

# Forsyths

*Chartered Accountants*

**NEW  
ENGLAND  
REGIONAL  
ART  
MUSEUM  
LIMITED**

**ABN 16 726 951 655**

Financial Statements

For the Year Ended  
30 June 2009

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

Liability limited by a scheme approved  
under the Professional Standards Legislation

# **New England Regional Art Museum Limited**

ABN: 16 726 951 655

## **Financial Statements**

For the Year Ended 30 June 2009

# New England Regional Art Museum Limited

ABN: 16 726 951 655

For the Year Ended 30 June 2009

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# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Directors' Report

30 June 2009

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2009.

### 1. General information

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

<b>Names</b>	<b>Position</b>	<b>Appointed/Resigned</b>
Meg Larkin	Chairperson	Appointed 27 May 2008
Andrew Murray	Deputy Chairperson	Appointed 27 May 2008
Christopher Serow	Company Secretary	Appointed 27 May 2008
June Dangar	Director	Appointed 27 May 2008
Gwenda Shannon OAM	Director	Appointed 27 May 2008
Murray Guest	Director	Appointed 27 May 2008
Angus Nivison	Director	Appointed 27 May 2008
Bill Dangar	Director	Appointed 27 May 2008
Herman Beyersdorf	Director	Appointed 27 May 2008

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Company Secretary

The following person held the position of company secretary at the end of the financial year:

Christopher Serow, BA (UNSW), LLB (UNE), MLLR (Syd), Grad Dip Legal Practice

#### Principal Activities

The principal activities of the Group from inception and during the financial year were the operation of a regional cultural facility which manages and cares for nationally significant art collections, and which plans and delivers a dynamic calendar of exhibitions with associated public and educational programs. In addition, the company is trustee for the Howard Hinton trust, the Chandler Coventry trust and the New England Regional Art Museum Foundation.

### 2. Director Information

#### Information on Directors

Meg Larkin	Chairperson
Qualifications	MBA (UNE)
Experience	Cultural Planning and Community Planning Consultant.
Andrew Murray	Deputy Chairperson
Qualifications	BA
Experience	Self employed investor and advisor

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Directors' Report

30 June 2009

### 2. Director Information continued

#### Information on Directors continued

Christopher Serow	Company Secretary
Qualifications	BA (UNSW), LLB (UNE), MLLR (Syd), Grad Dip Legal Practice
Experience	Principal and Solicitor Director of Rice More & Gibson Solicitors
June Dangar	Director
Qualifications	National Council of Jewellery Valuers, Australia, Registered Valuer N582. Fellow of the Gemmological Association of Australia
Experience	Self employed business woman
Gwenda Shannon OAM	Director
Experience	Retired. Formerly secretary to the Register of the University of New England and Custodian of the UNE Art collection.
Murray Guest	Director
Qualifications	BA (Syd), Dip Ed (Syd), Master of Commerce (Hons) U NSW
Experience	Headmaster, The Armidale School
Angus Nivison	Director
Qualifications	Dip Ed. Dip Art. (National School of Art, Sydney)
Experience	Artist, self employed
Bill Dangar	Director
Experience	Self employed grazier and businessman.
Herman Beyersdorf	Director
Qualifications	BA (Hons) and Ph.D (UNE)
Experience	Associate Professor of German at the University of New England, Councillor of Armidale Dumaresq Council

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Directors' Report

30 June 2009

### 2. Director Information continued

#### Meetings of Directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Meg Larkin	15	15
Andrew Murray	15	12
Christopher Serow	15	15
June Dangar	15	13
Gwenda Shannon OAM	15	13
Murray Guest	15	12
Angus Nivison	15	13
Bill Dangar	15	10
Herman Beyersdorf	15	6

### 3. Business review

#### Operating Results

The consolidated surplus of the Group amounted to \$ 41,798,529.

#### Review of operations

The consolidated surplus for the Museum was \$41,798,529 which included \$41,733,436 of gains on transfer of assets and gains on recognition of trusts leaving an adjusted surplus of \$65,093 for the year which compares to a budgeted deficit of \$3,100. This was achieved despite having extraordinary commitments on the development of a Strategic Plan of \$14,595 and legal costs of \$23,665 associated with the Supreme Court proceedings over the appointment of NERAM Ltd as trustee for the Hinton Trust.

A significant outcome from these Court proceedings has been the 20 year funding agreement granted by the Armidale Dumaresq Council.

The ambition of the Board and management was to streamline operations so that expenditure remained less than income. With no debt facilities in place and no surplus cash, it was imperative for the Board to conserve cash and if possible, build a financial buffer during the year. It is a great credit to the Art Director and her staff that the Museum has operated so well, with so much public activity with the limited funds available.

The 2008/9 year was a productive one for NERAM Limited. The main features of the year's operations were:

- A total of 26 separate public exhibitions with crowds building during the year.
- Over 45 separate school, TAFE and university visits took place with growing numbers throughout the year. The quarterly educational newsletter, ImpART was distributed to all schools in the region

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Directors' Report

30 June 2009

### 3. Business review continued

#### Review of operations continued

- Over 40 events were organised as part of NERAM's public programs including concerts and operas, exhibition openings, launches, fundraiser dinners, ARTnexus (local artist networking event), artist and curator talks, and school holiday workshops.
- 160 art classes were held in the NERAM Packsaddle Art Studio during school term.
- The development of a Strategic Plan, which will assist the Museum in its planning and operations for years to come.
- The successful conclusion of Court proceedings resulting in NERAM Limited being appointed as trustee of the Howard Hinton Trust and the Chandler Coventry Trust.
- The Board launched the NERAM Foundation in May 2009 and was greatly encouraged by the community's support. This Foundation will invest and preserve its capital with contributions to the Museum coming from income only.
- Development of a number of significant operational policies and procedures to streamline the management process and improve communication including Venue Hire, Collections, Exhibition and Volunteer.
- 46 works of art were acquired in the year through the Cultural Gifts Program and individual donors.
- Newcastle Permanent Charitable Trust was the major sponsor of "Art Alive New England", NERAM's multi-dimensional educational program.

### 4. Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

### 5. Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### 6. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### 7. Other items

#### Significant Changes in State of Affairs

No significant changes in the Group's state of affairs occurred during the financial year.

# New England Regional Art Museum Limited

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## Directors' Report

30 June 2009

### 7. Other items continued

#### After balance day events

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

#### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 6.

#### Future developments

The Group will continue to carry on the principal activities noted above. There are no likely developments in the activities in future years which will affect the results and therefore require disclosure.

#### Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....

Director:  .....

Dated this 15 day of December 2009



# Forsyths

*Chartered Accountants*

*Armidale*

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## New England Regional Art Museum Limited

ABN: 16 726 951 655

### Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**FORSYTHS**



Geoffrey W Allen  
Partner

30 November 2009

92 Rusden Street, Armidale NSW

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Income Statement

For the Year Ended 30 June 2009

		Consolidated	Parent
		2009	2009
	Note	\$	\$
Revenue	2	211,798	150,565
Other income	2	42,051,543	2,583,167
Raw materials and consumables used		(16,021)	(16,021)
Employee benefits expense		(176,471)	(176,471)
Depreciation, amortisation and impairments		(2,500)	(2,500)
Strategic Planning Costs		(14,595)	(14,595)
Supreme Court Costs		(23,665)	(23,665)
Promotional expenses		(16,106)	(16,106)
Electricity expense		(46,688)	(46,688)
Consignment Commission		(17,639)	(17,639)
Exhibition Costs		(23,978)	(23,978)
Insurance Expense		(30,832)	(18,706)
Fundraising expenses		(6,577)	-
Other expenses		(89,738)	(89,716)
<b>Surplus/(deficit) from operations</b>		<b>41,798,529</b>	<b>2,287,647</b>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Balance Sheet

30 June 2009

	Note	Consolidated 2009 \$	Parent 2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	184,449	49,334
Trade and other receivables	6	10,290	16,867
Inventories	7	29,919	29,919
Other assets	8	19,054	2,079
<b>Total current assets</b>		<b>243,712</b>	<b>98,199</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	41,899,577	2,543,457
<b>Total non-current assets</b>		<b>41,899,577</b>	<b>2,543,457</b>
<b>TOTAL ASSETS</b>		<b>42,143,289</b>	<b>2,641,656</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	56,958	66,208
Other Liabilities	11	38,182	38,182
<b>Total current liabilities</b>		<b>95,140</b>	<b>104,390</b>
<b>Non-current liabilities</b>			
Other Liabilities	11	249,620	249,620
<b>Total non-current liabilities</b>		<b>249,620</b>	<b>249,620</b>
<b>TOTAL LIABILITIES</b>		<b>344,760</b>	<b>354,010</b>
<b>NET ASSETS</b>		<b>41,798,529</b>	<b>2,287,646</b>
<b>FUNDS</b>			
General Funds		41,798,529	2,287,646
<b>TOTAL FUNDS</b>		<b>41,798,529</b>	<b>2,287,646</b>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Statement of Changes in Equity

For the Year Ended 30 June 2009

2009

	Parent	
	General Funds	Total
	\$	\$
Surplus/(deficit) from operations	2,287,646	2,287,646
Balance at 30 June 2009	2,287,646	2,287,646

2009

	Consolidated	
	General Funds	Total
	\$	\$
Surplus/(deficit) from operations	41,798,529	41,798,529
Balance at 30 June 2009	41,798,529	41,798,529

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Cash Flow Statement

For the Year Ended 30 June 2009

	Note	Consolidated 2009 \$	Parent 2009 \$
<b>Cash from operating activities:</b>			
Receipts from customers		617,605	437,542
Payments to suppliers and employees		(434,637)	(389,687)
Interest received		1,482	1,479
<b>Net cash provided by (used in) operating activities</b>	13	<u>184,450</u>	<u>49,334</u>
 <b>Net increase (decreases) in cash held</b>		<u>184,450</u>	<u>49,334</u>
<b>Cash at end of financial year</b>	5	<u><u>184,450</u></u>	<u><u>49,334</u></u>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies

#### (a) General information

The financial report includes the consolidated financial statements and notes of New England Regional Art Museum Limited and controlled entities (the Group) and the separate financial statements and notes of New England Regional Art Museum Limited as an individual parent entity (Parent), incorporated and domiciled in Australia. New England Regional Art Museum Limited is a company limited by guarantee.

#### (b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

#### (c) Basis of consolidation

A controlled entity is an entity over which New England Regional Art Museum Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. The controlled entities of New England Regional Art Museum Limited are the Howard Hinton Trust, Chandler Coventry Trust and the New England Regional Art Museum Foundation

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those adopted by the parent entity.

#### (d) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Grant revenue is recognised as income on receipt.

New England Regional Art Museum Limited receives non-reciprocal contributions of assets from the

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

#### (d) Revenue continued

government and other parties for no or a nominal value. These assets are recognised at fair value on the date of acquisition in the balance sheet, with a corresponding amount of income in the income statement.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

#### (g) Property, plant and equipment

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

##### Plant and equipment

Plant and equipment are measured on the cost basis.

##### Depreciation

The depreciable amount of all fixed assets, but excluding artwork collections, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Original art works and collections have an extremely long useful life. Depreciation for those items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

# New England Regional Art Museum Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

The depreciation rates used for each class of depreciable assets are:

**Class of Fixed Asset**

Plant and Equipment	10%
Motor Vehicles	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

#### (h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

#### (i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

#### (j) Borrowings

All borrowing costs are recognised in income in the period in which they are incurred.

#### (k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (l) Taxation status

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. The exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.



# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

#### (m) Comparative Figures

The Group commenced operation on 1 July 2008. As this is the first year of operation there are no comparative figures.

#### (n) Gain on transfer of assets and gain on recognition of trust

The NERAM collection, Museum of Printing collection and other museum assets were transferred into New England Regional Art Museum Limited at no cost during the year. The fair value of these assets have been shown as a gain on transfer of assets.

Financial accounts have not been prepared for the Chandler Coventry Trust and the Howard Hinton Trust prior to 30 June 2009. As a result, the initial recognition, at fair value, of the assets in these trusts has been shown as a gain on recognition of trust.

### 2 Revenue

	Consolidated 2009 \$	Parent 2009 \$
Sales revenue		
- sale of goods	83,164	83,164
- services revenue	45,878	45,878
- interest received	1,482	1,479
- donations	81,244	20,044
- other revenue	30	-
Total Revenue	<u>211,798</u>	<u>150,565</u>
	Consolidated 2009 \$	Parent 2009 \$
Other Income		
- Museums and Galleries NSW grant	9,600	9,600
- Newcastle Permanent Funding	18,182	18,182
- Armidale Dumaresq Council funding	365,000	265,000
- Royal Historical Society	1,000	1,000
- Pack Saddle	918	918
- Fundraising	14,511	2,255
- Box Gallery	7,395	7,395
- Travelling Exhibitions	1,500	1,500
- Gain on Transfer of Assets	2,277,317	2,277,317
- Gain on recognition of trust	39,356,120	-
Other Income	<u>42,051,543</u>	<u>2,583,167</u>

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 3 Auditors' Remuneration

	Consolidated 2009 \$	Parent 2009 \$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	4,800	4,800

### 4 Key Management Personnel Compensation

#### (a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Meg Larkin	Director
Andrew Murray	Director
Christopher Serow	Director
June Dangar	Director
Gwenda Shannon OAM	Director
Murray Guest	Director
Angus Nivison	Director
Bill Dangar	Director
Herman Beyersdorf	Director
<b>Other Key Management Personnel</b>	
Caroline Downer	Art Director

The directors act in an honorary capacity and receive no compensation for their services.

#### (b) Key Management Compensation

	Short-term benefits \$	Post employment benefit \$	Total \$
2009			
Total compensation	52,359	4,712	57,071

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 5 Cash and cash equivalents

	Consolidated 2009	Parent 2009
	\$	\$
Cash on hand	250	250
Cash at bank	184,189	49,084
Other cash and cash equivalents	10	-
	<u>184,449</u>	<u>49,334</u>

### 6 Trade and other receivables

	Consolidated 2009	Parent 2009
	\$	\$
CURRENT		
Trade receivables	6,240	12,817
Provision for impairment of receivables	(571)	(571)
	<u>5,669</u>	<u>12,246</u>
GST Receivable	4,621	4,621
	<u>10,290</u>	<u>16,867</u>

### 7 Inventories

	Consolidated 2009	Parent 2009
	\$	\$
CURRENT		
At Cost		
NERAM Shop Inventory	19,120	19,120
Art Work	10,799	10,799
	<u>29,919</u>	<u>29,919</u>

### 8 Other Assets

	Consolidated 2009	Parent 2009
	\$	\$
CURRENT		
Prepayments	19,054	2,079
	<u>19,054</u>	<u>2,079</u>

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 9 Property, plant and equipment

	Consolidated 2009 \$	Parent 2009 \$
Plant and equipment at fair value	119,064	119,064
Total plant and equipment	119,064	119,064
Motor vehicles at fair value	17,500	17,500
Motor Vehicles	(2,500)	(2,500)
Total motor vehicles	15,000	15,000
NERAM Collection at fair value	2,125,700	2,125,700
Total NERAM Collection	2,125,700	2,125,700
Museum of Printing Collection at fair value	283,693	283,693
Total Museum of Printing Collection	283,693	283,693
Hinton Collection at fair value	36,467,320	-
Total Hinton Collection	36,467,320	-
Coventry Collection at fair value	2,888,800	-
Total Coventry Collection	2,888,800	-
<b>Total property, plant and equipment</b>	<b>41,899,577</b>	<b>2,543,457</b>

The NERAM, Museum of Printing, Hinton and Coventry collections are held at fair value. These collections were independently valued by Jon Dwyer from Dwyer Fine Arts on 18 June 2008.

#### (a) Movements in Carrying Amounts

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

##### Parent

	Plant and Equipment \$	Motor Vehicles \$	NERAM Collection \$	Museum of Printing Collection \$	Total \$
Additions	119,064	17,500	2,125,700	283,693	2,545,957
Depreciation expense	-	(2,500)	-	-	(2,500)
Carrying amount at the end of year	119,064	15,000	2,125,700	283,693	2,543,457

# New England Regional Art Museum Limited

ABN: 16 726 951 655

Notes to the Financial Statements

For the Year Ended 30 June 2009

## 9 Property, plant and equipment continued

### Consolidated

	Plant and Equipment	Motor Vehicles	NERAM Collection	Hinton Collection	Coventry Collection	Museum of Printing Collection	Total
	\$	\$	\$	\$	\$	\$	\$
Additions	119,064	17,500	2,125,700	36,467,320	2,888,800	283,693	41,902,077
Depreciation expense	-	(2,500)	-	-	-	-	(2,500)
Carrying amount at the end of year	119,064	15,000	2,125,700	36,467,320	2,888,800	283,693	41,899,577

## 10 Trade and other payables

	Consolidated 2009 \$	Parent 2009 \$
CURRENT		
Unsecured liabilities		
Trade payables	25,954	35,204
Accrued employee entitlements	2,054	2,054
Sundry payables and accrued expenses	28,950	28,950
	<u>56,958</u>	<u>66,208</u>

## 11 Other Liabilities

	Consolidated 2009 \$	Parent 2009 \$
CURRENT		
Armidale Dumaresq Council Debt	38,182	38,182
<b>Total</b>	<u>38,182</u>	<u>38,182</u>
NON-CURRENT		
Armidale Dumaresq Council Debt	249,620	249,620
<b>Total</b>	<u>249,620</u>	<u>249,620</u>

The interest free debt to Armidale Dumaresq Council is recorded at net present value. The total amount owing at 30 June 2009 is \$420,000, including GST, and is repayable over 10 years in equal instalments. Armidale Dumaresq Council 20 year funding agreement is conditional on the repayment of this debt.

## 12 Members' Guarantee

The company is 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 any outstanding obligations of the company. At 30 June 2009 the number of members was 9.

# New England Regional Art Museum Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 13 Cash Flow Information

#### (a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Consolidated	Parent
	2009	2009
	\$	\$
Net income/loss for the period	41,798,530	2,287,646
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	2,500	2,500
Gain on transfer of assets	(2,258,155)	(2,258,155)
Gain on recognition of trust	(39,356,120)	-
Write-downs to recoverable amount	571	571
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(10,861)	(17,438)
(Increase)/decrease in prepayments	(19,054)	(2,079)
(Increase)/decrease in inventories	(29,919)	(29,919)
Increase/(decrease) in trade payables and accruals	56,958	66,208
Cashflow from operations	184,450	49,334

#### (b) Non-cash Financing and Investing Activities

During the year the NERAM collection, Museum of Printing collection and other museum assets were transferred into the Group for no consideration and the Hinton collection and Coventry collection were recognised at fair. These acquisitions are not reflected in the Statement of Cash Flows as they were non-cash transactions.

### 14 Controlled Entities

The parent company acts as trustee for the Howard Hinton Trust, Chandler Coventry Trust and the New England Regional Art Museum Foundation.

### 15 Economic Dependency

New England Art Museum Limited is economically dependent on the Armidale Dumaresq Council under a 20 year funding agreement. In addition, the Howard Hinton trust is entitled to receive \$100,000 per annum for the next four years from the Armidale Dumaresq Council under the Deed of Settlement.

### 16 Company Details

The registered office of the company is:

Rice More & Gibson  
Level 1  
149-151 Beardy Street  
Armidale NSW 2350

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### Principal place of business

The principal places of business are:

New England Regional Art Museum  
106-114 Kentucky Street  
Armidale NSW 2350

### 17 Change in Accounting Policy

The following Australian Accounting Standards issued or amended which are applicable to the to the parent and the economic entity but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Entity
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5: Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures. However it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report as the association does not fall within the scope of AASB 8.	1 January 2009	1 July 2009
	AASB 6: Exploration for and Evaluation of Mineral			
	AASB 102: Inventories			
	AASB 107: Cash Flow Statements			
	AASB 119: Employee Benefits			
	AASB 127: Consolidated and Separate Financial Statements			
	AASB 134: Interim Financial Reporting			
	AASB: 136: Impairment of Assets			
	AASB 1023: General Insurance Contracts			
	AASB 1038: Life Insurance Contracts			

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 17 Change in Accounting Policy continued

AASB Amendment	AASB Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Entity
AASB 8: Operating Segments	AASB 114: Segment Reporting	As above	1 January 2009	1 July 2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1: First-time Adoption of AIFRS AASB 101: Presentation of Financial Statements AASB 107: Cash Flow Statements AASB 111: Construction Contracts AASB 116: Property, Plant and Equipment AASB 138: Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the association as it already capitalise borrowing costs related to qualifying assets.	1 January 2009	1 July 2009
AASB 123: Borrowing Costs	AASB 123: Borrowing Costs	As above	1 January 2009	1 July 2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in recognised income and expenditure.	1 January 2009	1 July 2009
AASB 101	AASB 101: Presentation of Financial Statements	As above	1 January 2009	1 July 2009



# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Directors' Declaration

The directors of the company declare that:

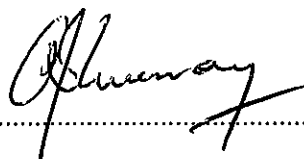
1. The financial statements and notes, as set out on pages 7 to 23, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group.
2. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....



Director .....



Dated

15 December 2009

## **New England Regional Art Museum Limited**

ABN: 16 726 951 655

### **Independent Audit Report to the members of New England Regional Art Museum Limited**

#### **Report on the Financial Report**

We have audited the accompanying financial report of New England Regional Art Museum Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended that date a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the New England Regional Art Museum Limited and the entities it controlled at the year's end or from time to time during the financial year.

#### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 company'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 the directors, 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  
audit opinion.

# New England Regional Art Museum Limited

ABN: 16 726 951 655

## Independent Audit Report to the members of New England Regional Art Museum Limited

### Independence

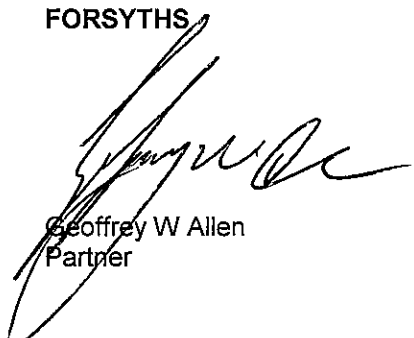
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of New England Regional Art Museum Limited on 30 November 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

### Auditor's Opinion

In our opinion the financial report of New England Regional Art Museum Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**FORSYTHS**



Geoffrey W Allen  
Partner

92 Rusden Street, Armidale NSW

30 November 2009

# Forsyths

*Chartered Accountants*

## CHANDLER COVENTRY TRUST

ABN 79 543 509 572

Financial Statements

For the Year Ended  
30 June 2009

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

Liability limited by a scheme approved  
under the Professional Standards Legislation

# **Chandler Coventry Trust**

**ABN: 79 543 509 572**

## **Financial Statements**

**For the Year Ended 30 June 2009**

# Chandler Coventry Trust

ABN: 79 543 509 572

For the Year Ended 30 June 2009

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# Chandler Coventry Trust

ABN: 79 543 509 572

## Trustee's Report

30 June 2009

Your directors present their report on the trust for the financial year ended 30 June 2009.

### Trustee

The trustee at the date of this report is NERAM Limited.

### Principal Activities

The principal activities of Chandler Coventry Trust during the financial year was the housing, insuring, preserving, maintaining, conserving, restoring, presenting and promoting of the artworks donated by Chandler Coventry for the purpose of public education, known as the Coventry Collection.

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

### Operating Results

The Surplus of the trust amounted to \$ 2,888,800.

### Significant Changes in State of Affairs

No significant changes in the trust's state of affairs occurred during the financial year.

### After balance day events

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

### Future Developments, Prospects and Business Strategies

The trust will continue to carry on the principal activities noted above. There are no likely developments in the activities in the future years which will affect the results and therefore require disclosure.

Signed in accordance with a resolution of the Board of Directors:

Director: ..... 

Director: ..... 

Dated 15 December 2009

# Chandler Coventry Trust

ABN: 79 543 509 572

## Income Statement

For the Year Ended 30 June 2009

		2009
	Note	\$
Revenue	2	<u>2,888,800</u>
Total net surplus/(deficit) from operations		<u><u>2,888,800</u></u>

The accompanying notes form part of these financial statements.



# Chandler Coventry Trust

ABN: 79 543 509 572

## Balance Sheet

30 June 2009

	Note	2009 \$
<b>ASSETS</b>		
Non-current assets		
Plant and equipment	3	<u>2,888,800</u>
Total non-current assets		<u>2,888,800</u>
<b>TOTAL ASSETS</b>		<u>2,888,800</u>
<b>NET ASSETS</b>		<u>2,888,800</u>
<b>FUNDS</b>		
General Funds		<u>2,888,800</u>
<b>TOTAL FUNDS</b>		<u>2,888,800</u>

The accompanying notes form part of these financial statements.

# Chandler Coventry Trust

ABN: 79 543 509 572

## Statement of Changes in Equity

For the Year Ended 30 June 2009

2009

	General Funds	Total
	\$	\$
Net surplus/(deficit) from operations	2,888,800	2,888,800
Balance at 30 June 2009	2,888,800	2,888,800

The accompanying notes form part of these financial statements.

# Chandler Coventry Trust

ABN: 79 543 509 572

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies

#### (a) General information

The financial report covers Chandler Coventry Trust as an individual entity. Chandler Coventry Trust is a discretionary trust, established and domiciled in Australia.

#### (b) Basis of preparation

##### Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Trust Deed.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the Trust Deed. Such accounting policies are consistent with the previous period unless otherwise stated.

AASB 101: Presentation of Financial Statements;

AASB 107: Cash Flow Statements;

AASB 1031: Materiality; and

AASB 110: Events after the Balance Sheet Date.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies have been adopted in the preparation of this report are as follows:

#### (c) Revenue

Donations and bequests are brought to account in the Income Statement when they are received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

#### (d) Income taxes

The trust is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. The exemption has been confirmed by the Australian Taxation Office. The trust holds deductible gift recipient status.

# Chandler Coventry Trust

ABN: 79 543 509 572

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

#### (e) Gain on recognition of trust and comparatives

The Chandler Coventry trust was established in 2009 to hold in trust the artwork donated by Chandler Coventry in 1979. The artwork is to be held and exhibited in Armidale in combination with the Hinton Collection. Financial accounts have not been prepared for the trust prior to 30 June 2009. As a result no comparatives have been included and the initial recognition of the art collection at fair value has been shown as a gain on recognition of trust.

### 2 Revenue

	2009 \$
Revenue	
- Gain on recognition of trust	2,888,800
Total Revenue	2,888,800

### 3 Collection Assets

	2009 \$
Coventry Collection At fair value	2,888,800
Total collection assets	2,888,800

The Coventry collection is held at fair value. The Coventry collection was independently valued by Jon Dwyer from Dwyer Fine Arts on 18 June 2008.

#### Movements in Carrying Amounts

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

	Collection Assets \$	Total \$
Additions at fair value	2,888,800	2,888,800
Carrying amount at the end of year	2,888,800	2,888,800

### 4 Related party transactions

The trustee acts in an honorary capacity and receives no compensation for its services.

There were no related party transactions during the financial year.

# Chandler Coventry Trust

ABN: 79 543 509 572

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 5 Cash Flow Information

#### Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2009
	\$
Net income/loss for the period	2,888,800
Gain on recognition of trust	(2,888,800)
Cashflow from operations	-

#### Non-cash Financing and Investing Activities

##### Acquisitions not reflected in Statement of Cash Flows

During the year the Coventry collection was recognised at fair value in the balance sheet of the Trust. This acquisition is not reflected in the Statement of Cash Flows as it was a non-cash transaction.

### 6 Economic Dependence

The trust is economically dependent on New England Regional Art Museum Limited and controlled entities to fund the housing, insuring, preserving, maintaining, conserving, restoring, presenting and promoting of the Coventry Collection.

### 7 Trust Details

The registered office and principal place of business of the trust is C/O NERAM Limited, Kentucky Street, Armidale, NSW, 2350.

# Chandler Coventry Trust

ABN: 79 543 509 572

## Trustee's Declaration

The directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 2 to 7, present fairly the trust's financial position as at 30 June 2009 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
2. In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company.

Director 

Director 

Dated 15 December 2009.

92 Rusden Street  
PO Box 114  
Armidale NSW 2350

p +61 2 6773 8400  
f +61 2 6772 9957  
e [armidale@forsyths.com.au](mailto:armidale@forsyths.com.au)

ABN 24 935 296 225

## **Chandler Coventry Trust**

ABN: 79 543 509 572

### **Independent Audit Report to the members of Chandler Coventry Trust**

#### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of Chandler Coventry Trust, which comprises the balance sheet as at 30 June 2009, and the income statement and statement of changes in for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

#### **The Responsibility of the Directors for the Financial Report**

The directors of the trustee company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 trust'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 trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

# Chandler Coventry Trust

ABN: 79 543 509 572

## Independent Audit Report to the members of Chandler Coventry Trust

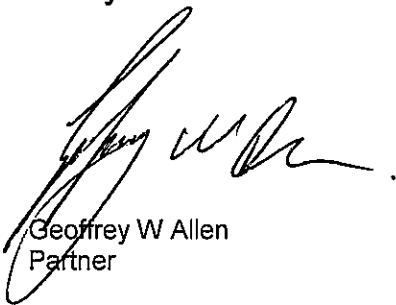
### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

### Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Chandler Coventry Trust as of 30 June 2009 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Forsyths



Geoffrey W Allen  
Partner

92 Rusden Street, Armidale NSW

30 November 2009





# Forsyths

*Chartered Accountants*

## HOWARD HINTON TRUST

Financial Statements

For the Year Ended  
30 June 2009

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

Liability limited by a scheme approved  
under the Professional Standards Legislation

# Howard Hinton Trust

## Financial Statements

For the Year Ended 30 June 2009

# Howard Hinton Trust

For the Year Ended 30 June 2009

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# Howard Hinton Trust

## Trustee's Report

30 June 2009

Your directors present their report on the trust for the financial year ended 30 June 2009.

### Trustee

The trustee at the date of this report is NERAM Limited. NERAM Limited became the Trustee on 24 June 2009, prior to this Armidale Dumaresq Council was the Trustee.

### Principal Activities

The principal activities of Howard Hinton Trust during the financial year was the housing, insuring, preserving, maintaining, conserving, restoring, presenting and promoting of the artworks donated by Howard Hinton for the purpose of public education, known as the Hinton Collection.

### Operating Results

The Surplus of the trust amounted to \$ 36,555,195.

### Significant Changes in State of Affairs

No significant changes in the trust's state of affairs occurred during the financial year.

### After balance day events

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

### Future Developments, Prospects and Business Strategies

The trust will continue to carry on the principal activities noted above. There are no likely developments in the activities in the future years which will affect the results and therefore require disclosure.

Signed in accordance with a resolution of the Board of Directors:

Director: .....

Director: .....

Dated

# Howard Hinton Trust

## Income Statement

For the Year Ended 30 June 2009

	Note	2009 \$
Revenue	2	36,567,320
Other expenses		<u>(12,126)</u>
Total net surplus/(deficit) from operations		<u><u>36,555,194</u></u>

The accompanying notes form part of these financial statements.

# Howard Hinton Trust

## Balance Sheet

30 June 2009

	Note	2009 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	70,899
Prepayments		<u>16,975</u>
<b>Total current assets</b>		<u>87,874</u>
<b>Non-current assets</b>		
Plant and equipment	4	<u>36,467,320</u>
<b>Total non-current assets</b>		<u>36,467,320</u>
<b>TOTAL ASSETS</b>		<u>36,555,194</u>
<b>NET ASSETS</b>		<u>36,555,194</u>
<b>FUNDS</b>		
General Funds		<u>36,555,194</u>
<b>TOTAL FUNDS</b>		<u>36,555,194</u>

The accompanying notes form part of these financial statements.

# Howard Hinton Trust

## Statement of Changes in Equity

For the Year Ended 30 June 2009

2009

	General Funds	Total
	\$	\$
Net surplus/(deficit) from operations	36,555,194	36,555,194
Balance at 30 June 2009	36,555,194	36,555,194

The accompanying notes form part of these financial statements.

# Howard Hinton Trust

## Cash Flow Statement

For the Year Ended 30 June 2009

	Note	2009 \$
<b>Cash from operating activities:</b>		
Receipts from Armidale Dumaresq Council		100,000
Payments to suppliers		<u>(29,101)</u>
<b>Net cash provided by (used in) operating activities</b>	6	<u>70,899</u>
<b>Net increase (decreases) in cash held</b>		<u>70,899</u>
<b>Cash at end of financial year</b>	3	<u><u>70,899</u></u>

The accompanying notes form part of these financial statements.



# Howard Hinton Trust

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies

#### (a) General information

The financial report covers Howard Hinton Trust as an individual entity. Howard Hinton Trust is a discretionary trust, established and domiciled in Australia.

#### (b) Basis of preparation

##### Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Trust Deed.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the Trust Deed. Such accounting policies are consistent with the previous period unless otherwise stated.

AASB 101: Presentation of Financial Statements;

AASB 107: Cash Flow Statements;

AASB 1031: Materiality; and

AASB 110: Events after the Balance Sheet Date.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies have been adopted in the preparation of this report are as follows:

#### (c) Revenue

Donations and bequests are brought to account in the Income Statement when they are received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

#### (d) Income taxes

The trust is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax.

# Howard Hinton Trust

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (g) Gain on recognition of trust and comparatives

The Howard Hinton trust was established on 14 July 1933 when Howard Hinton donated his artwork to the Teachers Training College in Armidale. Financial accounts have not been prepared for the trust prior to 30 June 2009. As a result no comparatives have been included and the initial recognition of the art collection at fair value has been shown as a gain on recognition of trust.

### 2 Revenue

	2009 \$
Revenue	
- Armidale Dumaresq Council Contribution	100,000
- Gain on recognition of trust	<u>36,467,320</u>
Total Revenue	<u>36,567,320</u>

### 3 Cash and cash equivalents

	2009 \$
Cash at bank	<u>70,899</u>
	<u>70,899</u>

### 4 Collection Assets

	2009 \$
Hinton Collection	
At fair value	<u>36,467,320</u>
Total Collection Assets	<u>36,467,320</u>

The Hinton collection is held at fair value. The Hinton collection was independently valued by Jon Dwyer from Dwyer Fine Arts on 18 June 2008.

# Howard Hinton Trust

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### Movements in Carrying Amounts

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

	Collection Assets	Total
	\$	\$
Additions at fair value	36,467,320	36,467,320
Carrying amount at the end of year	36,467,320	36,467,320

### 5 Related party transactions

The trustee acts in an honorary capacity and receives no compensation for its services.

There were no related party transactions during the financial year.

### 6 Cash Flow Information

#### Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2009 \$
Net income/loss for the period	36,555,195
Cash flows excluded from profit attributable to operating activities	
Gain on recognition of trust	(36,467,320)
(Increase)/decrease in prepayments	(16,976)
Cashflow from operations	70,899

#### Non-cash Financing and Investing Activities

During the year the Hinton collection was recognised at fair value in the balance sheet of the Trust. This acquisition is not reflected in the Statement of Cash Flows as it was a non-cash transaction.

### 7 Economic Dependence

The trust is economically dependent on New England Regional Art Museum Limited and controlled entities to fund the housing, insuring, preserving, maintaining, conserving, restoring, presenting and promoting of the Hinton Collection. In addition, the trust is entitled to receive \$100,000 per annum for the next four years from the Armidale Dumaresq Council under the Deed of Settlement.

### 8 Trust Details

The registered office and principal place of business of the trust is C/o NERAM Limited, Kentucky Street, Armidale, NSW, 2350.

# Howard Hinton Trust

## Trustee's Declaration

The directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 2 to 9, present fairly the trust's financial position as at 30 June 2009 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
2. In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company.

Director .....

*M. Rossi*

Director .....

*A. Murray*

Dated

*15 December 2009*

## **Howard Hinton Trust**

### **Independent Audit Report to the members of Howard Hinton Trust**

#### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of Howard Hinton Trust, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

#### **The Responsibility of the Trustee for the Financial Report**

The directors of the trustee company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 trust'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 trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

# Howard Hinton Trust

## Independent Audit Report to the members of Howard Hinton Trust

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

### Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Howard Hinton Trust as of 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Forsyths



Geoffrey W Allen  
Partner

92 Rusden Street, Armidale NSW

30 November 2009

# Forsyths

*Chartered Accountants*

**NEW  
ENGLAND  
REGIONAL  
ART MUSEUM  
FOUNDATION**

ABN 62 340 058 963

Financial Statements

For the Year Ended  
30 June 2009

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

Liability limited by a scheme approved  
under the Professional Standards Legislation

# **New England Regional Art Museum Foundation**

**ABN: 62 340 058 963**

## **Financial Statements**

**For the Year Ended 30 June 2009**



# New England Regional Art Museum Foundation

ABN: 62 340 058 963

For the Year Ended 30 June 2009

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# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Income Statement

For the Year Ended 30 June 2009

	Note	2009 \$
Revenue	2	73,489
Fundraising Expenses		(6,577)
Other expenses		<u>(24)</u>
<b>Total net surplus/(deficit) from operations</b>		<b><u>66,888</u></b>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Balance Sheet

30 June 2009

	Note	2009 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	64,215
Trade and other receivables	4	<u>9,250</u>
<b>Total current assets</b>		<u>73,465</u>
<b>TOTAL ASSETS</b>		<u><u>73,465</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	5	<u>6,577</u>
<b>Total current liabilities</b>		<u>6,577</u>
<b>TOTAL LIABILITIES</b>		<u>6,577</u>
<b>NET ASSETS</b>		<u><u>66,888</u></u>
<b>FUNDS</b>		
General Funds		<u>66,888</u>
<b>TOTAL FUNDS</b>		<u><u>66,888</u></u>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Statement of Changes in Equity

For the Year Ended 30 June 2009

2009

	General Funds \$	Total \$
Net surplus/(deficit) from operations	66,888	66,888
Balance at 30 June 2009	66,888	66,888

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Cash Flow Statement

For the Year Ended 30 June 2009

	Note	2009 \$
<b>Cash from operating activities:</b>		
Other income		30
Payments to suppliers		(24)
Donations received		51,950
Interest received		3
Proceeds and Fundraising		<u>12,256</u>
<b>Net cash provided by (used in) operating activities</b>	7	<u>64,215</u>
<b>Net increase (decreases) in cash held</b>		<u>64,215</u>
<b>Cash at end of financial year</b>	3	<u><u>64,215</u></u>

The accompanying notes form part of these financial statements.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies

#### (a) General information

The financial report covers New England Regional Art Museum Foundation as an individual entity. New England Regional Art Museum Foundation is a discretionary trust, established and domiciled in Australia.

#### (b) Basis of preparation

##### Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Trust Deed.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the Trust Deed. Such accounting policies are consistent with the previous period unless otherwise stated.

AASB 101: Presentation of Financial Statements:

AASB 107: Cash Flow Statements:

AASB 1031: Materiality: and

AASB 110: Events after the Balance Sheet Date

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies have been adopted in the preparation of this report are as follows:

#### (c) Revenue

Donations and bequests are brought to account in the Income Statement when they are received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

#### (d) Income taxes

The trust is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. The exemption has been confirmed by the Australian Taxation Office. The trust holds deductible gift recipient status.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 1 Summary of Significant Accounting Policies continued

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (g) Comparative Figures

The Foundation commenced operation on 30 May 2009. As this is the first year of operation there are no comparative figures.

### 2 Revenue

	2009 \$
Revenue	
- Interest received	3
- Donations	61,200
- Proceeds and Fundraising	12,256
- Other revenue	30
Total Revenue	<u>73,489</u>

### 3 Cash and cash equivalents

	2009 \$
Cash at bank	64,205
Other cash and cash equivalents	10
	<u>64,215</u>



# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 4 Trade and other receivables

	2009
	\$
Trade receivables	9,250
<b>Total</b>	<b>9,250</b>

### 5 Trade and other payables

	2009
	\$
CURRENT	
Unsecured liabilities	
Trade payables	6,577
	<b>6,577</b>

### 6 Related party transactions

The trustee acts in an honorary capacity and receives no compensation for its services.

There were no related party transactions during the financial year.

### 7 Cash Flow Information

#### (a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2009
	\$
Net income/loss for the period	66,889
Cash flows excluded from profit attributable to operating activities	
(Increase)/decrease in trade and term receivables	(9,250)
Increase/(decrease) in trade payables and accruals	6,576
Cashflow from operations	<b>64,215</b>

### 8 Trust Details

The registered office and principal place of business of the trust is C/o NERAM Limited, Kentucky Street, Armidale, NSW, 2350.

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Trustee's Declaration

The directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 2 to 8, present fairly the trust's financial position as at 30 June 2009 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
2. In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company.

Director ..... *HR Roelofs* .....

Director ..... *Phumay* .....

Dated *15 December 2009*

## **New England Regional Art Museum Foundation**

ABN: 62 340 058 963

### **Independent Audit Report to the members of New England Regional Art Museum Foundation**

#### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of New England Regional Art Museum Foundation, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

#### **The Responsibility of the Directors for the Financial Report**

The directors' of the trustee company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 trust'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 trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

# New England Regional Art Museum Foundation

ABN: 62 340 058 963

## Independent Audit Report to the members of New England Regional Art Museum Foundation

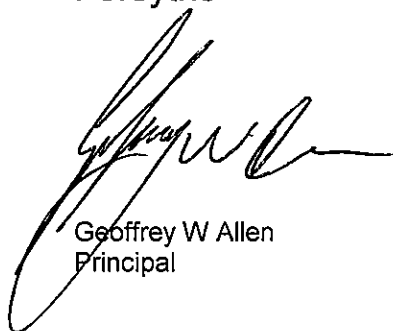
### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

### Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of New England Regional Art Museum Foundation as of 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Forsyths



Geoffrey W Allen  
Principal

92 Rusden Street, Armidale NSW

30 November 2009