



INDEPENDENT AUDIT REPORT

To the Members of the Parliament of Tasmania

NATIONAL TRUST OF AUSTRALIA (TASMANIA)

Financial Statements for the Year Ended 30 June 2008

Report on the Financial Statements

I have audited the accompanying financial statements of the National Trust of Australia (Tasmania) (the Trust), which comprise the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement from directors of the Trust.

The Responsibility of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 37 of the *National Trust Act 2006*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, 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 statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

Bases for Qualified Audit Opinion

Included in revenue are amounts relating to proceeds from functions, fundraising activities, donations and admittance fees, totalling \$277 104 (2007, \$191 226) over which it is not practicable to establish accounting controls prior to receipt of such funds due to the cash nature of that revenue. Accordingly, it was not practicable for my examination to extend beyond amounts recorded as having been received and as shown in the accounting records of the Trust.

The Trust has failed to comply with Australian Accounting Standard AASB 116 '*Property, Plant and Equipment*' by not depreciating or amortising freehold buildings and leasehold improvements respectively. In addition, the Trust possesses certain heritage collections referred to in Note 1 of the financial statements, but these assets have not been recognised in the financial statements. Due to the nature of the assets, it is not possible to quantify the financial effects of the Trust's failure to comply with the accounting standard.

As detailed in Note 7 to the financial statements, the Trust has recognised grant income in advance totalling \$75 000. The income in advance does not meet the recognition criteria for a liability. Accordingly, current liabilities should be reduced by \$75 000 and the surplus for the year and retained earnings should be increased by \$75 000.

Qualified Audit Opinion

In my opinion except for the effects of such adjustments, if any, as might have been determined necessary had the limitations and matters referred to in the qualification paragraphs not existed, the financial statements of the National Trust of Australia (Tasmania):

- (a) present fairly, in all material respects, the financial position of the National Trust of Australia (Tasmania) as at 30 June 2008, and its financial performance, cash flows and changes in equity for the year then ended; and
- (b) are in accordance with the *National Trust Act 2006* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

HOBART
13 October 2008

NATIONAL TRUST OF AUSTRALIA (TASMANIA)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

STATEMENT BY BOARD

In the opinion of the Directors of the National Trust of Australia (Tasmania):

- (a) The accompanying financial statements of the Trust on pages 3 to 19 have been prepared in accordance with the National Trust Act 2006, Australian Accounting Standards and proper accounts and records to present fairly the financial transactions and cash flows for the year ended 30 June 2008 and the financial position at that date; and
- (b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.


.....

Dated this **30th** day of **SEPTEMBER** 2008

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Revenue			
Revenue from sale of goods		147,817	105,481
<i>Recurrent grants</i>			
State government			
Administration grant		300,000	275,000
Commonwealth government		76,437	73,359
<i>Specific purpose grants</i>			
State Government			
Other Funding Programs		102,702	57,286
<i>Other revenue</i>	2d	418,667	309,197
<i>Other income</i>			
Net profit/ (loss) from sale of property, plant and equipment	2a	-	(2,869)
Capital gain/ (loss) on sale of investments		(1,391)	-
Total revenue		1,044,232	817,454
Expenses			
Cost of goods sold		92,904	56,366
Borrowing Costs		37,214	37,867
Employee Expenses	2c	317,195	303,453
Depreciation		32,444	22,426
Other Expenses	2b	424,924	406,612
Total Expenses		904,681	826,724
Surplus / (deficit) for the period		139,551	(9,270)

The accompanying notes set out on pages 7 to 21 form part of the financial statements

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	11a	80,774	45,011
Trade and other receivables	3	50,278	32,690
Inventories	4	69,325	71,962
Other financial assets	5	353,672	179,275
Prepayments		3,901	-
Total current assets		557,950	328,938
NON-CURRENT ASSETS			
Property, plant and equipment	6	5,141,416	3,607,857
Total non-current assets		5,141,416	3,607,857
TOTAL ASSETS		5,699,366	3,936,795
CURRENT LIABILITIES			
Trade and other payables	7	223,241	126,317
Interest bearing liabilities	8	145,688	300,936
Employee benefits	9	47,862	39,641
Provision	10	130,275	76,162
Total current liabilities		547,066	543,056
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	100,000	100,000
Employee benefits	9	8,333	7,348
Provision	10	350,837	258,050
Total non-current liabilities		459,170	365,398
TOTAL LIABILITIES		1,006,236	908,454
NET ASSETS		4,693,130	3,028,341
EQUITY			
Retained earnings		3,167,892	3,028,341
Reserves		1,525,238	-
TOTAL EQUITY		4,693,130	3,028,341

The accompanying notes set out on pages 7 to 21 form part of the financial statements

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows:			
Receipts from customers		637,733	485,421
Interest Received		354	141
Government Funding			
State Government recurrent grants		375,000	150,000
Commonwealth government recurrent		76,437	73,359
State Government specific		102,702	57,286
Outflows:			
Payments to suppliers and employees		(902,092)	(891,360)
Interest Paid		(29,469)	(30,454)
Net cash from (used in) operating activities	11(b)	<u>260,665</u>	<u>(155,607)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Proceeds from disposal of property, plant & equipment		182	10,318
Proceeds from / (payments for) investments		(28,888)	4,377
Outflows:			
Payments for property, plant & equipment		(40,948)	(86,696)
Net cash from (used in) investing activities		<u>(69,654)</u>	<u>(72,001)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from / (repayment of) borrowings		-	(3,453)
Net cash from (used in) financing activities		<u>-</u>	<u>(3,453)</u>
Net increase (decrease) in cash held		191,011	(231,061)
Cash at beginning of financial year		(153,925)	77,136
Cash at end of financial year	11(a)	<u><u>37,086</u></u>	<u><u>(153,925)</u></u>

The accompanying notes set out on pages 7 to 21 form part of the financial statements

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Retained Earnings \$	Asset Revaluation Reserve \$	Total Equity \$
As at 1 July 2006	3,037,611	-	3,037,611
Profit / (loss) for the period	(9,270)	-	(9,270)
As at 30 June 2007	<u>3,028,341</u>	<u>-</u>	<u>3,028,341</u>
As at 1 July 2007	3,028,341	-	3,028,341
Surplus / (deficit) for the period	139,551	-	139,551
Asset Revaluations	-	1,525,238	1,525,238
As at 30 June 2008	<u>3,167,892</u>	<u>1,525,238</u>	<u>4,693,130</u>

The accompanying notes set out on pages 7 to 21 form part of the financial statements.

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of National Trust Act 2006 and Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board. International financial reporting standards (IFRS) form the basis of the Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (AIFRS). Some AIFRSs contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. Except to the extent that these special provisions require, this financial report complies with AIFRSs.

The following standards and amendments have been applied for the first time in the 2007/ 2008 financial report:

Standard	Title	Operative date	Impact
AASB 7	Financial Instruments	1 January 2007	Application has no impact on the Trust's financial results. For financial instrument disclosures see Note 14.
AASB 102	Inventories	1 July 2007	Application has no impact on the Trust's financial performance.

The following standards and amendments were available for early adoption but have not been applied by the Trust in the financial report:

Standard	Title	Operative date	Impact
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101 Presentation of Financial Statements	1 January 2009	Revised AASB 101 introduces the 'Statements of Comprehensive Income'. It does not change the recognition, measurement or disclosures of transactions or events required by other AASB's.
AASB 123	Borrowing Costs	1 January 2009	Initial application is not expected to have an impact on the Trust's financial results as the transitional provisions of the standard do not require retrospective application.

(b) Basis of preparation

The financial report is presented in Australian dollars

**NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

The financial report has been prepared on the historical cost basis, unless where stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been constantly applied by the trust.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no judgements or estimates made by management in the application of Australian Accounting Standards that have a significant effect on the financial report, except the decision not to depreciate freehold properties and leasehold improvements (refer Note 1 (i)).

Going Concern

The financial report has been prepared on a going concern basis notwithstanding the excess of current liabilities over current assets at 30 June 2008. The Trust has identified various plans which are expected to provide the necessary funding to enable it to meet its operational commitments and debt repayment program including, if necessary, the sale of various Trust assets.

Economic Dependency

The Trust is aware that its future operations are dependent upon continued financial support from the State Government and the receipt of future grant funding.

Capital Management

The Trust manages its capital to ensure that it will be able to continue as a going concern. The Trust seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The capital structure of the Trust consists of debt, which includes borrowings (Note 8), cash and cash equivalents (Note 11a), other financial assets (Note 5) and equity comprising accumulated surplus and reserves.

Operating cash flows are used to maintain and expand the Trust's property, plant and equipment and antique assets, as well as to make routine outflows such as the repayment of maturing debt.

There were no significant changes in the Trust's approach to capital management during the year.

(c) Revenue Recognition

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer

All grant monies are recorded as revenue by the Trust in the period to which they relate.

Where the Trust becomes obligated to repay a capital grant, a liability and expense are recognised in the period in which the present obligation to repay the grant, or part of a grant, arises

**NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(d) Borrowing Costs

Borrowing costs include interest and ancillary costs incurred in connection with interest-bearing liabilities. Borrowing costs are expensed as incurred.

(e) Goods and services tax

Revenues, 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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Refer Note 11 (a).

(g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(h) Inventories

Stocks of brochures, catalogues and trading stock are valued at the lower of cost or net replacement cost.

(i) Other Financial Assets

The balance of Other Financial Assets is comprised of the Restoration Fund bank accounts. This investment has been classified as financial assets at fair value through profit and loss.

(j) Property, plant and equipment

Freehold properties

The Trust's freehold land and buildings are disclosed in the financial statements at valuation. These properties were re-valued during the 2008 financial year. The Trust's policy is to undertake a revaluation of freehold properties with sufficient regularity to ensure the carrying amount approximates its fair values.

**NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

No provision has been made in these accounts for depreciation of buildings on freehold land as it is deemed not applicable because, being heritage assets, there is a restriction on the utilisation of these premises and accordingly it is not possible to assign appropriate asset lives.

Leasehold properties

Leasehold properties are disclosed at cost of improvements and represent properties leased at a nominal or no rental charge from the Department of Primary Industries and Water, Local Government Councils and the Tasmanian Ports Corporation. The Trust has not renewed its lease on the former Marine Board building in Devonport. However the Trust presently intends to renew all other leases at their expiration date and to hold the properties in perpetuity, therefore it is difficult to calculate an appropriate time period over which to amortise the recorded cost of improvements. The resulting treatment is that these improvements are not amortised. In addition, during any given year restoration and repair work may be undertaken on these properties at a direct cost to the owner. Therefore the Trust will obtain future benefits from the work undertaken on the properties but will not capitalise the additional cost of these improvements.

Heritage collections

The items disclosed as forming the heritage collections are recognised at cost less accumulated impairment losses. Cost is determined as either the purchase price, or for properties gifted to the Trust, based on independent valuations obtained from qualified dealers (based on market values).

In addition, the Trust has in its possession household furniture and effects, pictures, plates, plated articles, china, glass, books and other articles bequeathed to the Trust and held in Trust houses. Because of their age and nature, these items have not been valued and therefore not included in these financial statements.

Plant and equipment

All other items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement using the diminishing value method over the estimated useful life of the asset at a rate of 15%.

(k) Trade and other payables

Trade and other payables are stated at amortised cost.

(l) Interest bearing liabilities

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequently they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(m) Provisions for employee entitlements

Wages, salaries, and annual leave

Liabilities for the employee benefits for wages, salaries, annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Trust expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

**NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Long service leave

The employees of the Trust are entitled to long service leave after 15 years of service. The Trust provides for long service leave in respect of those employees having more than seven years service calculated at nominal amounts based on current wage and salary rates, including related on-costs.

This provision provides an estimate of the long service leave liability not materially different from using expected future increases in wage and salary rates, including related on-costs, and discounting using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Trust's obligations.

Superannuation

Accumulated contributions funds operate for employees. Employees contribute to the funds on a fixed percentage of salary and a similar fixed percentage of salary is contributed by the employer. Employer contributions are recognised as an expense in the income statement as incurred. The Trust is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

(n) Impairment

The carrying amounts of the Trust's assets, other than inventories (see accounting policy h) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

(o) Income tax

The Trust is exempt from income tax.

**NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note	2008 \$	2007 \$
2a. Net profit from sale of property , plant and equipment		
Net Proceeds from sale of assets	-	10,318
Written down value of assets sold	-	(13,187)
	<u>-</u>	<u>(2,869)</u>
2b. Other expenses		
Advertising	30,586	28,763
Auditors' remuneration	13,627	16,000
Bank expenses	5,069	7,647
Cleaning	6,835	6,026
Computer costs	2,102	-
Consulting services	13,271	24,700
Donations	3,064	2,523
Heritage Week	22,249	15,871
Insurance	46,619	52,591
Legal expenses	1,450	2,300
Levies - Australian Council of National Trusts	3,049	2,957
Light, water and power	33,080	26,434
Maintenance of grounds	24,014	9,063
Newsletter	6,658	3,239
Postage	6,387	5,983
Printing and stationery	20,891	14,855
Rates and land taxes	23,563	21,670
Rent	2,562	4,912
Repairs	73,647	100,890
Security	11,519	12,002
Seminar and meeting expenses	5,937	3,450
Staff training	6,932	1,527
Sundry	14,600	9,538
Telephone, Fax and Internet	23,536	21,408
Travelling and motor vehicle expenses	23,673	12,263
	<u>424,924</u>	<u>406,612</u>

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
2c. Employee expenses			
Wages and salaries		289,173	277,795
Employee Provisions		-	(1,108)
Workers Compensation		3,266	2,359
Superannuation		24,756	24,407
		<u>317,195</u>	<u>303,453</u>
2d. Other revenue			
Subscriptions		40,691	38,987
Admissions		132,569	127,406
Net proceeds from funding activities		36,284	26,747
Donations, bequests & sponsorships		40,419	37,073
Interest		354	235
Rentals		60,359	50,857
Sundry		40,159	27,892
GST amendments re admissions		67,832	-
		<u>418,667</u>	<u>309,197</u>
3. Trade and other receivables			
GST Debtor		-	6,783
Trade debtors		50,278	25,907
		<u>50,278</u>	<u>32,690</u>
4. Inventories			
At cost		<u>69,325</u>	<u>71,962</u>
5. Other financial assets			
Restoration account		353,672	177,884
Bajada Pty Ltd - shares		-	1,391
		<u>353,672</u>	<u>179,275</u>
6. Property, plant and equipment			
Land & Buildings			
Freehold premises - at cost	1(i)	-	2,541,305
Freehold premises - at valuation		<u>4,068,732</u>	<u>-</u>
Leasehold premises	1(i)	<u>653,305</u>	<u>653,305</u>
Total land and buildings		<u>4,722,037</u>	<u>3,194,610</u>

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
6. Property, plant and equipment (continued)			
Plant and equipment			
At cost		462,614	445,604
less accumulated depreciation		(343,595)	(311,151)
		<u>119,019</u>	<u>134,453</u>
Heritage collections - at cost	1(i)	<u>300,360</u>	<u>278,794</u>
<i>Total Property, Plant & Equipment</i>		<u><u>5,141,416</u></u>	<u><u>3,607,857</u></u>
<i>Reconciliations:</i>			
Land and buildings			
Carrying amount at beginning of the year		3,194,610	3,194,610
Revaluations		<u>1,527,427</u>	<u>-</u>
Carrying amount and end of the year		<u><u>4,722,037</u></u>	<u><u>3,194,610</u></u>
The two commercial properties known as the Umbrella Shop and Ellis House were valued by an independent valuer. The remaining properties were valued based on the valuer generals valuation for determination of council rates. These revaluations were effective from the 28 February 2008.			
Plant and equipment			
Carrying amount at beginning of year		134,453	102,931
Additions		19,381	67,134
Asset write-offs		(2,189)	-
Disposals		(182)	(13,186)
Depreciation		<u>(32,444)</u>	<u>(22,426)</u>
Carrying amount at end of the year		<u><u>119,019</u></u>	<u><u>134,453</u></u>
Heritage collections			
Carrying amount and beginning of year		278,794	259,233
Additions		<u>21,566</u>	<u>19,561</u>
Carrying amount at end of the year		<u><u>300,360</u></u>	<u><u>278,794</u></u>
7. Trade and other payables			
Trade creditors and accruals		138,053	126,317
Loan - Runnymede		6,500	-
GST creditor		2,318	-
Grant income in advance		75,000	-
Income in advance		<u>1,370</u>	<u>-</u>
		<u><u>223,241</u></u>	<u><u>126,317</u></u>

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
8. Interest bearing borrowings			
Current			
Bank overdraft - Secured	11(a)	43,688	198,936
Loan - Tasmanian Heritage Council		102,000	102,000
		<u>145,688</u>	<u>300,936</u>
Non-Current			
Loan - Tasmanian Trustees Limited		100,000	100,000
		<u>100,000</u>	<u>100,000</u>

The bank overdraft is secured by a first registered mortgage over Oak Lodge, Richmond. The bank overdraft is payable on demand and is subject to annual review.

The loan from the Tasmanian Heritage Council is an interest only loan secured by a first registered mortgage over Franklin House, Launceston.

The loan from Tasmanian Trustees Limited is an interest only loan and is secured by first mortgage over The Old Umbrella Shop, Launceston. The loan does not have any fixed term and the Trust intends to repay when funds allow. The loan bears interest at the variable market rate which is payable quarterly in arrears.

9. Employee benefits

Current		
Annual Leave	31,893	25,726
Long Service Leave	15,534	13,555
Oncosts on Employee Benefits	435	360
	<u>47,862</u>	<u>39,641</u>

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Non-Current			
Long Service Leave		8,257	7,281
Oncosts on Employee Benefits		76	67
		<u>8,333</u>	<u>7,348</u>
Total Employee Benefits		55,684	46,562
Number of employees on a FTE basis at year-end		5.7	5.6
10. Provisions			
Restoration Fund - Note 12(a)			
Current		130,275	76,162
Non-Current		350,837	258,050
		<u>481,112</u>	<u>334,212</u>
Restoration Fund - Note 12(a)			
Balance at 1 July		334,212	349,191
Restoration Appeal Funds Received		245,050	104,445
Restoration Appeal Funds Paid Out		(98,150)	(119,424)
		<u>481,112</u>	<u>334,212</u>

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note	2008 \$	2007 \$
11. Notes to the statement of cash flows		
(a) Reconciliation of cash		
For the purpose of the statement of cash flows, cash includes cash on hand and at bank net of outstanding bank overdrafts. Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash assets	80,774	45,011
Bank overdraft	(43,688)	(198,936)
	<u>37,086</u>	<u>(153,925)</u>
(b) Reconciliation of net cash from operating activities		
Surplus / (deficit) for the period	139,551	(9,270)
<i>Add/ (less) non-cash items</i>		
(Profit)/ Loss on sale of property, plant equipment and investments	1,391	2,869
Depreciation	32,444	22,426
<i>Changes in assets and liabilities</i>		
(Increase)/ Decrease in inventories	2,637	(12,183)
(Increase)/ Decrease in receivables	(17,588)	(18,474)
(Increase)/ Decrease in prepayments	(3,901)	-
Increase/ (Decrease) in employee provisions	9,206	(1,106)
Increase/ (Decrease) in payables	20,555	(14,869)
Increase/ (Decrease) in income in advance	76,370	(125,000)
	<u>260,665</u>	<u>(155,607)</u>

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12. Commitments

(a) Restoration appeal trust funds

The Trust administers appeal monies on behalf of individual restoration appeals. The Trust must approve expenditure before any appeal monies are paid. The level of appeal monies held as at balance date for which the Trust has a commitment to undertake specific works totalled \$481,112 (2007: \$334,212) as per note 10. The timing of expenditure of these funds is generally expected to be greater than one year.

The total cash held at balance date to meet these commitments was \$353,672 (2007: \$179,275).

(b) Insurance Premiums

The Trust has entered into an agreement to pay its insurance premiums in ten monthly instalments. At 30 June 2008, the Trust has an outstanding commitment relating to insurance payments totalling \$27,300 (2007: \$34,034).

13. Segments

The Trust operates predominately in one business segment being heritage preservation and tourism and one geographic segment being Tasmania. The primary services provided by the Trust are the protection, maintenance and promotion of heritage place and objects.

NATIONAL TRUST OF AUSTRALIA (TASMANIA)
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14. Financial Instruments

1. Financial Risk Management and Risk Exposures

a) Risk management policies and processes

The Trust has exposure to the following risks from its use of financial instruments:

Credit risk;
 Liquidity risk; and
 Market risk.

The Managing Director has overall responsibility for the establishment and oversight of the Trust's risk management framework. Risk management policies are established to identify and analyse risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

i) Credit risk

Exposures

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash and investments.

The carrying amount of financial assets recorded in the financial statements represents the Trust's maximum exposure to credit risk without taking account of any collateral or other security.

The Trust's policy in relation to receivables is summarised below.

Debtors of the Trust are required to settle their accounts within 30 days. Debtors may apply to the Trust to pay accounts by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside of approved payment options, the Trust will instigate collection proceedings.

ii) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

iii) Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimizing the return to the Trust.

2. Net Fair Values and Categories of Financial Assets and Liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet, are as follows:

Fair Values	30 June 2008		30 June 2007	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Cash and cash equivalents	80,774	80,774	45,011	45,011
Receivables	50,278	50,278	32,690	32,690
Other financial assets	353,672	353,672	179,275	179,275
	<u>484,724</u>	<u>484,724</u>	<u>256,976</u>	<u>256,976</u>
Financial liabilities				
Payables	223,241	223,241	126,317	126,317
Interest bearing liabilities	245,688	245,688	400,936	400,936
	<u>468,929</u>	<u>468,929</u>	<u>527,253</u>	<u>527,253</u>
Net financial assets / (liabilities)	<u>15,795</u>	<u>15,795</u>	<u>(270,277)</u>	<u>(270,277)</u>

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Carrying amounts classified as:

	30 June 2008	30 June 2007
Financial assets		
Financial assets at fair value through profit and loss - upon initial recognition	353,672	179,275
Financial assets at fair value through profit and loss - held for trading	-	-
Loans and receivables	50,278	32,690
Available for sale financial assets	-	-
Held to maturity investments	-	-
Cash and cash equivalents	80,774	45,011
	<u>484,724</u>	<u>256,976</u>
Financial liabilities		
Financial liabilities at fair value through profit and loss - upon initial recognition	-	-
Financial liabilities at fair value through profit and loss - held for trading	-	-
Financial liabilities measured at amortised cost	468,929	527,253
	<u>468,929</u>	<u>527,253</u>
Net financial assets / (liabilities)	<u>15,795</u>	<u>(270,277)</u>

3. Maturity of Financial Liabilities

The following tables detail the undiscounted cash flows payable by the Trust (excluding interest) by remaining contractual maturity for its financial liabilities.

	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Carrying amount
30 June 2008						
Payables	148,241	-	-	-	148,241	148,241
Interest bearing liabilities	145,688	-	-	100,000	245,688	245,688
	<u>293,929</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>393,929</u>	<u>393,929</u>
30 June 2007						
Payables	126,317	-	-	-	126,317	126,317
Interest bearing liabilities	300,936	-	-	100,000	400,936	400,936
Total	<u>427,253</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>527,253</u>	<u>527,253</u>

4. Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The analysis assumes all other variables remain constant and was performed on the same basis for 2007.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

	Profit/ (loss) 2008	2007	Equity 2008	2007
+1% (100 basis points)	1,888	(1,767)	1,888	(1,767)
-1% (100 basis points)	(1,888)	1,767	(1,888)	1,767

5. Ageing of Debtors

The following table provides an ageing of the Trust's trade receivables at the reporting date:

	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
Not past due	18,402	-	13,283	-
Past due 0 - 30 days	8,142	-	3,880	-
Past due 31 - 60 days	17,698	-	561	-
Past due 60 days	6,036	-	8,183	-
	<u>50,278</u>	<u>-</u>	<u>25,907</u>	<u>-</u>

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15. Related party transactions

There were no related party transactions for the year ended 30 June 2008.

16. Subsequent events

There were no events occurring after the reporting date that would materially effect any of the amounts or disclosures in these accounts.