



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

ABN 41 217 401 179

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

This Financial Report was authorised for issue by the Trustee, National Trust of Australia (New South Wales)
Heritage Foundation Limited, on 14 October 2019.

The Trustee has the power to amend and re-issue the Financial Report.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

DECLARATION BY DIRECTORS OF TRUSTEE COMPANY

The directors of the trustee, National Trust of Australia (NSW) Heritage Foundation Limited, declare that, in our opinion:

- (a) there are reasonable grounds to believe that the National Trust of Australia (NSW) Heritage Foundation Ancillary Fund is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes set out on pages 5 to 12 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The declaration is made in accordance with a resolution of the directors of the trustee.

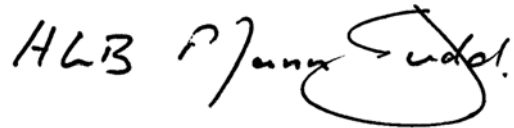
Robert Elliott
Director – National of Trust Australia (NSW)
Heritage Foundation Limited

Deborah Mills
Director – National of Trust Australia (NSW)
Heritage Foundation Limited

Sydney, NSW
14 October 2019

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, we declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to our audit of The National Trust of Australia (NSW) Heritage Foundation Ancillary Fund for the year ended 30 June 2019.



Sydney, NSW
14 October 2019

HLB Mann Judd
Chartered Accountants

Independent Auditor's Report to the Members of National Trust of Australia (NSW) Heritage Foundation Ancillary Fund:

Opinion

We have audited the financial report of National Trust of Australia (NSW) Heritage Foundation Ancillary Fund ("the Ancillary Fund"), which comprises the statement of financial position as at 30 June 2019, 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 Trustees' Declaration.

In our opinion,

- (a) the financial report of the Ancillary Fund has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 (the "ACNC Act")*, including:
 - (i) giving a true and fair view of the Ancillary Fund's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (b) we have been given all information, explanation and assistance necessary for the conduct of the audit;
- (c) the Ancillary Fund has kept financials records sufficient to enable a financial report to be prepared and audited; and
- (d) the Ancillary Fund has kept financial records as required by Part 3.2 of the ACNC Act.

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 Ancillary Fund in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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 Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the members, would be in the same terms if given 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.

Responsibilities of Trustee for the Financial Report

The Directors of National Trust of Australia (NSW) Heritage Foundation Limited ("the Directors") are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Ancillary Fund'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 Ancillary Fund or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Ancillary Fund's financial reporting process.

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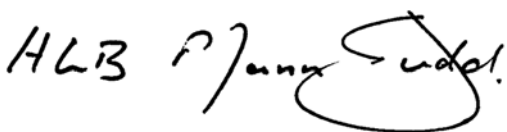
Auditor's Responsibilities for the Audit of the Financial Report

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 this 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 Ancillary Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 Ancillary Fund'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 Ancillary Fund 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 presentation.

We communicate with those charged with governance 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.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
17 October 2019**

A handwritten signature in black ink that reads 'D K Swindells'.

**D K Swindells
Partner**



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
Investment income	3	729,607	599,760
Donation		1,000,000	8,000,000
Total Revenue		1,729,607	8,599,760
Gain/(loss) on revaluation of investments		(98,677)	119,508
Total Other Income		(98,677)	119,508
Investment management fees		46,170	54,922
Transfer to The National Trust of Australia (NSW) Heritage Foundation Trust	7(b)	8,000,000	-
Total expenses		8,046,170	54,922
Surplus / (deficit) for the year before distribution		(6,415,240)	8,664,346
Other comprehensive income		-	-
Total comprehensive income / (loss)		(6,415,240)	8,664,346

This statement should be read in conjunction with the accompanying notes.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,081	7,289
Receivables	4	165,944	71,488
Total current assets		167,025	78,777
NON-CURRENT ASSETS			
Other financial assets	5	3,522,478	10,335,805
Total non-current assets		3,522,478	10,335,805
Total assets		3,689,503	10,414,582
CURRENT LIABILITIES			
Distribution payable		288,066	43,018
Total current liabilities		288,066	43,018
Total liabilities		288,066	43,018
Net assets		3,401,437	10,371,564
Retained surplus		3,401,437	10,371,564
Total accumulated funds		3,401,437	10,371,564

This statement should be read in conjunction with the accompanying notes.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2019**

	Retained Surplus \$
Total accumulated funds at 30 June 2017	<u>2,037,218</u>
Total comprehensive income for the year ended 30 June 2018	8,664,346
Distribution to The National Trust of Australia (New South Wales)	<u>(330,000)</u>
Total accumulated funds at 30 June 2018	<u>10,371,564</u>
Total comprehensive loss for the year ended 30 June 2019	(6,415,240)
Distribution to The National Trust of Australia (New South Wales)	<u>(554,887)</u>
Total accumulated funds at 30 June 2019	<u>3,401,437</u>

This statement should be read in conjunction with the accompanying notes.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
Notes	\$	\$
Cash flows from operating activities		
Investment income received	634,981	531,334
Donations received	1,000,000	8,000,000
Interest received	170	41
Cash payments to suppliers	(46,170)	(54,922)
Distributions paid	(309,839)	(286,982)
	<u>1,279,142</u>	<u>8,189,471</u>
Cash flows from investing activities		
Acquisition of investments	(1,525,189)	(8,469,164)
Proceeds from investments	8,239,839	286,982
Transfer to The National Trust of Australia (NSW) Heritage Foundation Trust	7(b) (8,000,000)	-
	<u>(1,285,350)</u>	<u>(8,182,182)</u>
Net increase/(decrease) in cash and cash equivalents	(6,208)	7,289
Cash and cash equivalents at the beginning of the financial year	7,289	-
	<u>1,081</u>	<u>7,289</u>
Cash and cash equivalents at the end of the financial year	1,081	7,289

This statement should be read in conjunction with the accompanying notes.



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION ANCILLARY FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (“RDR”) and other pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Australian Charities and Non-for-profits Commission Act 2012*.

The National Trust of Australia (NSW) Heritage Ancillary Fund (“the Ancillary Fund”) is a subsidiary of The National Trust of Australia (New South Wales).

The Ancillary Fund is a not-for-profit entity for the purpose of preparing the financial statements, and is registered with the Australian Charities and Not-for-profits Commission.

The registered office and principal place of business is at Watson Road, Observatory Hill, Sydney, NSW 2000.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Comparative information is reclassified where necessary to ensure comparability.

(a) Revenue Recognition

Revenue:

Interest and distribution income are recognised as it accrues.

Other Revenue:

Revenue recognition policies for dividends are described in Accounting Policy in note (d).

(b) Taxation

The Ancillary Fund has been granted exemption from income tax. The trust has Deductible Gift Recipient status.

(c) Receivables

Trade debtors and other receivables are carried at amounts due less any allowance for expected credit losses.

(d) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are initially recorded at cost, and subsequently carried at market value, with changes in value recorded in profit or loss.

Dividends and distributions are recognised as revenue when the right to receive dividends and distributions is established.

(e) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within the payment terms.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)**

NOTE 2: PURPOSE OF THE TRUST

The Ancillary Fund has been established as a Trust that will accommodate significant tax-deductible donations where the donors wish is that the capital be maintained and only the earnings from the Ancillary Fund be used to support the work of the National Trust of Australia (New South Wales).

	2019	2018
	\$	\$
NOTE 3: INCOME		
Dividend Income	556,276	253,267
Interest Income	170	41
Distribution Income	173,161	346,452
	729,607	599,760

NOTE 4: RECEIVABLES

Current

Other debtors – franking tax credit	164,946	70,188
Other debtors – GST	998	1,300
	165,944	71,488

NOTE 5: OTHER FINANCIAL ASSETS

Other financial assets designated as at fair value through profit or loss

Funds under management – BT Portfolio	3,522,478	10,335,805
Movements:		
Opening balance	10,335,805	2,034,115
Additions into investment	1,000,000	8,000,000
Withdrawals from investments	(8,239,839)	(286,982)
Interest and dividend income reinvested	525,189	469,164
Revaluation of investments to market value	(98,677)	119,508
Closing balance	3,522,478	10,335,805



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)**

	2019	2018
	\$	\$
NOTE 6: DISTRIBUTION PAYABLE		
Total Distribution to The National Trust of Australia (New South Wales)	554,887	330,000
Add: Distributions payable from prior year	43,018	-
Less:		
Distributions paid to The National Trust of Australia (New South Wales):		
September quarter	(12,523)	(66,000)
December quarter	(88,495)	(33,940)
March quarter	-	(74,737)
June quarter	(208,821)	(112,305)
Distributions payable	288,066	43,018

NOTE 7: RELATED PARTIES

(a) Trustee

The Trustee of the Ancillary Fund is the National Trust of Australia (NSW) Heritage Foundation Limited. The directors of the Trustee are as follows:

Independent Non-Executive Directors

Robert Elliott, Chair
William d'Apice

Directors

Neil Wykes OAM
Brian Power
Deborah Mills

No compensation was received by any Director from the Trust.

(b) Transfer of funds to related Trusts

During the 2018 financial year the Ancillary Fund received a donation of \$8,000,000, which was thought at the time of receipt to be tax-deductible and therefore in line with the purpose of the Ancillary Fund. However through receipt of further information in the 2019 financial year, it was determined that the donation was not tax-deductible and as a consequence should have been deposited into a related trust, The National Trust of Australia (NSW) Heritage Foundation Trust, a trust with a common trustee to that of the Ancillary Fund. The National Trust of Australia (NSW) Heritage Foundation Trust takes receipt of large non tax-deductible donations, where the donors wish is that the capital be maintained. On 5 March 2019, \$8,000,000 was transferred to The National Trust of Australia (NSW) Heritage Foundation Trust.



**NATIONAL TRUST OF AUSTRALIA (NSW)
HERITAGE FOUNDATION ANCILLARY FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)**

NOTE 8: DISTRIBUTION

In accordance with the terms of the Trust Deed, the Trustee each year:

- (a) shall distribute up to 80% of the Income received in that Financial Year (subject to clause (b)(ii)(below)); and
- (b) either:
 - (i) shall accumulate and retain the remainder of the Income (Retained Income) as an addition to the Capital Base if the Capital Base has not been augmented from other sources in that Year by an amount at least equal to the amount of the Retained Income; or
 - (ii) may but is not required to distribute all or part of the Retained Income if the Capital Base has been so augmented.

In addition, in accordance with the Trust Deed the Trustee may also distribute up to 5% of the Capital Base of the Trust Fund in any one year if approved by at least 75% in number of all the directors of the Trustee and 75% in number of all of the directors of The National Trust of Australia (New South Wales).

The minimum annual distribution amount of both income and capital is also subject to the distribution requirements set out in the Public Ancillary Fund Guidelines 2011. In both the 2018 and 2019 Financial Years the minimum annual distribution requirement is the greater of 4 per cent of the market value of the Ancillary Fund's net assets (as at the end of the previous financial year) OR the amount distributed as income in accordance with clauses (a) and (b) above plus any of the Capital Base distributed.