



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

ABN 31 297 247 781

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

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

Directors have the power to amend and re-issue the Financial Report.



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION TRUST

DECLARATION BY DIRECTORS OF TRUSTEE

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 Trust 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.

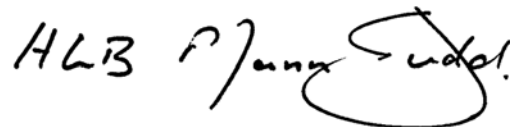
Robert Elliott
Director – National Trust of Australia (NSW)
Heritage Foundation Limited

Deborah Mills
Director – National Trust of 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 Trust 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 Trust:

Opinion

We have audited the financial report of National Trust of Australia (NSW) Heritage Foundation Trust ("the Trust"), 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 Trust 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 Trust'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 Trust has kept financials records sufficient to enable a financial report to be prepared and audited; and
- (d) the Trust 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 Trust 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 the ACNC Act, and for such internal control as the Trustee determines 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

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

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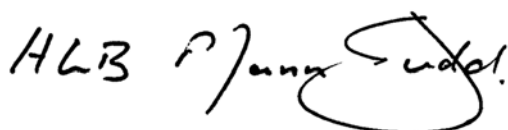
Auditor's Responsibilities for the Audit of the Financial Report

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 Trust'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 Trust'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 Trust 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.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
17 October 2019



D K Swindells
Partner



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION TRUST

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

	Notes	2019 \$	2018 \$
Investment income	3	814,809	290,368
Transfer from The National Trust of Australia (NSW) Heritage Foundation Ancillary Fund	7(b)	8,000,000	-
Total revenue		8,814,809	290,368
Gain / (loss) on revaluation of investments	5	137,318	97,759
Bequest		-	1,180
Total other income		137,318	98,939
Audit and accounting fees		5,880	6,180
Legal fees		-	1,853
Investment manager fees		42,515	27,431
Total expenses		48,395	35,464
Surplus / (deficit) for the year before distribution		8,903,732	353,843
Other comprehensive income		-	-
Total comprehensive income		8,903,732	353,843

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



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION TRUST

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		6,590	6,546
Receivables	4	105,562	44,867
Total current assets		112,152	51,413
NON-CURRENT ASSETS			
Other financial assets	5	13,210,782	4,726,468
Total non-current assets		13,210,782	4,726,468
Total assets		13,322,934	4,777,881
CURRENT LIABILITIES			
Distribution payable	6	334,190	85,618
Other payables		23,090	17,210
Total current liabilities		357,280	102,828
Total liabilities		357,280	102,828
Net assets		12,965,654	4,675,053
Retained surplus		12,965,654	4,675,053
Total accumulated funds		12,965,654	4,675,053

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



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

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

	Retained Surplus \$
Total accumulated funds at 30 June 2017	4,525,133
Total comprehensive income for the year ended 30 June 2018	353,843
Distribution to The National Trust of Australia (New South Wales)	<u>(203,923)</u>
Total accumulated funds at 30 June 2018	<u>4,675,053</u>
Total comprehensive income for the year ended 30 June 2019	8,903,732
Distribution to The National Trust of Australia (New South Wales)	<u>(613,131)</u>
Total accumulated funds at 30 June 2019	<u>12,965,654</u>

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



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Investment income received		752,325	281,855
Bequests received		-	1,180
Interest received		1,789	6,188
Cash payments to suppliers		(42,515)	(29,284)
Distributions paid		(364,559)	(135,034)
Net cash (outflows) / inflows from operating activities		347,040	124,905
Cash flows from investing activities			
Transfer from The National Trust of Australia (NSW) Heritage Foundation Ancillary Fund	7(b)	8,000,000	-
Acquisition of investments		(8,666,556)	(219,495)
Proceeds from investments		319,560	57,988
Net cash inflows / (outflows) from investing activities		(346,996)	(161,507)
Net (decrease) / increase in cash & cash equivalents		44	(36,602)
Cash and cash equivalents at the beginning of the financial year		6,546	43,148
Cash and cash equivalents at the end of the financial year		6,590	6,546

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



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION TRUST

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*.

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

The Trust 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, except for financial assets which are measured at fair value.

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 Trust has been granted exemption from income tax. The Heritage Foundation does not have 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 TRUST

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

NOTE 2: PURPOSE OF THE TRUST

National Trust of Australia (New South Wales) Heritage Foundation Trust has been established as a Trust that will accumulate funds arising from significant non tax-deductible donations where the donors wish is that the capital be maintained or from the sale of The National Trust of Australia (New South Wales) properties where the Board of The National Trust of Australia (New South Wales) decides that part or all of the proceeds of sale should go into the Trust so that the capital is maintained.

	2019 \$	2018 \$
NOTE 3: INCOME		
Dividend Income	360,112	151,983
Interest Income	1,789	6,188
Distribution Income	452,908	132,197
	814,809	290,368

NOTE 4: RECEIVABLES

Current

Other debtors – franking tax credit	103,504	43,296
Other debtors – GST	2,058	1,571
	105,562	44,867

NOTE 5: OTHER FINANCIAL ASSETS

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

Funds under management – BT Portfolio	13,210,782	4,726,468
Movements:		
Opening balance	4,726,468	4,467,202
Additions to investment	8,000,000	-
Withdrawals from investments	(319,560)	(57,988)
Interest and dividend income reinvested	666,556	219,495
Revaluation of investments to market value	137,318	97,759
Closing balance	13,210,782	4,726,468



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

**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)	613,131	203,923
Add: Distributions payable from prior year	85,618	16,729
Less:		
Distributions paid to The National Trust of Australia (New South Wales):		
December quarter	-	(77,046)
June quarter	(364,559)	(57,988)
Distributions payable	334,190	85,618

NOTE 7: RELATED PARTIES

(a) Trustee

The Trustee of the Trust is National Trust (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 Powyer
Deborah Mills

No compensation was received by any Director from the Trust.

(b) Transfer of funds from related Trusts

On 5 March 2019 the Trust received \$8,000,000 from a related trust, The National Trust of Australia (NSW) Heritage Foundation Ancillary Fund, a trust with a common trustee to that of the Heritage Foundation Trust. 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 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 Heritage Foundation Trust.



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

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

NOTE 8: DISTRIBUTION

The Trust Deed provides that:

The Trustee in relation to each Year:

- (a) *shall distribute up to 80% of the Income received in that 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 of part of the Retained Income if the Capital Base has been so augmented.*

The Trustee may distribute up to 5% of the Capital Base of the Trust Fund in any Year only if approved by at least 75% in number of all of the directors of the Trustee and 75% in number of all of the directors of The National Trust of Australia (New South Wales).