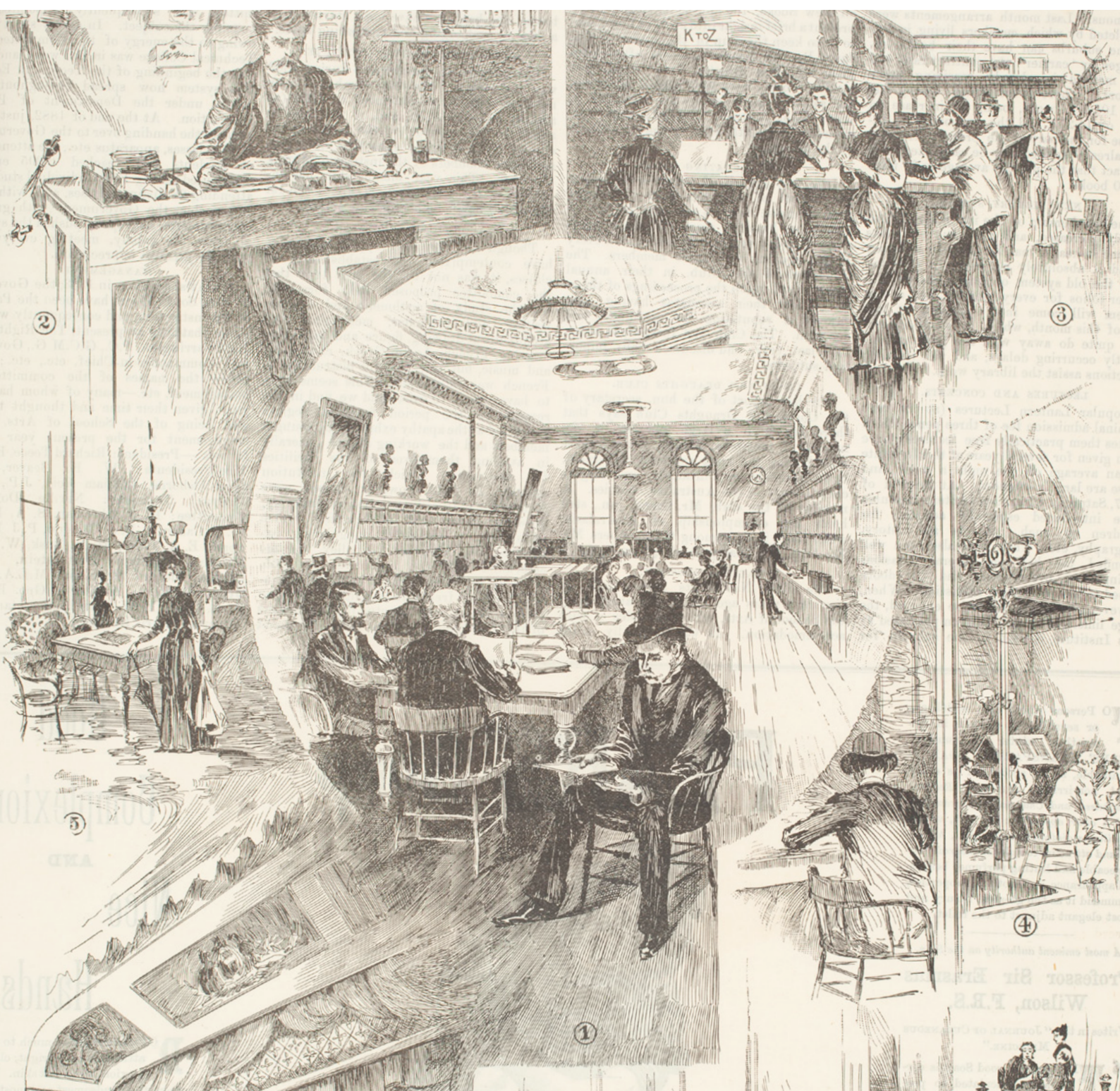


2022

# Annual Report

1 January – 31 December 2022







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School of Arts  
SPECIAL REQUEST  
As this book is in great demand  
and the number of copies ac-  
cessible is limited, the Secretary  
would feel obliged if you would  
return it to the Library at your  
earliest convenience.

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< **OPPOSITE PAGE:**  
Historical Sydney Mechanics'  
School of Arts library books.  
Image Credit: Graham Jepson.

**COVER IMAGE:**  
Sketches of the Sydney Mechanics' School of Arts,  
Illustrated Sydney News, Saturday 24 May 1890, page 27.  
Image Credit: Mitchell Library, State Library of New South Wales, REF1/MAV/FM4/8038-8043.



# The School's Place in History

**The Sydney Mechanics' School of Arts (SMSA) was founded in 1833 for the 'intellectual improvement of its members and the cultivation of literature, science and art'.<sup>1</sup>**

The initial focus of the School was 'to promote the diffusion of scientific and useful knowledge extensively, throughout all ranks of the community of New South Wales'<sup>2</sup> and to bring science within reach of the working class. The School fully realised this aim with the establishment in 1878 of the Working Men's College which evolved into TAFE NSW.

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 running continuous lending library in Australia.

## REFERENCES

- 1 Sydney Mechanics' School of Arts (1886) *Sydney Mechanics' School of Arts Incorporation Act*, pp.1.
- 2 Carmichael, Henry (1833) Lecture on the Formation of the Sydney Mechanics' School of Arts, *New South Wales Magazine*, 2(1), pp.69. Retrieved February 6, 2023 from [nla.gov.au/nla.obj-753076802](https://nla.gov.au/nla.obj-753076802).



## Patrons

The Sydney Mechanics' School of Arts 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.

### PICTURED:

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

**Another unprecedented and challenging year has flown by so quickly. Once again it is time to reflect on what impact 2022 had on the Sydney Mechanics' School of Arts.**

Throughout the past year the SMSA was still feeling the impact of COVID-19. The deferred rents and rent-free periods introduced by the government were beyond our control. However, this has ended and deferred payments are now being received. The Treasurer's Report will address the financial situation.

Lisa Harris has been appointed as SMSA Secretary. Lisa has many years of experience working in member-based organisations. She brings valuable commercial, corporate, sales and marketing expertise to SMSA and recognises challenges and opportunities.

Bríd Slattery has taken on the role of accountant after the retirement of Michael Ludowici. Brid is a member of the Institute of Chartered Accountants and has extensive experience including financial management, accounting, reporting and audit across small and medium enterprises.

We farewelled Venue Hire & Building Services Coordinator Kylie Campbell. We wish her well with her future endeavours. Marketing & Events Coordinator Andrea Shrewsbury is currently on parental leave and we look forward to her return in 2023.

Erika Samonte has been promoted to Library Manager and has implemented several changes that enhance members' experience. Diane Stewart took on a new role as part time Library Assistant. The Library also welcomed casual staff Aasia Akhtar, Francis Miles-Wilmhurst, Liliana Navarro and Naomi Jeffress.

We welcomed new staff members, Alexandra Mitchell, firstly as Team Assistant, then as Acting Marketing & Events Coordinator, Liz Charlton as Venue Hire & Building Services Coordinator and Victoria Hall as Team Assistant. My heartfelt thanks to the staff for their enthusiasm, professionalism and the will to embrace new ideas.

Thank you to the wonderful SMSA volunteers who have ensured the Tom Keneally Centre remains open. My thanks must also go to the co-ordinators of our members' groups who work tirelessly for our members.

My ongoing gratitude and respect to the board for their dedication and commitment.

Like most organisations, there will be further challenges in 2023 but the SMSA will overcome these as we have in the past.

We will be entering our 190th year on March 22nd 2023 and there will be many opportunities during the year to celebrate.

In 2024, the new Metro Station will open on Bathurst Street, providing greater visibility and foot traffic for the School.

Finally, a huge thank you to our wonderful members who epitomize the Sydney Mechanics' School of Arts.



*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 and former Area Director. Winsome has experience in marketing, leadership, management, and training. She has owned several successful businesses including ballet academies, retail outlets, small business advisory services, and manufacturing. Winsome promotes the SMSA through talks to community groups. Her interests include opera, ballet, music and reading.

■ **Re-elected President 2020**



**John Robinson**  
Vice President

John has been a SMSA member for over 14 years and was a board member from 2009 to 2016. He assisted with the public programs to provide an interesting program for members and their guests. A former NSW Government employee, working in the education and health portfolios, he studied political science and industrial relations at the UNSW. John's interests include reading, yoga, walking, swimming and the arts. John is Vice President of the Governance and Strategic Planning Committee.

■ **Elected 2021**

■ **Appointed Vice President 2022**



**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's book 'An Oasis in the Wilderness: The Foundation Years of the Sydney Mechanics' School of Arts, 1833-1851' will be published in 2023 in time for our 190th anniversary. Lesley is Vice President of the Innovations and Programs Committee.

■ **Re-elected 2021**

■ **Appointed Vice President 2022**



**Steve Warren**  
Vice President

Steve's background in long-term community development, education, training & events have given him the skills to make positive contributions to the SMSA. Steve has previously served on a University Board and Academic Senate, as well as National, State & NGO roles. Steve has been active on various SMSA Board Committees & part of SMSA member activities. Steve is Vice President of the Library and Membership Committee.

■ **Re-elected 2020**

■ **Appointed Vice President 2020**



**Geoff Webb**  
Vice President

Geoff has been a member of the SMSA for over 45 years. He has served on the Board since 2009 as a Director and as a Vice President. He has served on the Building, Membership, Finance and Grants committees during that time. Geoff is a professional engineer with broad experience in engineering work, with a particular emphasis on project management and documentation. He enjoys reading mystery and science fiction. Geoff is Vice President of the Building Committee.

■ **Re-elected 2021**

■ **Appointed Vice President 2022**



**Paul Reid**  
Acting Treasurer

Paul serves as a Trustee and has been a member of the Finance and Governance Committee of Unions NSW for 8 years. Paul previously worked as a Training and Educative Services Manager, delivering industrial relations-based training to people from diverse educational and employment backgrounds. He is a strong advocate of human rights and has been a past Secretary of an NGO. Paul previously served as President of the Sydney Mechanics' School of Arts for 4 years, Acting Secretary, Vice President of the Governance Committee and a Director. He is currently Acting Treasurer.

■ **Elected 2020**

■ **Appointed Vice President 2022**

■ **Appointed Acting Treasurer 2022**



**Christine Campbell**  
Director

Christine is the Head of Marketing and Communications at the Property Industry Foundation, which brings together the property and construction industry to build homes for homeless youth. Prior to taking on this role in 2020, she spent more than 15 years leading marketing, communications and fundraising teams for Odyssey House NSW, Youth Off The Streets and the Leukaemia Foundation. She is an experienced team leader with a demonstrated history of working in the not-for-profit industry, and is skilled in working on Executive teams in non-profit organisations, branding & identity, strategic planning, communications, community engagement and fundraising.

■ **Elected 2022**



**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 of the Members' Services and the Library and Membership committees.

■ **Re-elected 2022**



**Shirley Hunt**  
Director

Shirley has been a member of the SMSA for over 19 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 2021**



**Brian Johnston**  
Director

Brian has significant experience in exercising the responsibilities of a Director, particularly in the not-for-profit sector. His professional career has been primarily in senior management roles in the health industry, which included more than twelve years as Chief Executive of a not-for-profit member-based national organisation focused on promoting quality in health care. Brian continues to provide voluntary support internationally in that field. Brian was Secretary of the SMSA from 2015–2019. He is a Fellow of the AICD Australia.

■ **Elected 2022**

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**Thank you to  
former board  
members:**

- Jane Biscoe (resigned November)
  - Denis Mockler (resigned November, former Treasurer)
  - Stephen Newton (resigned September)
- 

# SMSA Grants Program

**The SMSA Grants Program aims to support and invest in community projects and activities that foster and align with the School's values and objectives.**

**The National Council of Women New South Wales inc. 1896 to 2023 – \$3,300.00**

The National Council of Women (NSW) is a non-government umbrella organisation that has been put place to advance the status of women and their educational objectives ([ncwnsw.org.au](http://ncwnsw.org.au)).

This grant is to fund the National Council of Women (NSW) Australia Day Awards 2023

scholarship for women who are excelling in their later undergraduate and postgraduate studies and to benefit students who are disadvantaged.

The recipients of the 2023 Australia Day Awards are Sarah Clark, Katherine Fitzpatrick & Meena Rasoli. These Awards were presented by Her Excellency the Honourable Margaret Beazley AC KC Governor of New South Wales at the "Celebrate Being an Australia" luncheon, UTS Tower Ultimo on 23 January 2023.



# Board Meeting Attendance & Staff

## Attendance at Board Meetings 2022

Board Member	Attended
Allen, Winsome	12/12
Biscoe, Jane*	6/7
Campbell, Christine	12/12
Cornford, Cecile	9/12
Hunt, Shirley	12/12
Johnston, Brian	9/9
Mockler, Denis*	9/10
Newton, Stephen^	5/6
Reid, Paul**	11/12
Robinson, John	8/12
Scanlon, Lesley	12/12
Warren, Steve	11/12
Webb, Geoff	11/12

\* Resigned November 2022

^ Resigned September 2022

\*\* Acting Secretary August – October 2022

## SMSA Staff at 31 December 2022

### Secretary

Lisa Harris

### Accountant

Brid Slattery

### Venue & Building Services Coordinator

Liz Charlton

### Marketing & Events Coordinator

Andrea Shrewsbury (on parental leave)

### Acting Marketing & Events Coordinator

Alexandra Mitchell

### Team Assistant

Victoria Hall

### Library Manager

Erika Samonte

### Library Assistant

Diane Stewart

### Casual Library Assistants

Aasia Akhtar

Naomi Jeffress

Francis Miles-Wilmshurst

Liliana Navarro

# 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:**

<b>Geoff Webb</b>	Building
<b>John Robinson</b>	Governance and Strategic Planning
<b>Lesley Scanlon</b>	Innovation & Programs
<b>Steve Warren</b>	Library & Membership
<b>Paul Reid</b>	Finance

Committees are comprised of a core group of directors as formal members. Other directors and staff are invited to attend as required.

The Committee reports are below and the Finance Committee Report from the Acting Treasurer is on page 13.

## Governance and Strategic Planning

The Governance and Strategic Planning Committee of the SMSA aims to promote member confidence, and in more stable economic times, a healthy balance sheet.

The Committee's meeting schedule was impacted by the COVID-19 restrictions; two meetings were held and the Committee continued to look at ways to ensure good governance, supporting and improving our management procedures to maintain a stable environment for the School.

Thank you to fellow Committee members, previous convenor Paul Reid, Christine Campbell, Brian Johnston, Steve Warren and Denis Mockler for their guidance and assistance.

## Building

It is over 20 years since the School's building had a major renovation and the site is requiring increasing maintenance. The major projects currently underway include work on the roof, plans to renovate and upgrade the air-conditioning system and consideration of a refurbishment of the Level 1 Meeting Rooms.

Despite the major work on the roof in 2020, the recent extremely heavy rain has resulted in water finding paths under the new roof membrane. This has caused some flooding on Level 9 and work is underway to rectify this problem.

The current air-conditioning system is reaching the end of its life and no longer works effectively and modernisation is imperative. To this end, the School is looking into a series of 6 month, 1 year, 5 year and 10 year plans to renovate and upgrade the system.

The Board is considering a complete refurbishment of the meeting rooms on Level 1, including changes to the moveable partitions and the arrangement of the rooms. Thought is also being given to purchasing new tables and chairs.





^ **PICTURED ABOVE:** Interior of Sydney Mechanics' School of Arts Library ca. 1920–1936.

Image Credit: Sam Hood, courtesy of the State Library of New South Wales – PXA 626/1.

## Library & Membership

The SMSA Library and the Tom Keneally Centre continued to face challenges due to COVID-19 in 2022. However, it was great to see our members returning to the sanctuary of our Library throughout the year as COVID-19 restrictions were lifted. Not only does our Library host a great collection it also enables people to socialise and meet friends.

The committee would like to commend the library staff and volunteers for their excellent work during this time. We welcomed Erika Samonte to the role of Library Manager. Erika is a well respected and hard working member of the team, it was very pleasing to see her take on the role as Manager during 2022.

Tom Keneally reached a milestone this year with the 40th Anniversary of Schindler's Ark which was celebrated in the Tom Keneally Centre with an exhibition.

We have continued to improve our physical & ebook collection throughout the year and will do so into the future. We always look forward to seeing our members in the Library. Members are welcome to share their ideas with SMSA staff.

## Innovation & Programs

The end of COVID-19 restrictions allowed us to finally stage the opera 'Carmen' which was a great success. Other highlights for the year were the Anzac Day commemoration, Christmas in July, a dramatized reading of 'A Christmas Carol', and our comprehensive film series.

Alongside these events were presentations on a diverse range of areas including history, health, literature and psychology. A thank you to those who generously gave of their time to make these events such a success.

# Activities & Services

## Members' Activities

### Members' Recreation and Discussion Groups

Our Members' Groups were able to resume meeting in person in early 2022 due to the easing of COVID-19 restrictions. Some groups continued to meet online via Zoom throughout the year dependent on what was more appropriate for each group.

The Knitting & Crochet Group restarted in March 2022 after it was suspended due to COVID-19 restrictions during 2021. The group completed numerous blankets throughout the year for Wrap with Love which provides wraps to people in need in Australia and around the World.

The Poetry at SMSA, Murder on a Monday, Mystery & Crime Reading Group and Mah Jong groups enjoyed returning to SMSA to meet in person. The Poetry at SMSA Group were also able to continue their tradition of performing Coleridge's *The Rime of the Ancient Mariner* in person at a special event in our Henry Carmichael Theatre in November 2022.

### Members' Events

The end of COVID-19 restrictions meant that favourite annual special member events returned in 2022. Christmas in July and the Members' Christmas Party in December were great opportunities for members' to get together and celebrate throughout the year. It was wonderful to have the events back in person.

## Public Engagement

### Public Talks and Events

The School held 33 public talks and events in 2022 which addressed diverse topics including health, science, history, art, crime, environmental and social issues and literature.

We had special events including Perspectives on War: Author Talk and Film Screening to commemorate Anzac Day, a public reading of *A Christmas Carol* by Geoffrey Usher and a sell-out audience for Opera Bites, *Carmen*.

Earlier in the year we held a range of talks on Zoom to minimise the COVID-19 risk for our audience. These were well attended and included:

- Australian Architecture: A History with Dr. Davina Jackson
- Food for thought: How does diet impact brain health? With Dr. Emma Lea and Dr. Maree Farrow
- Speaking frankly: Love, sex & intimacy in later life with Dr. Sue Malta

We re-introduced in-person events with a smaller audience capacity of 80 people which has gradually increased as restrictions have eased.

Some popular in-person events throughout the year included:

- Aches, Pains and Leeches: Introducing Medieval Medicine with Carmel Bendon
- Carmen – A Night at the Opera, Opera Bites Performance
- Dead & Buried: A Curious History of Sydney's Burial Grounds with Warren Fahey



# Members' Christmas Party



Image Credit: Michelle Haywood.

- The Psychology of Crime Investigations:  
Dr. Celine van Golde
- The Tilt with Chris Hammer in conversation  
with Catherine du Peloux Menagé

Our monthly classic film program coordinated by SMSA Member Peter Rainey began the year virtually and made use of the Library's movie streaming service, Beamafilm. As restrictions eased we had a range of in person Classic Film Matinee and Night events throughout the year which drew a steady audience per each event. In October the program reached a significant milestone with the screening of *Taxi Driver* (1976) marking the 100th Classic Film Screening at SMSA.

## The SMSA Library

It was great to see members return to the library as the COVID-19 restrictions lifted and member services returned to normal.

We accessioned 792 new hard copy items in 2022 and recorded a 37% increase in the amount of hard copy books borrowed throughout the year. There were 59 new users of our online Overdrive Audiobook and eBook collection in 2022 which includes 5004 titles.

Whilst there was an 11% decrease in borrowing from the online Overdrive collection, the 36% increase of members borrowing hard copy books demonstrates that members have enjoyed the ability to visit us at the library to borrow again. We have also had 70 new users of our online streaming service Beamafilm and a 15% increase in borrowing through this service in 2022.

Our Library continued to be an important part of our services throughout the year offering a peaceful place for members to visit, borrow books and socialise.

## The Tom Keneally Centre

With the wonderful support and encouragement from our valued volunteers the Tom Keneally Centre re-opened in early 2022 after its closure due to COVID-19. In October we hosted the 40 Years: Schindler's Ark exhibition to celebrate the 40th anniversary of the publication of Tom Keneally's Booker Prize winning historical fiction *Schindler's Ark* (1982). This exhibition brought increased visitors to the Centre. Tom Keneally also launched his latest book 'Fanatic Heart' at a private event in late 2022.

## Venue Hire

Since the lifting of COVID-19 restrictions in 2022 venue hire has steadily trended upwards.

We welcomed Liz Charlton to the role of Venue & Building Services Coordinator mid-way through 2022.

It was pleasing to see the majority of our regular hirers return to face-to-face meetings by the end of the year.

The Henry Carmichael Theatre continues to be popular with venue hirers running larger events. Venue hirers who used our meeting rooms were able to make use of additional AV equipment we have introduced. The equipment consists of two AV Carts which have large screens for presentations and inbuilt cameras for video conferencing. These are a popular option with hirers as they allow them to facilitate their hybrid meetings more easily.

We are excited to keep developing and growing the SMSA's facilities for both our members and hirers moving into the future.





^ **PICTURED ABOVE:** The Tom Keneally Centre.

Image Credit: Graham Jepson.

## Website

In 2022 we updated and launched our new website. The new website offers a smoother visitor experience and has improvements in functionality, accessibility and navigation.

This makes it easier for members and venue hirers to get the information they need efficiently. It also has a simple, secure payment system. The website has new features including a Userway accessibility widget which allows visitors to change aspects of the website to suit their accessibility requirements.

Another new feature is the search bar which now enables users to switch between searching the Website and searching the Library Catalogue. The project has been a long time in the making and we are excited with the result. We have received positive feedback from our members and will continue to evolve the website into the future.

# Treasurer's Report

I have taken over the responsibilities of Treasurer since November 2022, when the previous Treasurer resigned from the Board due to family issues, and begin my report by acknowledging that the SMSA has gone through a very difficult financial year. The review of the operations of the school for the year ended 31 December 2022 resulted in a substantial loss of \$1,076,024 after income tax, compared to \$200,915 in 2021. This loss is mainly due to the continuing impacts of the COVID-19 pandemic including the extension of the mandatory code of conduct between tenants and landlords to March 2022 and rent relief granted to tenants under this code during the year, the ceasing of the Government's COVID-19 support payments, and net unrealised losses in the fair value of investments held. As reported in 2021, the continuing COVID-19 pandemic has had a detrimental impact on our tenants' businesses and SMSA's income during 2022.

The 2022 year started with a negative outlook. There has been some significant expenditure in building operating costs including partial replacement of the roof membrane. The School will face significant costs over the next year, and beyond with the replacement of the School's air-conditioning system as a major outlay which cannot be delayed. There will also be significant costs to refurbish the School's first floor rooms that provide income from room hire by corporate and not-for-profit clients.

Our current leasing agents have taken some inquiries of the former Pitt St frontage pharmacy that still remains vacant following a protracted Court case between the lease holder and another party to whom they sub-let some space. The former pharmacy has now surrendered this lease and the School's financial position

will be greatly improved when this large space is occupied with a suitable new tenant.

We were able to successfully retain many of our major tenants although some suites on the lower ground and upper floors remain vacant. Our Secretary and Accountant are keeping a watchful eye on our investment portfolio with Shaw and Partners; however, the international market has been particularly volatile, and this is expected to continue for the foreseeable future, which will affect our investment income going forward. The Board however has made these investments with a long-term view, so short term losses are expected from time to time.

In closing I wish to congratulate our Secretary, Lisa Harris and Accountant, Bríd Slattery recently appointed in late 2022, for their level of care, clarity, and competence in the fulfilment of their duties. I believe they will ensure the School continues to operate to deliver its services to members, and the wider community during its 190th anniversary this year, and beyond.

Thank you.



A handwritten signature in dark ink that reads "Paul G. Reid".

**Paul Reid**  
Acting Treasurer

# Financial Statements

31 December 2022

Sydney Mechanics' School of Arts  
ABN 29 720 771 090

Audited by Christopher Wong, Director Watson Erskine & Co Pty Ltd



## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Statement by Members of the Board For the Year Ended 31 December 2022

The directors present their report on Sydney Mechanics' School of Arts for the financial year ended 31 December 2022.

#### 1. General information

##### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Winsome Allen

Lesley Scanlon

Steve Warren

Geoff Webb

John Robinson

Cecile Cornford

Shirley Hunt

Paul Reid

Denis Mockler

Resigned November 2022

Stephen Newton

Resigned September 2022

Christine Campbell

Brian Johnston

Appointed March 2022

Jane Biscoe

Appointed March 2022, Resigned November 2022

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

##### Principal activities

The principal activity of Sydney Mechanics' School of Arts during the financial year was the provision of library and other services for members and the leasing of commercial office space.

No significant changes in the nature of the School's activity occurred during the financial year.

#### 2. Operating results and review of operations for the year

##### Operating results

The accounting deficit of the School after providing for income tax amounted to \$ (1,076,024) (2021: \$ (200,915)).

##### Review of operations

A review of the operations of the School during the financial year and the results of those operations show the School's financial performance continues to be impacted by the COVID-19 Pandemic. Rent relief granted to tenants continued under the mandatory Code of Conduct which itself was extended to March 2022, the ceasing of Government COVID-19 support payments during the year and unrealised losses on the fair value of investments all had a negative impact on the School's financial performance.

A troublesome tenant on the ground floor surrendered the lease and vacated the premises in June 2022. Since then the lot has remained vacant although efforts are ongoing to find a suitable tenant.

The School is owed approximately \$303,000 in deferred rent receivable as at 31 December 2022 as a result of negotiations with tenants under the mandatory Code of Conduct. These arrangements have had a detrimental impact on the School's operating cash flows. Management seeks to recover these deferred rents over the short to medium

## 2. Operating results and review of operations for the year (continued)

Review of operations (continued)  
term.

## 3. Other items

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the School during the year.

### Future developments and results

Likely developments in the operations of the School and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the School.

### Environmental issues

The School's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

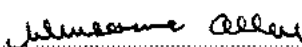
### Indemnification and insurance of officers and auditors

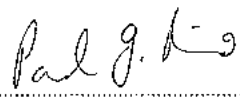
During the year, the School paid premiums to insure the directors and certain officers against the costs that may be incurred in defending civil or criminal proceedings that may be brought against them in their capacity as officers.

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:   
Winsome Allen

Director:   
Paul Reid

Dated 17 February 2023



**Watson Erskine Pty Ltd**  
Chartered Accountants

ABN 44 125 509 015

Level 4, 55 Clarence Street, Sydney NSW 2000  
GPO Box 2003, Sydney NSW 2001

**T** +61 (02) 9248 9600  
**F** +61 (02) 9248 9666  
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**W** [www.watsonerskine.com.au](http://www.watsonerskine.com.au)

### **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 2022, 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

C. WONG  
Director

17 February 2023

SYDNEY NSW 2000



**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Office and facilities rental	4	<b>1,409,026</b>	1,232,656
Other income	4	<b>(105,082)</b>	343,668
Depreciation of property, plant and equipment		<b>(348,870)</b>	(350,529)
Employee benefits expense		<b>(711,367)</b>	(506,879)
Rental outgoings		<b>(850,390)</b>	(488,390)
Other expenses		<b>(469,341)</b>	(431,441)
<b>Deficit for the year</b>		<b>(1,076,024)</b>	(200,915)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>(1,076,024)</b>	(200,915)

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 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	328,948	4,189,679
Trade and other receivables	6	248,102	403,131
Other financial assets	7	3,425,648	83,983
Other assets	9	61,177	67,837
TOTAL CURRENT ASSETS		4,063,875	4,744,630
NON-CURRENT ASSETS			
Property, plant and equipment	8	46,218,454	46,494,115
TOTAL NON-CURRENT ASSETS		46,218,454	46,494,115
TOTAL ASSETS		50,282,329	51,238,745
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	64,091	27,051
Employee benefits	14	57,827	44,092
Other financial liabilities	12	2,813	10,664
Other liabilities	13	140,243	59,730
TOTAL CURRENT LIABILITIES		264,974	141,537
NON-CURRENT LIABILITIES			
Employee benefits	14	9,560	13,389
TOTAL NON-CURRENT LIABILITIES		9,560	13,389
TOTAL LIABILITIES		274,534	154,926
NET ASSETS		50,007,795	51,083,819
<b>EQUITY</b>			
Reserves	15	34,574,659	34,574,659
Retained earnings		15,433,136	16,509,160
TOTAL EQUITY		50,007,795	51,083,819

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 2022****2022**

	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2022</b>	<b>16,509,160</b>	<b>34,574,659</b>	<b>51,083,819</b>
Deficit for the year	(1,076,024)	-	(1,076,024)
<b>Balance at 31 December 2022</b>	<b>15,433,136</b>	<b>34,574,659</b>	<b>50,007,795</b>

**2021**

	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2021</b>	<b>16,710,075</b>	<b>34,574,659</b>	<b>51,284,734</b>
Deficit for the year	(200,915)	-	(200,915)
<b>Balance at 31 December 2021</b>	<b>16,509,160</b>	<b>34,574,659</b>	<b>51,083,819</b>

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 2022**

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,897,248	1,133,270
Payments to suppliers and employees	(2,216,088)	(1,407,295)
Investment income received	126,049	140,850
Government subsidies received	-	96,875
Net cash provided by/(used in) operating activities	22 (192,791)	(36,300)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(73,209)	(142,342)
Net change in investment in other financial assets	(3,594,731)	3,484,151
Net cash provided by/(used in) investing activities	(3,667,940)	3,341,809
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	(3,860,731)	3,305,509
Cash and cash equivalents at beginning of year	4,189,679	884,170
Cash and cash equivalents at end of financial year	5 328,948	4,189,679

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 2022

The financial report covers Sydney Mechanics' School of Arts 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 2022 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.

The financial report was authorised for issue by the Directors on 13 February 2023.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the School expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the School have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (a) Revenue and other income (continued)

###### Specific revenue streams

###### Interest revenue

Interest is recognised using the effective interest method.

###### Rental income

Investment property revenue 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.

###### Member Subscriptions

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

###### Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

###### Other income

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

##### (b) Income Tax

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

##### (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 payable 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.



**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****2 Summary of Significant Accounting Policies (continued)****(d) Property, plant and equipment (continued)**

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.

**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, is 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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (e) Financial instruments (continued)

##### Financial assets (continued)

##### *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 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.

##### *Financial assets through profit or loss*

**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****2 Summary of Significant Accounting Policies (continued)****(e) Financial instruments (continued)****Financial assets (continued)**

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

When determining whether the credit risk of a financial assets 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 and contract assets*

Impairment of trade receivables and contract assets have 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.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (e) Financial instruments (continued)

###### Financial assets (continued)

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.

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.



**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****2 Summary of Significant Accounting Policies (continued)****(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. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**(i) Foreign currency transactions and balances****Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

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

The significant estimates and judgements made have been described below.

**Key estimates - land and buildings**

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 2022

#### 3 Critical Accounting Estimates and Judgments (continued)

##### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### 4 Revenue and Other Income

##### Revenue from continuing operations

	2022	2021
	\$	\$
Revenue from contracts with customers		
- rental revenue from property investment	1,409,026	1,232,656
- member subscriptions	22,086	13,705
	<u>1,431,112</u>	<u>1,246,361</u>

##### Investment Income

	2022	2021
	\$	\$
- investment income received	126,049	140,850
	<u>126,049</u>	<u>140,850</u>

##### Other Income breakup

	2022	2021
	\$	\$
Other Income		
- recoveries	-	1,980
- Government support payments	-	96,875
- other trading revenue	(222)	919
- donations	70	4,993
- fair value adjustments	(253,066)	84,347
	<u>(253,218)</u>	<u>189,114</u>

#### 5 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	326,065	4,189,584
Other cash and cash equivalents	2,883	95
	<u>328,948</u>	<u>4,189,679</u>

**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****6 Trade and Other Receivables**

	2022	2021
	\$	\$
CURRENT		
Trade receivables	(51,796)	113,672
Deferred rent and other receivables	303,019	439,199
Provision for impairment	(3,121)	(155,826)
	<u>248,102</u>	<u>397,045</u>
Deposits	-	6,086
	<u>248,102</u>	<u>403,131</u>

**7 Other Financial Assets****Financial assets at fair value through profit or loss**

	2022	2021
	\$	\$
CURRENT		
Financial Investments	<u>3,425,648</u>	<u>83,983</u>
	<u>3,425,648</u>	<u>83,983</u>

**8 Property, plant and equipment**

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	<u>36,350,000</u>	<u>36,350,000</u>
Total freehold land	<u>36,350,000</u>	<u>36,350,000</u>
Buildings		
At fair value	9,450,000	9,450,000
Accumulated depreciation	(609,068)	(343,782)
Total buildings	<u>8,840,932</u>	<u>9,106,218</u>
Total land and buildings	<u>45,190,932</u>	<u>45,456,218</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,577,909	1,504,700
Accumulated depreciation	(970,245)	(886,661)
Total plant and equipment	<u>607,664</u>	<u>618,039</u>

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 8 Property, plant and equipment (continued)

Library books		
At fair value	1,404,946	1,404,946
Accumulated impairment losses	(985,088)	(985,088)
Total library books	419,858	419,858
<b>Total property, plant and equipment</b>	<b>46,218,454</b>	<b>46,494,115</b>

#### Movements in carrying amounts of property, plant and equipment

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 \$
<b>Year ended 31 December 2022</b>					
Balance at the beginning of year	36,350,000	9,106,218	618,039	419,858	46,494,115
Additions	-	-	73,209	-	73,209
Depreciation expense	-	(265,286)	(83,584)	-	(348,870)
<b>Balance at the end of the year</b>	<b>36,350,000</b>	<b>8,840,932</b>	<b>607,664</b>	<b>419,858</b>	<b>46,218,454</b>

	Land \$	Buildings \$	Plant and Equipment \$	Library \$	Total \$
<b>Year ended 31 December 2021</b>					
Balance at the beginning of year	36,350,000	9,369,843	562,601	419,858	46,702,302
Additions	-	-	142,342	-	142,342
Depreciation expense	-	(263,625)	(86,904)	-	(350,529)
<b>Balance at the end of the year</b>	<b>36,350,000</b>	<b>9,106,218</b>	<b>618,039</b>	<b>419,858</b>	<b>46,494,115</b>

#### 9 Other non-financial assets

	2022 \$	2021 \$
CURRENT		
Prepayments	35,981	38,726
Rental bonds	25,196	29,111
	<b>61,177</b>	<b>67,837</b>



**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****10 Leases****Operating leases as a Lessor**

The School leases out commercial office space to various third party entities. These leases have been classified as operating leases for financial reporting purposes and the assets are included under property, plant and equipment in the statement of financial position (refer note 8).

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 2022, the total rent deferred amounted to \$303,019 (2021: \$430,068). The program ended in March 2021 but was reintroduced in July 2021 through to January 2022 on the emergence of the COVID-19 Delta strain.

On 13 January 2022 the Code of Conduct was extended to 13 March 2022. The impact of this extension of the Code of Conduct on future lease income has not been accounted for in the maturity analysis of lease receivables below.

Maturity analysis of lease receivables showing the undiscounted lease payments to be received after reporting date for operating leases:

	2022	2021
	\$	\$
< 1 year	1,189,413	988,930
Between 1 – 2 years	1,107,158	665,472
Between 2 – 3 years	651,103	563,124
Between 3 – 4 years	262,993	236,667
Between 4 – 5 years	49,140	28,387
<b>Total undiscounted lease receivables</b>	<b>3,259,807</b>	<b>2,482,580</b>

**11 Trade and Other Payables**

	2022	2021
	\$	\$
CURRENT		
Trade payables	63,002	25,962
Other payables	1,089	1,089
	<b>64,091</b>	<b>27,051</b>

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.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 12 Other Financial Liabilities

	2022	2021
	\$	\$
CURRENT		
Amounts received in advance	2,813	10,664
	<u>2,813</u>	<u>10,664</u>

#### 13 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Rental bonds	35,096	29,111
ATO - GST	17,527	1,969
Other accrued expenses	87,620	28,650
	<u>140,243</u>	<u>59,730</u>

#### 14 Employee Benefits

	2022	2021
	\$	\$
Current liabilities		
Provision for employee benefits	57,827	44,092
	<u>57,827</u>	<u>44,092</u>

	2022	2021
	\$	\$
Non-current liabilities		
Long service leave	9,560	13,389
	<u>9,560</u>	<u>13,389</u>

#### 15 Reserves

	2022	2021
	\$	\$
Asset revaluation reserve		
Land	34,550,000	34,550,000
Library	24,659	24,659
	<u>34,574,659</u>	<u>34,574,659</u>

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 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.

### 17 Key Management Personnel Disclosures

The total remuneration paid to key management personnel (comprising the Secretary and Financial Controller) of the School is 215,218 (2021: 176,074).

### 18 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor, Watson Erskine Pty Ltd, for:		
- auditing and other services	21,893	18,174
	<b>21,893</b>	<b>18,174</b>

In addition to auditing the financial statements, the auditor provides assistance with the preparation of the financial statements, attends the annual general meeting (AGM) and independently counts the votes at the AGM.

### 19 Fair Value Measurement

The School measures the following assets and liabilities at fair value on a recurring basis:

Asset	Basis for determining value
<b>Property, plant and equipment</b>	
Land and Buildings	Fair value as determined by a certified independent valuer every three to five years. The last independent valuation was conducted on 21 August 2020. Fair value is determined using a combination of a capitalisation of rental income basis subject to existing tenancies at the time of valuation together with a vacant possession basis against sales of similar properties to determine a rate per square metre. In the years between valuations the Board will consider if there is any material impairment of the value of land and buildings.
SMSA General Library	Fair value is determined by an independent third party specialist valuer every three to five years and is based upon market value calculated as a percentage of replacement value. Market value is affected by various factors including reputation and standing of the title within its genre, the volume and comprehensiveness of each genre, demand, market scarcity, condition and provenance. In the years between valuations the Board will consider if there is any material impairment of the value of the SMSA General Library.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 19 Fair Value Measurement (continued)

##### Asset

Thomas Keneally Collection

##### Basis for determining value

Fair value is determined by an independent third party specialist valuer every three to five years and is based upon the estimated market value of each of the items within the Collection. In the years between valuations the Board will consider if there is any material impairment of the value of the Thomas Keneally Collection.

##### Financial assets

Financial Investments

Fair value is determined with reference to quoted market prices of identical assets in active markets.

#### 20 Commitments and Contingencies

##### Capital Commitments

There were no capital commitments at 31 December 2022.

##### Contingencies

The NSW business grant and Jobsaver amounts of \$67,006 have been recognised as income in the year ended 31 December 2021. Although the School has received these amounts in cash, there remains a possibility that these amounts may be subject to review and the School found not eligible to receive such amounts. Should such a determination be made the School will be required to repay the full amount to the NSW Government.

Other than the above, there were no other contingent liabilities at 31 December 2022.

#### 21 Related Parties

##### The School's main related parties are as follows:

Key management personnel - refer to Note 17.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

##### Transactions with related parties

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

Denis Mockler, a former Board member of the School, has provided legal advice to the School in connection with a matter regarding one of the School's tenants. Denis has agreed to provide these services free of charge to the School.



**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**Notes to the Financial Statements  
For the Year Ended 31 December 2022****22 Cash Flow Information**

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

	2022	2021
	\$	\$
Deficit for the year	(1,076,024)	(200,915)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and impairments	348,870	350,529
- fair value movements on investments	253,066	(84,347)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	301,648	(232,102)
- (increase)/decrease in other assets	10,001	(6,092)
- (increase)/decrease in prepayments	2,745	(569)
- increase/(decrease) in trade and other payables	37,040	(17,548)
- (increase)/decrease in income in advance	(7,851)	8,813
- increase/(decrease) in other liabilities	80,513	(9,061)
- increase/(decrease) in provisions	(142,799)	154,992
Cashflows from operations	<u>(192,791)</u>	<u>(36,300)</u>

**23 Events Occurring After the Reporting Date**

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 continue to recover gradually over the medium to long term. There is interest from potential tenants in the ground floor street front lot and it is anticipated this space will be leased soon. The overall occupancy rate in the building remains strong and is expected to improve over the coming year. There are signs more workers are returning to offices in the Sydney CBD early in 2023 and this will likely have a positive impact on demand for commercial office space in the coming 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.

**24 Statutory Information**

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

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

**Sydney Mechanics' School of Arts**

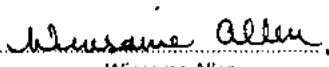
ABN 29 720 771 090

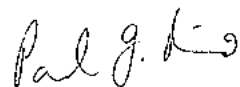
**Directors' Declaration**

The directors declare that in the directors' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes 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*.

Director .....   
Winsome Allen

Director .....   
Paul Reid

Dated 17 February 2023



**Watson Erskine Pty Ltd**  
Chartered Accountants

ABN 44 125 509 015

Level 4, 55 Clarence Street, Sydney NSW 2000  
GPO Box 2003, Sydney NSW 2001

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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 (the Entity), which comprises the statement of financial position as at 31 December 2022, 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 directors' declaration.

In our opinion, the accompanying financial report of the Entity is 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 Entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures 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 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the ACNC Act, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

24

Liability limited by a scheme approved under Professional Standards Legislation



**Watson Erskine Pty Ltd**  
Chartered Accountants

ABN 44 125 509 015

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## **Sydney Mechanics' School of Arts**

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

#### **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.

**Watson Erskine Pty Ltd**  
Authorised Audit Company

**C. WONG**  
Director

SYDNEY NSW 2000  
17 February 2023





**Watson Erskine Pty Ltd**  
Chartered Accountants

ABN 44 125 509 015

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### **Sydney Mechanics' School of Arts**

ABN 29 720 771 090

### **Disclaimer**

**For the Year Ended 31 December 2022**

The additional financial data presented on pages 27 to 29 is in accordance with the books and records of the School which have been subjected to the auditing procedures applied in our statutory audit of the School for the year ended 31 December 2022. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Sydney Mechanics' School of Arts) in respect of such data, including any errors or omissions therein however caused.

Watson Erskine Pty Ltd



C. WONG

Sydney NSW 2000  
17 February 2023

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

For the Year Ended 31 December 2022

### Detailed Income Statement

	2022 \$	2021 \$
<b>Income</b>		
Fees	22,086	13,705
Investment income	126,049	140,850
Donations	70	4,993
Recoveries	-	1,980
Other income	(222)	97,794
Net rental surplus	447,120	588,440
<b>Total income</b>	<b>595,103</b>	<b>847,762</b>
<b>Less: Expenses</b>		
Administration and management fees	13,444	6,129
Advertising	1,250	8,254
Auditors remuneration	21,893	18,174
Computer expenses	32,942	28,592
Consulting and professional fees	122,103	91,039
Consumables	45,160	40,027
Depreciation	348,870	350,529
Donations	3,251	6,000
First aid supplies	2,296	561
Insurance	19,100	17,486
Investment manager's fees	29,435	15,739
Equipment rental	5,110	1,328
Other employee costs	30,157	3,358
Postage	812	306
Printing and stationery	6,669	2,676
Promotion	19,898	12,742
Repairs and maintenance	1,590	818
Salaries	614,281	450,945
Safety costs	2,161	1,476
Staff training	5,309	325
Subscriptions	7,890	8,768
Sundry expenses	7,576	-
Superannuation contributions	59,545	43,840
Telephone and fax	10,242	9,617
Termination benefits	(5,941)	2,292
Travel - domestic	176	1,999
Workers compensation insurance	8,016	6,119
Other operating expenses	4,826	3,885
<b>Total Expenses</b>	<b>1,418,061</b>	<b>1,133,024</b>
	<b>(822,958)</b>	<b>(285,262)</b>

**Sydney Mechanics' School of Arts**

ABN 29 720 771 090

**For the Year Ended 31 December 2022****Detailed Income Statement**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Other items:</b>		
Fair value adjustments	<u>(253,066)</u>	<u>84,347</u>
	<b>(253,066)</b>	<b>84,347</b>
<b>Profit before income tax</b>	<u><b>(1,076,024)</b></u>	<u><b>(200,915)</b></u>

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

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

For the Year Ended 31 December 2022

### Rental Properties Statement

	2022	2021
	\$	\$
Rental income	1,164,591	1,144,215
Facilities Rental	244,436	88,441
<b>Total rental income</b>	<b>1,409,027</b>	<b>1,232,656</b>
Agents fees	70,274	22,787
Doubtful debts	111,518	155,826
Cleaning	109,200	91,876
Electricity and gas	83,881	76,883
Insurance	41,289	36,690
Rates - council	59,901	58,547
Rates - water	6,238	5,769
Repairs and maintenance	253,304	119,525
Security	27,278	17,547
Strata management	48,255	52,311
Major building maintenance	142,403	3,500
Catering	8,366	2,955
<b>Total rental expenses</b>	<b>961,907</b>	<b>644,216</b>
<b>Net rental surplus</b>	<b>447,120</b>	<b>588,440</b>

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





**PICTURED:**

The SMSA Library.

Image Credit: Graham Jepson.



**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**

280 Pitt Street, Sydney NSW 2000  
02 9262 7300 | [www.smsa.org.au](http://www.smsa.org.au)

# Addendum to SMSA Annual Report 2022

## Minutes of the Annual General Meeting held at 12:30pm on Tuesday 15 March 2022

### Attendees

Winsome Allen	Denis Mockler
Nola Barkl	Stephen Newton
Jane Biscoe	Carole O'Brien
Max Bosotti	Marcia Peters
Christine Campbell	Peter Rainey
Brian Clarke	Paul Reid
Cecile Cornford	John Robinson
Karen Dryden	Lesley Scanlon
Tony Ellis	Robyn Short
Ellen Elzey	Marlene Smith
Margaret Evans	Eugene Stawski
John Ewing	Judie Stephens
Shirley Hunt	Thomas Thorburn
Marilyn Jenner	Janet Timberg
Brian Johnston	Maria Townsend
Colin Kay	Geoffrey Usher
Zena Lovison	Steven Warren
Jennifer-Robyn Mattock	Geoff Webb
Carole McElligott	Eesa Witt
Graeme McGregor	
Raewyn McGregor	

### Also in Attendance

Christopher Wong	Auditor, Watson Erskine Pty Ltd
Mark Thorpe	Guest
Raymond Seeto	Staff
Michael Ludowici	Staff
Kylie Campbell	Staff
Andrea Shrewsbury	Staff
Alexandra Mitchell	Staff
Erika Samonte	Staff
Diane Stewart	Staff

### Apologies

Liane Colwell  
Samantha Gregson  
Ava Hubble  
Bill Hubble  
Margaret Johnston  
Narelle Kay  
Astrid Lodens  
Bruno Lovison  
Clare Raffan  
Crystal Ram  
Thomas Thorpe  
Victoria Whiteman  
Irene Williams  
Maxwell Williams

## **1. Welcome and Acknowledgment of Traditional Owners**

Winsome Allen, on behalf of the Board and staff welcomed members to the 2022 AGM. Paul Reid 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 elder's past, present and future were acknowledged as well as any Aboriginal or Torres Strait Islander people who were attending the meeting.

## **1. Conduct of the Meeting**

Steve Warren 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.

## **2. Apologies**

Winsome Allen read out the apologies for the meeting and asked the audience if there were any further apologies.

## **3. Confirmation of the Minutes and the previous Annual General Meeting**

The minutes of the previous Annual General meeting held on 9 March 2021 were confirmed with the amendment that Peter Rainey was appointed as life member of the SMSA as true and correct records. Moved by Steve Warren and

seconded by Raewyn McGregor. Carried on show of hands.

## **4. Elections**

Winsome Allen 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 for the election of 6 directors from the 7 who nominated.

Standing for election were: Jane Biscoe, Cecile Cornford, Christine Campbell, Brian Johnston, Stephen Newton, Denis Mockler, Maxwell Williams (nomination withdrawn). Winsome Allen also noted that the term of the Directors is three (3) years except for two (2) Directors being elected to fill casual vacancies.

## **5. President's Address**

COVID again played havoc with the Sydney Mechanics' School of Arts during 2021 with lockdowns, restrictions and tenants. However, there is light at the end of the tunnel. We have seen the lifting of restrictions and long-standing tenants renewing their leases and there is renewed interest in our vacant spaces with part of Level 6 and 7 being leased and a potential tenant for Level 4.

Andrea Shrewsbury our Marketing and Events Co-Ordinator has done a superb job with updating and revitalizing our brochures as well as organizing the monthly events via Zoom.

Kylie Campbell has done an excellent job encouraging the majority of our venue

hires back and has also introduced new hirers to the SMSA.

Alexandra Mitchell recently commenced as our Team Assistant and has already made a valuable contribution to projects and events.

The Library is now in the very capable hands of Erika Samonte who at the present time is training new staff. Erika has been appointed as Library Manager.

A big thank you to our accountant Michael Ludowici, who continues to handle the complexities and impact of Covid on the organization.

Ray Seeto is settling into his new position as Secretary following the departure of Max Bosotti.

I thank the Directors for their ongoing support and determination to protect the School and its legacy. It is our responsibility to ensure the SMSA has a rock-solid foundation to carry us forward into the future and to our 200<sup>th</sup> year and beyond. The accountability and guardianship of this wonderful and unique organization is in our hands. Next week the SMSA will be 189 years old.

## **6. Life Membership Proposal**

Lesley Scanlon introduced the life membership proposal – Thomas Thorpe for his outstanding contributions to the SMSA. Peter Rainey talked about Thomas's role as founder and convener of the SMSA's Poetry group, and why Thomas was deserving of a life membership.

Moved by Lesley Scanlon and seconded by Peter Rainey. Carried on show of hands.

As Thomas Thorpe was unable to attend and accept his life membership due to ill health, his son Mark Thorpe accepted on Thomas' behalf.

## **7. Treasurer's Address**

Winsome Allen introduced Treasurer Denis Mockler. Denis Mockler the Treasurer gave a comprehensive update on the state of SMSA's finances.

The SMSA has shown a loss of \$201k most of which is made up of the Provision of Doubtful Debts, otherwise we would have made a \$45k loss. The impact of tenants leaving or renegotiating their rent have contributed to the downturn. Fortunately, the downturn has not continued and has changed back to (hopefully in the short-term) a full group of tenants in the building which of course is essential for our financial welfare.

It's not all good news, we have a Provision of Doubtful Debts of \$156k in 2022. We are also unfortunately involved in litigation indirectly between our tenant (the chemist) downstairs and his sub-tenant who are fighting over the terms of the lease which unfortunately involves us as well, we've been joined as a party. The matter has a 5 day hearing set aside in May. That will clarify what money we get back from the tenant.

The good news is that the Venue Hire is going very well, and the building is filling up with tenants. As well, the downside to

the pandemic meant there was less people on-site and management and building expenses has been reduced. Overall, it has been a fair result, next year will depend on how we manage Bad Debts on how we go financially. Fortunately the SMSA is well off financially unlike a lot of small businesses because of our reserves and our past good management.

Opened floor to questions. No questions were raised. Denis Mockler moved that the Financial Report be adopted. Seconded by Paul Reid. Carried on show of hands.

## **8. Presentation of the Annual Report for Approval**

The annual report was submitted in its entirety for approval. Moved by Denis Mockler and seconded by John Robinson. Carried on a show of hands.

## **9. Appointment of Auditors**

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

## **10. General comments**

Some general comments and suggestions were raised by member Janet Timberg regarding the SMSA. General comments were made by Director Paul Reid regarding the 190<sup>th</sup> Anniversary of the SMSA.

## **11. Election Results and Close of Meeting**

Lesley Scanlon presented the results of the elections and congratulated Jane Biscoe (42 votes), Cecile Cornford (43 votes), Christine Campbell (54 votes), Brian Johnston (29 votes), Denis Mockler (45 votes), Stephen Newton (40 votes), who were successfully elected. Directors are to serve a three (3) year term except Stephen Newton is to serve a two (2) year term and Brian Johnston is to serve a one (1) year term as Directors. This was determined by the count of votes.

The meeting closed at 1:15pm.