

## Note 1.(a) – Reconciliation of Cash Flow from Operations with Surplus after Income Tax

	2017	2016
	\$	\$
Net income (loss) for the period	-47,827	-194,151
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	54,917	57,149
Net unrealised (gain)/ loss on Shares	47,837	101,742
Changes in assets and liabilities		
(increase)/decrease in receivables	8,562	11,546
(increase)/decrease in other assets	-3,340	-1,403
(increase)/decrease in inventories	6,995	-1,614
Increase/(decrease) in payables	-16,201	-6,324
	<u>50,943</u>	<u>-33,056</u>

## Note 2 – Information and Summary of Significant Accounting Policies

This Financial report is a special purpose financial report prepared for use by the trustees. The trustees have determined that the trust is not a reporting entity and therefore there is no requirement to apply Australian equivalents to International Financial Reporting Standards (IFRS) or any other mandatory professional reporting requirements in the preparation and presentation of these statements.

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Except where noted, the accounting policies have been consistently applied.

The Trustees resolved in 2015-16 that freehold land and buildings and museum collections acquired by the Trust should be recognised at their current valuations. This has continued to be the practice and applied in the financial statements for 2016-17 as the accounting policy for the measurement of freehold land and buildings and museum collections acquired by the Trust.

Revaluation adjustments are recorded directly through equity as part of revaluation reserve. Previously freehold land and buildings were recognised and measured at cost.

### Revenue Recognition

Museum income is recognized when received. Rental income is recognized when received. Investment income is recognized as it accrues.

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## Notes To The Financial Statements for the year ended 30 June 2017

	2017 \$	2016 \$
<b>Note 3 - Friends of Johnston Collection Holding Account</b>		
Opening Balance	196	79
Add Income earned by Friends during year	41,334	31,643
Less Expenses incurred by Friends during year	-38,114	-31,527
Less Surplus transferred to Opening Door and Support of Vernon System	-3,415	-
Closing Balance	<u>-</u>	<u>196</u>
<b>Note 4 – Debtors</b>		
Dividend Imputation Credits Refundable	12,180	16,266
Sales Collection Account	-238	132
Total Debtors	<u>11,942</u>	<u>16,398</u>
<b>Note 5 - Property, Plant &amp; Equipment</b>		
Motor Vehicles		
At Cost	48,791	48,791
less Accumulated Depreciation	<u>-48,791</u>	<u>-48,791</u>
	-	-
Furniture & Fittings		
At Cost	416,270	416,270
less Accumulated Depreciation	<u>-179,930</u>	<u>-179,930</u>
	236,340	236,340
Computer Software		
At Cost	27,059	27,059
less Accumulated Depreciation	<u>-13,112</u>	<u>-13,112</u>
	13,947	13,947
Website Development		
At Cost	<u>1,445</u>	-
	1,445	-
Additions to Museum Collection		
At Cost	<u>405,459</u>	<u>317,767</u>
	405,459	317,767
Freehold Land and Buildings		
- 152 Hotham Street		
Stage 1 Redevelopment Cost	<u>1,088,346</u>	<u>1,084,735</u>
	1,088,346	1,084,735
- 150 Hotham Street		
At Cost	582,840	582,840
Capital Improvements	111,824	111,351
Revaluation	1,005,809	1,005,809
Stage 1A Redevelopment Cost	<u>84,140</u>	<u>83,140</u>
	1,784,613	1,783,140
- 148 Hotham Street		
At Cost	2,051,882	2,051,882
Capital Improvements	523	-
Revaluation	<u>-121,882</u>	<u>-121,882</u>
	1,930,523	1,930,000
Total Property, Plant & Equipment	<u>5,440,835</u>	<u>5,365,929</u>



## Notes To The Financial Statements For The Year Ended 30 June 2017

### Note 6 – Trust Funds

The value of the Trust Corpus does not include any amount in respect of the two freehold properties and Museum Collection which were bequeathed to the Trust by Mr. William R. Johnston. It is the policy of the Trust Corpus to disclose the current market value of the two freehold properties and Museum Collection which were bequeathed by Mr. William R. Johnston, but not to recognise these assets. At last valuation, the values of these assets were as follows:

- 152 Hotham Street (valuation at 14th March 2014)	\$1,610,000
- 154-156 Hotham Street (valuation at 14th March 2014)	\$3,080,000
- Museum Collection (valuation at 24th July 2012)	\$8,885,445

### Note 7 – Contingent Liabilities

A claim for additional land tax by the Victorian State Revenue Office for alleged change in use of trust property from non-taxable to taxable, that is still in negotiations as to the nature or quantum of the assessment.

Estimates of the potential financial effect of contingent liabilities that may become payable:	2017	2016 and Prior
Outstanding Land Tax Assessments against the entity which are being investigated with probable appeal	\$18,767	\$30,412

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## Income Statement for the year ended 30 June 2017

<b>MUSEUM OPERATIONS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>MUSEUM INCOME</b>		
House Tours	102,705	131,291
Lecture Program	17,996	20,600
Melbourne Food & Wine Festival	5,340	6,745
Sale of Cards & Other Goods	66,200	76,778
Donations Received	53,280	22,668
Friends of the Johnston Collection	41,334	31,643
Fundraising	206,794	216,460
<b>TOTAL MUSEUM INCOME</b>	<b>493,649</b>	<b>506,185</b>
<b>PUBLIC PROGRAM EXPENSES</b>		
Advertising	20,010	28,001
Catering	2,332	5,444
Computer Maintenance	15,262	16,596
Cost of Sales - Cards & Other Goods	44,794	49,154
Courtesy Van	3,492	8,856
House Tours	51,166	39,436
Lecture Program Costs	10,097	7,840
Marketing – Annual Report	3,732	4,509
Melbourne Food & Wine Festival	4,612	7,024
Online Booking System	6,185	5,749
Photography	2,251	3,157
Postage & Couriers	2,390	5,641
Printing & Stationery	22,705	25,738
Volunteer Guides Expenses	12,025	16,407
<b>TOTAL PUBLIC PROGRAM EXPENSES</b>	<b>201,053</b>	<b>223,551</b>
<b>COLLECTION EXPENSES</b>		
Acquisitions - Library	-	106
Collection Database System	477	
Conservation & Repairs	284	1,540
MAP (accreditation) Fees	113	91
Removal/Storage	2,602	
<b>TOTAL COLLECTION EXPENSES</b>	<b>3,476</b>	<b>1,737</b>
<b>BUILDINGS &amp; GROUNDS EXPENSES</b>		
Cleaning	2,820	2,284
Collection Property Maintenance	423	1,470
Garden	2,573	2,390
Gas & Electricity	10,961	10,678
Rates & Taxes	3,728	3,548
Repairs & Maintenance	11,039	5,230
Security	4,238	3,360
<b>TOTAL BUILDING &amp; GROUNDS EXPENSES</b>	<b>35,782</b>	<b>28,960</b>



## Income Statement for the year ended 30 June 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>ADMINISTRATION EXPENSES</b>		
Audit Fees	5,000	5,000
Bank Charges	2,365	2,407
Company Secretarial Fee	249	246
Depreciation	54,917	57,149
Donations	-	5
FBT Expense	1,664	5,212
General/Travelling Expenses	2,122	2,152
Insurance	28,655	23,947
Legal Fees	-	78
License and Permit	570	1,028
Professional Development	2,530	4,121
Provision for Annual Leave	22,385	22,960
Provision for Long Service Leave	4,642	3,007
Recruitment	-	315
Salaries	285,281	287,272
Subscriptions	4,426	4,593
Superannuation	28,461	28,466
Telephone	7,351	7,562
Trustee Expenses	4,601	2,576
Workcover	3,023	3,586
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>458,241</b>	<b>461,681</b>
<b>FRIENDS OF THE JOHNSTON COLLECTION EXPENSES</b>		
Support of Johnston Collection	24,332	16,442
Donations	35	240
Events & Catering	11,357	7,525
General	566	1,107
Printing & Stationery	557	5,778
Postage	1,268	435
<b>TOTAL FRIENDS OF THE JOHNSTON COLLECTION EXPENSES</b>	<b>38,114</b>	<b>31,527</b>
<b>FUNDRAISING EXPENSES</b>		
Opening Door - Marketing	943	816
Opening Door - Contractor Fee	-	20,532
Opening Door - General	922	960
Gala Dinner - Marketing	768	2,325
Gala Dinner - Catering	6,942	-
Gala Dinner - General	1,302	-
<b>TOTAL FUNDRAISING – OPENING DOORS</b>	<b>10,877</b>	<b>24,633</b>
<b>TOTAL MUSEUM EXPENSES</b>	<b>747,543</b>	<b>772,089</b>
<b>TOTAL MUSEUM OPERATIONS SURPLUS / (DEFICIT)</b>	<b>-253,894</b>	<b>-265,904</b>



## Income Statement for the year ended 30 June 2017

	2017 \$	2016 \$
<b>RENTAL INCOME</b>		
Rental Income	63,998	76,155
Rental Expenses	-26,955	-24,950
<b>NET RENTAL INCOME</b>	<b>37,043</b>	<b>51,205</b>
<b>INVESTMENT INCOME</b>		
Dividends Received	81,194	102,788
Dividend Imputation Credit Refund	12,180	16,266
Realised Capital Gain/(Loss)	161,298	24,336
Unrealised Capital Gain/(Loss)	-60,030	-92,232
Interest Received	1,848	1,399
Investment Management Fee - CS	-16,408	-28,547
<b>TOTAL INVESTMENT INCOME</b>	<b>180,082</b>	<b>24,010</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>-36,769</b>	<b>-190,689</b>
<b>OTHER INCOME/(EXPENSES)</b>		
Transfer of Friends Deficit / (Surplus) from/(to) Holding Account	-3,219	-117
Discount Taken	-	156
Grant Expense	-6,818	-
Investment Taxes - CS	-2,120	-2,856
Other Income	1,100	-
Interest Paid and Penalty - ATO	-	-645
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>-11,057</b>	<b>-3,462</b>
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>-47,827</b>	<b>-194,151</b>
Revenue Reserves at closing of last year	3,726,845	3,920,996
<b>REVENUE RESERVES AT END OF THE YEAR</b>	<b>3,679,018</b>	<b>3,726,845</b>

2017

**Orr, Martin & Waters**

C H A R T E R E D   A C C O U N T A N T S

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ABN: 90 040 794 950

The Trustees  
The W R Johnston Trust  
P O Box 79  
**EAST MELBOURNE VIC 8002**

**Review of the W R Johnston Trust Financial Report**

We have reviewed the accompanying 30 June 2017 special purpose financial report of The W R Johnston Trust, which comprises the statement of financial position as at 30 June 2016, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, as set out on pages 1 to 7, in accordance with the accounting policies outlined in note 1, other selected explanatory notes and the statement by the trustees.

**The Trustees' Responsibility for the 30 June 2017 Financial Report**

The Trustees of the trust are responsible for the preparation and fair presentation of the 30 June 2017 financial report and have determined that the accounting policies described in note 1 to the financial report are appropriate to meet the financial reporting requirements in accordance with the trust deed and the needs of the trustees. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 30 June 2017 financial report to ensure it is free from material misstatement, whether due to fraud or error, together with selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Assurance Practitioner's Responsibility**

Our responsibility is to express a conclusion on the 30 June 2017 financial report based on our review. We conducted our review in accordance with Standard on Review Engagements ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*, 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 presented fairly, in all material respects, in accordance with the trustees applicable financial reporting framework. ASRE 2400 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

A review of a 30 June 2017 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.

**Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

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### Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the 30 June 2017 financial report of The W R Johnston Trust does not present fairly, in all material respects, the financial position of the trust as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date, in accordance with the trustees reporting framework described in Note 1 to the financial report.

### Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the trustees of The W R Johnston Trust to comply with the financial reporting requirements of the trust deed. As such, the financial report may not be suitable for another purpose. Our report is intended solely for The W R Johnston Trust and should not be distributed to or used by parties other than the Trustees of The W R Johnston Trust.

ORR MARTIN & WATERS

ORR MARTIN & WATERS  
Chartered Accountants

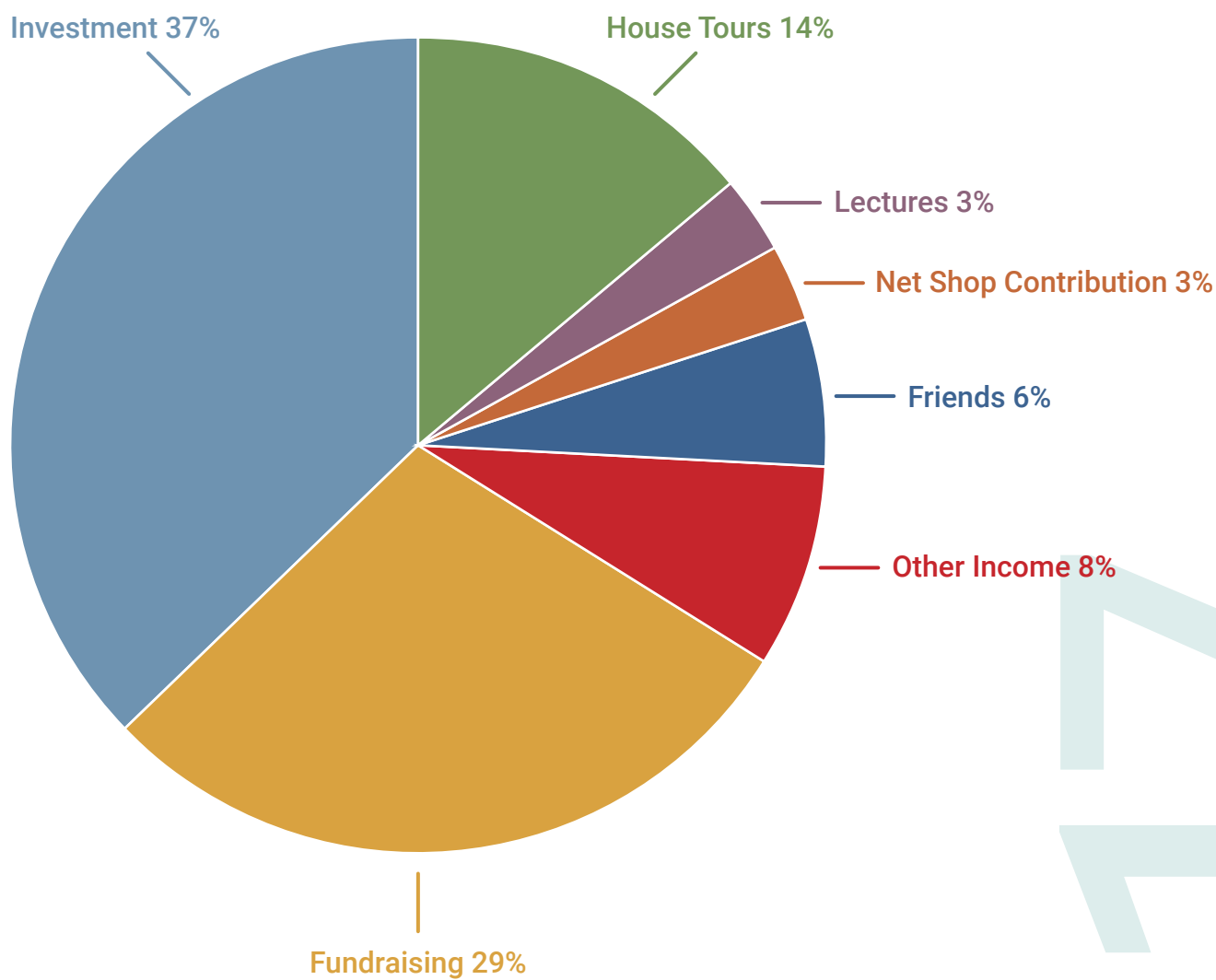
L R Gilmour

L R Gilmour  
Partner

Date: 6 December 2017

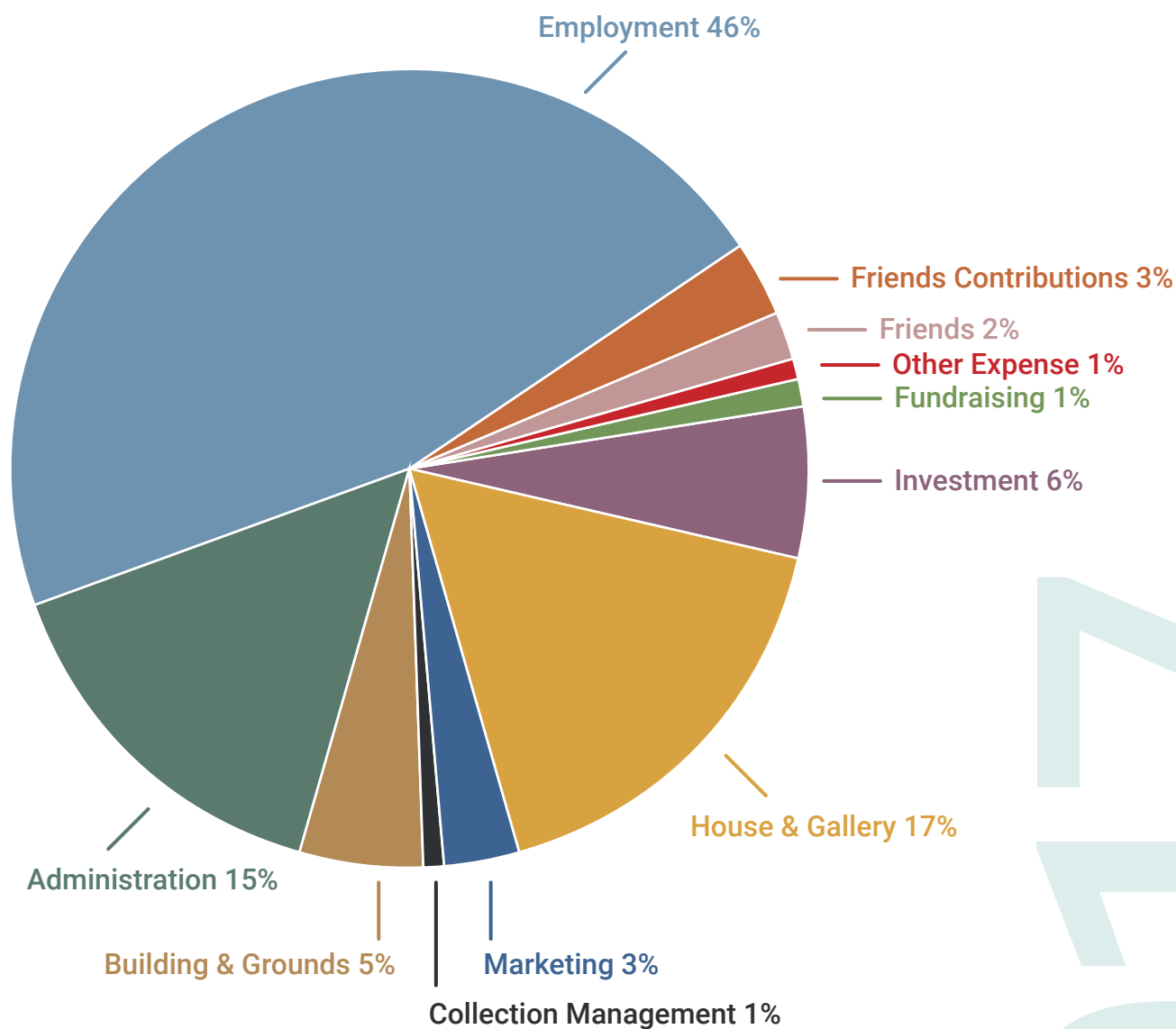
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## 2017 Revenue



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## 2017 Expense



2017