

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**Principal Activities**

The company's principal activities of the Group is 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.

**Meetings of Directors**

During the financial year, 10 meetings of directors were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
M Larkin	10	9
A Murray	10	7
A Dangar	10	10
A Deakin	10	9
B Uren-Leece	10	7
P Lloyd	10	7
C Serow	10	9
M Smith	5	4
R Laurie	9	8
M Guest	10	7
C Cooper	5	4

**Membership Details**

The New England Regional Art Museum Limited is a public company limited by guarantee and no shares or options are issued. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company.

Membership Class	Number of Members	Individual Members Contribution on winding up of Company	Total Members Contribution on winding up of Company
Ordinary members	297	\$ 10	\$ 2,970
Total	297	\$ 10	\$ 2,970

**Auditors' Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to these financial statements.

Signed in accordance with a resolution of the Board of Directors




Director

Director

Dated: 26 October 2012

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION  
ABN 62 340 058 963**

**Independence**

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

**Auditors' Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 1 to the financial statements.

**Basis of Accounting**

Without modifying our opinion, 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 financial reporting requirements of the members and Trustee. As a result, the financial report may not be suitable for any other purpose.

**WHK Camerons Audit Services**

A handwritten signature in blue ink, appearing to read 'Logan Meehan'.

**Logan Meehan**  
**Registered Company Auditor (ASIC RAN 397211)**  
90 Rusden Street  
Armidale NSW 2350

Dated 29 October 2012

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NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated		Parent	
		2012 \$	2011 \$	2012 \$	2011 \$
Sales revenue	2	236,443	177,884	236,388	177,884
Cost of goods sold		<u>(99,144)</u>	<u>(67,128)</u>	<u>(99,144)</u>	<u>(67,128)</u>
Gross profit		<u>137,299</u>	110,756	<u>137,244</u>	110,756
Other revenue	2	<u>803,246</u>	<u>605,003</u>	<u>599,102</u>	<u>454,987</u>
<b>Total revenue</b>		<u>940,545</u>	<u>715,759</u>	<u>736,346</u>	<u>565,743</u>
Staff expenses		(268,593)	(264,049)	(268,593)	(264,049)
Depreciation expense	3	(26,629)	(25,904)	(26,629)	(25,904)
Finance costs	3	(2,190)	(14,633)	(2,190)	(14,633)
Occupancy expenses		(161,944)	(157,977)	(132,911)	(113,256)
Collection expenses		(8,852)	(9,082)	(8,852)	(9,082)
Public program expenses		(33,088)	(24,728)	(33,088)	(24,728)
Administration expenses		(20,561)	(14,571)	(19,823)	(12,447)
Marketing and promotion expenses		(22,116)	(11,955)	(15,405)	(10,955)
Project grant expenditure		(21,509)	(669)	(21,513)	(669)
General expenses		(35,495)	(40,249)	(35,493)	(40,249)
Shop expenses		(715)	(1,421)	(715)	(1,421)
Board expenses		<u>(8,206)</u>	<u>(10,988)</u>	<u>(8,206)</u>	<u>(10,988)</u>
<b>Profit before income tax</b>		<u>330,647</u>	<u>139,533</u>	<u>162,928</u>	<u>22,729</u>
Income tax expense	1(a)	-	-	-	-
<b>Profit after income tax</b>		<u>330,647</u>	<u>139,533</u>	<u>162,928</u>	<u>22,729</u>
Other comprehensive income					
Net gain on revaluation of Art Collections		1,000	512,052	-	512,052
Recognition of the yellow room	1(o)	(125,375)	-	(125,375)	-
Unrealised gain/(loss) on available for sale asset		<u>(9,627)</u>	<u>(2,431)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(134,002)</u>	<u>509,621</u>	<u>(125,375)</u>	<u>512,052</u>
<b>Total comprehensive profit for the year</b>		<u>\$ 196,645</u>	<u>\$ 649,154</u>	<u>\$ 37,553</u>	<u>\$ 534,781</u>
Total comprehensive income attributable to members of the entity		<u>\$ 196,645</u>	<u>\$ 649,154</u>	<u>\$ 37,553</u>	<u>\$ 534,781</u>

The accompanying notes form part of these financial statements.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012

	Note	Consolidated		Parent	
		2012 \$	2011 \$	2012 \$	2011 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	728,714	344,718	384,999	98,471
Trade and other receivables	5	23,154	15,651	15,776	6,945
Inventories	6	52,690	27,572	52,690	27,572
Other current assets	9	27,857	23,964	6,078	6,859
<b>TOTAL CURRENT ASSETS</b>		<b>832,415</b>	<b>411,905</b>	<b>459,543</b>	<b>139,847</b>
<b>NON CURRENT ASSETS</b>					
Financial assets	7	158,082	110,963	-	-
Property, plant and equipment	8	41,420,642	41,476,475	3,081,072	3,137,905
<b>TOTAL NON CURRENT ASSETS</b>		<b>41,578,724</b>	<b>41,587,438</b>	<b>3,081,072</b>	<b>3,137,905</b>
<b>TOTAL ASSETS</b>		<b>42,411,139</b>	<b>41,999,343</b>	<b>3,540,615</b>	<b>3,277,752</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	75,778	67,347	86,016	67,426
Provisions	11	14,348	16,974	14,348	16,974
Other liabilities	12	165,780	42,000	165,780	42,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>255,906</b>	<b>126,321</b>	<b>266,144</b>	<b>126,400</b>
<b>NON CURRENT LIABILITIES</b>					
Other liabilities	12	198,875	238,684	198,875	238,684
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>198,875</b>	<b>238,684</b>	<b>198,875</b>	<b>238,684</b>
<b>TOTAL LIABILITIES</b>		<b>454,781</b>	<b>365,005</b>	<b>465,019</b>	<b>365,084</b>
<b>NET ASSETS</b>		<b>\$41,956,358</b>	<b>\$41,634,338</b>	<b>\$ 3,075,596</b>	<b>\$ 2,912,668</b>
<b>EQUITY</b>					
Reserves	13	512,052	512,052	512,052	512,052
Yellow room appeal		125,375	-	125,375	-
Retained earnings		41,318,931	41,122,286	2,438,169	2,400,616
<b>TOTAL EQUITY</b>		<b>\$41,956,358</b>	<b>\$41,634,338</b>	<b>\$ 3,075,596</b>	<b>\$ 2,912,668</b>

The accompanying notes form part of these financial statements.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012

<u>Parent</u>	Yellow Room Appeal \$	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2010</b>	-	-	2,377,887	2,377,887
Profit after income tax	-	-	22,729	22,729
Total other comprehensive income for the year	-	-	-	-
Transfers to/(from) reserves	-	512,052	-	512,052
<b>Balance at 30 June 2011</b>	<u>\$ -</u>	<u>\$ 512,052</u>	<u>\$ 2,400,616</u>	<u>\$ 2,912,668</u>
Profit after income tax	-	-	162,928	162,928
Total other comprehensive income for the year	-	-	(125,375)	(125,375)
Transfers to/(from) reserves	125,375	-	-	125,375
<b>Balance at 30 June 2012</b>	<u>125,375</u>	<u>\$ 512,052</u>	<u>\$ 2,438,169</u>	<u>\$ 3,075,596</u>
<b><u>Consolidated</u></b>				
<b>Balance at 1 July 2010</b>	-	-	40,985,184	40,985,184
Profit after income tax	-	-	139,533	139,533
Total other comprehensive income for the year	-	-	(2,431)	(2,431)
Transfers to/(from) reserves	-	512,052	-	512,052
<b>Balance at 30 June 2011</b>	<u>\$ -</u>	<u>\$ 512,052</u>	<u>\$ 41,122,286</u>	<u>\$41,634,338</u>
Profit after income tax	-	-	330,647	330,647
Total other comprehensive income for the year	-	-	(134,002)	(134,002)
Transfers to/(from) reserves	125,375	-	-	125,375
<b>Balance at 30 June 2012</b>	<u>\$ 125,375</u>	<u>\$ 512,052</u>	<u>\$ 41,318,931</u>	<u>\$41,956,358</u>

The accompanying notes form part of these financial statements.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

ABN 47 131 297 731

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated		Parent	
		2012 \$	2011 \$	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		<b>1,099,371</b>	891,674	<b>904,654</b>	779,264
Payments to suppliers and employees		<b>(714,251)</b>	(591,241)	<b>(654,308)</b>	(698,365)
Interest received		<b>14,595</b>	11,011	<b>3,785</b>	3,577
Net cash provided by (used in) operating activities		<b>399,715</b>	311,444	<b>254,131</b>	84,476
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments		<b>(47,118)</b>	(35,776)	-	-
Proceeds from sale of artwork, plant and equipment		<b>36,332</b>	30,204	<b>36,332</b>	30,204
Purchase of property, plant and equipment		<b>(7,123)</b>	(79,631)	<b>(6,125)</b>	(79,631)
Net cash (used in) provided by investing activities		<b>(17,909)</b>	(85,203)	<b>30,207</b>	(49,427)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		<b>2,190</b>	(84,813)	<b>2,190</b>	(84,810)
Net cash (used in) provided by financing activities		<b>2,190</b>	(84,813)	<b>2,190</b>	(84,810)
Net increase (decrease) in cash held		<b>383,996</b>	141,428	<b>286,528</b>	(49,761)
Cash at the beginning of the financial year		<b>\$ 344,718</b>	203,290	<b>98,471</b>	148,232
Cash at the end of the financial year	4	<b>\$ 728,714</b>	\$ 344,718	<b>\$ 384,999</b>	\$ 98,471

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Note 1: Statement of Significant Accounting Policies**

**Basis of Preparation**

New England Regional Art Museum Limited have elected to early adopt the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. As a consequence, the entity has also adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements and AASB 2011-6: Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements. This is because the reduced disclosure requirements in AASB 2011-2 and AASB 2011-6 relate to Australian Accounting Standards that mandatorily apply to annual reporting periods beginning on or after 1 July 2011.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement of fair value of selected non-current assets, and financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17 October 2012 by the directors of the company.

**Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Income Tax**

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 Australia Tax Office. The company holds a deductible gift recipient status.

**(b) Inventories**

Inventory is recorded on a first in first out (FIFO) basis. Inventories are measured at the lower of cost and net realisable value.

**(c) Property, Plant and Equipment**

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

**Collection Assets (Hinton, Coventry and Museum of Printing)**

Collection assets (including artworks) are carried at fair value bases on independent and Directors valuations, The increase in value of these assets are recorded in the asset revaluation reserve.

**Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in the statement of comprehensive income or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (e) for details of impairment).



**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Note 1: Statement of Significant Accounting Policies**

**(c) Property, Plant and Equipment continued**

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant & Equipment, Furniture & Fittings	5 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(d) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss' in which case transaction costs are expensed to the statement of comprehensive income immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contract terms) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

Fair value is determined based on current market bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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**Note 1: Statement of Significant Accounting Policies**

**(d) Financial Instruments Continued**

*(i) Financial assets at fair value through profit and loss.*

Financial assets are classified as 'fair value through profit and loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investment to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iv) Financial liabilities*

Non-derivative financial liabilities, other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised through the statement of comprehensive income through the amortisation process and when the financial liability is recognised.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more event (a "loss event") has occurred, which has an impact of the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments' indication that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortise cost (including loans and receivable), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at the point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

Then the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so the tithe loss events that have occurred are duly considered.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Note 1: Statement of Significant Accounting Policies**

**(d) Financial Instruments Continued**

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

**(e) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is objective evidence that an asset has been impaired. If such indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the receivable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

**(f) 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. Long service leave is accrued after an employee reaches five years of service. 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 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 not satisfy vesting requirements.

**(g) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(h) 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 statement of financial position.

**(i) Revenue**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probably 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.

Donations and bequests are recognised as revenue when received.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvements in those goods.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Note 1: Statement of Significant Accounting Policies**

**(i) Revenue Continued**

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

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

**(j) Trade and Other Payables**

Trade 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, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(k) Goods and Services Tax**

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 Tax Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(l) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(m) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgement incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained externally and within the company.

Key estimates — Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**(n) 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.

**(o) Reserve - Yellow Room**

Collection Margaret Olley's The Yellow Room Triptych 2007. The Yellow Room Reserve records funds received to date for the acquisition.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated		Parent	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Note 2: Revenue</b>				
Operating activities:				
Shop sales	117,742	60,954	117,687	60,954
Collections income	1,460	12,665	1,460	12,665
Public programmes income	117,241	104,265	117,241	104,265
Total revenue from operating activities	236,443	177,884	236,388	177,884
Non-operating activities:				
Museums and Galleries NSW grant	-	4,584	-	4,584
Newcastle Permanent funding	-	4,545	-	4,545
Arts NSW	71,500	20,000	71,500	20,000
Armidale Dumaresq Council funding	389,284	381,406	289,284	281,406
UNESAP funding	5,000	5,000	5,000	5,000
Gordon Darling project	15,000	-	15,000	-
Regional Arts NSW - CASP funding	3,390	1,800	3,390	1,800
Besen family foundation	5,000	-	5,000	-
Royal Historical society	500	-	500	-
Community heritage funding	8,500	-	8,500	-
Yellow room appeal	125,375	-	125,375	-
Interest received	14,595	11,011	3,785	2,577
Fundraising and sponsorship	55,731	31,682	21,794	31,682
Donations	67,024	107,224	29,356	86,013
Dividend income	9,979	20,371	-	-
Membership income	14,144	12,992	14,144	12,992
Conservation funds - Coventry Collection	11,750	-	-	-
Other income	6,474	4,388	6,474	4,388
Total revenue from non-operating activities	803,246	605,003	599,102	454,987
Total revenue	\$ 1,039,689	\$ 782,887	\$ 835,490	\$ 632,871
<b>Note 3: Profit for the Year</b>				
Depreciation expense	\$ 26,629	\$ 25,904	\$ 26,629	\$ 25,904
Finance costs	\$ 2,190	\$ 14,633	\$ 2,190	\$ 14,633
<b>Note 4: Cash and Cash Equivalents</b>				
Cash on hand	250	250	250	250
Cash at bank	728,464	344,458	384,749	98,221
Other cash and cash equivalents	-	10	-	-
	728,714	\$ 344,718	\$ 384,999	\$ 98,471
(a) Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalents	728,714	344,718	384,999	98,471
	\$ 728,714	\$ 344,718	\$ 384,999	\$ 98,471

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated		Parent	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Note 5: Trade and Other Receivables</b>				
CURRENT				
Trade receivables	16,425	7,445	16,425	7,445
Less: Provision for impairment	(649)	(500)	(649)	(500)
	<u>15,776</u>	<u>6,945</u>	<u>15,776</u>	<u>6,945</u>
Other receivables	7,378	8,706	-	
	<u>\$ 23,154</u>	<u>\$ 15,651</u>	<u>\$ 15,776</u>	<u>\$ 6,945</u>
<b>Note 6: Inventories</b>				
CURRENT				
Stock on Hand, at cost:				
Art stock	19,120	19,120	19,120	19,120
NERAM shop inventory	33,570	8,452	33,570	8,452
	<u>\$ 52,690</u>	<u>\$ 27,572</u>	<u>\$ 52,690</u>	<u>\$ 27,572</u>
<b>Note 7: Financial assets</b>				
Available-for-sale financial assets	158,082	110,963	-	-
Non-current portion	<u>\$ 158,082</u>	<u>\$ 110,963</u>	<u>\$ -</u>	<u>\$ -</u>
<b>(a) Available-for-sale financial assets comprise:</b>				
- shares in listed corporations, at fair value	<u>\$ 158,082</u>	<u>\$ 110,963</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Note 8: Property, Plant &amp; Equipment</b>				
Plant and Equipment				
Plant and equipment	193,167	188,918	193,167	188,918
Less: Accumulated depreciation	(70,096)	(45,305)	(70,096)	(45,305)
	<u>123,071</u>	<u>143,613</u>	<u>123,071</u>	<u>143,613</u>
Motor vehicle	17,500	17,500	17,500	17,500
Less: Accumulated depreciation	(12,500)	(10,000)	(12,500)	(10,000)
	<u>5,000</u>	<u>7,500</u>	<u>5,000</u>	<u>7,500</u>
NERAM collection (at fair value)	<u>2,727,385</u>	<u>2,763,085</u>	<u>2,727,385</u>	<u>2,763,085</u>
	<u>2,727,385</u>	<u>2,763,085</u>	<u>2,727,385</u>	<u>2,763,085</u>
Museum of Printing Collection (at fair value)	<u>225,616</u>	<u>223,707</u>	<u>225,616</u>	<u>223,707</u>
	<u>225,616</u>	<u>223,707</u>	<u>225,616</u>	<u>223,707</u>

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated		Parent	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Note 8: Property, Plant &amp; Equipment Continued</b>				
Hinton Collection (at fair value)	<u>35,450,770</u>	<u>35,449,770</u>	<u>-</u>	<u>-</u>
	<b>35,450,770</b>	<b>35,449,770</b>	<b>-</b>	<b>-</b>
Coventry Collection (at fair value)	<u>2,888,800</u>	<u>2,888,800</u>	<u>-</u>	<u>-</u>
	<b>2,888,800</b>	<b>2,888,800</b>	<b>-</b>	<b>-</b>
Total Plant and Equipment	<u><b>\$41,420,642</b></u>	<u><b>\$41,476,475</b></u>	<u><b>\$ 3,081,072</b></u>	<u><b>\$ 3,137,905</b></u>

(a) Movements in carrying amounts

**Parent Entity**

	Collection Assets	Motor Vehicle	Plant and Equipment	Total
Balance at the beginning of the year	2,986,792	7,500	143,613	3,137,905
Additions	3,209	-	4,249	7,458
Disposals	(37,000)	-	(668)	- 37,668
Depreciation expense		(2,500)	(24,124)	(26,624)
Carrying amount at the end of the year	<u>\$ 2,953,001</u>	<u>\$ 5,000</u>	<u>\$ 123,070</u>	<u>\$ 3,081,071</u>

**Consolidated Entity**

	Collection Assets	Motor Vehicle	Plant and Equipment	Total
Balance at the beginning of the year	41,325,362	7,500	143,613	41,476,475
Additions	4,209	-	4,249	8,458
Disposals	(37,000)	-	(668)	(37,668)
Depreciation expense	-	(2,500)	(24,124)	(26,624)
Carrying amount at the end of the year	<u>\$41,292,571</u>	<u>\$ 5,000</u>	<u>\$ 123,070</u>	<u>\$41,420,641</u>

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.

During the 2011 the directors revalued the NERAM and Museum of Printing collections. Directors based their revaluation on their existing knowledge and experience.

	Consolidated		Parent	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Note 9: Other Assets</b>				
CURRENT				
Prepayments	<u>22,789</u>	<u>23,964</u>	<u>6,078</u>	<u>6,859</u>
Accrued income	<u>5,068</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 27,857</b></u>	<u><b>\$ 23,964</b></u>	<u><b>\$ 6,078</b></u>	<u><b>\$ 6,859</b></u>

**Note 10: Trade and Other Payables**

CURRENT

Unsecured liabilities;

Trade payables	<u>50,566</u>	<u>29,565</u>	<u>50,566</u>	<u>29,563</u>
Sundry payables and accrued expenses	<u>25,212</u>	<u>37,782</u>	<u>35,450</u>	<u>37,863</u>
	<u><b>\$ 75,778</b></u>	<u><b>\$ 67,347</b></u>	<u><b>\$ 86,016</b></u>	<u><b>\$ 67,426</b></u>

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 11: Provisions**

<u>Parent</u>	Employee Benefits \$	Total \$
Opening balance at 1 July 2011	16,974	16,974
Additional provisions raised during the year	12,405	12,405
Additional provisions used during the year	<u>(15,031)</u>	<u>(15,031)</u>
Balance at 30 June 2012	<u>\$ 14,348</u>	<u>\$ 14,348</u>

<u>Consolidated</u>	Employee Benefits \$	Total \$
Opening balance at 1 July 2011	16,974	16,974
Additional provisions raised during the year	12,405	12,405
Additional provisions used during the year	<u>(15,031)</u>	<u>(15,031)</u>
Balance at 30 June 2012	<u>\$ 14,348</u>	<u>\$ 14,348</u>

	<u>Consolidated</u>		<u>Parent</u>	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Analysis of total provisions</b>				
Current	<u>14,348</u>	16,974	<u>14,348</u>	16,974
	<u>\$ 14,348</u>	<u>\$ 16,974</u>	<u>\$ 14,348</u>	<u>\$ 16,974</u>

**Provision for employee benefits**

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in note 1 to this report.

**Note 12: Other Liabilities**

CURRENT

Income received in advance	81,780	-	81,780	-
Armidale Dumaresq Council debt	<u>84,000</u>	<u>42,000</u>	<u>84,000</u>	<u>42,000</u>
	<u>\$ 165,780</u>	<u>42,000</u>	<u>\$ 165,780</u>	<u>\$ 42,000</u>

NON-CURRENT

Armidale Dumaresq Council debt	<u>198,875</u>	<u>238,684</u>	<u>198,875</u>	<u>238,684</u>
	<u>198,875</u>	<u>238,684</u>	<u>\$ 198,875</u>	<u>\$ 238,684</u>

The interest free debt to Armidale Dumaresq Council is recorded at net present value. The total amount owing at 30 June 2012 is \$282,875, including GST, and is repayable over the next 7 years in equal instalments. Armidale Dumaresq Council 20 year funding agreement is conditional on the repayment of this.

**Note 13: Reserves**

**Financial Assets Reserve**

The financial assets reserve records increase or decrease in market value of available for sale financial assets.

**Note 14: Events After the End of the Reporting Period**

No 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.



**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

ABN 47 131 297 731

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**Note 15: Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

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

	Note	2012 \$	2011 \$	2012 \$	2011 \$
<b>Financial assets</b>					
Cash and cash equivalents	4	<b>728,714</b>	344,718	<b>384,999</b>	98,471
Trade and other receivables	5	<b>23,154</b>	15,651	<b>15,776</b>	6,945
Available-for-sale financial assets, at fair value	7	<b>158,082</b>	110,963	-	-
		<u><b>\$ 909,962</b></u>	<u>\$ 471,332</u>	<u><b>\$ 400,775</b></u>	<u>\$ 105,416</u>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost:					
Trade and other payables	10	<b>75,778</b>	67,347	<b>86,016</b>	67,426
Armidale Dumaresq Council debt	12	<b>282,875</b>	280,684	<b>282,875</b>	280,684
		<u><b>\$ 358,653</b></u>	<u>\$ 348,031</u>	<u><b>\$ 368,891</b></u>	<u>\$ 348,110</u>

**Note 16: Economic Dependence**

New England Regional Art Museum is economically dependent on the Armidale Dumaresq Council under a 20 year funding agreement.

**Note 17: Controlled Entities**

The parent entity acts as a trustee for the following trusts: Howard Hinton Trust, Chandler Coventry Trust, New England Regional Art Museum Foundation.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2012**

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The directors of the company declare that:

1. the financial statements and notes, as set out in pages 19 to 32, 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 2012 and of the performance for the year ended on that date of the company;
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: 26 October 2012

**INDEPENDENT AUDIT REPORT**  
**TO THE MEMBERS OF THE**  
**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**  
**ABN 47 131 297 731**

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WHK Camerons Audit Services Partnership  
91 680 058 554

***Report on the financial report***

We have audited the accompanying financial report of the New England Regional Art Museum Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

***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' - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

## INDEPENDENT AUDIT REPORT

### TO THE MEMBERS OF THE

### NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been provided to the directors of the New England Regional Art Museum Limited on 26 October 2012, would be in the same terms if given to the directors as at the time of this auditors' report.

#### Audit 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 2012 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

#### WHK Camerons Audit Services

A handwritten signature in blue ink, appearing to read 'Logan Meehan', with a long horizontal flourish extending to the right.

**Logan Meehan**

**Registered Company Auditor (ASIC RAN 397211)**

90 Rusden Street  
Armidale NSW 2350

Dated 29 October 2012

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**CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Revenues	2	<u>11,750</u>	<u>-</u>
<b>Surplus before income tax expense</b>		<u>11,750</u>	<u>-</u>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Surplus after income tax expense</b>		<u>11,750</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>\$ 11,750</u>	<u>\$ -</u>

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	<u>11,750</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>		<u>11,750</u>	<u>-</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	<u>2,888,800</u>	<u>2,888,800</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>2,888,800</u>	<u>2,888,800</u>
<b>TOTAL ASSETS</b>		<u>2,900,550</u>	<u>2,888,800</u>
<b>NET ASSETS</b>		<u>\$ 2,900,550</u>	<u>\$ 2,888,800</u>
<b>EQUITY</b>			
Accumulated funds		<u>2,900,550</u>	<u>2,888,800</u>
<b>TOTAL EQUITY</b>		<u>\$ 2,900,550</u>	<u>\$ 2,888,800</u>

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2010</b>	2,888,800	2,888,800
Total comprehensive income	-	-
<b>Balance at 30 June 2011</b>	<u>2,888,800</u>	<u>2,888,800</u>
Total comprehensive income	11,750	11,750
<b>Balance at 30 June 2012</b>	<u>\$ 2,900,550</u>	<u>\$ 2,900,550</u>



**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		11,750	-
Interest received		-	-
Payments to suppliers and employees		-	-
Net cash (used in)/provided by operating activities		<u>11,750</u>	<u>-</u>
Net (decrease)/increase in cash held		11,750	-
Cash at the beginning of the financial year		<u>-</u>	<u>-</u>
Cash at the end of the financial year	3	<u>\$ 11,750</u>	<u>\$ -</u>

**CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 1: Statement of Significant Accounting Policies**

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed and the information needs of stakeholders.

The financial statements have been prepared in accordance with the significant account policies described below, which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial report have been prepared on an accruals basis and is based on historical costs unless otherwise stated in the notes.

The financial statements were authorised for issue on 26 October 2012 by the directors of the trustee company.

**(a) Income Tax**

The committee consider that the association is exempt from income tax under Division 50-5 of the Income Tax Assessment Act of 1997.

**(b) 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 statement of financial position.

**(c) Property, Plant and Equipment**

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

**Collection Assets**

Collection assets (including artworks) are carried at fair value bases on independent and Directors valuations, The increase in value of these assets are recorded in the asset revaluation reserve.

**(d) Impairment of Assets**

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication of 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 statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(e) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Donations and bequests are brought to account in the statement of comprehensive income when they are received.

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

**(f) Goods and Services Tax**

The trust is not registered for Goods and Services Tax (GST). As a result all balances are recorded inclusive of GST.

**(g) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2: Revenue</b>		
Operating activities:		
Conservation funds	<u>11,750</u>	<u>-</u>
Total revenue	<u><b>\$ 11,750</b></u>	<u><b>\$ -</b></u>
<b>Note 3: Cash and Cash Equivalents</b>		
Cash at bank	<u>11,750</u>	<u>-</u>
	<u><b>\$ 11,750</b></u>	<u><b>\$ -</b></u>
<b>Note 4: Property, Plant and Equipment</b>		
Collection Assets (at fair value)		
Coventry Collection	<u>2,888,800</u>	<u>2,888,800</u>
	<u><b>2,888,800</b></u>	<u><b>2,888,800</b></u>
Total Collection Assets	<u><b>\$ 2,888,800</b></u>	<u><b>\$ 2,888,800</b></u>
(a) Movements in carrying amounts		
	Collection Assets	Total
Balance at the beginning of the year	2,888,800	2,888,800
Additions	-	-
Disposals	-	-
Depreciation expense	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u><b>\$ 2,888,800</b></u>	<u><b>\$ 2,888,800</b></u>

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

**Note 5: Economic Dependence**

The Trust is economically dependent on the 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.

**CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

**STATEMENT BY DIRECTORS OF THE TRUST  
FOR THE YEAR ENDED 30 JUNE 2012**

---

The directors of the trustee company have determined that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

In accordance with a resolution of the Board of Directors, the directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 6. Present fairly the trust's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the trustees' 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.



Director

Dated 29 October 2012



Director

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
CHANDLER COVENTRY TRUST  
ABN 79 543 509 572**

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WHK Camerons Audit Services Partnership  
91 680 058 554

### **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 statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 basis of preparation described in Note 1 to the financial report, which form part of the financial statements, are appropriate to meet the needs of the members.

The director's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of a 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.

### **Auditors' 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and to plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial report of the financial statements 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 evaluation of the overall presentation of the financial report.

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

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
CHANDLER COVENTRY TRUST  
ABN 79 543 509 572**

**Independence**

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

**Auditors' Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 1 to the financial statements.

**Basis of Accounting**

Without modifying our opinion, 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 financial reporting requirements of the members and Trustee. As a result, the financial report may not be suitable for any other purpose.

**WHK Camerons Audit Services**

A handwritten signature in blue ink, appearing to read 'Logan Meehan'.

**Logan Meehan**  
**Registered Company Auditor (ASIC RAN 397211)**  
90 Rusden Street  
Armidale NSW 2350

Dated 29 October 2012

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Partnership  
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**NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION

ABN 62 340 058 963

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenues	2	82,904	44,108
Fundraising expenses		(6,711)	(1,000)
Other expenses		(717)	(713)
<b>Surplus before income tax expense</b>		<b>75,476</b>	<b>42,395</b>
Income tax expense	1(a)	-	-
<b>Surplus after income tax expense</b>		<b>75,476</b>	<b>42,395</b>
Other comprehensive income for the year, net of tax - Unrealised gain/(loss) on available for sale financial assets		(9,627)	(2,431)
<b>Total comprehensive income for the year</b>		<b>\$ 65,849</b>	<b>\$ 39,964</b>

The accompanying notes form part of these financial statements.



NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION

ABN 62 340 058 963

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	46,906	42,646
Trade and other receivables	4	7,378	4,997
Other assets	5	12,130	-
<b>TOTAL CURRENT ASSETS</b>		<b>66,414</b>	<b>47,643</b>
<b>NON CURRENT ASSETS</b>			
Financial assets	6	158,082	110,963
<b>TOTAL NON CURRENT ASSETS</b>		<b>158,082</b>	<b>110,963</b>
<b>TOTAL ASSETS</b>		<b>224,496</b>	<b>158,606</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	41	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>41</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>41</b>	<b>-</b>
<b>NET ASSETS</b>		<b>\$ 224,455</b>	<b>\$ 158,606</b>
<b>EQUITY</b>			
Accumulated funds		224,455	158,606
<b>TOTAL EQUITY</b>		<b>\$ 224,455</b>	<b>\$ 158,606</b>

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 2012

---

	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2010</b>	118,642	118,642
Surplus/(deficit) after income tax expense	42,395	42,395
Other comprehensive income for the year	<u>(2,431)</u>	<u>(2,431)</u>
<b>Balance at 30 June 2011</b>	<u>158,606</u>	<u>158,606</u>
Surplus/(deficit) after income tax expense	75,476	75,476
Other comprehensive income for the year	<u>(9,627)</u>	<u>(9,627)</u>
<b>Balance at 30 June 2012</b>	<u>\$ 224,455</u>	<u>\$ 224,455</u>

The accompanying notes form part of these financial statements.

NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION

ABN 62 340 058 963

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		59,385	48,980
Dividends received		7,517	11,532
Interest received		1,320	1,025
Payments to suppliers and employees		<u>(7,428)</u>	<u>(7,339)</u>
Net cash (used in)/provided by operating activities		<u>60,794</u>	<u>54,198</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		-	-
Proceeds from sale of investments		19,344	-
Payment for investments		<u>(75,878)</u>	<u>(35,776)</u>
Net cash used in investing activities		<u>(56,534)</u>	<u>(35,776)</u>
Net (decrease)/increase in cash held		4,260	18,422
Cash at the beginning of the financial year		<u>42,646</u>	<u>24,224</u>
Cash at the end of the financial year		<u>\$ 46,906</u>	<u>\$ 42,646</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 2012**

---

**Note 1: Statement of Significant Accounting Policies**

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed and the information needs of stakeholders.

The financial statements have been prepared in accordance with the significant account policies described below, which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial report have been prepared on an accruals basis and is based on historical costs unless otherwise stated in the notes.

The financial statements were authorised for issue on 29 October 2012 by the directors of the trustee company.

**(a) Income Tax**

The trustees consider that the association is exempt from income tax under Division 50-5 of the Income Tax Assessment Act of 1997.

**(b) 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 statement of financial position.

**(c) Impairment of Assets**

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication of 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 statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(d) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive dividends has been established.

Donations and bequests are brought to account in the statement of comprehensive income when they are received.

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

**(e) Goods and Services Tax**

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 Tax Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(f) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION

ABN 62 340 058 963

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
<b>Note 2: Revenue</b>		
Operating activities:		
Donations	50,668	26,635
Franking credits refunded	2,462	-
Proceeds from fundraising	20,937	-
Non-operating activities:		
Interest received from other persons	1,320	1,025
Dividends received from other persons	7,517	16,448
Total revenue	<u>\$ 82,904</u>	<u>\$ 44,108</u>
<b>Note 3: Cash and Cash Equivalents</b>		
Cash at bank	46,896	42,636
Other cash and cash equivalents	10	10
	<u>\$ 46,906</u>	<u>\$ 42,646</u>
<b>Note 4: Trade and Other Receivables</b>		
CURRENT		
Other receivables	7,378	4,916
GST receivable	-	81
	<u>\$ 7,378</u>	<u>\$ 4,997</u>
<b>Note 5: Other Assets</b>		
CURRENT		
Accrued income	12,130	-
	<u>\$ 12,130</u>	<u>\$ -</u>
<b>Note 6: Financial assets</b>		
Available-for-sale financial assets	158,082	110,963
Non Current portion	6(a) <u>\$ 158,082</u>	<u>\$ 110,963</u>
<b>(a) Available-for-sale financial assets comprise:</b>		
- shares in listed corporations	158,082	110,963
	<u>\$ 158,082</u>	<u>\$ 110,963</u>
<b>Note 7: Trade and Other Payables</b>		
CURRENT		
GST payable	41	-
	<u>\$ 41</u>	<u>\$ -</u>
<b>Note 8: Economic Dependence</b>		
The Trust is economically dependent on the New England Regional Art Museum Limited.		

**NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

**STATEMENT BY DIRECTORS OF THE TRUST  
FOR THE YEAR ENDED 30 JUNE 2012**

---

The directors of the trustee company have determined that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

In accordance with a resolution of the Board of Directors, the directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 6 present fairly the trust's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the trustees' 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.



Director



Director

Dated 26 October 2012

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION  
ABN 62 340 058 963**

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WHK Camerons Audit Services Partnership  
91 680 058 554

### 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 statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 basis of preparation described in Note 1 to the financial report, which form part of the financial statements, are appropriate to meet the needs of the members.

The director's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of a 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.

### Auditors' 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and to plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial report of the financial statements 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 evaluation of the overall presentation of the financial report.

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

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION  
ABN 62 340 058 963**

**Independence**

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

**Auditors' Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 1 to the financial statements.

**Basis of Accounting**

Without modifying our opinion, 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 financial reporting requirements of the members and Trustee. As a result, the financial report may not be suitable for any other purpose.

**WHK Camerons Audit Services**

A handwritten signature in blue ink, appearing to read 'Logan Meehan', with a long horizontal flourish extending to the right.

**Logan Meehan**  
**Registered Company Auditor (ASIC RAN 397211)**  
90 Rusden Street  
Armidale NSW 2350

Dated 29 October 2012

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**HOWARD HINTON TRUST**

**ABN 23 559 426 439**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

---

	Note	2012 \$	2011 \$
Revenues	2	109,545	106,409
Operating expenses		<u>(29,053)</u>	<u>(31,998)</u>
<b>Surplus before income tax expense</b>		<u>80,492</u>	<u>74,411</u>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Surplus after income tax expense</b>		<u>80,492</u>	<u>74,411</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>\$ 80,492</u>	<u>\$ 74,411</u>

The accompanying notes form part of these financial statements.

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	285,059	203,601
Other assets	4	<u>20,179</u>	<u>20,895</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>305,238</b></u>	<u>224,496</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	<u>35,450,770</u>	<u>35,449,770</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u><b>35,450,770</b></u>	<u>35,449,770</u>
<b>TOTAL ASSETS</b>		<u><b>35,756,008</b></u>	<u>35,674,266</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	<u>250</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>250</b></u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><b>250</b></u>	<u>-</u>
<b>NET ASSETS</b>		<u><b>\$ 35,755,758</b></u>	<u><b>\$ 35,674,266</b></u>
<b>EQUITY</b>			
Reserves	7	1,000	-
Accumulated funds		<u>35,754,758</u>	<u>35,674,266</u>
<b>TOTAL EQUITY</b>		<u><b>\$ 35,755,758</b></u>	<u><b>\$ 35,674,266</b></u>

HOWARD HINTON TRUST

ABN 23 559 426 439

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012

---

	Asset Revaluation Reserve \$	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2010</b>	-	35,599,855	35,599,855
Transfer to/(from) reserve	-	-	-
Total comprehensive income	-	74,411	74,411
<b>Balance at 30 June 2011</b>	-	35,674,266	35,674,266
Transfer to/(from) reserve	1,000	-	1,000
Total comprehensive income	-	80,492	80,492
<b>Balance at 30 June 2012</b>	<b>\$ 1,000</b>	<b>\$ 35,754,758</b>	<b>\$ 35,755,758</b>

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		100,055	220,000
Interest received		9,490	6,147
Payments to suppliers and employees		<u>(28,087)</u>	<u>(53,379)</u>
Net cash (used in)/provided by operating activities		<u>81,458</u>	<u>172,768</u>
Net (decrease)/increase in cash held		81,458	172,768
Cash at the beginning of the financial year		<u>203,601</u>	<u>30,833</u>
Cash at the end of the financial year	3	<u>\$ 285,059</u>	<u>\$ 203,601</u>

The accompanying notes form part of these financial statements.

HOWARD HINTON TRUST

ABN 23 559 426 439

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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**Note 1: Statement of Significant Accounting Policies**

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed and the information needs of stakeholders.

The financial statements have been prepared in accordance with the significant account policies described below, which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial report have been prepared on an accruals basis and is based on historical costs unless otherwise stated in the notes.

The financial statements were authorised for issue on 26 October 2012 by the directors of the trustee company.

**(a) Income Tax**

The trustees consider that the association is exempt from income tax under Division 50-5 of the Income Tax Assessment Act of 1997.

**(b) 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 statement of financial position.

**(c) Property, Plant and Equipment**

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

**Collection Assets**

Collection assets (including artworks) are carried at fair value bases on independent and Directors valuations, The increase in value of these assets are recorded in the asset revaluation reserve.

**(d) Impairment of Assets**

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication of 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 statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(e) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive dividends has been established.

Donations and bequests are brought to account in the statement of comprehensive income when they are received.

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

**(f) Goods and Services Tax**

The trust is not registered for Goods and Services Tax (GST). As a result all balances are recorded inclusive of GST.

**(g) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2: Revenue</b>		
Operating activities:		
Armidale Dumaresq Council contribution	100,000	100,000
Other revenue	55	-
Non-operating activities:		
Interest received from other persons	<u>9,490</u>	<u>6,409</u>
Total revenue	<u><b>\$ 109,545</b></u>	<u><b>\$ 106,409</b></u>
<b>Note 3: Cash and Cash Equivalents</b>		
Cash at bank	189,524	113,601
Deposits at call	<u>95,535</u>	<u>90,000</u>
	<u><b>\$ 285,059</b></u>	<u><b>\$ 203,601</b></u>
<b>Note 4: Other Assets</b>		
CURRENT		
Accrued income	3,468	3,790
Prepaid expenses	<u>16,711</u>	<u>17,105</u>
	<u><b>\$ 20,179</b></u>	<u><b>\$ 20,895</b></u>
<b>Note 5: Property, Plant and Equipment</b>		
Collection Assets (at fair value)		
Hinton Collection	<u>35,450,770</u>	<u>35,449,770</u>
	<u>35,450,770</u>	<u>35,449,770</u>
Total Collection Assets	<u><b>\$ 35,450,770</b></u>	<u><b>\$ 35,449,770</b></u>
(a) Movements in carrying amounts		
	Collection Assets	Total
Balance at the beginning of the year	35,449,770	35,449,770
Revaluation	1,000	1,000
Depreciation expense	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u><b>\$ 35,450,770</b></u>	<u><b>\$ 35,450,770</b></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.		
<b>Note 6: Trade and Other Payables</b>		
CURRENT		
Other payables	<u>250</u>	<u>-</u>
	<u><b>\$ 250</b></u>	<u><b>\$ -</b></u>
<b>Note 7: Asset Revaluation Reserve</b>		
The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature.		
<b>Note 8: Economic Dependence</b>		
The Trust is economically dependent on the New England Regional Art Museum Limited and controlled entities to fund the housing, preserving, maintaining, conserving, restoring, presenting and promoting of the Hinton Collection.		

**HOWARD HINTON TRUST**

**ABN 23 559 426 439**

**STATEMENT BY DIRECTORS OF THE TRUST  
FOR THE YEAR ENDED 30 JUNE 2012**

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The directors of the trustee company have determined that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

In accordance with a resolution of the Board of Directors, the directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 6 present fairly the trust's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the trustees' 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.



Director

Dated 26 October 2012



Director



**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
HOWARD HINTON TRUST  
ABN 23 559 426 439**

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90 Rusden Street  
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WHK Camerons Audit Services Partnership  
91 680 058 554

## 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 statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 basis of preparation described in Note 1 to the financial report, which form part of the financial statements, are appropriate to meet the needs of the members.

The director's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of a 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.

## Auditors' 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and to plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial report of the financial statements 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 evaluation of the overall presentation of the financial report.

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

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
HOWARD HINTON TRUST  
ABN 23 559 426 439**

**Armidale**  
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**Independence**

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

**Auditors' Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 1 to the financial statements.

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**Basis of Accounting**

Without modifying our opinion, 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 financial reporting requirements of the members and Trustee. As a result, the financial report may not be suitable for any other purpose.

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A handwritten signature in blue ink, appearing to read 'Logan Meehan'.

**Logan Meehan**  
**Registered Company Auditor (ASIC RAN 397211)**  
90 Rusden Street  
Armidale NSW 2350

northernsw@whk.com.au  
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Dated 29 October 2012

WHK Camerons Audit Services  
Partnership  
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