Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Financial Statements

For the Year Ended 31 December 2019

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Contents

For the Year Ended 31 December 2019

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the directors of Muscular Dystrophy Queensland Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Tim Cronin
Director
Vincents Assurance & Risk Advisory
11 June 2020

Brisbane

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 $	2018 $
Income			
Fundraising revenue	2	**1,233,299**	1,314,722
Client services revenue	2	**839,110**	439,188
Operating revenue	2	**11,415**	27,556
		2,083,824	1,781,466
Expenses			
Fundraising expenses		**734,832**	693,971
Client services expenses		**998,278**	564,363
Capital expenses		**35,697**	66,007
Operating expenses		**359,633**	414,056
	3	**2,128,440**	1,738,397
Surplus/(deficit)		**(44,616)**	43,069

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Financial Position

As At 31 December 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**908,003**	1,012,479
Trade and other receivables	5	**56,171**	32,967
Inventories	6	**8,060**	11,617
Investments		**-**	10,125
TOTAL CURRENT ASSETS		**972,234**	1,067,188
NON-CURRENT ASSETS			
Property, plant and equipment	7	**74,313**	55,236
Other receivables	5	**11,374**	11,374
Right-of-use assets	8	**241,832**	-
TOTAL NON-CURRENT ASSETS		**327,519**	66,610
TOTAL ASSETS		**1,299,753**	1,133,798
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**173,503**	87,919
Other financial liabilities	10	**99,929**	165,406
Lease liabilities	8	**68,882**	-
Provisions	11	**4,893**	-
Employee benefits	12	**91,822**	83,883
TOTAL CURRENT LIABILITIES		**439,029**	337,208
NON-CURRENT LIABILITIES			
Employee benefits	12	**1,984**	16,700
Lease liabilities	8	**123,466**	-
TOTAL NON-CURRENT LIABILITIES		**125,450**	16,700
TOTAL LIABILITIES		**564,479**	353,908
NET ASSETS		**735,274**	779,890
MEMBERS' FUNDS			
Retained earnings		**735,274**	779,890
TOTAL MEMBERS' FUNDS		**735,274**	779,890

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Retained Surplus $	Total $
Balance at 1 January 2019	779,890	**779,890**
Surplus/(deficit) during the year attributable to members	(44,616)	**(44,616)**
Balance at 31 December 2019	735,274	**735,274**

	Retained Surplus $	Total $
Balance at 1 January 2018	736,821	**736,821**
Surplus/(deficit) during the period attributable to members	43,069	**43,069**
Balance at 31 December 2018	779,890	**779,890**

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from grants and customers		**2,079,415**	1,750,701
Payments to suppliers and employees		**(2,065,695)**	(1,692,617)
Interest received		**11,032**	13,105
Interest paid		**(4,142)**	-
Net cash provided by/(used in) operating activities	14	**20,610**	71,189
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for the acquisition of plant and equipment		**(60,976)**	(29,552)
Proceeds from disposal of investments		**10,125**	-
Net cash provided by/(used in) investing activities		**(50,851)**	(29,552)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of finance lease liability (principle)		**(74,235)**	-
Net cash provided by/(used in) financing activities		**(74,235)**	-
Net increase/(decrease) in cash and cash equivalents held		**(104,476)**	41,637
Cash and cash equivalents at beginning of year		**1,012,479**	970,842
Cash and cash equivalents at end of financial year	4	**908,003**	1,012,479

Basis of Preparation

In the Directors' opinion the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

These special purpose financial statements have been prepared on an accruals basis to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of *AASB 101 Presentation of Financial Statements, AASB 1031 Materiality; AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures*.

New Accounting Standards and Interpretations adopted

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 January 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services passes to the customer.

Having reviewed the terms and conditions of grants received by the Company, some of them are within the scope of AASB 1058 and others within AASB 15 which has resulted in deferral of revenue for these monies.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

New Accounting Standards and Interpretations adopted

Leases - Adoption of AASB 16
Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2019.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of $266,585 at 1 January 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was 5.39%.

1 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax has been made in these financial statements.

(b) Property, plant and equipment

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

Depreciation

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

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Furniture, Fixtures and Fittings	5-6 years
Motor Vehicles	5-6 years
Computer Equipment	3-7 years
Medical Equipment	4-5 years

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.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the surplus for the year.

(c) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;

1 Summary of Significant Accounting Policies

(c) Financial instruments

Financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

1 Summary of Significant Accounting Policies

(c) Financial instruments

Financial liabilities

The Company's financial liabilities includes trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(d) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents comprises 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) Leases

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1 Summary of Significant Accounting Policies

(f) Leases

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1 Summary of Significant Accounting Policies

(g) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue, as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers - from 1 January 2019

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.

(i) Legacies

Legacies are recognised when the legacy is received.

Revenue from legacies comprising bequests of shares or other property is recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but may include management of education events, vaccinations, presentations at symposiums.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control

1 Summary of Significant Accounting Policies

(g) Revenue and other income

Grant revenue

and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Donations

Donations and bequests are recognised as revenue when received.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

(ii) Interest Income

Interest is recognised using the effective interest method.

(h) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts received from donors. Receivables expected to be collected within 12 months from the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(i) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period that remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1 Summary of Significant Accounting Policies

(j) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(k) 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.

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.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

(m) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 January 2019. The adoption of AASB 16 has resulted in material adjustments to the reported financial position of the Company. Refer to Note 8 for details.

2 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	$	$
Fundraising revenue		
- Donations	**419,821**	581,517
- Bequests	**135,000**	78,899
- Art Unions	**170,880**	187,776
- Events	**429,727**	304,359
- Charitable grants and contributions	**77,871**	161,799
- Product sales	**-**	372
Total fundraising revenue	**1,233,299**	1,314,722
Client service revenue		
- Government funding	**116,681**	261,460
- Fees from services	**722,429**	177,728
Total client service revenue	**839,110**	439,188
Operating revenue		
- Earnings on investments	**11,032**	15,856
- Membership	**140**	120
- Revenue from other sources	**243**	11,580
Total operating revenue	**11,415**	27,556
Total Revenue	**2,083,824**	1,781,466

3 Expenditure

	2019	2018
Employment expenses	**1,503,134**	1,091,654
Depreciation - Plant and equipment	**41,899**	66,007
Depreciation - Right-of-use asset	**24,753**	-
Rent	**9,159**	69,358
Insurance	**12,099**	11,662
Contributions to medical research	**109,948**	65,824
Other expenses		
- Relating to the provision of client services	**45,389**	112,887
- Relating to fundraising and event activities	**258,698**	237,316
- Relating to operating activities	**123,361**	83,689
Total Other expenses	**427,448**	433,892
Total expenditure	**2,128,440**	1,738,397

4 Cash and Cash Equivalents

	2019	2018
Cash at bank and in hand	**382,178**	599,192
Short-term bank deposits	**525,825**	413,287
	908,003	1,012,479

5 Trade and Other Receivables

	2019	2018
	$	$
CURRENT		
Trade receivables	**45,550**	23,060
Prepayments	**10,621**	9,907
	56,171	32,967

	2019	2018
NON-CURRENT		
Deposits	**11,374**	11,374

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6 Inventories

	2019	2018
	$	$
CURRENT		
At cost:		
Stock	**8,060**	11,617

Write downs of inventories to net realisable value during the year were NIL (2018: NIL).

7 Property, plant and equipment

	2019	2018
	$	$
PLANT AND EQUIPMENT		
Equipment		
At cost	**48,388**	24,671
Accumulated depreciation	**(25,473)**	(16,714)
Total plant and equipment	**22,915**	7,957
Motor vehicles		
At cost	**36,215**	19,159
Accumulated depreciation	**(9,448)**	(5,508)
Total motor vehicles	**26,767**	13,651
Computer equipment and Software		
At cost	**96,393**	73,671
Accumulated depreciation	**(71,762)**	(40,043)
Total computer software	**24,631**	33,628
Total property, plant and equipment	**74,313**	55,236

8 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over equipment and buildings.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building lease is for the corporate office, expires on 23 September 2022 and has a 3 year option extension at the discretion of the Company. The rentals are subject to a CPI review at each aniversary date.

The equipment leases are for various items of equipment, the original lease was signed in 2019 and expires in 2024, the lease payments are fixed with no extension option.

Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Leases

Right-of-use assets

	Buildings	Equipment	Total
	$	$	$
Year ended 31 December 2019			
Balance at begining of the year	-	-	-
Change due to adoption of AASB 16	250,831	15,754	266,585
Depreciation charge	(21,912)	(2,841)	(24,753)
Balance at end of year	228,919	12,913	241,832

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities
	$	$	$	$
2019				
Lease liabilities	68,294	144,851	-	213,145

Lease liabilities included in the Statement of Financial Position:

	2019	2018
	$	$
CURRENT		
Lease liabilities	68,882	-
NON-CURRENT		
Lease liabilities	123,466	-
Total	192,348	-

Extension options

The building leases contain extension options which allow the Company to extend the lease term by up to three years.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

8 Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2019
	$
Interest expense on lease	**4,142**
Depreciation of right-of-use assets	**24,753**
	28,895

Statement of Cash Flows

	2019
	$
Total cash outflow for leases	**74,235**

9 Trade and Other Payables

	2019	2018
	$	$
CURRENT		
Trade payables	**143,542**	13,635
GST and PAYG payable	**4,825**	9,523
Accruals	**9,968**	50,047
Art union prize	**15,168**	14,714
	173,503	87,919

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

10 Other Liabilities

	2019	2018
	$	$
CURRENT		
Client government funding	**75,745**	101,543
Client appeal funds	**22,621**	23,121
Unspent grant funds	**1,563**	40,742
	99,929	165,406

11 Provisions

CURRENT		
Make good provision	**4,893**	-

12 Employee Benefits

	2019 $	2018 $
CURRENT		
Provision for annual leave	**54,040**	43,580
Provision for long service leave	**37,782**	40,303
	91,822	83,883
NON-CURRENT		
Provision for long service leave	**1,984**	16,700

13 Contingencies

In the opinion of the Board of Directors, the Company is not aware of any contingencies at 31 December 2019 (31 December 2018:None).

14 Cash Flow Information

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

	2019 $	2018 $
Surplus/(deficit) for the period	**(44,616)**	43,069
Non-cash flows in surplus/(deficit):		
- depreciation	**66,650**	66,007
- bad debts expense	**820**	-
- unrealised (gain)/losses on investments	**-**	(2,750)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(24,023)**	(14,909)
- (increase)/decrease in inventories	**3,557**	(1,455)
- increase/(decrease) in trade and other payables	**20,106**	(29,195)
- increase/(decrease) in provisions	**4,893**	-
- increase/(decrease) in employee benefits	**(6,777)**	10,422
Cashflows from operations	**20,610**	71,189

15 Events Occurring After the Reporting Date

On 11 March 2020, the WHO announced the Novel Coronavirus (COVID-19) outbreak as a pandemic. The impact of the effects of this pandemic on the Company's operations has not been determined by mangement at the date of this report. Due to the uncertainty, at the date of this report it is difficult to understand, predict and/or accurately forecast cash flows for the next 12 months.

No other 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 Auditors' Remuneration

	2019	2018
	$	$
- Audit fees	**9,555**	7,900

17 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and 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 $ 10 each towards meeting any outstandings and obligations of the Company. At 31 December 2019 the number of members was 35 (2018: 35).

18 Company Details

The registered office of the company is:

Muscular Dystrophy Queensland Ltd.
1149 Sandgate Road
Nundah QLD 4012

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Directors' Declaration

The Directors declare that in the directors' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

- the 31 December 2019 financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director .... Director ....

Dated: 11 June 2020

Independent Audit Report to the members of Muscular Dystrophy Queensland Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Muscular Dystrophy Queensland Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other 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 directors' declaration.

In our opinion the accompanying financial report of Muscular Dystrophy Queensland Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended; and

(ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the Company to maintain an effective system of internal control over donations, fundraising activities and other cash transactions until their initial entry in accounting records. Accordingly, our audit in relation to these types of income was limited to amounts recorded.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Responsible Entities 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

T. J. Cronin

Vincents Assurance & Risk Advisory
Tim Cronin
Partner

Brisbane, 11 June 2020