



2020

Annual Report

1 January – 31 December 2020



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The School's Place in History

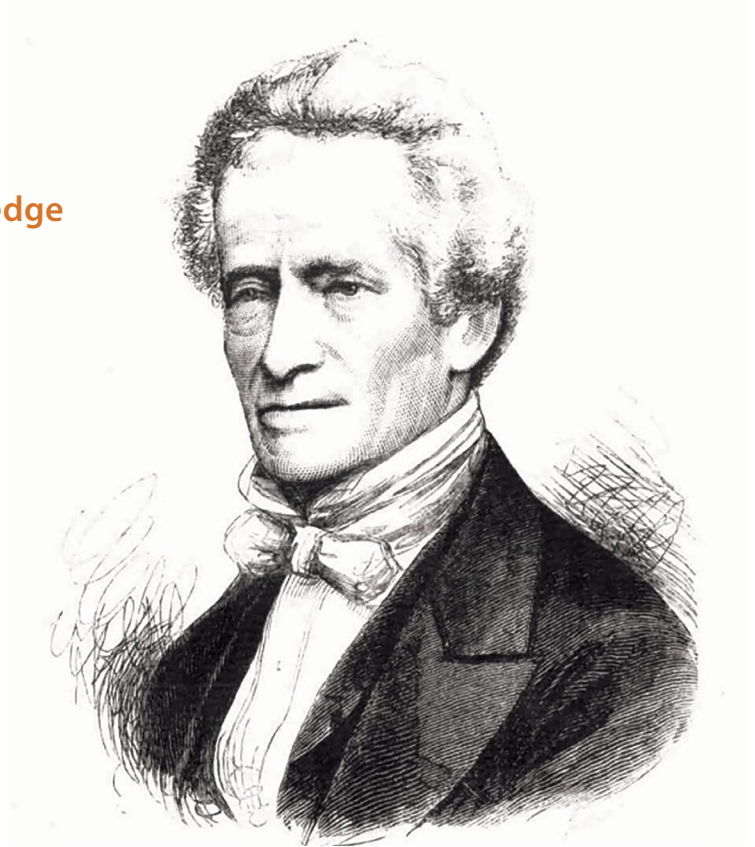
The Sydney Mechanics' School of Arts was founded in 1833 'to promote the diffusion of scientific and useful knowledge extensively, throughout all ranks of the community of New South Wales'.

The initial focus of the School, as with similar institutions in the United Kingdom, was to provide mechanics with the scientific principles of their trades; to bring science within reach of the working man. The School fully realised this aim with the establishment in 1878 of the Working Men's College which evolved into TAFE NSW.

Progressive educators such as Henry Carmichael and John Woolley stressed that the aim of education was, however, more than the transfer of scientific knowledge to a limited demographic. For these early educationalists the aim of education was to instil in members the habit of thinking and the desire for self-education. For this reason, the School's lectures and classes have throughout its history provided 'a wholesome full banquet' of science and the arts.

The School as an 'instrument of social and political advancement' played a pivotal role in the social regeneration of the colony as it progressed from convict to settler society and beyond.

The School has continued its commitment to adult education and lifelong learning through an ever changing educational, social and political landscape, evident in its events program and through its library, the longest operating lending library in Australia.



PICTURED ABOVE:

Engraving of Henry Carmichael.

Image Credit: Sydney Mail & NSW
Advertiser 31 March 1883, p 585

REFERENCES

Carmichael, Henry (1833) Lecture on the Formation of the Sydney Mechanics' School of Arts, New South Wales Magazine, 2(1), 3(1),4(1), Retrieved February 4, 2020 from nla.gov.au/nla.obj-753076802

Woolley, John (1862) Lectures Delivered in Australia, Cambridge England: Macmillan

Patrons

The Sydney Mechanics' School of Arts (SMSA) has always been appreciative of Vice Regal patronage and consider it a privilege that **Her Excellency the Honourable Margaret Beazley AC QC, Governor of New South Wales** and **Mr Dennis Wilson** are Joint Patrons of the School.

This appointment extends a long tradition of Governors as patrons of the School starting with Governor Bourke as founding Patron in 1833.

The SMSA continued to enjoy the unbroken patronage of successive Governors of New South Wales until 1935. Patronage was resumed in 2008 in honour of the School's 175th anniversary.



PICTURED ABOVE:

Her Excellency the Honourable Margaret Beazley AC QC, Governor of New South Wales and Mr Dennis Wilson.

Image Credit: Official image, courtesy of Government House Sydney.

From the President

What a year 2020 has been! A year of uncertainty, isolation and frustration – but we have achieved so much in spite of this.

Like many other organisations, the SMSA has been impacted by COVID-19, and several of our tenants have decided not to renew their leases. Details of this and other financial matters are addressed in the Treasurer's Report.

Our Secretary Max Bosotti and Accountant Michael Ludowici have dealt with the complexities of COVID-19 including Jobkeeper and changing dynamics in tenancies in a calm and professional manner. Kylie Campbell, Venue & Building Services Coordinator, has done a wonderful job in maintaining positive relationships with our venue hirers and tenants.

While the events program for 2020 was initially disrupted in March and April, staff quickly moved to organising online Zoom events, some of which were very successful, attracting attendees in the hundreds.

The Board adapted to the current situation by using the time when the building was quiet to complete the renovation of the accessible toilet, roof membrane and the Mitchell Theatre. This will help to increase venue hire while providing a stunning new setting for our exciting 2021 events program.

We welcomed two new staff members in August; Andrea Shrewsbury who takes on the role of Marketing & Events Coordinator and Poppy Roberts who joined us as Administration Assistant.

A big thank you to the Board for their commitment and adaptability, and to the staff, including our dedicated Library team and volunteers. Lastly, thank you to our wonderful members, without whose continuing support the Sydney Mechanics' School of Arts would not be the strong organisation it is today.

We look forward to a better year for all in 2021, and to welcoming back our members, volunteers, tenants and hirers.



A handwritten signature in black ink that reads "Winsome Allen".

Winsome Allen
President

The Board of Directors



Winsome Allen
President

Winsome is a former Chairperson of the fundraising committees for the Cerebral Palsy Alliance and the Benevolent Society of NSW for whom she is also a Life Governor. She is a Distinguished Toastmaster, club coach and former Area Governor. Winsome has always been interested in the arts and self-development and has experience in the fields of marketing, leadership, management and training. She has owned several successful businesses including ballet academies, retail boutiques, manufacturing and direct selling. Winsome promotes the SMSA through outreach talks to community groups about its history, current activities and future.

Re-elected President 2020



Lesley Scanlon
Vice President

Lesley has spent her career as a practitioner, researcher and author in adult education. She has published books on education, written articles for peer-reviewed journals and presented at international conferences. Lesley is currently writing a book on the early years of the SMSA and its cultural and educational contribution to early Sydney. Lesley and the Innovation & Programs Committee coordinate the 'Towards 200' anniversary project and have introduced initiatives such as Christmas in July, the Festive Cookbook and A Taste of Opera.

Elected 2018
Appointed Vice President 2019



Carole O'Brien
Vice President

Carole joined the SMSA in 1982. She served on the Board from 1984–2005, holding the office of President from 1997–2002. She was re-elected to the Board in 2008. Carole enjoys reading mystery and has been a member of the School's Mystery and Crime Reading Group since its inception. She has volunteered in the Tom Keneally Centre since its opening in 2011.

Re-elected 2018
Appointed Vice President 2020



Steve Warren
Vice President

Steve's background in long-term community development and experience in education, training and events management have given him the skills to make positive contributions to the SMSA in the areas of policy development, management and strategic planning. Steve has previously served on a university Board and Academic Senate, held National Secretary and Executive roles for the Australian postgraduate student body, as well as having served on a range of community based organisations. Steve has a long-standing commitment to equality in all of these roles.

Re-elected 2020
Appointed Vice President 2020



Geoff Webb
Vice President

Geoff has been a member of the SMSA for over 30 years. He has served on the Board since 2009 and has been a Vice President for over nine years, being chair of the Building, Membership and Grants committees during that time. He is a professional engineer with broad experience in engineering work, with a particular emphasis on project management and documentation.

Re-elected 2018

Re-appointed Vice President 2019



Jane Biscoe
Director

Jane has a background in health, working as a physiotherapist for both government and not-for-profit organisations where she was also involved with student supervision, policy development and quality improvement. Jane's interest in education and learning led to her involvement with the Workers Education Association (WEA) and the 'discovery' of SMSA. Jane served as a director on the Board of WEA for four years including two as President in 2017 and 2018.

Filled casual vacancy 2019



Eugene Stawski
Treasurer

Following a successful career as a financial controller, Eugene held a part-time position of Accounting Officer at SMSA, where he contributed to improvement of the accounting system. He joined the Board in 2015 and was Assistant Treasurer from 2016 until late 2019 when he was appointed Treasurer.

Re-elected 2018

Appointed Treasurer 2019



Cecile Cornford
Director

A former SMSA Librarian, Cecile has been a member of the School for many years. An avid reader and lover of literature, she is interested in maintaining the quality of good reading that we have in the Library. Cecile was elected to the Board in 2015 and has also previously served as Vice President.

Re-elected 2019



Shirley Hunt
Director

Shirley has been a member of the SMSA for over 17 years and was elected to the Board in 2012. Having had valuable experience working in accounts, payroll and personnel departments, Shirley has also volunteered for several organisations. She regularly volunteers in the Tom Keneally Centre where she has the opportunity to meet members, and is also on the Board's Library & Membership and Innovation & Programs Committees. Shirley is passionate about reading, theatre and film but most importantly enjoys spending time with her family.

Re-elected 2018



Paul Reid
Director

Paul has served on the SMSA Board for over 11 years, including four years as President, Vice President and Chair of the Board's various sub-committees. Now retired from full time employment, he previously worked as a Training and Educative Services Manager. Paul served on the NSW Government ITAB as a Director for over 10 years, and is a current Trustee of Unions NSW, and member of its Finance and Governance Committee. Paul is also a Director on the Board of the Bankstown Community College Institute.

Elected 2020



Denis Mockler
Director

As a long-standing member of the SMSA and Board member, Denis has held a number of positions including President, Treasurer and Vice President. Denis remains a strong advocate for the Library and for the provision of increased services for members of the SMSA. He is also an advocate for strengthening our governance and working with the Board and staff to ensure that the SMSA can impact on and reach a greater number of people. Denis is the principal of a small legal firm.

Re-elected 2019



Alister Wong
Director

A qualified accountant (CPA), Alister is retired from the NSW Education Department where he worked as a project manager/analyst on a multimillion dollar IT project. For 11 years, he was the Treasurer of the SMSA. Alister is a JP, a former Treasurer of the Sydney Gay and Lesbian Business Association and a former Finance Committee Member of ACON. Alister brings broad management and financial skills to the SMSA. His interests include reading, classical music, theatre, travel and good food.

Elected 2020

N.B. Paul Hinchey resigned as Director in March 2020.

Board Meeting Attendance & Staff

Attendance at Board Meetings 2020

Board Member	Attended
Allen, Winsome	14 of 14
Brandon, Mark*	0 of 1
Biscoe, Jane	9 of 14
Cornford, Cecile	10 of 14
Devrell, Anne+	5 of 5
Hinchey, Paul#	2 of 5
Hunt, Shirley	11 of 14
Mockler, Denis	14 of 14
O'Brien, Carole	12 of 14
Reid, Paul^	8 of 9
Scanlon, Lesley	13 of 14
Stawski, Eugene	14 of 14
Warren, Steve	12 of 14
Webb, Geoff	13 of 14
Wong, Alister^	9 of 9

* Resigned January 2020

+ Outgoing Director at March AGM

Resigned March 2020

^ Elected at March AGM

SMSA Staff at 31 December 2020

Secretary

Max Bosotti

Accountant

Michael Ludowici

Venue & Building Services Coordinator

Kylie Campbell

Marketing & Events Coordinator

Andrea Shrewsbury

Administration Assistant

Poppy Roberts

Manager, Library Services

Kathy Sale

Library Officer

Erika Samonte

Casual Library Officers

Stephen Elliot

Debbie Sanders

Marlene Smith

Diane Stewart

Committees

Each committee of the Board is chaired by a Vice President and one by the Treasurer, who are responsible for the work of their committee: Eugene Stawski (Finance); Steve Warren (Governance); Carole O'Brien (Library & Membership); Lesley Scanlon (Innovation & Programs); and Geoff Webb (Building).

The report from each committee is below, with the exception of Finance which is in the Treasurer's Report on Page 11.

Building

The Board was busy overseeing a number of building projects during 2020. The major projects were:

- Resealing the roof
 - Leaks through the roof of the building have become more serious over the past few years. This year the roof membrane was completely replaced and the edges resealed to avoid leaks going forward.
- Upgrading the Ground Floor toilet
 - The accessible toilet on the Ground Floor has been upgraded to current standards, and involved work on the adjacent spaces to facilitate the upgrade.
- Renovating the Mitchell Theatre
 - Work started in December to rejuvenate and modernise the Mitchell Theatre, which will include new seating, lighting and equipment.

Innovation & Programs

The Innovation & Programs Committee planned a series of thematic lectures for 2020. The advent of COVID-19 meant that we were unable to deliver most of these face-to-face lectures as planned. Nonetheless, the Committee, working with Melanie Ryan and later with Andrea Shrewsbury, also offered our members and the public a number of online Zoom events. These events were very successful, proving attractive to our members and to a regional and small international audience. Going forward we will continue to feature Zoom events alongside our more traditional event offerings.

Library & Membership

It has been an extraordinary year for the SMSA. The Library and face-to-face programs closed down due to COVID-19 in March, but ours was one of the first libraries to re-open just over seven weeks later on a "Click & Collect" basis. Our librarians have succeeded in providing ongoing services and support to members within the frequently changing health guidelines.

As at 31 December we had 1,356 members, with the grace period extended to the end of January 2021.

The Committee also considered:

- The ongoing Collection Policy
- Member Welcome Packs
- Volunteer management
- Potential further uses of the Tom Keneally Centre

Governance

The Committee has been working in close liaison with the Board to develop an easily understood and succinct Strategic Plan to continue to lead us into a secure future. We often struggle with how to describe SMSA. Over the years what has been clear to us is that we have been an educational, cultural and social 'community hub'. This focus will strengthen us into a long future especially in these current challenging times.

We have continued to look at ways to ensure good governance, supporting and improving our management procedures to maintain a sound position for our organisation and our members.

Activities & Services

Members' Activities

Members' Recreation and Discussion Groups

Our popular members' groups endured a challenging year as we had to quickly cancel meetings or find new ways to meet in light of COVID-19 restrictions.

The Chess and Mahjong groups were suspended from March onward due to their high contact nature and the necessity to maintain close proximity to play. The Knitting and Crochet group elected not to meet virtually and was also suspended during 2020.

Unable to meet in person, our reading groups found new ways to catch up and maintain momentum during the year. The 'Mystery and Crime' and 'Murder on a Monday' reading groups met virtually via email, sharing their notes and ideas via Word documents which meeting coordinators circulated to participants.

The Poetry at SMSA group adopted the popular Zoom technology to continue to meet 'face-to-face' on the second Tuesday of each month to discuss poems in an informal and friendly atmosphere.

Members' groups also found safe ways to meet within COVID-19 restrictions by meeting outdoors in park settings and organising outdoor excursions, observing social distancing rules.

We look forward to all of our members' groups resuming back at SMSA in 2021 when restrictions ease.

Members' Events

We started the year with two members' events initiated by the Innovation & Programs Committee.

'A Night at the Opera' in February included a performance of opera classics by experienced opera singers in lavish period costumes. Champagne and refreshments completed this special members-only event.

Library Lovers' Day in February was celebrated with an enchanting Midsummer Nights' Tea Party where members were encouraged to dress up as characters from Shakespeare's *A Midsummer Night's Dream*.

While additional special member events had been planned for 2020, these had to be cancelled due to COVID-19. Sadly, this included two of the favourite annual events, Christmas in July and the Members' Christmas Party in December.

Public Engagement

Public Talks and Events

SMSA's program of events in 2020 was managed by Melanie Ryan and later by Andrea Shrewsbury under the guidance of the Innovation & Programs Committee.

The School held 33 public talks and events in 2020 covering a wide range of topics including history, literature, lifestyle, science and the environment, as well as social and political issues.

With the COVID-19 restrictions and lockdowns in March, staff quickly moved to establish a series of online Zoom events, and 27 of the 33 events in 2020 were adapted to this format.

Members and the public largely embraced the use of new technology to attend SMSA events from the safety of their homes, with some events attracting attendees from all over Australia and even internationally. Among our most popular Zoom events were:

- *The Convict Valley* with Mark Dunn – 227 attendees
- The Making of the Australian Working Class with Babette Smith – 194 attendees
- *The Dickens Boy* with Tom Keneally – 127 attendees
- From the Majestic to the Mundane: Australia's Spas from Past to Present with Richard White – 119 attendees

We kept our monthly Classic Film events alive using a combination of Zoom and our Library's movie streaming service, Beamafilm. This enabled "Virtual Viewing Parties" where attendees met on Zoom to hear about the film before viewing, used a direct Beamafilm link to simultaneously watch the film, and then reconvened on Zoom for a post-film discussion.



▲ **PICTURED ABOVE:** Author Tom Keneally in the Tom Keneally Centre.

Image Credit: Helen White.

The SMSA Library

Managed by Kathy Sale under the guidance of the Library & Membership Committee, the SMSA Library is the longest-running lending library in Australia, operating since 1833.

During 2020, library staff worked hard to assist members in fulfilling their reading and viewing requirements whilst adhering to NSW Health regulations. While visitation decreased due to closures, there was a 25% increase in usage of online resources such as Audiobooks and eBooks, while 237 members signed up to Beamafilm.

Feedback from members who have been using the Library's services has been largely positive - our Library is often an important part of the lives of our members and being able to access our resources during a challenging year has been a saving grace to many.

Library staff have kept busy during a quieter year with several projects including the culling of around 2,000 books from the collection to make room for new additions, creating a Welcome Pack of information for new members and conducting research into streamlining the library's computer system. We purchased 1,144 new items in 2020 and now have over 5,000 titles within the Audiobook and eBook collection.

The Tom Keneally Centre

The Tom Keneally Centre (TKC) contains author Thomas Keneally's personal collection of nearly 4,000 books including copies of his own works and some of his photographs and memorabilia. SMSA members are able to borrow books from this collection, and the space can also be hired for events.

While the TKC remained closed for much of 2020 due to COVID-19, Tom visited and spent time in the TKC up until March, taking the time to talk with book lovers and aspiring authors.

Venue Hire

The SMSA's venue hire facilities, coordinated by Kylie Campbell, provide conveniently located, affordable meeting space in the CBD for all types of meetings and events.

Some smaller venue hire bookings were able to go ahead during 2020, with reduced capacities and COVID-19 safety restrictions in place. Our largest venue, the Mitchell Theatre, closed for renovations in December, and the improved space is expected to be popular with new and existing hirers going forward into 2021.

Treasurer's Report

The School achieved a comprehensive surplus for 2020 of \$23.4 million on the back of a revaluation of the property at 280 Pitt Street.

The operations of the School for the year ended 31 December 2020 resulted in a loss of \$658,000. This loss was due to the write down in the value of the School's building by \$720,000. Excluding the write down, the School achieved net income of \$62,000 on its operations compared with \$134,000 in 2019.

As required by the School's reporting policies, the SMSA obtained an independent valuation of the land and building during the year which resulted in the increase in the combined value of the land and building from \$22.7 million to \$45.7 million. Whilst the reduction in the value of the building noted above was not a cash loss, the reduction reflected, in part, the decrease in income that could be achieved given the age and condition of floor space available to lease. That loss was of course more than offset by the increase in the value of the land.

The reduction in the net income of the School can be assigned to the impact of COVID-19. Its effect on business generally, and therefore our tenants, meant SMSA was obliged to provide mandatory discounts for the duration of the pandemic in line with the tenants' reduction in revenue. Income from venue hiring was also down 68% and by year's end, a loss of tenants resulted in 1.5 floors becoming vacant with no success in re-leasing this empty space.

One of the impacts of the pandemic on the SMSA was a loss of over \$500,000 in income for the year, with a requirement to defer an extra \$250,000 in rental receipts. The Federal Government provided assistance to the value of \$250,000 by way of support.

There were major savings in building operating costs as a result of cost saving initiatives and fewer people in the building, with a significant number of people working from home or unable to come into the CBD. Unfortunately the savings were offset by the expense of waterproofing the roof following significant damage from storms early in the year.

During the year we completed the upgrade of the accessible toilet on the Ground Floor, enlarging the facility to ensure it meets the needs of users and commenced work on renovating the Mitchell Theatre.

The practice of working from home appears likely to continue and additional office accommodation coming onto the market means landlords are competing for tenants. For the first time in a number of years the School's building is not fully let. The School is experiencing difficulty in leasing the vacant space and this environment will place downward pressure on our revenue.

As rental returns are the major source of the School's income, should the reduction in rental income continue, the School will be required to rely on its reserves to meet expenses.



A stylized handwritten signature in black ink.

Eugene Stawski
Treasurer

Financial Statements

31 December 2020

Sydney Mechanics' School of Arts
ABN 29 720 771 090

Audited by Christopher Wong of Watson Erskine Pty Ltd



Watson Erskine Pty Ltd
Chartered Accountants

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Sydney Mechanics' School of Arts

ABN 29 720 771 090

Auditor's Independence Declaration to the Board of Sydney Mechanics' School of Arts

In accordance with Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct in relation to the audit.

Watson Erskine Pty Ltd
Authorised Audit Company


Christopher Wong
Director

Dated this 9th day of February 2021

SYDNEY NSW 2000

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Statement of Comprehensive Income
For the Year Ended 31 December 2020

		2020	2019
	Note	\$	\$
Office and facilities rental		1,487,744	2,026,574
Other income	4	379,613	201,104
Impairments - buildings		(720,144)	-
Depreciation of property, plant and equipment	5	(409,251)	(438,191)
Employee benefits expense		(588,183)	(533,728)
Rental outgoings		(555,407)	(618,006)
Other expenses		(252,370)	(503,316)
Surplus / (Deficit) for the year		(657,998)	134,437
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gains from revaluation of land and buildings		24,052,473	-
Other comprehensive income for the year		24,052,473	-
Total comprehensive surplus for the year		23,394,475	134,437

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Statement of Financial Position

As At 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	884,170	1,193,924
Trade and other receivables	7	320,769	1,375
Other financial assets	8	3,483,787	3,132,763
Other assets	9	67,262	75,808
TOTAL CURRENT ASSETS		4,755,988	4,403,870
NON-CURRENT ASSETS			
Property, plant and equipment	10	46,702,302	23,693,834
TOTAL NON-CURRENT ASSETS		46,702,302	23,693,834
TOTAL ASSETS		51,458,290	28,097,704
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	44,599	30,610
Employee benefits	12	53,259	44,378
Other financial liabilities	13	1,851	1,722
Other liabilities	14	68,791	112,215
TOTAL CURRENT LIABILITIES		168,500	188,925
NON-CURRENT LIABILITIES			
Employee benefits	12	5,056	18,520
TOTAL NON-CURRENT LIABILITIES		5,056	18,520
TOTAL LIABILITIES		173,556	207,445
NET ASSETS		51,284,734	27,890,259
EQUITY			
Reserves	15	34,574,659	10,522,186
Retained surplus		16,710,075	17,368,073
TOTAL EQUITY		51,284,734	27,890,259

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts
ABN 29 720 771 090

Statement of Changes in Equity
For the Year Ended 31 December 2020
2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	17,368,073	10,522,186	27,890,259
Deficit for the year	(657,998)	-	(657,998)
Revaluation increment	-	24,052,473	24,052,473
Balance at 31 December 2020	16,710,075	34,574,659	51,284,734

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2019	17,233,636	10,522,186	27,755,822
Surplus for the year	134,437	-	134,437
Balance at 31 December 2019	17,368,073	10,522,186	27,890,259

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Statement of Cash Flows

For the Year Ended 31 December 2020

		2020	2019
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,313,852	2,286,605
Payments to suppliers and employees		(1,540,626)	(1,843,975)
Investment income received		113,490	106,757
Government subsidies received		251,350	-
Net cash provided by operating activities	21	138,066	549,387
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	362
Purchase of property, plant and equipment	10	(85,390)	(36,280)
Net change in investment in other financial assets		(362,431)	(1,121,145)
Net cash (used in) / provided by investing activities		(447,821)	(1,157,063)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents held		(309,755)	(607,676)
Cash and cash equivalents at beginning of year		1,193,925	1,801,600
Cash and cash equivalents at end of financial year	6	884,170	1,193,924

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020**

The financial report covers Sydney Mechanics' School of Arts ('the School') as an individual entity. Sydney Mechanics' School of Arts is a not-for-profit School, registered and domiciled in Australia.

The principal activities of the School for the year ended 31 December 2020 include:

- the provision of educational and cultural activities;
- the provision of library services;
- running a robust program of talks, readings and screenings; and
- the provision of commercial office space and venue hire.

The functional and presentation currency of Sydney Mechanics' School of Arts is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the School is not a reporting entity since it is unlikely there are users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies**(a) Income Tax**

The School is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the School and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the School is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020****2 Summary of Significant Accounting Policies (continued)****(d) Property, plant and equipment (continued)****Library books**

Library books are measured using the revaluation model. Additional purchases of common use collection books are expensed.

Depreciation

Property, plant and equipment, excluding freehold land, are depreciated on a straight-line basis over the assets useful life to the School, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Freehold Land	Not depreciated
Buildings	2.5%
Plant and Equipment	5% to 50%
Library	Not depreciated

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Financial instruments are recognised initially on the date that the School becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the School classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the School changes its

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The School's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Assets measured at fair value through other comprehensive income are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The School has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. These investments are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020****2 Summary of Significant Accounting Policies (continued)****(e) Financial instruments (continued)****Financial assets (continued)**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the School considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the School's historical experience and informed credit assessment and including forward looking information.

The School uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The School uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the School in full, without recourse to the School to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the School in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The School has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the School renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The School measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial liabilities (continued)

The financial liabilities of the School comprise trade payables.

(f) Impairment of non-financial assets

At the end of each reporting period the School determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Employee benefits

Provision is made for the School's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020****3 Critical Accounting Estimates and Judgments (continued)**

statements, however as additional information becomes known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

An independent valuation of property (land and buildings) carried at fair value was obtained in August 2020. Those charged with governance have reviewed this valuation and adopted it. The valuation is an estimation which would only be realised if the property is sold.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

4 Other Income

	2020	2019
	\$	\$
Sales revenue		
- member subscriptions	23,456	27,647
	<u>23,456</u>	<u>27,647</u>
Investment income		
- investment income received	113,490	85,026
	<u>113,490</u>	<u>85,026</u>
Other income		
- Fair value adjustments	(11,407)	85,469
- Donations	1,295	240
- Government support payments	251,350	-
- Other trading revenue	1,404	1,682
- Gain on disposal of assets	25	-
- Other income	-	1,040
	<u>242,667</u>	<u>88,431</u>
Total other revenue	<u>379,613</u>	<u>201,104</u>

5 Depreciation of property, plant and equipment

	2020	2019
	\$	\$
Depreciation		
Buildings	327,550	350,000
Plant and equipment	81,701	88,191
Total	<u>409,251</u>	<u>438,191</u>

The Board has decided that, in accordance with AASB 116 Property, Plant and Equipment, the buildings be depreciated from 1 January 2016 prospectively.

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	883,972	1,193,899
Other cash and cash equivalents	198	25
	<u>884,170</u>	<u>1,193,924</u>

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020****7 Trade and Other Receivables**

	2020	2019
	\$	\$
CURRENT		
Trade receivables	45,004	1,375
Other receivables	275,765	-
	320,769	1,375

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

8 Other Financial Assets**(a) Financial assets at fair value through profit or loss**

	2020	2019
	\$	\$
CURRENT		
Financial assets at fair value through profit or loss	3,483,787	3,132,763
	3,483,787	3,132,763

9 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	38,157	39,423
Rental bonds	29,105	36,385
	67,262	75,808

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	36,350,000	10,000,000
Total Land	36,350,000	10,000,000
Buildings		
At fair value		
At independent valuation	9,450,000	14,000,000
Accumulated depreciation	(80,157)	(1,284,936)
Total buildings	9,369,843	12,715,064
Total land and buildings	45,719,843	22,715,064
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,362,357	1,276,967
Accumulated depreciation	(799,756)	(718,055)
Total plant and equipment	562,601	558,912
Library books		
At fair value		
At independent valuation	1,404,946	1,404,946
Accumulated impairment losses	(985,088)	(985,088)
Total Library books	419,858	419,858
Total plant and equipment	982,459	978,770
Total property, plant and equipment	46,702,302	23,693,834

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Library	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2020					
Balance at beginning of year	10,000,000	12,715,064	558,912	419,858	23,693,834
Depreciation	-	(327,550)	(81,701)	-	(409,251)
Additions	-	-	85,390	-	85,390
Revaluation decrease	-	(3,017,671)	-	-	(3,017,671)
Revaluation increase	26,350,000	-	-	-	26,350,000
Balance at the end of the year	36,350,000	9,369,843	562,601	419,858	46,702,302

Sydney Mechanics' School of Arts

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Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Property, plant and equipment (continued)

	Land	Buildings	Plant and Equipment	Library	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2019					
Balance at beginning of year	10,000,000	13,065,064	615,284	417,358	24,097,706
Disposals	-	-	(1,962)	-	(1,962)
Depreciation	-	(350,000)	(88,190)	-	(438,190)
Additions	-	-	33,780	2,500	36,280
Balance at the end of the year	10,000,000	12,715,064	558,912	419,858	23,693,834

11 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	43,510	29,521
Other payables	1,089	1,089
	44,599	30,610

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Provision for employee benefits	53,259	44,378
	53,259	44,378
Non-current liabilities		
Long service leave	5,056	18,520
	5,056	18,520

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

13 Other Financial Liabilities

	2020	2019
	\$	\$
CURRENT		
Amounts received in advance	1,851	1,722
	<u>1,851</u>	<u>1,722</u>

14 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Rental bonds	29,105	36,385
ATO - GST	4,205	31,641
Other accrued expenses	35,481	44,189
	<u>68,791</u>	<u>112,215</u>

15 Reserves

The asset revaluation reserve records unrealised gains on the market value of non-current assets.

	2020	2019
	\$	\$
Asset Revaluation Reserve		
Land	34,550,000	8,200,000
Buildings	-	2,297,527
Library	24,659	24,659
	<u>34,574,659</u>	<u>10,522,186</u>

16 Members' Guarantee

The liability of a member of the Sydney Mechanics' School of Arts to contribute towards the payment of the debts and liabilities of the Sydney Mechanics' School of Arts or the costs, charges and expenses of the winding up of the Sydney Mechanics' School of Arts is limited to the amount, if any, unpaid by the member in respect of membership of the Sydney Mechanics' School of Arts as required by By-law 8.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements**For the Year Ended 31 December 2020****17 Auditors' Remuneration**

	2020	2019
	\$	\$
Remuneration of the auditor Watson Erskine Pty Ltd for:		
- auditing	18,431	17,304
- other services	924	4,862
	<u>19,355</u>	<u>22,166</u>

18 Contingencies and Commitments**Capital Commitments**

Sydney Mechanics' School of Arts had the following capital commitments at the end of the reporting period:

On 18 December 2020 the School entered into an agreement with a third party building contractor for refurbishment of the Mitchell Theatre. The agreed contract price is \$69,535.20 plus GST.

Other than the above, there were no other contingencies or commitments at 31 December 2020.

19 COVID-19 rent relief

In April 2020, the Australian Government introduced a National Code of Conduct (Code of Conduct) and set of principles which apply to commercial tenancies (including retail, office and industrial) for small and medium enterprise customers (SMEs) with turnover of less than \$50 million experiencing financial stress or hardship as a result of the COVID-19 pandemic as defined by their eligibility for the Commonwealth Government's JobKeeper Program.

For tenants eligible under the Code of Conduct and State based legislation, rent relief comprises a proportionate reduction in rent payable in the form of waivers and deferrals of up to 100% of the amount ordinarily payable, on a case-by-case basis, based on the reduction in the tenant's turnover during the COVID-19 pandemic period. At 31 December 2020, the total rent deferred amounted to \$249,984.

20 Events after the end of the Reporting Period

The School continues to manage the effects of the COVID-19 Pandemic on its business. The School's main source of income, being rental income earned from leasing out commercial office space in the building at 280 Pitt Street Sydney, is expected to recover gradually over the medium to long term. Managing more frequent rental vacancies and current tenants who are experiencing or are likely to experience financial difficulty, and maintaining the upkeep of the building to professional standards with a reduced rental income base are some of the major challenges facing the School over the next 12 months.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the School, the results of those operations or the state of affairs of the School in future financial years.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Notes to the Financial Statements

For the Year Ended 31 December 2020

21 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Surplus for the year	(657,998)	134,437
Non-cash flows in surplus:		
- depreciation and impairments	1,129,395	438,191
- net loss on disposal of property, plant and equipment	-	1,599
- fair value movements on investments	11,407	(85,469)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(319,395)	25,961
- (increase)/decrease in other assets	7,280	3,060
- (increase)/decrease in prepayments	1,266	2,746
- (increase)/decrease in interest receivable	-	21,731
- increase/(decrease) in trade and other payables	13,989	5,972
- increase/(decrease) in other financial liabilities	129	(4,259)
- increase/(decrease) in other liabilities	(43,424)	5,403
- increase/(decrease) in employee benefits	(4,583)	15
Cash flows from operations	<u>138,066</u>	<u>549,387</u>

22 Statutory Information

The registered office and principal place of business of the school is:

Sydney Mechanics' School of Arts
280 Pitt Street
Sydney NSW 2000

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Responsible Persons' Declaration

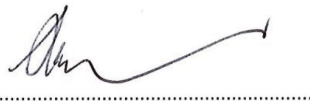
The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the School is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes for the year to 31 December 2020 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Winsome Allen
Director



Eugene Stawski
Director

Dated this 8th day of February 2021



Watson Erskine Pty Ltd
Chartered Accountants

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Sydney Mechanics' School of Arts

Independent Audit Report to the members of Sydney Mechanics' School of Arts

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sydney Mechanics' School of Arts, which comprises the statement of financial position as at 31 December 2020, the statement of 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 responsible persons' declaration.

In our opinion the financial report of Sydney Mechanics' School of Arts has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Registered Entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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Sydney Mechanics' School of Arts

Independent Audit Report to the members of Sydney Mechanics' School of Arts

In preparing the financial report, the responsible entities are responsible for assessing the Registered Entity'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 responsible entities either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

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 the 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 Registered Entity'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 Registered Entity 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.

22

Liability limited by a scheme approved under Professional Standards Legislation



Watson Erskine Pty Ltd
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Sydney Mechanics' School of Arts

Independent Audit Report to the members of Sydney Mechanics' School of Arts

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.

Watson Erskine Pty Ltd
Authorised Audit Company

Christopher Wong
Director

SYDNEY NSW 2000

Dated this 24 day of February 2021



Watson Erskine Pty Ltd
Chartered Accountants

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Sydney Mechanics' School of Arts

ABN 29 720 771 090

Compilation Report

For the Year Ended 31 December 2020

COMPILATION REPORT TO SYDNEY MECHANICS' SCHOOL OF ARTS

We have compiled the accompanying special purpose financial statements of Sydney Mechanics' School of Arts, which comprise of the Detailed Income Statement and Rental Properties Statement for the year ended 31 December 2020.

The Responsibility of the Board

The Board of Sydney Mechanics' School of Arts is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the Board we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in the notes to the financial statements and APES 315: *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in the notes to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

The special purpose financial statements were compiled exclusively for the benefit of the Board who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Watson Erskine Pty Ltd

Watson Erskine Pty Ltd

SYDNEY NSW 2000

Dated this 7th day of February 2021

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Detailed Income Statement For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Income		
Fees	23,456	27,647
Investment income	113,490	85,026
Donations	1,295	240
Other income	252,755	2,722
Net rental surplus	932,338	1,408,568
Total income	1,323,334	1,524,203
Less: Expenses		
Administration and management fees	10,138	18,913
Advertising	5,288	99,497
Auditors remuneration	19,355	22,166
Bad debts	-	1,750
Computer expenses	27,261	26,536
Conference/Seminar costs	-	305
Consulting and professional fees	56,200	125,898
Consumables	41,798	49,682
Depreciation	409,251	438,191
Donations	11,000	35,800
Entertainment	(63)	8,806
First aid supplies	77	486
Insurance	16,391	14,681
Investment manager's fees	10,681	7,262
Impairment	720,144	-
Cuthberts	2,188	7,420
Other employee costs	22,188	3,599
Postage	321	770
Printing and stationery	6,339	18,266
Promotion	17,229	20,750
Repairs and maintenance	700	11,472
Salaries	533,980	478,133
Safety costs	3,893	3,893
Staff training	1,438	1,863
Subscriptions	8,639	9,157
Superannuation contributions	44,144	43,973
Telephone and fax	8,938	12,143
Termination benefits	(19,389)	589
Travel - domestic	3,533	154
Workers compensation insurance	5,823	5,572
Other operating expenses	2,465	5,909
Total Expenses	1,969,950	1,473,636
Net surplus / (deficit)	(646,616)	50,567
Gain/(loss) on disposal of assets	25	(1,599)
Fair value adjustments	(11,407)	85,469
Profit before income tax	(657,998)	134,437

Note: This Detailed Income Statement does not form part of the audited financial statements.

Sydney Mechanics' School of Arts

ABN 29 720 771 090

Rental Properties Statement**For the Year Ended 31 December 2020**

	2020	2019
	\$	\$
Rental income	1,402,618	1,754,016
Facilities Rental	85,126	272,558
Total rental income	1,487,744	2,026,574
Agents commission	7,889	18,859
Catering	4,101	17,709
Cleaning	87,688	92,895
Electricity and gas	83,595	112,328
Insurance	34,167	31,635
Rates - council	61,459	65,607
Rates - water	6,285	9,835
Repairs and maintenance	186,603	186,396
Security	21,319	22,117
Building management	62,300	60,625
Total rental expenses	555,406	618,006
Net rental surplus	932,338	1,408,568

Note: This Rental Properties Statement does not form part of the audited financial statements.

Appendix: AGM Minutes

Minutes of the Annual General Meeting held at 12:30pm on Tuesday 10 March 2020

Present

Winsome Allen	Vinh Hoang
Nola Barkl	Shirley Hunt
Andrew Barty-King	Christine Jennett
Jane Biscoe	Brian Johnston
Judith Bolton	Margaret Johnston
Murray Bowles	Colin Kay
Rodney W. Collins	Thomas Keneally
Cecile Cornford	Astrid Lodens
Garry Dalrymple	Bruno Lovison
Linda De Rosa	Phillip D. Lyons
Beverley Dunstan	Peter Machin
Laurel Dyson	Grahame Marks
Bronwyn Ellens	Jennifer-Robyn Mattock
Anthony Ellis	Bonita Maywald
Margaret Evans	Janet McGaw
Helen Falconer	Graeme McGregor
Deirdre Ferguson	Raewyn McGregor
Hilmar Fiedler	Gabrielle Meares
Elizabeth Fletcher	Graeme Miller
Marie Fuller	Denis Mockler
Christine Gash	Pamela Morris
John Robert Hardie	Susan Moses
Michelle Haywood	Donald Mulligan
Diane Hill	Carole O'Brien
Regina Hoang	Norma O'Brien

Marcia Peters
Bruce Ramage
Paul Reid
Ruth Rinot
Ling Ronnebeck
Reinhard Ronnebeck
Caroline Sargent
Lesley Scanlon
Raymond Seeto
Robyn Short
Eugene Stawski
Rosalind Strong
Tony Strong
Fadia Sultan
Kay Templeton
Thomas Thorburn
Eric Tierney
Maria Townsend
Shaina Versola
Steve R. Warren
Moya Williams
Garry Wotherspoon
Robert York

Guests

Emma Collins
Health Consumers

Michael Newton
WEA

Also in Attendance

Brian Wise
Auditor,
Watson Erskine Pty Ltd

Simon Orrick
Auditor,
Watson Erskine Pty Ltd

Marvel Kung
Auditor,
Watson Erskine Pty Ltd

Max Bosotti
Staff

Melanie Ryan
Staff

Erika Samonte
Staff

Shaz Di Vinci
Staff

1. Welcome and Acknowledgment of Traditional Owners

Steve Warren welcomed members and guests to the meeting and the Traditional Owners of the land on which the meeting was held being the Gadigal people of the Eora Nation and their Elders past, present and future were acknowledged.

2. Conduct of the Meeting

The President noted that the meeting had been convened in accordance with the requirements. Members were provided with advice as to the conduct of the meeting and personal safety arrangements in the event of an emergency.

3. Apologies

The following apologies were received and accepted:

Barry Baker	Mary Mockler
Jane Baker	Peter Rainey
Steven Bingle	John Robinson
Marilyn Bryce	Alan Rutherford
Kathleen Doyle	Fleur Sargent
Kevin Doyle	Arabella Smith
Craig Hale	Robert Sweica
Narelle Kay	Geoff Webb
Jeanne Kitson	Sue Webb
Jim Lowden	Pauline Weeks
Raymond MacDonald	Victoria Whiteman
Peter Maywald	

4. Confirmation of the Minutes of the previous Annual General Meeting

The minutes of the previous Annual General meeting held on 12th March 2019 were confirmed as true and correct records. Moved by Steve Warren, seconded by Shirley Hunt and carried on show of hands.

5. Elections

Lesley Scanlon noted that in accordance with the By-Laws voting had ceased at 12:45pm. The votes are being counted by the auditors and results will be announced at the close of the meeting.

6. President's Address

Can you believe we are literally days away from the School's 187th birthday? Which means we are only 13 years away from our 200th year – and we are planning ahead for this. We are working towards the School's long-term stability and to ensure our rich heritage is the foundation of our strategy for the future.

Plans are underway to commence some of the modifications and renovations that are required for the SMSA to remain in its current heritage building.

Shortly, you will hear from our new Secretary, Max Bosotti, who has many years of experience at an executive level.

We continue to provide an active and interesting program of events which has included successful cultural evenings for members, most recently a live performance by Opera Bites.

In the Library, we have expanded our digital services with the addition of Beamafilm, which allows members to stream quality documentaries and films for free. There are 1,500 films available and new releases are added weekly.

I'd like to thank:

- The SMSA volunteers who give their time so freely.
- The School's staff, who are a valued and vital part of the SMSA community.
- My fellow directors for their support and commitment to the School.
- Last but not least, I am always grateful to the members for their continued support.

Please refer to the Annual Report for more information about the School's activities.

7. Treasurer's Address

Denis Mockler summarised the results for the year. A surplus for the 2019 year of \$187K was reported, made possible by stable occupancy of our tenanted accommodation and no major building expenses incurred. In addition, some \$230K of venue hire income was received and it is hoped would continue to gradually increase. It was noted that there was upgrading of the building to be undertaken, e.g. a new accessible toilet (\$75K) and improvements to the theatre. The Treasurer's Report was moved by Denis Mockler and Gary Wotherspoon. Carried on show of hands.

8. Presentation of the Annual Report for approval

The Treasurer noted the positive progress made and the results achieved by the School over the course of the year as recorded in the report. The Annual Report was submitted in its entirety for approval. Moved by Denis Mockler and seconded by Tom Thorburn. Carried on show of hands.

9. Appointment of Auditors for 2021

The auditors, Watson Erskine, offered themselves for reappointment. Moved by Tom Thorburn and seconded by Denis Mockler. Carried on show of hands.

10. Guest speakers

Emma Collins from Health Consumers presented a summary of her organisation's role, especially in addressing how accredited hospitals can be more user friendly. Work is ongoing to assist hospitals to better understand what consumers need and encourage them to listen to consumers. This has led to the creation of an academic program at the University of Sydney. While the organisation does not undertake any individual advocacy, its focus remains on systemic change. Emma entertained a number of questions including how the organisation was funded, and responded this was via a Ministry of Health grant. She concluded by letting the audience know how valuable it was for the organisation to be in the building and to be able to book meeting rooms to complete training of graduates.

Max Bosotti, the new Secretary, addressed the members and gave a short outline of his experience both in the commercial environment and most recently in the disability sector. A mechanical engineer, Max's career has stretched across a number of industry sectors in senior executive and CEO roles, in petroleum both here and in Canada; investment banking, information technology; research and development and disability.

He is married with two children and eight grandchildren and has particular interests in travel, photography and music.

11. Election Results and Close of Meeting

Lesley Scanlon presented the results of the elections and congratulated Paul Reid, Alister Wong and Steve Warren who were successful, and thanked the other nominees for their interest.

OPPOSITE PAGE: >

Library books in the Tom Keneally Centre collection.

Image Credit: Helen White.



The **Sydney Mechanics' School of Arts** was founded in 1833 'to promote the diffusion of scientific and useful knowledge extensively, throughout all ranks of the community of New South Wales'.



Sydney Mechanics' School of Arts

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