

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

ABN 47 131 297 731

**DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**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	8	8
A Murray	10	9
M Guest	10	5
G Kirsch	10	7
P Lloyd	10	7
C Cooper	10	9
C Serow	8	5
R Laurie	6	1
S Beasley	2	2
L Conway	4	4
S Boggs	3	1
T Deakin	3	3
S Gow	6	6
B Leece	3	1

**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	231	\$ 10	\$ 2,310
Total	231	\$ 10	\$ 2,310

**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 2.12.2014

**AUDITORS' INDEPENDENCE DECLARATION  
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS  
COMMISSION ACT 2012  
TO THE DIRECTORS OF  
NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

I declare that, to the best of my knowledge and belief, during the financial year to 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Crowe Horwath Central North**



**Ian Brooks**  
**Registered Company Auditor (ASIC RAN 411019)**  
90 Rusden Street  
Armidale NSW 2350

Dated: 2 November 2014

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
Sales revenue	2	230,625	200,081	230,625	200,081
Cost of goods sold		<u>(59,990)</u>	<u>(97,558)</u>	<u>(59,990)</u>	<u>(97,558)</u>
Gross profit		<u>170,635</u>	102,523	<u>170,635</u>	102,523
Other revenue	2	<u>667,502</u>	1,076,141	<u>612,585</u>	951,457
<b>Total revenue</b>		<u>838,137</u>	1,178,664	<u>783,220</u>	1,053,980
Staff expenses		(334,989)	(319,639)	(334,989)	(319,639)
Depreciation expense	3	(27,652)	(25,725)	(27,652)	(25,725)
Finance costs	3	(14)	2,383	(14)	2,383
Occupancy expenses		(162,732)	(169,530)	(131,806)	(140,175)
Collection expenses		(10,878)	(18,865)	(10,878)	(18,865)
Public program expenses		(33,935)	(47,200)	(33,935)	(47,200)
Administration expenses		(26,818)	(15,349)	(25,568)	(15,349)
Marketing and promotion expenses		(30,471)	(15,678)	(14,862)	(14,878)
Project grant expenditure		(15,382)	(9,822)	(15,382)	(9,822)
General expenses		(36,383)	(39,874)	(36,383)	(39,874)
Donation of artwork		-	-	(363,636)	-
Shop expenses		(1,802)	(856)	(1,802)	(856)
Board expenses		<u>(5,374)</u>	<u>(7,829)</u>	<u>(5,374)</u>	<u>(7,664)</u>
<b>Profit before income tax</b>		<u>151,707</u>	510,680	<u>(219,061)</u>	416,316
Income tax expense	1(a)	-	-	-	-
<b>Profit after income tax</b>		<u>151,707</u>	510,680	<u>(219,061)</u>	416,316
Other comprehensive income					
Net gain on revaluation of Art Collections		(13,492,057)	2,429,960	(468,425)	369,610
Recognition of the yellow room		339,628	(221,071)	339,628	(221,071)
Transfer of the yellow room		-	-	-	-
Unrealised gain/(loss) on available for sale asset		<u>17,597</u>	31,251	-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>(13,134,832)</u>	2,240,140	<u>(128,797)</u>	148,539
<b>Total comprehensive profit for the year</b>		<u>\$ (12,983,125)</u>	\$ 2,750,820	<u>\$ (347,858)</u>	\$ 564,855
Total comprehensive income attributable to members of the entity		<u>\$ (12,983,125)</u>	\$ 2,750,820	<u>\$ (347,858)</u>	\$ 564,855

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014

	Note	Consolidated		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	462,556	731,579	409,878	425,673
Trade and other receivables	5	17,139	16,973	12,753	13,133
Inventories	6	50,626	44,094	50,626	44,094
Financial assets	7	105,039	136,264	-	-
Other current assets	9	29,677	29,746	9,011	8,100
<b>TOTAL CURRENT ASSETS</b>		<b>665,037</b>	<b>958,656</b>	<b>482,268</b>	<b>491,000</b>
<b>NON CURRENT ASSETS</b>					
Financial assets	7	485,190	199,063	-	-
Property, plant and equipment	8	27,388,412	44,189,400	3,082,996	3,789,480
<b>TOTAL NON CURRENT ASSETS</b>		<b>27,873,602</b>	<b>44,388,463</b>	<b>3,082,996</b>	<b>3,789,480</b>
<b>TOTAL ASSETS</b>		<b>28,538,639</b>	<b>45,347,119</b>	<b>3,565,264</b>	<b>4,280,480</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	51,923	84,938	75,500	85,026
Provisions	11	19,303	10,880	19,303	10,880
Other liabilities	12	204,642	168,561	204,642	168,561
<b>TOTAL CURRENT LIABILITIES</b>		<b>275,868</b>	<b>264,379</b>	<b>299,445</b>	<b>264,467</b>
<b>NON CURRENT LIABILITIES</b>					
Other liabilities	12	112,491	154,491	112,491	154,491
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>112,491</b>	<b>154,491</b>	<b>112,491</b>	<b>154,491</b>
<b>TOTAL LIABILITIES</b>		<b>388,359</b>	<b>418,870</b>	<b>411,936</b>	<b>418,958</b>
<b>NET ASSETS</b>		<b>\$ 28,150,280</b>	<b>\$44,928,249</b>	<b>\$ 3,153,328</b>	<b>\$ 3,861,522</b>
<b>EQUITY</b>					
Reserves	13	-	2,942,012	942,438	881,662
Yellow room appeal		6,818	346,446	6,818	346,446
Retained earnings		28,143,462	41,639,791	2,204,072	2,633,414
<b>TOTAL EQUITY</b>		<b>\$ 28,150,280</b>	<b>\$44,928,249</b>	<b>\$ 3,153,328</b>	<b>\$ 3,861,522</b>

The accompanying notes form part of these financial statements.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014

<u>Parent</u>	Yellow Room Appeal \$	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2012</b>	125,375	512,052	2,438,169	3,075,596
Profit after income tax	-	-	416,316	416,316
Total other comprehensive income for the year	-	-	148,539	148,539
Transfers to/(from) reserves	221,071	369,610	(369,610)	221,071
<b>Balance at 30 June 2013</b>	<u>\$ 346,446</u>	<u>\$ 881,662</u>	<u>\$ 2,633,414</u>	<u>\$ 3,861,522</u>
Profit after income tax	-	-	(219,061)	(219,061)
Total other comprehensive income for the year	-	-	(128,797)	(128,797)
Transfers to/(from) reserves	(339,628)	60,776	(81,484)	(360,336)
<b>Balance at 30 June 2014</b>	<u>\$ 6,818</u>	<u>\$ 942,438</u>	<u>\$ 2,204,072</u>	<u>\$ 3,153,328</u>
<b><u>Consolidated</u></b>				
<b>Balance at 1 July 2012</b>	125,375	512,052	41,318,931	41,956,358
Profit after income tax	-	-	510,680	510,680
Total other comprehensive income for the year	-	-	2,240,140	2,240,140
Transfers to/(from) reserves	221,071	2,429,960	(2,429,960)	221,071
<b>Balance at 30 June 2013</b>	<u>\$ 346,446</u>	<u>\$ 2,942,012</u>	<u>\$ 41,639,791</u>	<u>\$44,928,249</u>
Profit after income tax	-	-	151,707	151,707
Total other comprehensive income for the year	-	-	(13,134,832)	(13,134,832)
Transfers to/(from) reserves	(339,628)	(2,942,012)	(513,204)	(3,794,844)
<b>Balance at 30 June 2014</b>	<u>\$ 6,818</u>	<u>\$ -</u>	<u>\$ 28,143,462</u>	<u>\$28,150,280</u>

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		840,565	1,027,921	814,054	1,048,004
Payments to suppliers and employees		(616,574)	(786,022)	(686,989)	(770,373)
Interest received		21,529	18,934	10,369	7,086
Net cash provided by (used in) operating activities		<u>245,520</u>	<u>260,833</u>	<u>137,434</u>	<u>284,717</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments		(254,902)	81,710	-	-
Proceeds from sale of artwork, plant and equipment, investment		-	47,950	-	47,950
Purchase of property, plant and equipment		(259,631)	(247,609)	(153,229)	(247,609)
Net cash (used in) provided by investing activities		<u>(514,533)</u>	<u>(117,949)</u>	<u>(153,229)</u>	<u>(199,659)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		-	(44,384)	-	(44,384)
Net cash (used in) provided by financing activities		<u>-</u>	<u>(44,384)</u>	<u>-</u>	<u>(44,384)</u>
Net increase (decrease) in cash held		(269,013)	98,500	(15,795)	40,674
Cash at the beginning of the financial year		\$ 731,569	633,069	425,673	384,999
Cash at the end of the financial year	4	<u>\$ 462,556</u>	<u>\$ 731,569</u>	<u>\$ 409,878</u>	<u>\$ 425,673</u>

The accompanying notes form part of these financial statements.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

**Basis of Preparation**

The financial statements cover New England Regional Art Museum Limited as a consolidated entity. New England Regional Art Museum Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

These general purpose financial statements have been prepared in accordance with Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

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 at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (m).

The financial statements were authorised for issue on 2 December 2014 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 Australian 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, and in line with the company valuation policy. 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 profit or loss and other 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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

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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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 2014

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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 profit or loss and other 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 that the loss events that have occurred are duly considered.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

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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 profit or loss and other 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**

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**(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 profit or loss and other 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**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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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 Taxation Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense. 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

**(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 preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

Employee benefits provision

As discussed in note 1 (f), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**(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**

In 2011/12 The Yellow Room Appeal Committee was established by NERAM to raise funds to purchase for the Howard Hinton Collection Margaret Olley's The Yellow Room Triptych 2007. The Yellow Room Reserve records funds received to date for the acquisition and subsequent costs with the reserve to be fully expended by 30 June 2015.

**(p) New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 1053 Application of Tiers of Australian Accounting Standards

The company has applied AASB 1053 from 1 May 2013. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The company has applied AASB 2010-2 from 1 May 2013. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The company has applied AASB 13 and its consequential amendments from 1 May 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

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

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The company has applied AASB 2012-5 from 1 May 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

**(q) Fair Value Measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

ABN 47 131 297 731

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated		Parent	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Note 2: Revenue</b>				
Operating activities:				
Shop sales	103,421	92,753	103,421	92,753
Collections income	16,243	(23,783)	16,243	(23,783)
Public programmes income	110,961	131,111	110,961	131,111
<b>Total revenue from operating activities</b>	<b>230,625</b>	<b>200,081</b>	<b>230,625</b>	<b>200,081</b>
Non-operating activities:				
Arts NSW project	42,357	32,640	42,357	32,640
Margaret Olley trust	77,374	79,757	77,374	79,757
Arts NSW	40,000	40,000	40,000	40,000
Armidale Dumaresq Council funding	307,495	397,584	307,495	297,584
Capital infrastructure	-	33,000	-	33,000
UNESAP funding	10,409	5,409	10,409	5,409
Gordon Darling project	11,818	-	11,818	-
Copyright agency funding	10,000	-	10,000	-
Royal Historical society	1,000	364	1,000	364
Community heritage funding	5,300	-	5,300	-
Yellow room appeal	24,008	221,071	24,008	221,071
Interest received	21,529	18,934	10,369	7,086
Fundraising and sponsorship	28,513	31,587	12,493	30,682
Donations	54,473	176,258	37,923	182,133
Dividend income	11,187	10,521	-	-
Membership income	13,340	15,785	13,340	15,785
Conservation funds - Coventry Collection	-	5,575	-	-
Other income	8,699	7,656	8,699	5,946
<b>Total revenue from non-operating activities</b>	<b>667,502</b>	<b>1,076,141</b>	<b>612,585</b>	<b>951,457</b>
<b>Total revenue</b>	<b>\$ 898,127</b>	<b>\$ 1,276,222</b>	<b>\$ 843,210</b>	<b>\$ 1,151,538</b>
<b>Note 3: Profit for the Year</b>				
Depreciation expense	\$ 27,652	\$ 25,725	\$ 27,652	\$ 25,725
Finance costs	\$ 14	\$ (2,383)	\$ 14	\$ (2,383)
<b>Note 4: Cash and Cash Equivalents</b>				
Cash on hand	250	250	250	250
Cash at bank	462,306	731,329	409,628	425,423
	<b>462,556</b>	<b>\$ 731,579</b>	<b>\$ 409,878</b>	<b>\$ 425,673</b>
(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	462,556	731,579	409,878	425,673
	<b>\$ 462,556</b>	<b>\$ 731,579</b>	<b>\$ 409,878</b>	<b>\$ 425,673</b>

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Note 5: Trade and Other Receivables</b>				
CURRENT				
Trade receivables	13,241	13,782	13,241	13,782
Less: Provision for impairment	(488)	(649)	(488)	(649)
	<u>12,753</u>	<u>13,133</u>	<u>12,753</u>	<u>13,133</u>
Other receivables	4,386	3,840	-	-
	<u>\$ 17,139</u>	<u>\$ 16,973</u>	<u>\$ 12,753</u>	<u>\$ 13,133</u>

**Note 6: Inventories**

CURRENT

Stock on Hand, at cost:

Art stock

NERAM shop inventory

	2014	2013	2014	2013
	\$	\$	\$	\$
Art stock	19,954	19,120	19,954	19,120
NERAM shop inventory	30,672	24,974	30,672	24,974
	<u>\$ 50,626</u>	<u>\$ 44,094</u>	<u>\$ 50,626</u>	<u>\$ 44,094</u>

**Note 7: Financial assets**

Available-for-sale financial assets

Held-to-maturity financial assets

	2014	2013	2014	2013
	\$	\$	\$	\$
Available-for-sale financial assets	485,190	199,063	-	-
Held-to-maturity financial assets	105,039	136,264	-	-
	<u>\$ 590,229</u>	<u>\$ 335,327</u>	<u>\$ -</u>	<u>\$ -</u>

**(a) Available-for-sale financial assets comprise:**

- shares in listed corporations, at fair value

	2014	2013	2014	2013
	\$	\$	\$	\$
- shares in listed corporations, at fair value	<u>\$ 485,190</u>	<u>\$ 335,327</u>	<u>\$ -</u>	<u>\$ -</u>

Available-for-sale assets comprise investments in the ordinary issued capital of public listed corporations. There are no fixed returns from fixed maturity dates attached to these assets.

	Consolidated		Parent	
	Shares in listed companies	Total	Shares in listed companies	Total
	\$	\$	\$	\$
Opening balance at 1 July 2013	199,063	199,063	-	-
Additions	203,746	203,746	-	-
Fair value remeasurement	82,381	82,381	-	-
Closing balance at 30 June 2014	<u>\$ 485,190</u>	<u>\$ 485,190</u>	<u>\$ -</u>	<u>\$ -</u>

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>(b) Held-to-maturity financial assets comprise:</b>				
- term deposits	<u>\$ 105,039</u>	<u>\$ 136,264</u>	<u>\$ -</u>	<u>\$ -</u>

Held-to-maturity assets comprise term deposits and unsecured notes with financial institutions. There are fixed rate returns upon maturity of these assets.



NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated		Parent	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Note 8: Property, Plant &amp; Equipment</b>				
Plant and Equipment				
Plant and equipment	230,368	224,775	230,368	224,775
Less: Accumulated depreciation	(118,473)	(93,321)	(118,473)	(93,321)
	<u>111,895</u>	<u>131,454</u>	<u>111,895</u>	<u>131,454</u>
Motor vehicle	17,500	17,500	17,500	17,500
Less: Accumulated depreciation	(17,500)	(15,000)	(17,500)	(15,000)
	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
NERAM collection (at fair value)	2,741,219	3,430,150	2,741,219	3,430,150
	<u>2,741,219</u>	<u>3,430,150</u>	<u>2,741,219</u>	<u>3,430,150</u>
Museum of Printing Collection (at fair value)	229,882	225,376	229,882	225,376
	<u>229,882</u>	<u>225,376</u>	<u>229,882</u>	<u>225,376</u>
Hinton Collection (at fair value)	22,187,029	37,441,320	-	-
	<u>22,187,029</u>	<u>37,441,320</u>	<u>-</u>	<u>-</u>
Coventry Collection (at fair value)	2,118,387	2,958,600	-	-
	<u>2,118,387</u>	<u>2,958,600</u>	<u>-</u>	<u>-</u>
Total Plant and Equipment	<u>\$27,388,412</u>	<u>\$44,189,400</u>	<u>\$ 3,082,996</u>	<u>\$ 3,789,480</u>

(a) Movements in carrying amounts

**Parent Entity**

	Collection Assets	Motor Vehicle	Plant and Equipment	Total
Balance at the beginning of the year	3,655,526	2,500	131,454	3,789,480
Additions	-	-	5,593	5,593
Revaluations	(468,285)	-	-	(468,285)
Transfers/adjustments	(216,140)	-	-	(216,140)
Depreciation expense	-	(2,500)	(25,152)	(27,652)
Carrying amount at the end of the year	<u>\$ 2,971,101</u>	<u>\$ -</u>	<u>\$ 111,895</u>	<u>\$ 3,082,996</u>

**Consolidated Entity**

	Collection Assets	Motor Vehicle	Plant and Equipment	Total
Balance at the beginning of the year	44,055,446	2,500	131,454	44,189,400
Additions	-	-	5,593	5,593
Revaluations	(16,778,929)	-	-	(16,778,929)
Depreciation expense	-	(2,500)	(25,152)	(27,652)
Carrying amount at the end of the year	<u>\$27,276,517</u>	<u>\$ -</u>	<u>\$ 111,895</u>	<u>\$27,388,412</u>

The NERAM, Museum of Printing, Hinton and Coventry collections are held at fair value. These collections were independently valued by Matt Henry from Matt Henry Art Broker in October 2012. Note a revaluation decrement has been processed in the financial statements to recognise the assets at market value. The prior period valuation methodology based the value of collections on insurance values, this methodology is inconsistent with the requirements of the Australian Accounting Standards and corrections have accordingly been processed in the 2013/14 period.

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Note 9: Other Assets</b>				
CURRENT				
Prepayments	27,361	26,224	9,011	8,100
Accrued income	2,316	3,522	-	-
	<u>\$ 29,677</u>	<u>\$ 29,746</u>	<u>\$ 9,011</u>	<u>\$ 8,100</u>
<b>Note 10: Trade and Other Payables</b>				
CURRENT				
Unsecured liabilities;				
Trade payables	31,214	58,850	31,214	58,850
Sundry payables and accrued expenses	20,709	26,088	44,286	26,176
	<u>\$ 51,923</u>	<u>\$ 84,938</u>	<u>\$ 75,500</u>	<u>\$ 85,026</u>

NEW ENGLAND REGIONAL ART MUSEUM LIMITED

ABN 47 131 297 731

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

**Note 11: Provisions**

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Analysis of total provisions</b>				
Current	<u>19,303</u>	<u>10,880</u>	<u>19,303</u>	<u>10,880</u>
	<u>\$ 19,303</u>	<u>\$ 10,880</u>	<u>\$ 19,303</u>	<u>\$ 10,880</u>

**Provision for employee benefits**

A provision has been recognised for employee entitlements relating to annual and long service leave. 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. 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	<u>78,642</u>	<u>84,561</u>	<u>78,642</u>	<u>84,561</u>
Armidale Dumaresq Council debt	<u>126,000</u>	<u>84,000</u>	<u>126,000</u>	<u>84,000</u>
	<u>\$ 204,642</u>	<u>\$ 168,561</u>	<u>\$ 204,642</u>	<u>\$ 168,561</u>

NON-CURRENT

Armidale Dumaresq Council debt	<u>112,491</u>	<u>154,491</u>	<u>112,491</u>	<u>154,491</u>
	<u>\$ 112,491</u>	<u>\$ 154,491</u>	<u>\$ 112,491</u>	<u>\$ 154,491</u>

The interest free debt to Armidale Dumaresq Council is recorded at net present value. The total amount owing at 30 June 2014 is \$252,000, including GST, and is repayable over the next 6 years in equal instalments. Armidale Dumaresq Council 20 year funding agreement is conditional on the repayment of this.

**NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

ABN 47 131 297 731

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 13: Reserves**

The revaluation reserve records revaluations of non-current assets at fair value.

**Yellow Room**

The Yellow Room reserve records the funds received to date for the acquisition of Margaret Olley's "The Yellow Room Triptych 2007". The reserve is expected to be fully expended by 30 June 2015 with balance at 30 June 2014 being \$6,818.

**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.

**Note 15: Fair Value Measurement**

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

<b>Parent</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>TOTAL</b>
Financial assets				
Property, plant and equipment	2,971,101	-	-	<b>2,971,101</b>
Available-for-sale financial assets	-	-	-	-
	<u>\$ 2,988,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,971,101</u>
<b>Consolidated</b>				
Financial assets				
Property, plant and equipment	27,276,517	-	-	<b>27,276,517</b>
Available-for-sale financial assets	485,190	-	-	<b>485,190</b>
	<u>\$27,761,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,276,517</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 2014**

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In the directors' opinion

1. The attached financial statements and notes thereto comply with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Regulation 2013 and other mandatory professional reporting requirements;
2. The attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
3. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act).

On behalf of the directors



Director



Director

Dated 2.12.2014

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**Report on the financial report**

We have audited the accompanying financial report of New England Regional Art Museum Limited and its controlled entities, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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 Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) 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.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012. We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been provided to the directors of New England Regional Art Museum Limited on 2 December 2014, would be in the same terms if given to the directors as at the time of this auditors' report.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
NEW ENGLAND REGIONAL ART MUSEUM LIMITED**

**ABN 47 131 297 731**

**Basis of Qualified Audit Opinion**

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

**Audit Opinion**

When reporting in accordance with a fair presentation framework (Australian Accounting Standards – Reduced Disclosure Requirements), except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of New England Regional Art Museum Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

**Crowe Horwath Central North**



**Ian Brooks**  
**Registered Company Auditor (ASIC RAN 411019)**  
90 Rusden Street  
Armidale NSW 2350

Dated: 2 November 2014

**HOWARD HINTON TRUST**

**ABN 23 559 426 439**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**



HOWARD HINTON TRUST

ABN 23 559 426 439

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014

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	Note	2014 \$	2013 \$
Revenues	2	372,892	109,768
Operating expenses		<u>(31,505)</u>	<u>(29,356)</u>
<b>Surplus/(deficit) before income tax expense</b>		<u>341,387</u>	<u>80,412</u>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Surplus/(deficit) after income tax expense</b>		<u>341,387</u>	<u>80,412</u>
Other comprehensive income for the year, net of tax		<u>(15,624,037)</u>	<u>1,990,550</u>
<b>Total comprehensive (surplus/deficit) for the year</b>		<u>\$ (15,282,650)</u>	<u>\$ 2,070,962</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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	21,478	263,874
Financial assets	4	105,039	100,612
Other assets	5	<u>20,667</u>	<u>20,914</u>
<b>TOTAL CURRENT ASSETS</b>		<u>147,184</u>	<u>385,400</u>
<b>NON CURRENT ASSETS</b>			
Financial assets	5	209,857	-
Property, plant and equipment	6	<u>22,187,029</u>	<u>37,441,320</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>22,396,886</u>	<u>37,441,320</u>
<b>TOTAL ASSETS</b>		<u>22,544,070</u>	<u>37,826,720</u>
<b>NET ASSETS</b>		<u>\$ 22,544,070</u>	<u>\$ 37,826,720</u>
<b>EQUITY</b>			
Reserves	7	-	1,991,550
Accumulated funds		<u>22,544,070</u>	<u>35,835,170</u>
<b>TOTAL EQUITY</b>		<u>\$ 22,544,070</u>	<u>\$ 37,826,720</u>

HOWARD HINTON TRUST

ABN 23 559 426 439

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014

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	Asset Revaluation Reserve \$	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2012</b>	1,000	35,754,758	35,755,758
Transfer to/(from) reserve	1,990,550	(1,990,550)	-
Total comprehensive income	-	2,070,962	2,070,962
<b>Balance at 30 June 2013</b>	<u>1,991,550</u>	<u>35,835,170</u>	<u>37,826,720</u>
Transfer to/(from) reserve	(1,991,550)	1,991,550	-
Total comprehensive income	-	(15,282,650)	(15,282,650)
<b>Balance at 30 June 2014</b>	<u>\$ -</u>	<u>\$ 22,544,070</u>	<u>\$ 22,544,070</u>

The accompanying notes form part of these financial statements.

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	100,000
Interest received		9,256	9,768
Payments to suppliers		<u>(37,368)</u>	<u>(30,341)</u>
Net cash (used in)/provided by operating activities		<u>(28,112)</u>	<u>79,427</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for investments		<u>(214,284)</u>	<u>(5,077)</u>
Net cash used in investing activities		<u>(214,284)</u>	<u>(5,077)</u>
Net (decrease)/increase in cash held		(242,396)	74,350
Cash at the beginning of the financial year		<u>263,874</u>	<u>189,524</u>
Cash at the end of the financial year	3	<u>\$ 21,478</u>	<u>\$ 263,874</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 2014

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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 accounting 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 2 December 2014 by the directors of the trustee company.

**(a) Income Tax**

The trustees consider that the trust 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 based 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 trust 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 trust 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.

**(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 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2: Revenue</b>		
Operating activities:		
Armidale Dumaresq Council contribution	-	100,000
Yellow room - Donation of Artwork	<b>363,636</b>	-
Non-operating activities:		
Interest received from other persons	<b>9,256</b>	9,768
Total revenue	<b>\$ 372,892</b>	<b>\$ 109,768</b>
<b>Note 3: Cash and Cash Equivalents</b>		
Cash at bank	<b>21,478</b>	263,874
	<b>\$ 21,478</b>	<b>\$ 263,874</b>
<b>Note 4: Financial Assets</b>		
Held-to-maturity financial assets	6(b) <b>105,039</b>	100,612
Available-for-sale financial assets	6(a) <b>209,857</b>	-
	<b>314,896</b>	100,612
Less non-current portion	<b>209,857</b>	-
Current portion	<b>\$ 105,039</b>	<b>\$ 100,612</b>
<b>(a) Available-for-sale financial assets comprise:</b>		
- shares in listed corporations	<b>209,857</b>	-
	<b>\$ 209,857</b>	<b>\$ -</b>
Available-for-sale assets comprise investments in the ordinary issued capital of listed corporations. There are no fixed returns from fixed maturity dates attached to these assets.		
<b>(b) Held-to-maturity financial assets comprise:</b>		
- term deposits	<b>105,039</b>	100,612
	<b>\$ 105,039</b>	<b>\$ 100,612</b>
Held-to-maturity assets comprise term deposits and unsecured notes with financial institutions. There are fixed rate returns upon maturity of these assets.		
<b>Note 5: Other Assets</b>		
CURRENT		
Accrued income	<b>2,317</b>	2,790
Prepaid expenses	<b>18,350</b>	18,124
	<b>\$ 20,667</b>	<b>\$ 20,914</b>

**HOWARD HINTON TRUST**  
**ABN 23 559 426 439**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	2013
	\$	\$
<b>Note 6: Property, Plant and Equipment</b>		
Collection Assets (at fair value)		
Hinton Collection	<u>22,187,029</u>	<u>37,441,320</u>
	<u>22,187,029</u>	<u>37,441,320</u>
Total Collection Assets	<u>\$ 22,187,029</u>	<u>\$ 37,441,320</u>
<b>(a) Movements in carrying amounts</b>		
	Collection Assets	Total
Balance at the beginning of the year	37,441,320	37,441,320
Additions	363,636	363,636
Revaluation	<u>(15,617,927)</u>	<u>(15,617,927)</u>
Carrying amount at the end of the year	<u>\$ 22,187,029</u>	<u>\$ 22,187,029</u>

The Hinton collection is held at fair value. The Hinton Collection was independently valued by Matt Henry from Matt Henry Art Broker in October 2012. Note a revaluation decrement has been processed in the financial statements to recognise the assets at market value. The prior period valuation methodology based the value of collections on insurance values, this methodology is inconsistent with the requirements of the Australian Accounting Standards and corrections have accordingly been processed in the 2013/14 period.

**Note 7: Asset Revaluation Reserve**

The revaluation surplus records the revaluations of non-current assets where revaluations are deemed to represent profits of a permanent nature.

**Note 8: Economic Dependence**

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 2014**

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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 7 present fairly the trust's financial position as at 30 June 2014 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 2-12-2014



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
HOWARD HINTON TRUST**

**ABN 23 559 426 439**

**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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
HOWARD HINTON TRUST**

**ABN 23 559 426 439**

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

**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.

**Crowe Horwath Central North**



**Ian Brooks**  
**Registered Company Auditor (ASIC RAN 411019)**  
90 Rusden Street  
Armidale NSW 2350

Dated:

**CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

CHANDLER COVENTRY TRUST

ABN 79 543 509 572

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenues	2	343	7,633
Other expenses		<u>(185)</u>	<u>(165)</u>
<b>Surplus before income tax expense</b>		<u>158</u>	<u>7,468</u>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Surplus after income tax expense</b>		<u>158</u>	<u>7,468</u>
Other comprehensive income for the year, net of tax		<u>(840,213)</u>	<u>69,800</u>
<b>Total comprehensive income for the year</b>		<u>\$ (840,055)</u>	<u>\$ 77,268</u>

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	<u>19,376</u>	<u>19,218</u>
<b>TOTAL CURRENT ASSETS</b>		<u>19,376</u>	<u>19,218</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	<u>2,118,387</u>	<u>2,958,600</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>2,118,387</u>	<u>2,958,600</u>
<b>TOTAL ASSETS</b>		<u>2,137,763</u>	<u>2,977,818</u>
<b>NET ASSETS</b>		<u>\$ 2,137,763</u>	<u>\$ 2,977,818</u>
<b>EQUITY</b>			
Reserves	5	-	69,800
Accumulated funds		<u>2,137,763</u>	<u>2,908,018</u>
<b>TOTAL EQUITY</b>		<u>\$ 2,137,763</u>	<u>\$ 2,977,818</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 2014

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	Revaluation Reserve \$	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2012</b>	-	2,900,550	2,900,550
Total comprehensive income	-	77,268	77,268
Transfer to/(from) reserve	69,800	(69,800)	-
<b>Balance at 30 June 2013</b>	<u>69,800</u>	<u>2,908,018</u>	<u>2,977,818</u>
Total comprehensive income	-	(840,055)	(840,055)
Transfer to/(from) reserve	(69,800)	69,800	-
<b>Balance at 30 June 2014</b>	<u>\$ -</u>	<u>\$ 2,137,763</u>	<u>\$ 2,137,763</u>

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	7,275
Interest received		343	358
Payments to suppliers		<u>(185)</u>	<u>(165)</u>
Net cash (used in)/provided by operating activities		<u>158</u>	<u>7,468</u>
Net (decrease)/increase in cash held		158	7,468
Cash at the beginning of the financial year		<u>19,218</u>	<u>11,750</u>
Cash at the end of the financial year	3	<u>\$ 19,376</u>	<u>\$ 19,218</u>

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 2014**

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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 accounting 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 2 December 2014 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 based 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 trust 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 profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the trust 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.

**(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 2014**

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

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

Management evaluates estimates and judgements 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 both externally and internally..

Key Judgement - Provision for doubtful debts

The association assesses trade and other receivable at each reporting date to determine the collectability of debtors recorded. Where there is uncertainty over the collectability of a debtors balance a provision is made for the portion which is considered uncollectable.

**(o) Adoption of New and Revised Accounting Standards**

During the current year, the incorporated entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of the incorporated entity.

**AASB 101: Presentation of Financial Statements**

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the incorporated entity's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement - the statement of comprehensive income, or two statements - a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The incorporated entity's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**CHANDLER COVENTRY TRUST**  
**ABN 79 543 509 572**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2: Revenue</b>		
Operating activities:		
Conservation funds	-	5,575
Non-operating activities:		
Interest received from other persons	343	358
Donations	-	1,700
Total revenue	<u>\$ 343</u>	<u>\$ 7,633</u>
<b>Note 3: Cash and Cash Equivalents</b>		
Cash at bank	<u>19,376</u>	<u>19,218</u>
	<u>\$ 19,376</u>	<u>\$ 19,218</u>
<b>Note 4: Property, Plant and Equipment</b>		
Collection Assets (at fair value)		
Coventry Collection	<u>2,118,387</u>	<u>2,958,600</u>
	<u>2,118,387</u>	<u>2,958,600</u>
Total Collection Assets	<u>\$ 2,118,387</u>	<u>\$ 2,958,600</u>
(a) Movements in carrying amounts		
	Collection Assets	Total
Balance at the beginning of the year	2,958,600	2,958,600
Revaluations	<u>(840,213)</u>	<u>(840,213)</u>
Carrying amount at the end of the year	<u>\$ 2,118,387</u>	<u>\$ 2,118,387</u>

The Coventry Collection is held at fair value. The Coventry Collection was valued by independently valued by Matt Henry from Matt Henry Art Broker in October 2012. Note a revaluation decrement has been processed in the financial statements to recognise the assets at market value. The prior period valuation methodology based the value of collections on insurance values, this methodology is inconsistent with the requirements of the Australian Accounting Standards and corrections have accordingly been processed in the 2013/14 period.

**Note 5: Asset Revaluation Reserve**

The revaluation surplus records the revaluations of non-current assets where revaluations are deemed to represent profits of a permanent nature.

**Note 6: 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 2014**

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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 7. Present fairly the trust's financial position as at 30 June 2014 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 2.12.2014

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

**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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
CHANDLER COVENTRY TRUST**

**ABN 79 543 509 572**

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

**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.

**Crowe Horwath Central North**



**Ian Brooks**  
**Registered Company Auditor (ASIC RAN 400019)**  
90 Rusden Street  
Armidale NSW 2350

Dated:

**NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION

ABN 62 340 058 963

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenues	2	45,317	16,283
Fundraising and donation expenses		(5,109)	(726)
Distributions to deductible gift recipients		(10,500)	(9,000)
Other expenses		(486)	(74)
<b>Surplus before income tax expense</b>		<b>29,222</b>	<b>6,483</b>
Income tax expense	1(a)	-	-
<b>Surplus after income tax expense</b>		<b>29,222</b>	<b>6,483</b>
Other comprehensive income for the year, net of tax - Unrealised gain/(loss) on available for sale financial assets		23,709	31,251
<b>Total comprehensive income for the year</b>		<b>\$ 52,931</b>	<b>\$ 37,734</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 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	11,824	22,814
Trade and other receivables	4	4,501	3,928
Other assets	5	23,462	732
Financial assets	6	<u>-</u>	<u>35,652</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>39,787</b></u>	<u><b>63,126</b></u>
<b>NON CURRENT ASSETS</b>			
Financial assets	6	<u>275,333</u>	<u>199,063</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u><b>275,333</b></u>	<u><b>199,063</b></u>
<b>TOTAL ASSETS</b>		<u><b>315,120</b></u>	<u><b>262,189</b></u>
<b>NET ASSETS</b>		<u><b>\$ 315,120</b></u>	<u><b>\$ 262,189</b></u>
<b>EQUITY</b>			
Accumulated funds		<u>315,120</u>	<u>262,189</u>
<b>TOTAL EQUITY</b>		<u><b>\$ 315,120</b></u>	<u><b>\$ 262,189</b></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 2014

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	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2012</b>	224,455	224,455
Surplus after income tax expense	6,483	6,483
Other comprehensive income for the year	31,251	31,251
<b>Balance at 30 June 2013</b>	<u>262,189</u>	<u>262,189</u>
Surplus after income tax expense	29,222	29,222
Other comprehensive income for the year	23,709	23,709
<b>Balance at 30 June 2014</b>	<u>\$ 315,120</u>	<u>\$ 315,120</u>

**NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		9,929	20,047
Dividends received		10,641	9,439
Interest received		1,560	1,722
Payments to suppliers		<u>(16,211)</u>	<u>(9,918)</u>
Net cash (used in)/provided by operating activities		<u>5,919</u>	<u>21,290</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from investments		35,652	-
Payment for investments		<u>(52,561)</u>	<u>(45,382)</u>
Net cash used in investing activities		<u>(16,909)</u>	<u>(45,382)</u>
Net (decrease)/increase in cash held		<u>(10,990)</u>	<u>(24,092)</u>
Cash at the beginning of the financial year		<u>22,814</u>	<u>46,906</u>
Cash at the end of the financial year		<u>\$ 11,824</u>	<u>\$ 22,814</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 2014

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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 accounting 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 2 December 2014 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 trust 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 trust 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.

**(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 2014

		2014 \$	2013 \$
<b>Note 2: Revenue</b>			
Operating activities:			
Donations		16,550	3,135
Proceeds from fundraising		16,020	905
Non-operating activities:			
Interest received from other persons		1,560	1,722
Dividends received from other persons		11,187	10,521
Total revenue		<u>\$ 45,317</u>	<u>\$ 16,283</u>
<b>Note 3: Cash and Cash Equivalents</b>			
Cash at bank		<u>11,824</u>	22,814
		<u>\$ 11,824</u>	<u>\$ 22,814</u>
<b>Note 4: Trade and Other Receivables</b>			
Other receivables		4,386	3,840
GST receivable		115	88
		<u>\$ 4,501</u>	<u>\$ 3,928</u>
<b>Note 5: Other Assets</b>			
Accrued income		<u>23,462</u>	732
		<u>\$ 23,462</u>	<u>\$ 732</u>
<b>Note 6: Financial assets</b>			
Held-to-maturity financial assets	6(b)	-	35,652
Available-for-sale financial assets	6(a)	<u>275,333</u>	199,063
		<u>275,333</u>	234,715
Less non-current portion		<u>275,333</u>	199,063
Current portion		<u>\$ -</u>	<u>\$ 35,652</u>
<b>(a) Available-for-sale financial assets comprise:</b>			
- shares in listed corporations		<u>275,333</u>	199,063
		<u>\$ 275,333</u>	<u>\$ 199,063</u>
Available-for-sale assets comprise investments in the ordinary issued capital of listed corporations. There are no fixed returns from fixed maturity dates attached to these assets.			
<b>(b) Held-to-maturity financial assets comprise:</b>			
- term deposits		-	35,652
		<u>\$ -</u>	<u>\$ 35,652</u>

Held-to-maturity assets comprise term deposits and unsecured notes with financial institutions. There are fixed rate returns upon maturity of these assets.

**Note 7: Economic Dependence**

The Trust is economically dependent on the New England Regional Art Museum Limited.

**NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

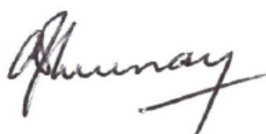
**STATEMENT BY DIRECTORS OF THE TRUST  
FOR THE YEAR ENDED 30 JUNE 2014**

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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 2014 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 2.12.2014

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

**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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
NEW ENGLAND REGIONAL ART MUSEUM FOUNDATION**

**ABN 62 340 058 963**

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

**Independence**

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

**Qualification**

As is common for organisations of this type, it is not practicable for the Foundation to maintain an effective system of internal control over revenue activities in relation to fundraising until their initial entry in the accounting records. Accordingly, our audit in relation to the above was limited to the amounts recorded.

**Qualified Auditors' Opinion**

In our opinion, except for the effect of such adjustments, if any, that might be necessary had the limitation referred to in the qualification paragraph not existed, the financial report of New England Regional Art Museum Foundation presents fairly, in all material respects, the financial position of New England Regional Art Museum Foundation as of 30 June 2014 and 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.

**Crowe Horwath Central North**



**Ian Brooks**  
**Registered Company Auditor (ASIC RAN 411019)**  
90 Rusden Street  
Armidale NSW 2350

Dated: