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your world.**

New England Regional Art Museum Limited

ABN: 47 131 297 731

Financial Statements

For the Year Ended 31 December 2020

New England Regional Art Museum Limited

ABN: 47 131 297 731

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For the Year Ended 31 December 2020

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New England Regional Art Museum Limited

ABN: 47 131 297 731

Directors' Report

31 December 2020

The directors present their report, together with the financial statements of the consolidated entity, being the Company and its controlled entities, for the financial year ended 31 December 2020.

The financial statements cover New England Regional Art Museum Limited as a consolidated entity consisting of New England Regional Art Museum Limited and the entities it controlled at the end of, or during the period.

The financial statements are presented in Australian dollars, which is New England Regional Art Museum Limited and its controlled entities' functional and presentation currency. New England Regional Art Museum Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. New England Regional Art Museum Limited is registered with the Australian Charities and Not-for-profits Commission.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24th August 2021.

General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Dr Robert Clarke	Chair
Qualifications	BA (Hons) (UNE) PhD(ANU) FIML Fellow Australian Institute of Managers and Leaders, Former Fellow, Institute of Chartered Accountants in Australia, Cultural Director
Experience	Managing Director, Australian National Academy of Music (Retired) Managing Director Adelaide Symphony Orchestra (Retired)
Dr Mary-Louise Conway	
Qualifications	BOcc Thy (UQ), MBA (NE), PHD (NE) Director - UNE SMART Region Incubator Faculty of Science, Agriculture, Business and Law
Experience	Member of the European Group for Organisational Structure
Kim Taylor	
Qualifications	B Pharm (USYD), MBA (MU), MAICD Senior Executive International Commercial Management
Experience	Head of Johnson & Johnson, Southeast Asia (Retired); Johnson & Johnson Company Group Chairman, Asia Pacific (Retired)
Carly McLaren	
Qualifications	Gallery Owner
Experience	Director Walcha Gallery of Art
Patrick Bradley	
Qualifications	Business Manager at the Armidale School
Experience	AFSM, Member of the Board of Phoenix Foundry, Volunteer NSW Rural Fire, awarded the Australian Fire Service Medal
Lucinda Wright	
Qualifications	Migration Consultant Legal Minds
Experience	Previous Department of Foreign Affairs and Trade with overseas postings in Spain and Latin America
Other current directorships	Previous Member Migration Review Tribunal (8 years)

General information continued

Information on directors continued

Janna Hayes	
Qualifications	Communication and social media
Experience	Communication Lead, International Development UNE, Partnerships Manager TEDx Sydney, Skill Share Program Manager Wild Rumpus, Head of Programming & Artist Relations Moshcam
Lancelot Lloyd	Retired 6th June 2020
Qualifications	MAICD, BA (UNE), JP, Past Chairman - Friends of NERAM
Experience	Deputy Chairman - Australian Tourism Export Council Ltd (ATEC)
Other current directorships	Former ADC to Governor of NSW Sir Roden Cutler
Ty Archibald	Appointed 1st of January 2021
Qualifications	Global Equity Analyst with Aoris Investment Management
Experience	Four years of experience in financial markets analysing fund managers across a range of asset classes. Research Associate at BT Financial Group in Sydney where he acted as an in-house asset consultant for the wider business. Bachelor of Business (majoring in Business Economics and Applied Finance)
Robert Faithfull MBA	Appointed 1st of January 2021
Qualifications	Director of Faithfull Business Advisory.
Experience	Experienced finance executive with 20 years' experience in medium sized private enterprise and non-government organisations. Certified Practising Accountant, a member of the Australian Institute of Company Directors and holds a Masters of Business Administration from Deakin University. Held a number of Board positions including Founding Director of Grow Hope Foundation, Melbourne, Member of Finance Committee of St Paul's Anglican Cathedral Melbourne and Company secretary of Porta Group Pty Ltd in Melbourne Victoria.
Fred Dangar	Appointed 1st of January 2021
Qualifications	Director Strategic Business Programs at NSW TrainLink
Experience	37-year career as an Army Officer retiring at the rank of Colonel holding a variety of appointments ranging across strategic and operational leadership, planning and implementation. 25 years of experience in government sectors, at the Federal and State levels, including senior executive roles in State Government, responsible for strategic design, formulation and positioning of programs

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

Company secretary

Rachel Parsons held the position of Company secretary at the end of the financial year:

Principal activities

The principal activities of the consolidated entity during the financial year were the operations 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.

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

General information continued

Short term objectives

The Consolidated Entity's short-term objectives are to broaden visitor engagement at NERAM through delivery of high quality and broadly appealing exhibitions and through offering new and diverse engagement opportunities and experiences to see and participate in the arts.

Long term objectives

The Consolidated Entity's long-term objective is to make the New England Regional Art Museum the premier regional art museum in Australia and to ensure the long-term preservation, growth and presentation of NERAM's outstanding art collections.

Strategy for achieving the objectives

Ensure that the New England Regional Art Museum is a thriving artistic facility that will enrich the cultural and artistic experience of visitors and the community of New England through exhibitions, education programming and artistic activities.

How principal activities assisted in achieving the objectives

New England Regional Art Museum Limited (NERAM), maintains a core purpose to connect our community and visitors to art, culture, social engagement opportunities and education. NERAM's annual program includes approximately thirty exhibitions that interpret and highlight NERAM's outstanding collections, brings nationally significant art to the region in the form of touring programs, produces special projects that focus on contemporary art, and supports the development and promotion of local artists. NERAM's exhibition program is complemented and expanded by an expansive variety of engagement and education programs that includes workshops, art classes, lectures, and events.

In 2020 the NERAM program continued its focus to increase its appeal to diverse audiences through providing exhibitions and public programs that challenged, inspired, educated, and entertained. Specific emphasis was placed on arts education and engagement with schools and students through the newly established NERAM Creative Learning program. NERAM's planned program was severely disrupted by COVID-19 related restrictions and health mandates, which necessitated a prolonged museum closure, and continuing limitations placed on the activities that could be delivered in compliance with ongoing health restrictions.

In response to the COVID-19 pandemic, NERAM was closed to the public between 20th March 2020 and 6th June 2020. During this time, all physical public-facing activities were suspended, including exhibitions, events, art classes and education programming. All NERAM staff worked partially from home and focussed on administrative, planning and collections management tasks. The NERAM volunteer program was suspended and was not recommenced until November 2020. NERAM received generous financial support from the Australian Federal Government and NSW State Government throughout 2020 as part of COVID-19 support and relief funding programs.

Significant effort was dedicated to delivering online engagement programs that allowed NERAM to still achieve its core mission to "enrich the cultural life of the New England region by engaging our community," despite COVID-19 restrictions. The NERAM website and social media platforms were utilised for this purpose and several highly successful digital programs were delivered.

FREE SPACE, delivered in partnership with the Sydney and Armidale Improvised Music Associations, was a series of four live streamed music performances, featuring local musicians using the unique physical qualities of the gallery's spaces to explore sonic possibilities while the museum was closed to the public. The program provided a vital opportunity for musicians to perform during the COVID-19 lockdown and engaged with over 13,000 from around the world, who viewed the live streams on Facebook.

In 2020 the *UNESAP Let's Hang It!* program, presented in partnership with the University of New England, was presented digitally. NERAM established a new digital submission process that supported 450 student entries from 30 schools across regional NSW, despite the limitations imposed by COVID-19. 65 finalists were selected to be included in the online exhibition and announcement of winners was presented live on Friday 31st July via Facebook and the NERAM website. 2,700 people viewed the virtual awards presentation via Facebook.

In order to reopen on 6th June, NERAM developed and registered a COVID Safe Plan, introduced increased cleaning and

General information continued

How principal activities assisted in achieving the objectives continued

hygiene measures throughout the museum spaces, and monitored the changing situation and required restrictions. The exhibition program was relaunched, and the number of small-scale openings and events was progressively increased as health restrictions eased. While several major programs had to be postponed or cancelled due to the afore mentioned closure, NERAM still achieved some outstanding program outcomes.

100% NERAM saw all six gallery spaces at NERAM dedicated to showcasing the museum's four art collections. The program was sponsored by the Friends of NERAM, and included the major exhibition *COVENTRY*, which included the publication of a significant catalogue. This exhibition also relaunched NERAM openings post COVID-19 lockdown and was a major cultural celebration after the prolonged museum closure. The program was important in promoting local and national awareness of the NERAM Collections.

The NERAM Creative Learning program, facilitated by a newly appointed Education Officer, and supported by a donation from Tim and Gina Fairfax, launched on the 20th February. On the 17th March the onsite and classroom delivery programs that had been developed were suspended to comply with COVID-19 restrictions. Over the four weeks that the program was active, NERAM delivered seven onsite programs with 115 participants. Four at-school outreach programs were delivered with 82 participants. The initial uptake of the program pre-COVID-19, equated to a more than 500% increase in schools and student based participation compared to the same period in 2019. Some onsite programs were allowed to recommence starting in July, however most schools were not able to engage with the program until October. Nineteen programs were delivered during the September - December period with 528 participants, equating to a more than 200% increase in schools and student based participation compared to the same period in 2019.

NERAM continues to promote national awareness of its collections and exhibitions through touring and loaning programs. The exhibition *Salient: Contemporary Artists at the Western Front* toured to Tweed Regional Art Gallery. Artworks from the NERAM Collections were loaned for exhibitions at SH Ervin Gallery, the National Gallery of Victoria and the Art Gallery of NSW including the loan of 6 works included in the major exhibition *STREETON*.

The NERAM Board approved the NERAM Strategic Plan 2020-2025 on 10th December 2019. This plan states NERAM's mission "to enrich the cultural life the new England Region by engaging our community and visitors with diverse and outstanding artistic programs that showcase NERAM's collections and provide access to national and contemporary arts practices."

NERAM thrives thanks to the dedicated support of a community who generously donate time, expertise and funding to support NERAM's operation and future growth. NERAM has over 90 volunteers who contribute to front-of-house of activities, exhibition installation, event catering, library and archive management, fundraising and project research. Through our 2020 annual appeal, NERAM's community of donors contributed \$64,735 across three priority areas: NERAM Creative Learning, facility

Performance measures

The following Critical Success Factors and Key Performance Measures (KPIs) were used by the consolidated entity to monitor performance in 2020:

CSF1: Sustainable and fiscally responsible business practices

Consists of the following strategic objectives:

- Diversify our funding and income opportunities
- Ensure that the building is sustainable, energy efficient, functional, aesthetically pleasing and well maintained.

CSF2: Building and strengthening NERAM community relationships and partnerships

Consists of the following strategic objectives:

- Strengthen all groups (Friends of NERAM, Packsaddle, NERAM Foundation and Board) with a shared vision and purpose and improve consultation and communication

General information continued

Performance measures continued

CSF3: An ability to develop innovative and engaging programs for the whole community

Consists of the following strategic objectives:

- Continue to increase visitation and participation in NERAM activities (exhibitions, events, projects and education programs) through community participation and audience development.
- Market and strengthen the Permanent Collections as a resource for the whole community
- Build NERAM's profile, and develop strong identity and message

CSF4: A skilled and quality workforce

Consists of the following strategic objectives:

- Review and support NERAM's staffing structure and closely monitor overtime and workload issues
- Maintain a strong volunteer program with emphasis on training and effective use of skills

Members' guarantee

New England Regional Art Museum Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10.

At 31 December 2020 the collective liability of members was \$ 2,540 (2019: \$ 2,530).

Events after the reporting date

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

Future developments and results

NERAM is committed to achieving sustainable operational and program growth. NERAM has developed plans and designs for a significant facility upgrade intended to modernise and elevate the Museum in order to meet current museum requirements and standards, improve the energy efficiency and sustainability of the building, meet current WHS and access standards, prepare for a doubling of visitor numbers, and to ensure positive visitor experiences.

The New England Regional Art Museum has been progressively upgrading the building over the past five years with capital projects that have included:

- 2016 - Replacement of lighting systems (\$120,000)
- 2016 - Installation of solar power panels (\$115,000)
- 2017 - Replacement of external cladding and electrical fittings (\$315,000)
- 2017-18 - Refurbishment of East Gallery as permanent exhibition space for *HINTON: Treasures of Australian art* display (\$115,000)
- 2019 – Gallery improvements to West, Lalor Harris and Mazda Gallery exhibition spaces (\$95,000)
- 2020 – Café kitchen refurbishment (\$160,000)
- 2021 – (planned) Upgrade of the loading dock and workroom areas (Cost TBC)

Meetings of directors

During the financial year, 6 meetings of directors (excluding committees of directors) were held. Attendances by each director during the year were as follows:

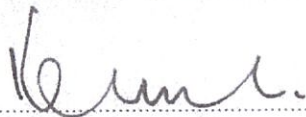
	Directors' Meetings	
	Number eligible to attend	Number attended
Dr Robert Clarke	6	6
Lancelot Lloyd	3	2
Dr Mary-Louise Conway	6	6
Kim Taylor	6	6
Carly McLaren	6	3
Patrick Bradley	6	6
Lucinda Wright	6	6
Janna Hayes	6	6

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, for the year ended 31 December 2020 has been received and can be found on page 7 of the financial report.

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

Director:



Dr Robert Clarke

Director:



Kim Taylor

Dated this 24th day of August 2021

ARMIDALE

121 Rusden Street
PO Box 114
Armidale NSW 2350
Phone 02 6773 8400
Fax 02 6772 9957
armidale@forsyths.com.au

New England Regional Art Museum Limited

ABN: 47 131 297 731

Auditor's 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 and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, 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* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Forsyths



Paul Cornall
Partner
121 Rusden Street, Armidale NSW

24 August 2021

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Sales revenue	4	361,062	305,442
Cost of sales		(70,497)	(96,208)
Gross profit		290,565	209,234
Grant Income	4	637,346	561,169
Capital Grants		118,984	74,831
Revaluation gain/(loss) through profit and loss		-	767,566
Other income	4	715,233	670,271
Marketing expenses		(15,285)	(13,754)
Occupancy costs		(99,861)	(97,333)
Administrative expenses		(56,229)	(72,113)
Employee benefits expense	5	(540,242)	(431,534)
Collection expense		(65,009)	(70,084)
Project grant expense		(16,372)	(22,395)
Board expenses		(2,588)	(2,836)
Depreciation		(96,404)	(112,823)
Public Program expense		(63,669)	(77,480)
Shop expense		(2,725)	(2,525)
Deaccession of collection assets		(29,131)	-
Other expenses		(10,163)	(24,208)
Finance costs		(3,085)	(3,156)
Profit for the year		761,365	1,352,830
Items that will not be reclassified to profit or loss			
Net fair value gain/(loss) on remeasurement of investments in listed shares		(32,795)	87,368
Net fair value movement in asset realisation reserve		24,765	-
Total comprehensive income for the year		753,335	1,440,198

The accompanying notes form part of these financial statements.

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Statement of Financial Position

As At 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	968,905	776,487
Trade and other receivables	7	236,799	39,885
Inventories	8	67,435	42,524
Other Assets	10	7,935	8,227
TOTAL CURRENT ASSETS		1,281,074	867,123
NON-CURRENT ASSETS			
Property, plant and equipment	9	38,306,276	37,984,593
Right-of-use assets	11	168,608	180,182
Other financial assets	12	1,092,136	1,056,645
TOTAL NON-CURRENT ASSETS		39,567,020	39,221,420
TOTAL ASSETS		40,848,094	40,088,543
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	18	11,574	10,800
Trade and other payables	13	92,193	117,567
Employee benefits	15	43,883	33,606
Contract liabilities	16	674,441	650,904
TOTAL CURRENT LIABILITIES		822,091	812,877
NON-CURRENT LIABILITIES			
Lease liabilities	18	157,937	170,285
Borrowings	14	100,000	100,000
Employee benefits	15	15,674	6,324
TOTAL NON-CURRENT LIABILITIES		273,611	276,609
TOTAL LIABILITIES		1,095,702	1,089,486
NET ASSETS		39,752,392	38,999,057
EQUITY			
Asset revaluation reserve	17	536,681	511,917
Financial asset reserve	17	68,713	101,508
Retained earnings		39,146,998	38,385,632
TOTAL EQUITY		39,752,392	38,999,057

The accompanying notes form part of these financial statements.

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Statement of Changes in Equity For the Year Ended 31 December 2020

2020

	Retained Earnings	Asset Realisation Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2020	38,385,633	511,916	101,508	38,999,057
Profit/(loss) for the year	761,365	-	-	761,365
Revaluation increment (decrement)	-	24,765	(32,795)	(8,030)
Balance at 31 December 2020	39,146,998	536,681	68,713	39,752,392

2019

	Retained Earnings	Asset Realisation Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2019	37,032,805	511,916	14,140	37,558,861
Profit/(loss) for the year	1,352,828	-	-	1,352,828
Revaluation increment (decrement)	-	-	87,368	87,368
Balance at 31 December 2019	38,385,633	511,916	101,508	38,999,057

The accompanying notes form part of these financial statements.

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Statement of Cash Flows

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,418,023	1,243,715
Payments to suppliers and employees		(1,032,510)	(765,277)
Interest received		2,192	4,709
Interest paid		(3,085)	(3,156)
Net cash provided by/(used in) operating activities	25	<u>384,620</u>	<u>479,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of held-for-trading investments		252,391	-
Dividends received		68,606	66,022
Purchase of property, plant and equipment		(186,166)	(86,818)
Purchase of investments		<u>(320,677)</u>	<u>(223,283)</u>
Net cash provided by/(used in) investing activities		<u>(185,846)</u>	<u>(244,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of finance lease liabilities		<u>(6,356)</u>	<u>(10,660)</u>
Net cash provided by/(used in) financing activities		<u>(6,356)</u>	<u>(10,660)</u>
Net increase/(decrease) in cash and cash equivalents held		192,418	225,252
Cash and cash equivalents at beginning of year		<u>776,487</u>	<u>551,235</u>
Cash and cash equivalents at end of financial year	6	<u><u>968,905</u></u>	<u><u>776,487</u></u>

The accompanying notes form part of these financial statements.

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Notes to the Financial Statements

For the Year Ended 31 December 2020

The consolidated financial report covers New England Regional Art Museum Limited and its controlled entities ('the consolidated entity'). New England Regional Art Museum Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the consolidated entity prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 24 August 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board ('AASB'), and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New England Regional Art Museum Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. New England Regional Art Museum Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

The controlled entities are:

- The New England Regional Art Museum Foundation;
- The Howard Hinton Trust; and
- The Chandler Coventry Trust.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the consolidated entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the consolidated entity have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the consolidated entity are:

Sales revenue

Sales revenue is derived from public program events and shop sales. Revenue is recognised when the company satisfies its performance obligation by providing the goods and services to the customer.

Grant revenue

Grants are received by the company from local and state government, philanthropic trusts, and other organisations for the purposes of capital and operational projects. Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Other income

Donations

Donations and bequests are recognised as revenue when received. Contributions to the Collection are recognised as revenue when the entity obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity, and the amount of the contribution can be measured reliably. Contributions are measured at their fair value.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(a) Revenue and other income continued

Other income continued

Dividends

Dividends are recognised when the entity's right to receive payment is established.

Other income is recognised on an accruals basis when the consolidated entity is entitled to it.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the consolidated entity presents the contract as a contract asset, unless the consolidated entity's rights to that amount of consideration are unconditional, in which case the consolidated entity recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the consolidated entity presents the contract as a contract liability.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, at call deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(d) Financial instruments

Financial instruments are recognised initially on the date that the consolidated entity becomes party to the contractual provisions of the instrument.

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

Trade Receivables

Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(d) Financial instruments continued

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Inventories

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

(g) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Collection Assets

Collection assets (including artworks) are carried at fair value based on independent and Director's valuations, and in line with the company valuation policy. The increase in the value of these assets is recorded in other comprehensive income and accumulated in the asset revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decreases of the same asset previously recognised in profit or loss. Items acquired for nil or nominal consideration have been recorded at the fair value at acquisition date. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

The collection assets Valuation and Stocktaking policy provides for the revaluation of the collection to be undertaken by an independent qualified valuer in-line with the set valuation schedule which staggers valuations over a 6 or 10 year cycle. The artworks are categorised by collection.

The collection assets are divided into four classes; Howard Hinton, Chandler Coventry, NERAM & Armidale City and the Museum of Printing.

Hinton, Coventry and NERAM & Armidale City collections (paintings only) are formally valued by an independent valuer every 6 years per the schedule. All other artworks from the NERAM & Armidale City Collection are revalued by the Directors every 6 years and Museum of Printing collection every 10 years.

Notwithstanding the revaluation period, if there are indicators that fair value has changed, then a revaluation may be scheduled sooner.

The collections assets were independently valued by Matt Henry Art Broker (the Howard Hinton Collection was revalued in June 2017, and the Chandler Coventry Collection in 2019) and Sandra McMahon (the Armidale City Collection in 2020). The other collections are scheduled for revaluation in 2021. The valuations are based on observable market information.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment continued

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Fixed asset class	Depreciation rate
Plant and Equipment	5% - 33%
Furniture, Fixtures and Fittings	5% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Leases

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

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

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

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

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(i) Leases continued

rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the consolidated entity's assessment of lease term.

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

Exceptions to lease accounting

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

(j) Employee benefits

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

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

(k) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) 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 principal 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 interests. 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies continued

(m) Adoption of new and revised accounting standards

The Consolidated Entity has adopted all standards which became effective for the first time at 31 December 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the consolidated entity.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the consolidated entity.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Valuation of Collection Assets

The collection assets are valued in-line with the Valuation and Stocktaking policy which provides for the revaluation of the collection to be undertaken by an independent qualified valuer in-line with the set valuation schedule which staggers valuations over a 6 or 10 year cycle as described in Note 2(g). If there are indicators that fair value has changed, then a revaluation may be scheduled sooner. The valuation is based on observable market information and the critical assumptions adopted in determining the valuation includes the assessment of recent actions and the significance and quality of the work.

Key estimates - provisions

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

As discussed in note 2(j), 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.

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Notes to the Financial Statements

For the Year Ended 31 December 2020

4 Revenue and Other Income

Revenue from contracts with customers

	2020	2019
	\$	\$
Sales revenue - recognised at a point in time		
- Shop sales	84,673	76,890
- Public Programmes income	259,606	211,017
- Consignment sales	12,233	13,385
- Collection income	4,550	4,150
	<u>361,062</u>	<u>305,442</u>
Grant revenue - recognised at a point in time		
- Armidale Regional Council	359,827	352,875
- Arts NSW	60,000	60,000
- Margaret Olley Trust	126,272	123,066
- Other organisations	91,247	25,228
	<u>637,346</u>	<u>561,169</u>
Total revenue from contracts with customers	<u>998,408</u>	<u>866,611</u>

	2020	2019
	\$	\$
Other Income		
- Donations	296,291	538,423
- Fundraising	27,480	25,026
- Insurance recoveries	-	19,510
- Dividend income	68,606	66,022
- Member subscriptions	-	(105)
- Interest	2,192	4,710
- Government subsidies	312,001	-
- Sundry income	8,663	16,685
Total other income	<u>715,233</u>	<u>670,271</u>

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

5 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
	\$	\$
Employee benefit expenses		
Salaries and wages	465,216	369,523
Contractors	30,411	15,376
Superannuation contributions	37,458	33,044
Workers compensation	5,849	7,531
Other short term costs	1,308	6,060
	<u>540,242</u>	<u>431,534</u>

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	4,434	1,762
Short-term deposits	59,825	56,361
Deposits at call	904,646	718,364
	<u>968,905</u>	<u>776,487</u>

7 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	136,885	10,479
Other receivables	99,914	29,406
	<u>236,799</u>	<u>39,885</u>

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

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

8 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Stock on hand - shop stock	37,171	23,811
Exhibition	30,264	18,713
	<u>67,435</u>	<u>42,524</u>

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

9 Property, plant and equipment

	2020	2019
	\$	\$
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	-	72,667
Plant and equipment		
At cost	753,982	744,001
Accumulated depreciation	(358,221)	(319,505)
Total plant and equipment	395,761	424,496
Furniture, fixtures and fittings		
At cost	847,451	594,526
Furniture, Fixtures and Fittings	(159,353)	(109,824)
Total furniture, fixtures and fittings	688,098	484,702
COLLECTION		
At fair value		
Hinton Collection	30,126,656	30,126,656
NERAM Collection	4,090,964	3,896,040
Coventry Collection	2,632,677	2,632,677
Museum of Printing Collection	238,640	238,640
Armidale City Collection	133,480	108,715
Total Collection assets	37,222,417	37,002,728
Total property, plant and equipment	38,306,276	37,984,593

(a) Movements in Carrying Amounts

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

	Capital Works in Progress	Plant & Equipment	Fitout & Fittings	Collection Assets	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2020					
Balance at beginning of period	72,667	424,496	484,702	37,002,728	37,984,593
Additions	-	9,981	176,185	224,055	410,221
Disposals	-	-	-	(29,131)	(29,131)
Depreciation	-	(38,716)	(46,114)	-	(84,830)
Transfers	(72,667)	-	72,667	-	-
Revaluation increase recognised in equity	-	-	-	74,765	74,765
Other changes and movements	-	-	658	-	658
Balance at the end of the year	-	395,761	688,098	37,272,417	38,356,276

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Other Assets

	2020	2019
	\$	\$
CURRENT		
Other Assets	7,935	8,227

11 Right-of-use assets

	Buildings	Total
	\$	\$
Year ended 31 December 2020		
Balance at beginning of year	191,745	191,745
Amortisation charge	(23,137)	(23,137)
Balance at end of year	168,608	168,608

	Buildings	Total
	\$	\$
Year ended 31 December 2019		
Balance at beginning of year	191,745	191,745
Amortisation charge	(11,563)	(11,563)
Balance at end of year	180,182	180,182

12 Other Financial Assets

Financial assets at fair value

	2020	2019
	\$	\$
NON-CURRENT		
Listed investments - fair value through other comprehensive income	1,092,136	1,056,645

13 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	62,634	68,501
GST payable	(2,995)	9,913
Employee benefits	16,259	28,127
Sundry payables and accrued expenses	16,295	11,026
	92,193	117,567

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

13 Trade and Other Payables continued

value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Borrowings

	2020	2019
	\$	\$
NON-CURRENT		
Unsecured liabilities:		
Solar loan	100,000	100,000

15 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Annual leave	43,883	33,606
Non-current liabilities		
Long service leave	15,674	6,324

16 Contract Balances

Contract assets and liabilities

The Consolidated Entity has recognised the following contract assets and liabilities from contracts with customers:

Current contract liabilities

	2020	2019
	\$	\$
CURRENT		
Funding in advance	485,853	459,988
Adopt an Artwork	67,164	88,554
Helen Dangar Memorial Bursary	69,165	69,165
Other contract liabilities	52,259	33,197
	674,441	650,904

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

17 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on collection assets held under the revaluation model.

	2020	2019
	\$	\$
Asset revaluation reserve		
Opening Balance	511,916	511,916
Gain/(loss) on revaluation of collection assets	24,765	-
	<u>536,681</u>	<u>511,916</u>
Financial asset reserve		
Opening Balance	101,508	14,140
Gain/(loss) on revaluation of available for sale assets	(32,795)	87,368
	<u>68,713</u>	<u>101,508</u>

18 Contractual Commitments

Right to use building

Minimum lease payments under non-cancellable leases

- not later than one year	11,574	10,800
- over one year	157,937	170,285
	<u>169,511</u>	<u>181,085</u>

19 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Company. At 31 December 2020 the number of members was 254 (2019: 253).

20 Key Management Personnel Disclosures

As there is a single key management person, non-compliance with AASB 124 has been chosen so as to not breach the Company's confidentiality policy.

21 Going concern and economic dependence

New England Regional Art Museum Limited is economically dependent on the Armidale Regional Council under a 20 year funding agreement. At the date of this report, the Board of Directors has no reason to believe the Armidale Regional Council will not continue to support New England Regional Art Museum Limited, and accordingly, the financial statements have been prepared on a going concern basis.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business and economic activities and the realisation of assets and discharge of liabilities in the normal course of

Notes to the Financial Statements

For the Year Ended 31 December 2020

21 Going concern and economic dependence continued

business. In arriving at this position, in the opinion of the directors the Consolidated Entity will, based on varying cash flow forecasts, have access to sufficient funds to meet administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

With the increasing disruption to normal economic and business activity, as a result of the COVID19 pandemic announced by the World Health Organisation in March 2020 and the Federal Government's subsequent announcements of protocols that have already been instigated and the potential for others, the likelihood of normal business operating conditions prevailing in the near term is uncertain. This creates a level of uncertainty about the future trading outlook for all organisations in Australia and the Consolidated Entity is no exception. It is not possible to reliably assess the potential impacts at the present time. Consequently the Directors believe that this represents a material uncertainty that casts significant doubt as to whether the Consolidated Entity will be able to continue as a going concern and pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

22 Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, which are 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	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity 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.

The table below shows the assigned level for each asset and liability held at fair value by the consolidated entity:

	Level 1	Level 2	Level 3	Total
31 December 2020	\$	\$	\$	\$
Recurring fair value measurements				
Collection assets	-	37,222,417	-	37,222,417
Investments in listed securities	1,092,136	-	-	1,092,136
31 December 2019	\$	\$	\$	\$
Recurring fair value measurements				
Collection assets	-	37,002,728	-	37,002,728
Investments in listed securities	1,056,645	-	-	1,056,645

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019:None).

New England Regional Art Museum Limited and Controlled Entities

ABN: 47 131 297 731

Notes to the Financial Statements

For the Year Ended 31 December 2020

24 Related Parties

The consolidated entity's main related parties are its key management personnel - refer to Note 20, and other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no trade receivables from or trade receivables to related parties at the end of the current reporting period. There were no loans to or from related parties at the current and previous reporting period.

25 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Profit for the year	761,365	1,352,830
Cash flows excluded from profit attributable to operating activities		
Dividends	(68,606)	(66,022)
Non-cash flows in profit:		
- depreciation	96,404	112,823
- deaccession of collection assets	29,131	-
- (gain)/loss on revaluation of Collection assets	-	(767,566)
- Artwork donations at fair value	(224,713)	(394,875)
- rent relief provided by lessor	(5,215)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(196,597)	1,411
- (increase)/decrease in other assets	292	3,634
- (increase)/decrease in inventories	(24,911)	(19,539)
- increase/(decrease) in trade and other payables	(25,694)	47,712
- (increase)/decrease in contract liabilities	23,537	191,901
- increase/(decrease) in provisions	19,627	17,684
Cashflows from operations	<u>384,620</u>	<u>479,993</u>

26 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 24 August 2021 by the board of directors.

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

New England Regional Art Museum Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2020

27 Statutory Information

The registered office and principal place of business of the company is:

New England Regional Art Museum Limited and Controlled Entities
106 - 114 Kentucky Street
Armidale NSW 2350

New England Regional Art Museum Limited

ABN: 47 131 297 731

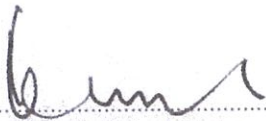
Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 8 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the Company and its controlled entities.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Dr Robert Clarke

Director



Kim Taylor

Dated 24 August 2021

ARMIDALE

121 Rusden Street
PO Box 114
Armidale NSW 2350
Phone 02 6773 8400
Fax 02 6772 9957
armidale@forsyths.com.au

New England Regional Art Museum Limited

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New England Regional Art Museum Limited (the Company) and its subsidiaries (the consolidated entity), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2016*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Going Concern

Without qualifying our opinion, we draw your attention to the information regarding going concern set out in Note 21 to the financial statements. The financial report has been prepared on a going concern basis despite the events and conditions which may indicate that a material uncertainty may exist which may cast significant doubt on the Company's ability to continue as a going concern which has been stated in Note 21.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in

New England Regional Art Museum Limited

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

accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

New England Regional Art Museum Limited

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

presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Paul Cornall
Partner

121 Rusden Street, Armidale NSW
24 August 2021