



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

ABN 41 217 401 179

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

This Financial Report was authorised for issue by the Trustee, National Trust of Australia (New South Wales)
Heritage Foundation Limited, on 11 October 2021.

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

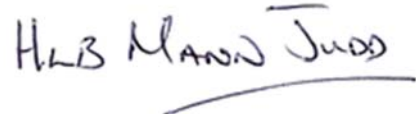
Deborah Mills
Director – National of Trust Australia (NSW)
Heritage Foundation Limited

Sydney, NSW
11 October 2021

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 2021.

Sydney, NSW
11 October 2021



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 2021, 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 2021 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.

hlb.com.au

3

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19, 207 Kent Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

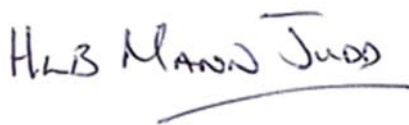
Auditor's Responsibilities for the Audit of the Financial Report

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.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
13 October 2021



S P James
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 2021**

	Notes	2021 \$	2020 \$
Investment income	3	159,551	248,210
Total Revenue		159,551	248,210
Gain / (loss) on revaluation of investments		472,146	(330,234)
Total Other Income		472,146	(330,234)
Investment management fees		17,496	17,355
Total expenses		17,496	17,355
Surplus / (deficit) for the year before distribution		614,201	(99,379)
Other comprehensive income		-	-
Total comprehensive income / (loss)		614,201	(99,379)

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 2021**

	Notes	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents		81,114	121,409
Receivables	4	17,620	24,172
Total current assets		98,734	145,581
NON-CURRENT ASSETS			
Other financial assets	5	3,552,275	3,074,502
Total non-current assets		3,552,275	3,074,502
Total assets		3,651,009	3,220,083
CURRENT LIABILITIES			
Distributions payable	6	44,129	102,709
Total current liabilities		44,129	102,709
Total liabilities		44,129	102,709
Net assets		3,606,880	3,117,374
Retained surplus		3,606,880	3,117,374
Total accumulated funds		3,606,880	3,117,374

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 2021**

	Retained Surplus \$
	<hr/>
Total accumulated funds at 30 June 2019	3,401,437
	<hr/>
Total comprehensive income / (loss) for the year ended 30 June 2020	(99,379)
Distribution to The National Trust of Australia (New South Wales)	(184,684)
	<hr/>
Total accumulated funds at 30 June 2020	3,117,374
	<hr/>
Total comprehensive income / (loss) for the year ended 30 June 2021	614,201
Distribution to The National Trust of Australia (New South Wales)	(124,695)
	<hr/>
Total accumulated funds at 30 June 2021	3,606,880
	<hr/>

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 2021**

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Investment income received		165,984	389,852
Interest received		119	130
Cash payments to suppliers		(17,496)	(17,355)
Distributions paid		(183,275)	(370,041)
Net cash inflows / (outflows) from operating activities		(34,668)	2,586
Cash flows from investing activities			
Acquisition of investments		(123,266)	(194,578)
Proceeds from investments		117,639	312,320
Net cash inflows / (outflows) from investing activities		(5,627)	117,742
Net increase / (decrease) in cash and cash equivalents		(40,295)	120,328
Cash and cash equivalents at the beginning of the financial year		121,409	1,081
Cash and cash equivalents at the end of the financial year		81,114	121,409

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 2021

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 Not-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.

(i) *Historical Cost Convention*

These financial statements have been prepared under the historical cost convention, except for financial assets which are measured at fair value.

(ii) *Coronavirus (COVID-19) Impact*

The World Health Organisation declared a global pandemic in March 2020 as a result of the COVID-19. The impact of the crisis has had a significant economic impact. The critical accounting estimates and judgements of the Ancillary Fund have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the impact of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Ancillary Fund’s assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impacts of events that arise after the reporting period will be accounted for in future reporting periods.

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.



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION ANCILLARY FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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).

	2021 \$	2020 \$
NOTE 3: INCOME		
Dividend Income	63,882	85,694
Interest Income	119	130
Distribution Income	95,550	162,386
	159,551	248,210

NOTE 4: RECEIVABLES

Current

Other debtors – franking tax credits	16,984	23,229
Other debtors – GST	636	943
	17,620	24,172

NOTE 5: OTHER FINANCIAL ASSETS

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

Funds under management	3,552,275	3,074,502
Movements:		
Opening balance	3,074,502	3,522,478
Additions to investments	-	-
Withdrawals from investments	(117,639)	(312,320)
Interest, dividend and distribution income reinvested	123,266	194,578
Revaluation of investments to market value	472,146	(330,234)
Closing balance	3,552,275	3,074,502

During financial year 2021 the Ancillary Fund has transitioned the portfolio of investments to integrate the inclusion of Environmental, Social and Governance (ESG) factors with traditional financial analysis, for investment decision making.



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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)**

	2021	2020
	\$	\$
NOTE 6: DISTRIBUTIONS PAYABLE		
Total Distribution to The National Trust of Australia (New South Wales)	124,695	184,684
Add: Distributions payable from prior year	102,709	288,066
Less: Distributions paid to The National Trust of Australia (New South Wales)	<u>(183,275)</u>	<u>(370,041)</u>
Distributions payable	<u>44,129</u>	<u>102,709</u>

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
Deborah Mills
David Pratt

No compensation was received by any Director from the Trust.

(b) Distributions to related Trust

Distributions are paid to The National Trust of Australia (New South Wales) a related trust. For details of the distributions for the financial year refer to Note 6. For details of how distributions are determined refer to Note 8.



NATIONAL TRUST OF AUSTRALIA (NSW) HERITAGE FOUNDATION ANCILLARY FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

NOTE 8: DISTRIBUTIONS

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 2020 and 2021 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.

In the 2020 financial year the Heritage Foundation Ancillary Fund distributed 80% of the income. In the 2021 financial year 4% of the opening Fund's net assets were distributed (as this exceeded the 80% of income).

NOTE 9: SUBSEQUENT EVENTS

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 *Events after the Reporting Date*, the Ancillary Fund considered whether events since the end of the financial year confirmed conditions existing before the reporting date. The Ancillary Fund did not identify any subsequent events triggered by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Additionally, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. The COVID-19 situation remains fluid and the Ancillary Fund continues to closely monitor the financial effects.

There have not been any other matter or circumstance that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the Ancillary Fund.