



Independent Auditor's Report

To the Members of Parliament

National Trust of Australia (Tasmania)

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the financial report of the National Trust of Australia (Tasmania) (the Trust), which comprises the statement of financial position as at 30 June 2020 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, except for the possible effects on the comparative figures described in the Basis for Qualified Opinion section of my Report, the accompanying financial report has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) presenting fairly, in all material respects, the financial position of Trust as at 30 June 2020 and its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Regulations 2013*.

Basis for Qualified Opinion

As at 30 June 2019, the Trust possessed certain heritage collections referred to in Note 1(d) of the financial report, but not all of these assets had been recognised in the financial report. Due to the nature of the assets, it was not possible to quantify the financial effects of the Trust's failure to comply with Australian Accounting Standard AASB 116 *Property, Plant and Equipment*. My audit opinion of the financial report for the period ended 30 June 2019 was modified accordingly.

The Trust recognised its remaining heritage collection assets during 2019-20. Notwithstanding the recognition of the remaining items, my opinion on the current period's financial report remains modified because of the possible effect of the misstatement of the 30 June 2019 carrying value of the heritage collection assets on the comparability of the current year's asset balances and the corresponding comparative figures.

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial*

Report section of my report. I am independent of the Trust in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General’s opinion are significant.

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1(u) in the financial report, which indicates that the Trust had a negative working capital of \$0.24m at 30 June 2020, a decline of \$0.62m from the prior year. In addition, after excluding income arising from the initial recognition of heritage collection assets, the Trust incurred a loss of \$0.32m for the year ended 30 June 2020. There is uncertainty as to whether the Trust has sufficient financial resources to cover a similar decline in the year ending 30 June 2021. As stated in Note 1(u), these events or conditions, along with other matters as set forth in Note 1(u), indicate that a material uncertainty exists that may cast significant doubt on the Trust’s ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, I have determined the matter described below to be the key audit matter to be communicated in my report.

| Why this matter is considered to be one of the most significant matters in the audit | Audit procedures to address the matter included |
|---|---|
| Valuation of heritage assets | |
| <i>Refer to notes 1(d), 1(v), 18 and 28</i> | |
| The Trust recognised heritage collection assets at a fair value of \$4.40m at 30 June 2020. | <ul style="list-style-type: none"> Assessing the scope, expertise and independence of experts involved in the valuation. Evaluating the appropriateness of the valuation methodology applied to |
| During the financial year, the Trust recognised heritage assets, valued at \$0.37m, which had | |

| Why this matter is considered to be one of the most significant matters in the audit | Audit procedures to address the matter included |
|--|---|
| <p>not previously been recognised in the financial report.</p> <p>Heritage assets are revalued on a periodic basis unless management or the Board consider the carrying amount of an asset or collections materially differ from attributed fair value, then it shall be revalued regardless of when the last valuation occurred. Only items registered in the collections are recognised for valuation purposes. Heritage assets are valued by independent valuers or by management and specialist staff. The nature of assets within the heritage collection, the valuation approach and judgement involved in determining asset valuations, makes this an areas of significant audit focus.</p> | <p>determine the fair values.</p> <ul style="list-style-type: none"> • Critically assessing assumptions and other key inputs in the valuation model. • Agreeing the valuation to the underlying heritage collection database. • Checking the value of the assets in the independent valuation report was correctly recorded in the financial statements. • Evaluating the adequacy of relevant disclosures in the financial report. |

Responsibilities of Management and Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *National Trust Act 2006* and for such internal control as determined 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, management is 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 Trust is to be dissolved by an Act of Parliament, or management intends to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Trust’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

From the matters communicated with the directors, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Rod Whitehead
Auditor-General

Tasmanian Audit Office

24 February 2021
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