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DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS

The Historic Houses Trust's net cost of services decreased by \$5.59 million to \$12 million over the previous financial year. This reduction was due mainly to the donation from the family of Caroline Simpson OAM. Our net asset position has increased by \$97.5 million to \$236.4 million due to revaluations of land and buildings and the Simpson family donation. Below is a summary of the HHT's income and expenditure for the current year and four previous years. The numbered notes discuss the significant movements.

	Notes	2005 \$'000	%	% Increase	2004 \$'000	%	2003 \$'000	%	2002 \$'000	%	2001 \$'000	%
Income												
Government	1	19,462	65.5	(25.4)	26,083	84.9	19,241	76.6	18,436	79.7	14,876	78.0
Sale of goods and services	2	3,501	11.8	2.5	3,414	11.1	3,384	13.5	2,987	12.9	3,003	15.7
Investment income	3	351	1.2	21.5	289	0.9	320	1.3	263	1.1	301	1.6
Grants and contributions	4	6,400	21.5	574.4	949	3.1	1,593	6.3	1,454	6.3	902	4.7
Other revenue		0	0.0	0.0	0	0	575	2.3	0	0	0	0
		29,714	100	(3.3)	30,735	100	25,113	100	23,140	100	19,082	100
Expenditure												
Employee related	5	13,340	54.9	7.3	12,432	55.7	11,472	52.9	10,251	51.4	9,470	50.2
Other operating expenses	6	6,552	27	(0.6)	6,589	29.5	6,609	30.5	5,692	28.5	5,450	28.8
Maintenance	7	2,864	11.8	61.4	1,774	7.9	2,115	9.7	2,576	12.9	2,594	13.7
Depreciation and amortisation	8	1,497	6.2	8.6	1,378	6.2	1,355	6.2	1,283	6.4	1,380	7.3
Other expenses	9	25	0.1	(84.0)	156	0.7	151	0.7	167	0.8	0	0
		24,278	100	8.7	22,329	100	21,702	100	19,969	100	18,894	100

- Government sourced funding decreased from the previous year by 25.4% from \$26 million in 2004 to \$19.46 million. This decrease was a direct result of the finalisation of The Mint head office development, which resulted in a capital funding reduction from \$9.2 million in 2004 to \$2.27million. Recurrent appropriation funding increased from \$15.68 million in 2004 to \$16 million as a result of general public sector pay increases. Acceptance by the Crown Entity of employee benefits and other liabilities remained steady.
- Sale of goods and services increased from \$3.4 million in 2004 to \$3.5 million. The increase was mainly due to higher function revenues.
- Investment income increased from \$289,000 in 2004 to \$351,000 as a result of an increase in investment balances held through the year. Higher investment returns were also generated by a rise in interest rates.
- Grants and contributions revenue increased from \$949,000 in 2004 to \$6.4 million. The increase was a result of the donation of the Caroline Simpson collection valued at \$4.54 million.
- Employee related expenditure increased from \$12.4 million in 2004 to \$13.34 million as a result of the general public service pay increase during the year, additional FBT expenses, and additional event and function staffing requirements.
- Other operating expenses remained steady during the year.
- Maintenance expenditure increased from \$1.77 million in 2004 to \$2.86 million. The significant categories of increased maintenance expenditure were in major periodic maintenance of buildings and minor works at properties.
- Depreciation charges in 2005 increased as a result of capitalising The Mint head office development and recording depreciation against its recorded value.
- Other expenses reduced from \$156,000 in 2004 to \$25,000 as a direct result of lower publication and merchandise inventory write-offs.

ECONOMIC AND OTHER FACTORS AFFECTING THE ACHIEVEMENT OF OPERATIONAL ACTIVITIES

There were no economic factors that had a significant effect on operational activities.

CONSULTANTS

Type of consultant	Service	Amount \$
General > \$30,000		
Hughes Research & Design	Research and curatorial	65,740
Building < \$30,000		
17 projects were undertaken by various architectural consultants	Architects	54,880
General < \$30,000		
18 projects were undertaken by various consultants in the following categories	Curatorial advice	14,092
	Heritage and archaeology	6,590
	Human resources	2,980
	Information technology	1,500
	Media projects	3,100

NOTE: The above list does not include consultants used in projects which are capitalised. Such costs are included in the cost of the asset acquired.

PAYMENT OF ACCOUNTS

AGED ANALYSIS AT THE END OF EACH QUARTER

Quarter	Current \$'000	Less than 30 days \$'000	31–60 days overdue \$'000	61–90 days overdue \$'000	More than 90 days \$'000	Total \$'000
September 2004	10	117	1	0	3	192
December 2004	220	147	4	0	2	373
March 2005	121	86	17	0	2	226
June 2005	148	428	29	5	24	634

Quarter	Total accounts paid on time			Total amount paid \$'000
	Target %	Actual %	\$'000	
September 2004	100	99.3	4192	4338
December 2004	100	97.8	6164	6030
March 2005	100	95.5	3455	3816
June 2005	100	91.4	4368	4489

There were no issues that affected the prompt payment of accounts. The non-supply of documentation by suppliers resulted in a small number of invoices being processed outside the due date. These were promptly processed once the problem was recognised. There were no instances where interest was paid on overdue accounts.

BUDGETED 2006 STATEMENT OF FINANCIAL PERFORMANCE

	Budget 2006 \$'000	Actual 2005 \$'000
EXPENSES		
Operating expenses		
– Employee related	13,519	13,340
– Other operating expenses	5,990	6,552
Maintenance	2,378	2,864
Depreciation and amortisation	1,921	1,497
Other expenses	–	25
Total expenses	23,808	24,278
Less:		
RETAINED REVENUE		
Sale of goods and services	3,719	3,501
Investment income	330	351
Grants and contributions	275	6,400
Total retained revenue	4,324	10,252
Gain/(loss) on disposal of non-current assets	–	1,946
NET COST OF SERVICES	19,484	12,080
GOVERNMENT CONTRIBUTIONS		
Recurrent appropriation	17,422	16,005
Capital appropriation	231	2,277
Acceptance by the Crown Entity of employee benefits and other liabilities	–	1,180
Total government contributions	17,422	19,462
SURPLUS/(DEFICIT) FOR THE YEAR	1,831	7,382
NON-OWNER TRANSACTION CHANGES IN EQUITY		
Net increase in asset revaluation reserve	–	85,684
Total revenues, expenses and valuation adjustments recognised directly in equity	–	85,684
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	1,831	93,066

BUDGETED 2006 STATEMENT OF FINANCIAL POSITION

	Budget 2006 \$'000	Actual 2005 \$'000
ASSETS		
Current assets		
Cash	6,528	6,918
Receivables	642	316
Inventories	779	701
Other financial assets	1,098	1,326
Other	37	–
Total current assets	9,084	9,261
Non-current assets		
Property, plant and equipment		
– Land and buildings	112,325	202,173
– Plant and equipment	1,260	1,267
– Collections	19,441	25,867
Total property, plant and equipment	133,026	229,307
Total non-current assets	133,026	229,307
TOTAL ASSETS	142,110	238,568
LIABILITIES		
Current liabilities		
Payables	933	1,015
Provisions	857	952
Total current liabilities	1,790	1,967
Non-current liabilities		
Provisions	118	142
Other	26	28
Total non-current liabilities	144	170
TOTAL LIABILITIES	1,934	2,137
NET ASSETS	140,176	236,431
EQUITY		
Reserves	17,120	102,504
Accumulated funds	123,056	133,927
TOTAL EQUITY	140,176	236,431

UNDERSTANDING OUR FINANCIAL STATEMENTS

This information is to assist readers to understand our financial statements, which are made up of four reports and accompanying notes:

- Statement of financial performance
- Statement of financial position
- Statement of cash flows
- Summary of compliance with financial directives

The statements include the consolidation of all of the entities that fall under our control:

- Foundation for the Historic Houses Trust of New South Wales
- Foundation for the Historic Houses Trust of New South Wales Limited
- Rouse Hill Hamilton Collection Pty Ltd
- The Hamilton Rouse Hill Trust

The financial statements and related notes of our operational entity, the Foundation for the Historic Houses Trust of New South Wales, have also been included and follow the conclusion of the HHT's consolidated financial statement and notes.

The New South Wales Auditor-General audits New South Wales public sector agencies such as the HHT and its controlled entities. The Auditor-General's audit certificate is included with the financial statements and it states the Auditor-General's audit opinion on the HHT's consolidated entities.

1 Statement of financial performance

The statement of financial performance looks at our performance over the financial year (1 July 2004 to 30 June 2005) and is reported as a surplus/deficit in delivering our services. The statement enables readers to identify the cost of goods and services provided and the extent to which these costs were recovered as well as the source of the funding. It also allows the reader to compare the result against the previous financial year to see the change in resources as a result of operations. The statement is prepared on an accruals basis, which means it accounts income and expenditure when it is earned/incurred and not when money is received or paid. Accrual accounting also recognises non-cash items such as depreciation of assets.

2 Statement of financial position

The statement of financial position sets out the net accumulated financial worth at a point in time, in this case at the end of the financial year. It shows the assets held as well as liabilities or claims against these assets. The statement is also prepared on an accruals basis. Assets and liabilities are expressed as current or non-current. Current assets/liabilities are assets/liabilities that will be either paid or could be converted into cash within the next financial year. Non-current assets/liabilities are those assets and liabilities that will be unlikely to be paid or converted to cash within the next 12 months. The difference between total assets and total liabilities is expressed as net assets, which equals total equity – that is, the net worth of the organisation at the end of the financial year.

3 Statement of cash flows

The statement of cash flows shows the nature and amount of cash inflows/outflows. The cash flows statement reflects a recording of cash (as opposed to accruals as in the statement of financial position) when it is received or paid.

This statement of cash flows has only two sections:

- The cash flows from operating activities: summarises those cash flows that relate to the provision of goods and services. In our statement this includes cash flows from government.
- The cash flows from investing activities: summarises those activities that relate to the acquisition and disposal of non-current assets and other productive assets and investments not falling under the definition of cash, for example the sale of plant and equipment.

A resulting net increase or decrease in cash results from the total of the cash flows from operating and investing activities. This is then added or subtracted to the opening cash position to arrive at the closing cash position for the year.

4 Summary of compliance

The summary of compliance discloses the components of the total recurrent appropriation, capital appropriation and other appropriations from government. The summary of compliance is a cash (not accrual) statement. Therefore expenditure refers to cash payments.

The government appropriations received by the HHT are recognised as revenue in the financial statements. An exception to this is if the funding remains unspent at the end of the financial year, in which case the authority to spend the allocated funds lapses and they must then be repaid to the government's consolidated fund in the following financial year. As a result, unspent government funding is accounted for as a liability rather than income.

5 Notes to and forming part of the financial statements

The notes provide further information in relation to the rules and assumptions used to prepare the financial statements, as well as giving more specific information and detail about items within the financial statements. If there are changes to accounting standards, policy or legislation this will be disclosed in the notes. The 'Note' column indicates which note the reader can refer to for further information.

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AUDITOR GENERAL'S REPORT

HISTORIC HOUSES TRUST OF NEW SOUTH WALES



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT HISTORIC HOUSES TRUST OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion Pursuant to the *Public Finance and Audit Act 1983*

In my opinion, the financial report of the Historic Houses Trust of New South Wales:

- (a) presents fairly the Trust's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act).

Audit Opinion Pursuant to the *Charitable Fundraising Act 1991*

In my opinion:

- (a) the Trust's accounts show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2005
- (b) the Trust's accounts and associated records have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation 2003* (the CF Regulation)
- (c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and
- (d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

My opinions should be read in conjunction with the rest of this report.

The Trustees' Role

The financial report is the responsibility of the Trustees of the Historic Houses Trust of New South Wales. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, summary of compliance with financial derivatives, and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the PF&A Act and the CF Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Trustees in preparing the financial report,
- examined a sample of the evidence that supports:
 - (i) the amounts and other disclosures in the financial report,
 - (ii) compliance with accounting and associated record keeping requirements pursuant to the CF Act, and
- obtained an understanding of the internal control structure for fundraising appeal activities.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Trustees had not fulfilled their reporting obligations.

My opinions do *not* provide assurance:

- about the future viability of the Trust,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A stylized signature in black ink, appearing to read 'P Carr'.

P Carr, FCPA
Director, Financial Audit Services
SYDNEY
20 October 2005

STATEMENT BY THE MEMBERS OF THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES

Pursuant to Section 41C(1C) of the *Public Finance and Audit Act 1983*, we state that:

- (a) The accompanying financial statements for the year ended 30 June 2005 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and Regulations, applicable Accounting Standards, other mandatory professional reporting requirements, the Financial Reporting Code for Budget Dependent Government Sector Agencies and Treasurer's Directions.
- (b) In our opinion, the financial statements show a true and fair view of the financial position and transactions of the HHT.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (d) The financial report has been properly drawn up and the associated records have been properly kept for the period from 1 July 2004 to 30 June 2005, in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations.
- (e) Money received as a result of fundraising activities conducted during the period from 1 July 2004 to 30 June 2005 has been properly accounted for and applied in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations.



Jill Wran
Chairman



Peter Watts
Director

Dated this day 14 October 2005

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
EXPENSES				
Operating expenses				
– Employee related	2(a)	13,340	11,289	12,432
– Other operating expenses	2(b)	6,552	6,151	6,589
Maintenance		2,864	3,076	1,774
Depreciation and amortisation	2(c)	1,497	1,330	1,378
Other expenses	2(d)	25	–	156
Total expenses		24,278	21,846	22,329
Less:				
RETAINED REVENUE				
Sale of goods and services	3(a)	3,501	2,985	3,414
Investment income	3(b)	351	333	289
Grants and contributions	3(c)	6,400	324	949
Total retained revenue		10,252	3,642	4,652
Gain/(loss) on disposal of non-current assets	4	1,946	–	6
NET COST OF SERVICES	20	12,080	18,204	17,671
GOVERNMENT CONTRIBUTIONS				
Recurrent appropriation	5	16,005	15,897	15,688
Capital appropriation	5	2,277	2,277	9,212
Acceptance by the Crown Entity of employee benefits and other liabilities	6	1,180	627	1,183
Total government contributions		19,462	18,801	26,083
SURPLUS/(DEFICIT) FOR THE YEAR		7,382	597	8,412
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve		85,684	–	468
Total revenues, expenses and valuation adjustments recognised directly in equity		85,684	–	468
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	17	93,066	597	8,880

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
ASSETS				
Current assets				
Cash	7	6,918	4,337	4,700
Receivables	9	316	844	676
Inventories	10	701	629	779
Other financial assets	8	1,326	1,407	1,098
Total current assets		9,261	7,217	7,253
Non-current assets				
Property, plant and equipment				
– Land and buildings	11(a)	202,173	115,968	111,742
– Plant and equipment	11(b)	1,267	1,985	1,785
– Collections	11(c)	25,867	20,979	20,079
Total property, plant and equipment		229,307	138,932	133,606
Total non-current assets		229,307	138,932	133,606
TOTAL ASSETS		238,568	146,149	140,859
LIABILITIES				
Current liabilities				
Payables	14	1,015	867	975
Provisions	15	952	1,002	815
Total current liabilities		1,967	1,869	1,790
Non-current liabilities				
Provisions	15	142	118	118
Other	16	28	55	26
Total non-current liabilities		170	173	144
TOTAL LIABILITIES		2,137	2,042	1,934
NET ASSETS		236,431	144,107	138,925
EQUITY				
Reserves	17	102,504	19,007	17,120
Accumulated funds	17	133,927	125,100	121,805
TOTAL EQUITY		236,431	144,107	138,925

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(12,841)	(10,872)	(11,918)
Other		(8,984)	(10,034)	(9,546)
Total payments		(21,825)	(20,906)	(21,464)
Receipts				
Sale of goods and services		3,412	2,984	3,580
Interest received		351	333	289
Other		1,946	1,132	1,967
Total receipts		5,709	4,449	5,836
Cash flows from government				
Recurrent appropriation	5	16,005	15,897	15,688
Capital appropriation	5	2,277	2,277	9,212
Cash reimbursements from the Crown Entity		775	627	734
Net cash flows from government		19,057	18,801	25,634
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	2,941	2,344	10,006
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment		3,301	–	15
Purchases of land and buildings, plant and equipment		(3,670)	(2,277)	(9,563)
Purchases of collections		(126)	–	(172)
Purchases of investments		(228)	–	(52)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(723)	(2,277)	(9,772)
NET INCREASE/(DECREASE) IN CASH				
		2,218	67	234
Opening cash and cash equivalents		4,700	4,487	4,466
CLOSING CASH AND CASH EQUIVALENTS	7	6,918	4,554	4,700

The accompanying notes form part of these statements.

SUPPLEMENTARY FINANCIAL STATEMENTS

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2005				2004			
	RECURRENT		CAPITAL		RECURRENT		CAPITAL	
	Approp \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Approp \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Approp \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Approp \$'000	Expenditure/ net claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation act	15,897	15,897	2,277	2,277	15,660	15,660	9,212	9,212
Additional appropriations	–	–	–	–	28	28	–	–
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's advance	10	10	–	–	–	–	–	–
Transfer from another agency (Section 27 of Appropriation Act)	98	98	–	–	–	–	–	–
Total appropriations/ expenditure/net claim on Consolidated Fund (includes transfer payments)	16,005	16,005	2,277	2,277	15,688	15,688	9,212	9,212
Amount drawn down against appropriation		16,005		2,277		15,688		9,212
Liability to Consolidated Fund		–		–		–		–

Note: The summary of compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Historic Houses Trust of New South Wales (HHT), as a reporting entity, comprises the following entities under its control:

(i) The Rouse Hill Hamilton Collection Pty Ltd

The sole purpose of the Rouse Hill Hamilton Collection Pty Ltd is to act as the Trustee of the Hamilton Rouse Hill Trust and has never traded in its own right.

The Company has issued two \$1 fully paid shares. The HHT holds one share and Peter Watts in his capacity of Director of the HHT holds the other share. There were no financial transactions in this financial year.

(ii) The Hamilton Rouse Hill Trust

The Hamilton Rouse Hill Trust was established on 27 October 1994 and holds collection items in and about Rouse Hill House. There were no financial transactions during the year.

(iii) Foundation for the Historic Houses Trust of New South Wales Limited

The Foundation for the Historic Houses Trust of New South Wales Limited was established to act as Trustee to the Foundation for the Historic Houses Trust of New South Wales and has never traded in its own right. There were no financial transactions during the year.

(iv) Foundation for the Historic Houses Trust of New South Wales

The Foundation for the HHT was established for the purpose of the promotion, advancement and development of the museums under the care, custody and control of the Historic Houses Trust of New South Wales. A summary of the Foundation's financial statements can be found at note 22.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated. The presentation adopted does not include a separate column for the parent entity in view of the immateriality of the controlled entities.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(b) Basis of accounting

The HHT financial statements are a general-purpose financial report that has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- Urgent Issues Group (UIG) Consensus Views
- the requirements of the *Public Finance and Audit Act 1983* and Regulations
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other

authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 'Accounting Policies' is considered.

Except for certain investments, land and buildings, and collections, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Revenue recognition

Revenue is recognised when:

- the HHT has control of the goods or right to receive
- it is probable that the economic benefits will flow to the HHT
- the amount of revenue can be measured reliably

Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary appropriations and contributions from other bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the HHT obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The HHT has spent all its appropriations in the financial year and there is nothing owing to the Consolidated Fund at year-end.

(ii) Sale of goods and services

Revenue from sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as revenue when the HHT obtains control of the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS 17 'Accounting for Leases'.

(d) Employee benefits and other provisions

(i) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as

liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long service leave and superannuation

The HHT's liabilities for long service leave and superannuation are assumed by the Crown Entity. The HHT accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of the estimated future cash outflows (including on-costs) to be made by the HHT in respect of services provided by employees up to year-end. The calculation of present value has taken into account future increases in remuneration rates, as they will increase the amount that the employer is required to pay to settle the liability.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme) the expense is calculated as a multiple of the employee's superannuation contributions.

From 1 July 2005, HHT's liabilities for superannuation will no longer be assumed by the Crown Entity. The recurrent budget allocation of the HHT will be increased to meet superannuation liabilities for the year ended 30 June 2006.

(e) Insurance

The HHT's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(f) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the HHT. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(g) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the HHT as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included

(h) Plant and equipment

Plant and equipment costing over \$5,000 and all computer hardware and major software are individually capitalised.

(i) Revaluation of physical non-current assets

Physical non-current assets are valued in accordance with the 'Guidelines for the valuation of physical non-current assets at fair value' (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market-selling price is not available, the asset's fair value is measured as its market buying price, ie the replacement cost of the asset's remaining future economic benefits. The HHT is a not for profit entity with some cash-generating operations.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Details of the last valuation for each class of physical non-current assets is disclosed in Note 11.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. The plant and equipment class of physical non-current assets is measured by this methodology.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing at revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

(j) Depreciation of non-current physical assets

Except for a limited number of heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the HHT.

All material, separately identifiable, component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance. Land is not a depreciable asset.

Certain heritage assets have an extremely long useful life, including original artworks, collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The estimated useful life of items are as follows:

- Non-heritage buildings 40 to 50 years
- Computer equipment and major software 4 years
- Mechanical and electronic office equipment 7 years
- Electronic equipment 7 years
- Radio communication equipment 7 years
- Telephone installations 10 years
- Office fittings 10 years
- Miscellaneous tools and equipment 7 years
- Mobile plant 10 years

(k) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(l) Leased assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. The HHT has no finance leases.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred.

(m) Other financial assets

'Other financial assets' are generally recognised at cost, with the exception of TCorp's Hour-Glass Facilities, which are measured at market value.

For current 'other financial assets', revaluation increments and decrements are recognised in the statement of financial performance.

(n) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is calculated using the weighted average cost method.

(p) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

(q) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget, as the opening balances of the budgeted amounts are based on the carried forward actual amounts, ie per the audited financial statements (rather than carried forward estimates).

(r) Adoption of Australian equivalents to International Financial Reporting Standards

The HHT will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005–06. The following strategy is being implemented to manage the transition to AEIFRS by the HHT.

The HHT is following the advice of the NSW Treasury and has also allocated internal resources and/or engaged consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. The HHT Audit Committee is overseeing the transition. The Manager, Finance & Systems is responsible for the project and reports regularly to the committee on progress against the plan. To date, the following progress has been made on the strategy/phases:

- The strategy for adoption of AEIFRS was submitted to NSW Treasury on 30 June 2004.
- The draft consolidated opening balance sheet for 1 July 2004 was prepared in order to adopt AEIFRS. This was submitted to NSW Treasury on 15 December 2004.
- The final consolidated opening balance sheet for 1 July 2004 was prepared in order to adopt AEIFRS. This was submitted to NSW Treasury on 31 March 2005 and allowed the audit of the opening trial balance before 30 June 2005.

The HHT has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW public sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as 'indicative mandates'). Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the HHT's equity and profit/loss. The HHT does not anticipate any material impacts on its cash flows.

(i) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:

	Notes	30 Jun 2005* \$'000	1 July 2004** \$'000
Total equity under AGAAP	17	236,431	138,925
Adjustments to accumulated funds	–	–	–
Adjustments to other reserves		–	–
Total equity under AEIFRS	17	236,431	138,925

* Cumulative adjustments as at date of transition plus the year ended 30 June 2005.

** Adjustments as at the date of transition.

Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS:

Year ended 30 June 2005	\$'000
Surplus/(deficit) under AGAAP	7,382
Surplus/(deficit) under AEIFRS	7,382

The HHT has determined that the only change in accounting policies so far is from the adoption of AASB 138, which has resulted in certain reclassifications from property, plant and equipment to intangible assets (eg computer software). As shown by the reconciliation above, there are no changes to equity or the surplus/(deficit).

The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG Interpretations and/or emerging accepted practice in their interpretation and application. The HHT's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics. However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005–06.

(ii) Financial Instruments

In accordance with NSW Treasury's indicative mandates, the HHT will apply the exemption provided in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' not to apply the requirements of AASB 132 'Financial Instruments: Presentation and Disclosures' and AASB 139 'Financial Instruments: Recognition and Measurement' for the financial year ended 30 June 2005. These standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit/loss. Further, the impact of these standards will in part depend on whether the fair value option can or will be mandated consistent with Government finance statistics.

(iii) Grant recognition for not-for-profit entities

The HHT will apply the requirements in AASB 1004 'Contributions' regarding contributions of assets (including

grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 'Financial Reporting by Local Governments'. If the ED 125 approach is applied, revenue and/or expense recognition will not occur until either HHT supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

	2005 \$'000	2004 \$'000
2 EXPENSES		
(a) Employee related expenses		
Salaries and wages (including recreation leave)	11,141	10,327
Superannuation	882	854
Long service leave	273	296
Workers compensation insurance	184	263
Payroll tax and fringe benefits tax	860	692
	13,340	12,432
(b) Other operating expenses		
Advertising and publicity	765	942
Auditor's remuneration – audit of the financial reports	40	53
Bad debts	–	3
Books, publications and subscriptions	50	67
Contract cleaning	484	386
Cost of sales	478	496
Entertainment and catering	46	39
Exhibitions	565	477
Fees for services rendered	551	535
Freight	45	41
Gas and electricity	261	233
Insurance	176	161
Maintenance contracts	48	39
Marketing	313	320
Motor vehicle running costs	128	113
Other expenses	635	496
Post and telephone	321	309
Printing	227	292
Public programs	450	601
Rates	31	45
Operating lease rental expense – minimum lease payments	145	150
Security	219	192
Stores	473	463
Travel	101	136
	6,552	6,589

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000
(c) Depreciation and amortisation expense		
Depreciation:		
Buildings	682	525
Plant and equipment	815	853
	1,497	1,378
(d) Other expenses		
Obsolete stock write off	25	156
This represents stock that was either written off or written down to net realisable value due to it being stock that was no longer able to be sold or sold at existing prices. The stock that has been written off has been or will be donated to schools and councils or destroyed where it could not be donated.		
3 REVENUES		
(a) Sale of goods and services		
Sale of goods:		
Merchandise and publication sales	850	843
Rendering of services:		
Admissions and functions	1,717	1,588
Rentals	412	376
Special activities and openings	400	452
Filming and photography	55	32
Miscellaneous	67	123
	2,651	2,571
	3,501	3,414
(b) Investment income		
Interest	351	289
(c) Grants and contributions		
Sponsorships	171	252
Statutory authorities	28	50
Donation of collections	4,638	20
Other donations	274	274
Services provided at no charge (see note 13)	1,289	353
	6,400	949
4 GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
Gross proceeds from disposal of land and buildings	3,300	–
Carrying amount of assets disposed and selling costs	(1,355)	–
Net gain/(loss) on disposal of non-current assets	1,945	–
Gross proceeds from disposal of plant and equipment	1	15
Carrying amount of assets disposed	–	(9)
Net gain/(loss) on disposal of non-current assets	1	6
	1,946	6

	2005 \$'000	2004 \$'000
5 APPROPRIATIONS		
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per summary of compliance)		
Capital appropriations	16,005	15,688
Total capital drawdowns from Treasury (per summary of compliance)	2,277	9,212
The HHT had no transfer payments during the year.		
6 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES		
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation	879	852
Long service leave	247	280
Payroll tax on superannuation	54	51
	1,180	1,183
7 CURRENT ASSETS – CASH		
Cash on hand and at bank	816	409
TCorp's Hour-Glass Cash Facility	5,513	3,255
TCorp's Hour-Glass Bond Market Facility	589	1,036
	6,918	4,700

Cash comprises cash on hand and bank balances within the Treasury banking system. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to NSW Treasury.

The HHT does not have a bank overdraft facility.

The HHT has investments in TCorp's Hour-Glass investment facilities. The HHT's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines. These investments are generally able to be redeemed on a daily basis. The value of the investment held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the HHT's share of the value of the underlying assets of the facility and those assets are stated at net fair value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and TCorp's Hour-Glass facilities. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000
Cash (per statement of financial position)	6,918	4,700
Closing cash and cash equivalents (per statement of cash flows)	6,918	4,700
8 CURRENT ASSETS – OTHER FINANCIAL ASSETS		
TCorp term deposit	405	382
Other term deposits	921	716
	1,326	1,098

The HHT has placed funds on deposit with TCorp which has been rated 'AAA' by Standard and Poors. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. The interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit. The HHT has other funds placed in term deposits with Westpac, St George and Macquarie Bank. The interest rate is fixed for the term of the security and the securities are held to maturity.

All of the above deposits have terms of less than one year. All deposits above have been recorded at their carrying amount, which equates to their net fair value. The deposits at balance date were earning an average interest rate of 5.57% (2004 – 5.36%), while over the year the weighted average balance was \$1,228,121 (2004 – \$1,068,381).

	2005 \$'000	2004 \$'000
9 CURRENT ASSETS – RECEIVABLES		
Sale of goods and services	274	637
Pre-payments	40	37
Accrued interest on deposit	2	2
	316	676
Less: provision for doubtful debts	–	–
	316	676

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any

	2005 \$'000	2004 \$'000
provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.		
10 CURRENT ASSETS – INVENTORIES		
At cost		
Publications in progress	3	23
Merchandise in progress	–	–
Merchandise	421	411
Publications	244	308
	668	742
At net realisable value		
Publications	33	37
	33	37
Total Inventories	701	779

11 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

(a) Land and buildings		
At fair value	210,305	117,065
Less accumulated depreciation	(8,132)	(5,323)
	202,173	111,742
(b) Plant and equipment		
At fair value	9,042	8,757
Less accumulated depreciation	(7,775)	(6,972)
	1,267	1,785
(c) Collections		
At fair value	25,867	20,079
	25,867	20,079
Total property, plant and equipment at net book value	229,307	133,606

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$'000	Plant and equipment \$'000	Collections \$'000	Total \$'000
2005				
Carrying amount at start of year	111,742	1,785	20,079	133,606
Additions	3,290	286	4,780	8,356
Increase in net assets from equity transfers (Note 17)	4,440	–	–	4,440
Disposals	(1,200)	–	(82)	(1,282)
Net revaluation increment less revaluation decrements	84,594	–	1,090	85,684
Depreciation expense	(693)	(804)	–	(1,497)
Carrying amount at end of year	202,173	1,267	25,867	229,307

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000
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(i) All controlled properties have been valued in accordance with NSW Treasury guidelines valuation of physical non-current assets at fair value (TPP03-02) and AASB 1041 'Revaluation of Non-Current Assets', and as such reflect the fair value of the properties having regard to heritage and development restrictions. Accredited valuers from the State Valuation Office and Theo Stamoulis and Associates have valued the land and buildings at June 2005. During the year costs incurred on the conservation of those properties have been expensed.

(ii) The major collection items at each property have been valued by accredited valuers, at their fair market value. The remaining collection items were valued internally by curatorial staff. Except where otherwise stated, the collections have been brought to account at those valuations. Any acquisitions since the last valuation date have been brought to account at cost. Costs incurred on conservation and restoration of objects in the HHT's collection have been expensed during the year. The summary below lists the HHT's collections.

Collection	Date valued	Accredited valuer
Rose Seidler House	June 2005	Andrew Shapiro
Museum of Sydney	June 2005	Adrienne Carlson
Justice & Police Museum	June 2005	Rushton Valuers Pty Ltd
Rouse Hill estate	March 2004	Anthony Palmer
Susannah Place Museum	March 2004	Anthony Palmer
Archaeology collections	June 2004	Simon Storey
Meroogal	June 2003	Anthony Palmer
Government House	June 2003	Anthony Palmer
Elizabeth Bay House	June 2002	Various valuers
Elizabeth Farm	June 2002	Various valuers
Vaucluse House	June 2002	Various valuers
Caroline Simpson Library & Research Collection	June 2001	Various valuers

12 RESTRICTED ASSETS

The consolidated financial statements include the shown assets, which are restricted by externally imposed conditions, eg donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Controlled entities	2,859	2,887
Specific purpose	5,157	2,587
Security deposits	27	27
	8,043	5,501

The major categories included in the consolidation are:

Category	Brief details of externally imposed conditions
Controlled entities	The assets of the Foundation for the Historic Houses Trust of New South Wales and The Hamilton Rouse Hill Trust may only be applied by the Trustee in accordance with the Trust Deed in furthering the objectives of the Trust.
Specific purpose	Donations and contributions held for the benefit of specific museums or activities.
Security deposits	Funds invested and held as security deposits for leased premises.

	2005 \$'000	2004 \$'000
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13 NON-CASH FINANCING AND INVESTING ACTIVITIES

The following non-cash transactions are included in the financial accounts for the year.

Donations of collections – brought to account by creating an asset and crediting non-cash donations	4,638	20
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The following items are brought to account as expenses in the Statement of Financial Performance and are credited as income in the form of non-cash sponsorships, non-cash donations or services provided free of charge.

Advertising	51	145
Maintenance (Department of Commerce)	1,289	353

The HHT received maintenance services free of charge as shown from the Heritage Buildings Program of the Department of Commerce for the maintenance of Government House.

The HHT received advertising free of charge as shown from SBS as sponsorship for several exhibitions.

The HHT's work was also assisted by the Friends of the Historic Houses Trust and volunteers. These services were provided free of charge and it is considered not possible to estimate their value.

14 CURRENT LIABILITIES – PAYABLES

Accrued salaries, wages and on-costs	3	124
Creditors	716	465
Revenue received in advance	138	184
Accrued expenses	158	202
	1,015	975

The liabilities are recognised for amounts due to be paid in future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No Ministerial direction was given, nor did the HHT incur any interest expense in relation to the late payment of invoices for the financial years 2005 and 2004.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000		2005 \$'000	2004 \$'000
15 CURRENT/NON-CURRENT LIABILITIES – PROVISIONS			18 COMMITMENTS FOR EXPENDITURE		
Current employee benefits and related on-costs			(a) Capital commitments		
Recreation leave	937	802	Aggregate capital expenditure contracted for at balance date and not provided for:		
Long service leave on-costs (not assumed by Crown)	5	5	Not later than one year	24	2,251
Payroll tax on long service leave (not assumed by Crown)	10	8	Later than one year and not later than five years	–	–
Total current provisions	952	815	Later than five years	–	–
Non-current employee benefits and related on-costs			Total (including GST)	24	2,251
Long service leave on-costs (not assumed by Crown)	48	43	(b) Other expenditure commitments		
Payroll tax on long service leave (not assumed by Crown)	94	75	Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:		
Total non-current provisions	142	118	Not later than one year	176	254
Total provisions	1,094	933	Later than one year and not later than five years	–	–
Aggregate employee benefits and related on-costs			Later than five years	–	–
Provisions – current	952	815	Total (including GST)	176	254
Provisions – non-current	142	118	(c) Operating lease commitments		
Accrued salaries, wages and on-costs (Note 14)	3	410	Future non-cancellable operating lease rentals not provided for and payable:		
	1,097	1,343	Not later than one year	86	223
			Later than one year and not later than five years	19	46
			Later than five years	–	–
			Total (including GST)	105	269
16 NON-CURRENT LIABILITIES – OTHER					
Security deposits	28	26			
17 CHANGES IN EQUITY					

	Accumulated funds		Asset revaluation reserve		Total equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance at the beginning of the financial year	121,805	113,393	17,120	16,652	138,925	130,045
Changes in equity – transactions with owners as owners						
Increase/(decrease) in net assets from equity transfers	4,440	–	–	–	4,440	–
TOTAL	4,440	–	–	–	4,440	–
Changes in equity – other than transactions with owners as owners						
Surplus for the year	7,382	8,412	–	–	7,382	8,412
Increment on revaluation of:						
Collections	–	–	1,090	468	1,090	468
Land and buildings	–	–	84,294	–	84,594	–
TOTAL	7,382	8,412	85,594	468	93,066	8,880
Transfers within equity						
Asset revaluations reserve balance transferred to accumulated funds on disposal of asset	300	–	(300)	–	–	–
TOTAL	300	–	(300)	–	–	–
BALANCE AT THE END OF THE FINANCIAL YEAR	133,927	121,805	102,504	17,120	236,431	138,925

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the 'Revaluation of Physical Non-Current Assets' as discussed in Note 1.

The Young Street Terraces land and buildings worth \$4,400,000 was transferred from the Ministry for the Arts as part of, as directed by the Minister.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000
Commitments include input tax credits of \$27,752 (2004 – \$252,119), which are expected to be recoverable from the Australian Taxation Office.		
19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
The Trustees are not aware of any contingent liabilities or contingent assets.		
20 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
Total net cash flow from operating activities	2,941	10,006
Depreciation	(1,497)	(1,378)
Decrease/(increase) in provisions	(161)	(65)
Net (loss)/gain on sale of plant and equipment	1,946	6
Donations of collections	4,637	20
Deaccession of collections	–	(8)
Initial recognition of archaeological collection	–	–
(Increase)/decrease in other liabilities	(2)	8
Increase/(decrease) in receivables	(364)	66
Increase/(decrease) in inventories	(78)	(171)
(Increase)/decrease in payables	(40)	(72)
Recurrent appropriation	(16,005)	(15,688)
Capital appropriation	(2,277)	(9,212)
Acceptance by Crown Entity of employee benefits and other liabilities	(1,180)	(1,183)
Net cost of services	(12,080)	(17,671)

21 PROGRAMS/ACTIVITIES OF THE HHT

The HHT operates under one program, which is to develop, conserve and manage the museums in its care, and to provide facilities for the visiting public, including exhibitions, education programs and specialist advice.

The objectives of the program are to conserve, interpret and manage places of cultural significance in the care of the HHT with integrity and imagination and in doing so to inspire an understanding of New South Wales histories and diverse cultural heritage for present and future audiences.

All revenues, expenses, assets and liabilities of the HHT are directly attributable to this program.

22 CONTROLLED ENTITIES

The Foundation for the Historic Houses Trust of New South Wales and the Hamilton Rouse Hill Trust were the only controlled entities with financial transactions this financial year.

The following is a summary of the Foundation for the Historic Houses Trust of New South Wales financial statements for the financial year.

A separate financial report is prepared for the Foundation for the Historic Houses Trust of New South Wales.

	2005 \$'000	2004 \$'000
Revenues	386	389
Expenses	189	171
Surplus for the year	197	218
Total assets	2,126	2,154
Total liabilities	18	143
Net assets	2,108	2,011
Accumulated funds	2,108	2,011
Distributions to beneficiary; the Historic Houses Trust of New South Wales amounted to:	100	–

The following is a summary of the Hamilton Rouse Hill Trust financial statements for the financial year.

A separate financial report is prepared for the Hamilton Rouse Hill Trust.

	2005 \$'000	2004 \$'000
Revenues	–	–
Expenses	–	–
Surplus for the year	–	–
Total assets	733	733
Total liabilities	–	–
Net assets	733	733
Accumulated funds and reserves	733	733

The balances for the controlled entities reported above are included in the consolidated financial report prepared by the HHT within the relevant line items.

23 BUDGET REVIEW
**2005
\$'000**
(a) Net cost of services

The actual net cost of services for the 2004–05 financial year was lower than budgeted by \$6.1 million. This was primarily due to the following:

An increase in sale of goods and services	516
An increase in sponsorships and donations (see Note 3(c))	5,140

(b) Assets and liabilities

Net assets were higher than the budget by \$92 million primarily due to the following:

An increase in the value of land & buildings and collections due to scheduled revaluations (see Note 11)	87,139
An increase in collections donations (see Note 3(c))	4,618

(c) Cash flows

The overall cash position increased by \$2.2 million principally as a result of the sale of the property, Lyndhurst.

24 CHARITABLE FUNDRAISING ACTIVITIES CONDUCTED BY
THE CONTROLLED ENTITY FOUNDATION FOR THE
HISTORIC HOUSES TRUST OF NEW SOUTH WALES

Results of fundraising activities	2005 \$'000	2004 \$'000
Gross proceeds from fundraising appeals	95	75
Less: costs of fundraising appeals	40	22
Net surplus obtained from fundraising appeals	55	53
Contributions to the Historic Houses Trust of New South Wales	100	0
Transferred to/(from) accumulated funds	(45)	53
	55	53

List of all forms of appeals:

- Events

How appeal monies are applied

As at 30 June 2005 the Foundation had paid a distribution of \$100,000 to the HHT.

Comparative figures and ratio	2005 \$'000	%	2004 \$'000	Total %
Total costs of fundraising/ gross income from fundraising	40/ 95		22/ 75	
		42		30
Net surplus from fundraising/ gross income from fundraising	55/ 95		53/ 75	
		58		70
Total costs of services/ total expenditure	-/ 189		-/ 170	
		-		-
Total costs of services provided/ total income received	-/ 386		-/ 389	
		-		-

END OF AUDITED FINANCIAL STATEMENTS

REPORT BY THE DIRECTORS OF THE FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES LIMITED BEING TRUSTEE FOR THE FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES

The names and particulars of the Directors of the Foundation for the Historic Houses Trust of New South Wales Limited during or since the end of the financial period are:

Name	Particulars
Marylyn Abbott	Company Director
Victoria Alexander	Arts student (appointed October 2004)
Neville Allen	Solicitor, Property Partner, Holding Redlich
Zeny Edwards	Architectural historian and author
Lynette Fern	Author
David Hall	Chartered Accountant, Company Director (resigned May 2005)
Michael Heraghty	Solicitor, Partner, TressCox
John Ingram	Company Director (appointed October 2004)
John Kehoe	Solicitor, Special Counsel, Gadens
Beat Knoblauch	Company Director, Beat Knoblauch & Associates
Rodney Leaver	Managing Director, Ronin Partnerships Limited
Clive Lucas OBE	Heritage Architect and Director, Clive Lucas Stapleton & Partners
William McLaughlin	Marketing and advertising consultant
Susan Rothwell	Architect, Principal Partner, Susan Rothwell & Associates
Howard Tanner	Architect and Director Tanner Architects (appointed October 2004)
Stephen Wall	Co-founder and Chairman, HWW Limited
Peter Watts	Director, Historic Houses Trust of New South Wales
Lesley Wild	Corporate Communications Director, FDC Courier (resigned October 2004)
Jill Wran	Chairman, Historic Houses Trust of New South Wales

The above named Directors held office during and since the end of the financial year.

Principal activities

The principal activity of the Foundation during the financial period is the raising of funds to support the management, maintenance, promotion, and development of historic buildings or places under the care of the Historic Houses Trust of New South Wales.

There was no change in the principal activity of the Foundation during the period.

Review of operations

The net surplus of the Foundation for the financial year ended 30 June 2005 was \$196,909.

The Foundation is a non-profit organisation and is exempt from the payment of income tax under Subdivision 50-5 of the *Income Tax Assessment Act 1997*.

Changes in state of affairs

Jill Wran stepped down on 29 March 2005 as Chairman of the Foundation for the Historic Houses Trust of New South Wales, with Howard Tanner immediately taking over as the Chair. The change in Chairmanship affected a restructure of the Board, with an announcement at the 31 May meeting that Board meetings for the next financial year would be reduced and that an Executive Committee would be established. The Communications Committee was disbanded and the Endangered Houses Fund Committee was put on hold until mid-2005 pending the purchase of an endangered house. Bridget Armstrong left as General Manager of the Foundation in 2004, with Natalia Bradshaw appointed as General Manager on 2 February 2005.

During the financial period there was no significant change in the state of affairs of the Foundation other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Foundation, or the state of affairs of the Foundation in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Foundation in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Foundation. Accordingly this information has not been disclosed in this report.

Distributions

A distribution of \$100,000 was paid to the Historic Houses Trust of New South Wales during the financial period.

Indemnification of officers

The Historic Houses Trust of New South Wales (the controlling entity) has included the Foundation within its Treasury Managed Fund indemnity coverage. The Treasury Managed Fund is a self-insurance scheme owned and underwritten by the New South Wales Government. Such inclusion of the Foundation confers upon it 'protected entity' status within the Treasury Managed Fund. The contract of coverage is an indemnification for any and all actions leading to a claim against the covered entity subject to the contract of coverage. Each Board Member, Trustee, officer and employee of the 'protected entity' is covered by the contract of coverage for any 'legal liability', alleged or actual, as long as the action is not based on an illegal and/or criminal act or outside the scope of their duties.

The following tables set out the number of Directors' meetings held (including meetings of committees of Directors) during the financial year and the number of meetings attended by each director (while they were a director or a committee member). During the financial year the following meetings were held: six Board, five Planning, Legal and Finance Committee, nine Events Committee, four Endangered Houses Fund Committee, one Communications Committee. A new Executive Committee has been established with the first meeting to occur in 2005–06. The Communications Committee was disbanded.

BOARD OF DIRECTORS		
Directors	Held	Attended
Jill Wran (Chairman)	6	5
Howard Tanner	5	5
Marylyn Abbott	6	0
Victoria Alexander	5	3
Neville Allen	6	5
Zeny Edwards	5	5
Lynette Fern	6	5
David Hall	5	2
Michael Heraghty	6	4
John Ingram	5	3
John Kehoe	6	3
Beat Knoblauch	6	5
Rodney Leaver	6	3
Clive Lucas OBE	6	5
William McLaughlin	6	4
Susan Rothwell	6	3
Stephen Wall	6	4
Peter Watts	6	5
Lesley Wild	–	–

PLANNING, LEGAL AND FINANCE COMMITTEE		
Directors	Held	Attended
Jill Wran (Chairman)	5	4
David Hall	5	2
Michael Heraghty	5	4
John Kehoe	5	3
Beat Knoblauch	5	4
Stephen Wall	5	5

ENDANGERED HOUSES FUND COMMITTEE		
Directors	Held	Attended
Jill Wran (Chairman)	4	4
Howard Tanner	1	1
Victoria Alexander	1	1
Neville Allen	4	4
Zeny Edwards	1	1
Rodney Leaver	4	1
Clive Lucas OBE	4	4
William McLaughlin	4	1
Susan Rothwell	4	1
Peter Watts	4	4

EVENTS COMMITTEE		
Directors	Held	Attended
Jill Wran (Chairman)	9	7
Victoria Alexander	9	6
Zeny Edwards	4	4
Lynette Fern	9	6
Rodney Leaver	1	1
Clive Lucas OBE	9	6
Susan Rothwell	9	4

COMMUNICATIONS COMMITTEE		
Directors	Held	Attended
Lynette Fern	1	1
William McLaughlin	1	1
Stephen Wall	1	–

FINANCIAL STATEMENTS FOR THE CONTROLLED ENTITY

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES AUDITOR GENERAL'S REPORT



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion Pursuant to the *Public Finance and Audit Act 1983*

In my opinion, the financial report of the Foundation for the Historic Houses Trust of New South Wales:

- (a) presents fairly the Foundation's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act).

Audit Opinion Pursuant to the *Charitable Fundraising Act 1991*

In my opinion:

- (a) the accounts of the Foundation show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2005
- (b) the accounts and associated records of the Foundation have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation 2003* (the CF Regulation)
- (c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and
- (d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

My opinions should be read in conjunction with the rest of this report.

The Trustees' Role

The financial report is the responsibility of the Trustees. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the PF&A Act and the CF Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Trustees in preparing the financial report,
- examined a sample of the evidence that supports:
 - (i) the amounts and other disclosures in the financial report,
 - (ii) compliance with accounting and associated record keeping requirements pursuant to the CF Act, and
- obtained an understanding of the internal control structure for fundraising appeal activities.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Trustees had not fulfilled their reporting obligations.

My opinions do *not* provide assurance:

- about the future viability of the Foundation,
- that it has carried out its activities effectively, efficiently and economically or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A stylized signature in black ink, appearing to read 'P Carr'.

P Carr, FCPA
Director, Financial Audit Services
SYDNEY
20 October 2005

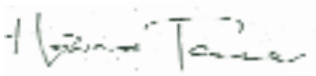
STATEMENT BY THE DIRECTORS OF THE FOUNDATION FOR
THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES LIMITED
BEING TRUSTEE FOR THE FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES

The Directors of the Foundation for the Historic Houses Trust of New South Wales Limited, the Trustee of the Foundation for the Historic Houses Trust of New South Wales, declare that:

- a) The attached financial statements and notes thereto comply with Australian Accounting Standards, *Public Finance and Audit Act 1983* and Regulations, UIG consensus views and other authoritative pronouncements.
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Trust.
- c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Trust Deed.
- d) In the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- e) The Directors are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.
- f) The financial report has been properly drawn up and the associated records have been properly kept for the period from 1 July 2004 to 30 June 2005, in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations.
- g) Money received as a result of fundraising activities conducted during the period from 1 July 2004 to 30 June 2005 has been properly accounted for and applied in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Howard Tanner
Chairman



John Kehoe
Director

Dated this day 14 October 2005

STATEMENT OF FINANCIAL PERFORMANCE

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
REVENUE FROM ORDINARY ACTIVITIES	2	385,672	388,800
EXPENSES FROM ORDINARY ACTIVITIES			
Administration expenses		101,803	97,034
Marketing expenses		51,828	24,747
Rental expense		–	24,000
Audit fees	3	5,000	4,200
Other expenses from ordinary activities		30,132	20,577
Total expenses from ordinary activities		188,763	170,558
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	11c	196,909	218,242
Total revenues, expenses and valuation adjustments recognised directly in equity		–	–
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	9	196,909	218,242

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES AS AT 30 JUNE 2005

	Notes	2005 \$	2004 \$
ASSETS			
Current assets			
Cash assets	4	820,004	1,078,870
Receivables	5	6,602	2,996
Other financial assets	6	1,298,983	1,072,113
Total current assets		2,125,589	2,153,979
TOTAL ASSETS		2,125,589	2,153,979
LIABILITIES			
Current liabilities			
Payables	7	17,732	142,085
Provisions	8	–	946
Total current liabilities		17,732	143,031
TOTAL LIABILITIES		17,732	143,031
NET ASSETS		2,107,857	2,010,948
TRUST FUNDS			
Accumulated funds	9	2,107,857	2,010,948
TOTAL EQUITY		2,107,857	2,010,948

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Suppliers/employee		(177,908)	(88,238)
Other		(156,065)	(96,695)
Total payments		(333,973)	(184,933)
Receipts			
Interest received		115,002	92,467
Donations and sponsorship		286,975	294,325
Total receipts		401,977	386,792
NET CASH FLOWS FROM OPERATING ACTIVITIES	11(c)	68,004	201,859
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments		(226,870)	(50,774)
Proceeds from investments		–	–
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(226,870)	(50,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from contributed equity		–	–
Distribution paid		(100,000)	–
NET CASH FLOWS FROM FINANCING ACTIVITIES		(100,000)	–
NET INCREASE/(DECREASE) IN CASH		(258,866)	151,085
Opening cash and cash equivalents		1,078,870	927,785
CLOSING CASH AND CASH EQUIVALENTS	11(a)	820,004	1,078,870

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE YEAR ENDED 30 JUNE 2005

1 SUMMARY OF ACCOUNTING POLICIES

Reporting entity

The Foundation was formed on 14 November 2001 and commenced operating in October 2002 when all assets and liabilities of the Historic Houses Trust of New South Wales Foundation were transferred.

Financial reporting framework

The financial report is a general purpose financial report which has been prepared in accordance with the Trust Deed, Australian Accounting Standards and other authoritative pronouncements of the AASB, Urgent Issues Group Consensus Views, *Public Finance and Audit Act 1983* and Regulations, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Revenue recognition

Interest revenue – interest revenue is recognised on an accruals basis.

Donations – revenue received from donations is recorded as and when it is received.

b) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where:

- the amount of GST incurred by the Foundation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included

d) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

e) Income tax

The Foundation is exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

f) Accounts payable

Trade payables and other accounts payable are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

g) Service provider arrangements

The Foundation does not have any employees. The Historic Houses Trust of New South Wales provides administration services for a charge on the basis of cost recovery.

h) Impact of adopting Australian equivalents to IFRS

The Foundation will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005–06. The following strategy is being implemented to manage the transition to AEIFRS by following the advice and strategy prescribed by the Foundation's controlling entity, the Historic Houses Trust of New South Wales (HHT). The HHT is following the advice of the NSW Treasury and has also allocated internal resources and/or engaged consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. The HHT's Finance & Audit Committee is overseeing the transition. The Senior Finance Officer is responsible for the project and reports regularly to the committee on progress against the plan.

The Foundation, from advice from its controlling entity the HHT, has determined there are no changes in accounting policies that are likely to impact opening equity or transactions to 30 June 2005.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE PERIOD ENDED 30 JUNE 2005

	2005 \$	2004 \$
2 REVENUE		
Surplus from ordinary activities includes the following items of revenue:		
(a) Operating revenue		
Donations	271,150	294,325
Interest	114,522	94,475
	385,672	388,800
Expenses of the Foundation are paid by the controlling entity and recharged.		
3 REMUNERATION OF AUDITORS		
Audit of the financial report		
Foundation for the Historic Houses Trust of New South Wales	3,500	3,000
Foundation for the Historic Houses Trust of New South Wales Limited	1,500	1,200
	5,000	4,200
4 CASH ASSETS		
Cash on hand and at bank	19,393	230,074
TCorp Hour-Glass Cash Facility	800,611	848,796
	820,004	1,078,870
5 CURRENT RECEIVABLES		
GST	3,124	–
Prepayments	1,575	613
Accrued interest on deposit	1,903	2,383
	6,602	2,996
6 OTHER CURRENT FINANCIAL ASSETS		
TCorp term deposit	405,162	382,197
Macquarie Bank Limited term deposit	893,821	689,916
	1,298,983	1,072,113
7 CURRENT PAYABLES		
Trade payables – Historic Houses Trust of New South Wales (the controlling entity)	9,223	122,731
Other	8,509	19,354
	17,732	142,085
8 CURRENT LIABILITIES – PROVISIONS		
Other	–	946
Total provisions	–	946

	2005 \$	2004 \$
9 ACCUMULATED FUNDS		
Balance at the beginning of the financial period	2,010,948	1,792,706
Net profit from ordinary activities	196,909	218,242
Transactions with owners as owners		
Less: distribution paid to the Historic Houses Trust of New South Wales	(100,000)	–
Balance at the end of the financial period	2,107,857	2,010,948

10 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Transactions with related entities

Contribution to the Historic Houses Trust of New South Wales	100,000	–
--	---------	---

During the financial period the trustee of the Foundation for the Historic Houses Trust of New South Wales was the Foundation for the Historic Houses of New South Wales Trust Limited. This company's ultimate parent entity is the Historic Houses Trust of New South Wales. Transactions with the Historic Houses Trust of New South Wales for services provided are fully reimbursed by the Foundation.

Aggregate amounts receivable from and payable to related entities at balance date are as follows:

Current receivables – controlling entity	–	–
Current payables – controlling entity	9,223	122,731

(b) Transactions with Directors

There were no transactions between the Trustee and the Foundation.

No Director of the Trustee receives remuneration for his/her duties as a Director of the Foundation for the Historic Houses Trust of New South Wales Limited.

11 NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and Tcorp Hour-Glass deposits. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	820,004	1,078,870
---------------------------	---------	-----------

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$

b) Non-cash financing and investing activities

The Foundation receives administration assistance from the Historic Houses Trust of New South Wales at no charge. The value of these services is unable to be estimated.

(c) Reconciliation of surplus from ordinary activities to net cash flows from operating activities

	2005	2004
Surplus from ordinary activities	196,909	218,242
(Increase)/decrease in assets:		
Current receivables	(3,606)	(2,621)
Increase/(decrease) in liabilities:		
Current payables	(124,353)	(14,708)
Provisions	(946)	946
Net cash from operating activities	68,004	201,859

12 FINANCIAL INSTRUMENTS**(a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest rate risk

The below table details the Foundation's exposure to interest rate risk as at 30 June 2005:

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted the point of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Foundation measures credit risk on a fair value basis.

Interest rate risk	Average interest rate %	Variable interest rate \$	Fixed interest rate maturity < 1 year \$	Non interest bearing \$	Total \$
Financial assets					
Cash	5.50	820,004	–	200	820,204
Receivables	–	–	–	6,602	6,602
Other financial assets	5.57	–	1,298,983	–	1,298,983
Financial liabilities					
Payables	–	–	–	17,732	17,732

	2005	2004
	\$	\$

The Foundation does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(d) Net fair value

The carrying value of financial assets and liabilities recorded in the financial statements approximates their net fair values.

13 CHARITABLE FUNDRAISING ACTIVITIES**Results of fundraising activities**

	2005	2004
Gross proceeds from fundraising appeals	94,650	75,325
Less: costs of fundraising appeals	39,549	22,239
Net surplus obtained from fundraising appeals	55,101	53,086
Contributions to the Historic Houses Trust of New South Wales	100,000	0
Transferred to/(from) accumulated funds	(44,899)	53,086
	55,101	53,086

List of all forms of appeals:

- Events

How appeal monies are applied

As at 30 June 2005 the Foundation had paid a distribution of \$100,000 to the Historic Houses Trust of New South Wales.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOUNDATION FOR THE HISTORIC HOUSES TRUST OF NEW SOUTH WALES FOR THE YEAR ENDED 30 JUNE 2005

Comparative figures and rates	2005 \$	%	2004 \$	%
Total costs of fundraising/ gross income from fundraising	39,549/ 94,650		22,239/ 75,325	30
Net surplus from fundraising/ gross income from fundraising	55,101/ 94,650	58	53,086/ 75,325	70
Total costs of services/ total expenditure	-/ 188,763	-/ -	-/ 170,558	-
Total costs of services provided/ total income received	-/ 385,672	0/ -	-/ 388,800	-

END OF AUDITED FINANCIAL STATEMENTS

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Elizabeth Bay House

7 Onslow Avenue, Elizabeth Bay

T 02 9356 3022

Open Tuesday to Sunday 10am – 4.30pm
and public holiday Mondays

Elizabeth Farm

70 Alice Street, Rosehill

T 02 9635 9488

Open daily 10am – 5pm

Government House

Macquarie Street, Sydney

T 02 9931 5222

House open Friday to Sunday 10.30am – 3pm

Grounds open daily 10am – 4pm

Hyde Park Barracks Museum

Macquarie Street, Sydney

T 02 8239 2311

Open daily 9.30am – 5pm

Justice & Police Museum

Cnr Albert & Phillip Streets, Circular Quay

T 02 9252 1144

Open weekends 10am – 5pm

Open daily during January 10am – 5pm

Meroogal

Cnr Worrigea & West Streets, Nowra

T 02 4421 8150

Open Saturday 1pm – 5pm

& Sunday 10am – 5pm

Open Thursday to Sunday during January

10am – 5pm

Museum of Sydney

on the site of first Government House

Cnr Phillip & Bridge Streets, Sydney

T 02 9251 5988

Open daily 9.30am – 5pm

Rose Seidler House

71 Clissold Road, Wahroonga

T 02 9989 8020

Open Sunday 10am – 5pm

Rouse Hill estate

Guntawong Road, off Windsor Road, Rouse Hill

T 02 9627 6777

Open Wednesday, Thursday and Sunday

10am – 2pm

Closed December to February

Susannah Place Museum

58–64 Gloucester Street, The Rocks

T 02 9241 1893

Open weekends 10am – 5pm

Open daily during January 10am – 5pm

Vaucluse House

Wentworth Road, Vaucluse

T 02 9388 7922

Open Tuesday to Sunday 10am – 4.30pm

and public holiday Mondays

All museums closed Good Friday and
Christmas Day

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