



SMSA  
SYDNEY MECHANICS'  
SCHOOL OF ARTS  
*Supporting members since 1833*

2023  
ANNUAL  
REPORT

1 JANUARY - 31 DECEMBER 2023





The Sydney Mechanics' Schools of Arts is appreciative of the Vice Regal patronage, and we consider it a privilege Her Excellency The Honorable, Margaret Beazley AC QC, Governor of NSW, and Mr. Dennis Wilson are joint patrons of the SMSA.



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## **COVER IMAGE:**

The Sydney School of Arts Interior Arrangement,  
Illustrated Sydney News, 14 June 1879 p 4 from the State Library NSW collection.

# CELEBRATING 190 YEARS OF THE SYDNEY MECHANICS' SCHOOL OF ARTS

As the 190th birthday of the Sydney Mechanics' School of Arts draws to a close, it is time to reflect on the longevity of this wonderful organisation.

Originally set up to provide educational opportunities to the working classes it became the Working Men's College and eventually the forebearer of Tafe, the University of NSW, and University of Technology.

The SMSA has endured wars, depressions, and pandemics amongst other things, and survived. Never pausing in its endeavours, the SMSA is proud to be the home of the longest-running lending library in Australia. Over the years our members have included Billy Hughes, Tom Roberts, Edmund Barton, Henry Parkes and well-known artists, painters, and authors.

The past few years have been challenging; however, the tide has changed with the new

management team lead by our Chief Executive Officer Lisa Harris, Chief Financial Officer Brid Slattery and their wonderful team.

In our 190th year the building was refurbished to reflect a more modern image and major works have been undertaken.

Today, we can all be proud of the SMSA, and its 190-year history, this truly unique and wonderful organisation where the love and passion of all who are involved will help it survive well into the future.

We are the guardians of this unique organisation, and we must ensure the Sydney Mechanics' School of Arts is on a rock solid foundation for future generations.





# ||| MESSAGE FROM THE PRESIDENT

## 2023, What a year!

The Sydney Mechanics' School of Arts celebrated its 190th Anniversary on the 22nd of March and what a busy year it turned out to be.

The refurbishment of the foyer has created a vast amount of interest from the general public who suddenly realise the SMSA exists and has led to more people using the facilities. Level 1 and 3 have also had renewed interest due to the professionalism and attention to detail by our CEO Lisa Harris. The new colors have provided a fresh and modern look with that extra "wow" factor.

We have experienced an increase in tenancies which stands at about 99% and the new Medical Centre is proving to be extremely popular.

The repairs to the building have been costly given the fact some of the work has been major. However, we have finally seen the light at the end of the tunnel.

The staff have remained positive and enthusiastic through the entire process.

I would like to thank all staff for their hard work, diligence and above all their professionalism and can do attitude.

The board decided the titles of Lisa Harris and Brid Slattery would be changed to Lisa Harris CEO (secretary) and Brid Slattery Chief Financial Officer (accountant) in keeping with the new more modern image of the organisation.

Our longest standing member Tom Thorburn passed away before Christmas and will be sadly missed by all who knew him. Tom was a member for 63 years and in that time he served on the board in various positions.

On behalf of the board I would like to thank Lisa Harris and Brid Slattery for their ongoing perseverance and "can do" attitude which has placed the SMSA in a more enviable position than we have been for some time.

A huge thank you to the wonderful, loyal and friendly members of the SMSA, we could not do these things without your continued support.



**Winsome Allen**  
President



# ||| TREASURER'S REPORT

SMSA's audited financial results for the 2023 financial year showed an operating loss of \$462k after building, administration and depreciation expenses. The total property income was \$1,624k against property expenditure of \$835k.

Full details are provided in the Financial Statements, starting on page 16.

We have invested heavily in our building in the past year, there has been a significant upgrade of the air-conditioning system and almost \$200k spent on necessary expenditure to bring the building up to current fire safety standards. Our building on 280 Pitt Street is our prized asset and we will continue with our capital works program to maintain and enhance the property for the benefit and enjoyment of our members, tenants and venue hire clients.

In addition, we have carried out an extensive refurbishment program which will enable us to attract new and high value venue hire income in the coming years and of course the refreshed surroundings are being enjoyed by members and the community at large when they participate in SMSA's numerous social and cultural events. I would like to commend the foresight of our President, CEO and Board members with the refurbishment, which we will all continue to benefit from the improvements for many years and decades to come.

SMSA has performed very well in a tight and competitive leasing market with rental income up 28% on the previous 12 months. We have a stable tenant base with a mix of not for profit and commercial enterprises and I am pleased to announce our ground floor retail space has been recently rented to Forest Family Healthcare.

Our investment portfolio has performed reasonably well in the past year buoyed by the resilient economy and rising ASX and this has fortunately clawed back some of the losses of the previous year. Forecasted outlook for 2024 is positive, so we hope that the markets will prove less volatile and produce sustained gains going forward.

This past year has been marked by surging inflation and we too have been affected with our costs rising 9% across the board during the last 12 months. The inflation rate is starting to decrease and this should lead to a slowdown and stabilisation of price increases.

I thank our board for their dedication and care, and our management and staff for constant focus on performance, governance, and ongoing dedication. Of course, thank you to our members for your continued friendship and support as we advance towards our 200th birthday. I would like to take the opportunity to thank our Auditor, Chris Wong from Watson & Erskine for his diligence and professionalism.



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

**Paul Reid**  
Treasurer



# ||| OUR 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 a recipient of the exceptional leadership award.

Winsome has experience in marketing, leadership, management and training. She has owned several businesses including ballet studios, retail outlets, manufacturing and small business advisory services. Winsome promotes the SMSA through talks to community groups.



**Paul Reid**  
Treasurer

Paul is the SMSA Treasurer and Chair of the Finance Committee. He previously served on the SMSA Board for over 12 years, including serving as President for four years, and as Vice President and Chair of the Board's various sub-committees for many years. Although now retired from full time employment, he previously worked as an Industrial Relations Advocate and Educative Services Manager. Paul has served on the NSW Government Public Sector Industry Advisory Board as Director for over 10 years, and is a current Trustee of Unions NSW. He is currently a Member of the Australian Institute of Company Directors.



**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.



**Steve R M 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 and continues in leadership roles with other community groups.

Steve has been active on various SMSA Committees and member activities. As with any Board member we always welcome member contact & ideas.



## ||| OUR BOARD OF DIRECTORS CONT.



**Geoff Web**  
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 a Vice President and Chair of the Building Committee.



**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.



**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.



**Marilyn Bryce**  
Director

Marilyn has been a member of the SMSA for over 40 years and was a Board member from 2008 to 2012. She is a retired research librarian and archivist having worked in librarianship and related fields since 1966. Work included teaching at the Graduate School of Librarianship at UNSW, for the Library Association of Australia and on large scale database projects. During the last thirty years she set up and managed specialist resource centres in the fields of industrial relations and business and labour history at two research centres in the University of Sydney. This gave her excellent experience in working with diverse groups, coping with organisational change and forward planning. She is passionate about history, reading, music, the arts and cats.



**Neridah Baker**  
Director

Neridah Baker has been a member of the SMSA since 2008. She has worked with academics and practitioners to enhance the quality of learning and teaching in universities, specialist medical education and dental professional development. Neridah brings expertise in strategy and policy development, program management and evaluation to the Board of SMSA.



**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 Committee. Shirley is passionate about reading, theatre and film but most importantly enjoys spending time with her family.



**Lance Wright**  
Director

Lance Wright KC has practiced in the fields of Industrial Relations and Industrial and Employment Law for over 50 years. Prior to his appointment to the bench, he worked for a number of trade unions and for a law firm in the field of industrial law. He then practised as a barrister and was appointed as Queens Counsel (QC, now KC).

Lance was President of the New South Wales Industrial Relations Commission and the New South Wales Industrial Court from 1998 until 2008.

Since retirement he has been a Consultant to a major employment law firm and Patron of the Industrial Relations Society of NSW. He has also conducted inquiries into, or on behalf of, a number of public sector organisations.



**Gavin Mitford**  
Director

Gavin is an international theatre director, staging productions in the USA, UK, Japan, Germany and most recently China, for Andrew Lloyd Webber's Really Useful Group. His career in the entertainment industry extends from local Australian arts companies like Sydney Dance Company to international events like the London Olympics. He is equipped in all facets of theatre and event production, with a passion for community engagement. Gavin trained at the Carlton School of Arts and is passionate about ensuring the SMSA culture continues to thrive for future generations.



# COMMITTEES

Each committee of the Board is chaired by the Vice President and the Finance Committee is chaired by the Treasurer.

Finance:	Paul Reid
Governance and Strategic Planning:	John Robinson
Library and Membership:	Steve Warren
Building:	Geoff Webb

## GOVERNANCE AND STRATEGIC PLANNING

The Board decided in 2023 to separate the functions of governance and strategy, a Strategic Planning Committee will be put in place in 2024 to oversee and drive strategy. The Governance Committee oversees the board of directors in their functions, duties and drives the policy development.

During 2023 the Board deemed it important to realign governance performance with the organisation's current needs. The board members and senior executives invested in governance training to help navigate the range of increasing difficult challenges facing boards today in complex regulatory and geopolitical risk environments. This training defined the blurred line between board and management responsibilities in the rapidly evolving expectations of corporate accountability and stakeholder engagement.

Board and management are working through our current policies as well as developing new policies to stay ahead of challenging governance and risk issues.

## STRATEGY PLANNING

The Board and management team met in 2023 to conduct a strategy review of the organisation and our objectives to:

- Develop a strategic framework for the SMSA including purpose, vision, and values.

- Determine the strategic priorities the SMSA that we will focus on over the next one to three years; and
- Agree on the next steps.

The framework of a new Strategic plan has now been established along with our Purpose, Aspirations & Values and the five strategic pillars encompassing Member services, People, Financial sustainability, Brand positioning and Strategic partnerships.

Thank you to my fellow Committee members, Christine Campbell, Paul Reid, Lance Wright, Neridah Baker and Marilyn Bryce for your commitment, support, and guidance during the year.

## LIBRARY & MEMBERSHIP

Like all activities at SMSA and elsewhere, our Library including the TKC has faced obstacles but we are resilient as we adapt to this new phase post covid. Our Library staff and volunteers have done an excellent job under the leadership of Erika Samonte our Library Manager. We extend our gratitude to CEO Lisa Harris for her valuable contributions.

The Tom Keneally Centre has undertaken a significant transformation, thanks to the dedication of our team of volunteers and the guidance of the staff. I would encourage members to explore the TKC and make use of this unique collection.

The Library continues to be a valued hub by our members alongside other SMSA activities. In addition to the regular displays and new books showcased in the Library, we've introduced occasional craft and conversation activities. We eagerly anticipate the continued patronage of our members and are committed to enhancing both our physical and digital collections. Suggestions from members are always welcomed as we strive for ongoing improvement.

## BUILDING

During 2023 the SMSA undertook significant upgrades to our air-conditioning, as well as vital repairs and improvements to the building's dampers were completed as required by fire protection regulations.

We undertook further repairs to the waterproofing membrane on the roof.

We refurbished the depilated and tired meeting rooms on levels three and one. This refurbishment was complimented with contemporary furniture to ensure a complete, modernised, and refined look.

Liz Charlton, Building Services Executive and Jamie Harrison Building Manager managed and delivered these essential building projects.

The Building Committee would like to thank both Liz and Jamie for their commitment, hard work, and supervision to deliver these key projects in a timely manner.



LABORATORY AND LADIES' READING ROOM.

**IMAGE:** Sketch of Sydney Mechanics' School of Arts Laboratory & Ladies' Reading Room 1879  
Image credit: The Sydney School of Arts Interior Arrangement, Illustrated Sydney News, 14 June 1879  
p 4 from the State Library NSW collection.



# OUR STRUCTURE - MEET THE TEAM

The SMSA's key personnel are listed below, each member of our team plays an important and valuable role in helping us achieve our objectives.

## Chief Executive Officer

Lisa Harris

## Sales and Events Executive

Leah Ashton

## Chief Financial Officer

Brid Slattery

## Membership and Marketing Coordinator

To be recruited

## Library Manager

Erika Samonte

## Library Assistant

Di Stewart

## Building Services Executive

Liz Charlton

## Casual Library Assistants

Aasia Akhtar

Sarka Soltys

## Social Media Executive

Victoria Hall

Liliana Navarro



**IMAGE:** A carefully curated book display by SMSA Library staff in celebration of International Women's Day (March 2023)

# OUR VISIONS & VALUES

The Board and management team met in 2023 to develop a strategic framework for the SMSA, this included our purpose, vision, and values. This process outlined priorities for the next one to three years.

## OUR PURPOSE

Supporting members since 1833, the SMSA is a community of members who share an interest in self-directed learning, the exploration of ideas and the benefits of fellowship.

## OUR ASPIRATION

Is to serve our members for the next one hundred years as a relevant and vibrant hub of learning, exploration and sharing that is valued by the community.

## OUR VALUES

Member centric ( in everything we do), life -long learning ( as an objective for all) and mutual respect and inclusion ( as rights to be expected)

### STRATEGIC FRAMEWORK





# ||| SMSA GRANTS PROGRAM

The SMSA Grants program provides valuable resources to not-for-profit like-minded organisations whose values and objectives are in line with our own, aiding projects or providing services they otherwise would not be able to.

The National Council of Women NSW (NCW NSW) received \$3,000.00 from the SMSA Grant Program in 2023, this award provides resources to women who have shown outstanding resilience and dedication to their studies during postgraduate or honours educational years. The SMSA has a long history supporting women's

education with the first female SMSA member being admitted in August 1833. The SMSA is a proud sponsor of the NCW NSW "Celebrating being an Australian Award" and congratulates our Award Recipients, Emma Ciechan, Belinda O'Connell-Milner, and Sharna'e Tanti on their outstanding dedication to postgraduate studies.



Awardees and NCW sponsors



Winsome Allen, Emma Ciechan, Belinda O'Connell-Milner, Sharna'e Tanti and Paul Reid



Victoria Hall, Sharna'e Tanti and Her Excellency the Honourable Margaret Beazley



Winsome Allen, Belinda O'Connell-Milner and Her Excellency the Honourable Margaret Beazley



Winsome Allen, Emma Ciechan and Her Excellency the Honourable Margaret Beazley

Middle left image credit: Victoria Hall, Sydney Mechanics' School of Arts.

All other images credit: Michael Mannington OAM from Community Photography

# MEMBERS' ACTIVITIES, ENGAGEMENT & COMMUNITY

## MEMBERS' ACTIVITIES

### Members' Recreation and Discussion Groups

2023 saw an expansion of Members' Groups as we added Bridge, Canasta and French Conversation to our resume, as well as reinstating, the Chess club. They, along with the Mahjong groups are welcome sights on the 3rd floor every week.

The Knitting & Crochet Group continued their fabulous work for Wrap with Love which provides wraps to people in need in Australia and around the world. And with some help from the Bayside Men's Shed we can also now have their work displayed in the library.

Murder on a Monday and Mystery & Crime Reading Groups have been going strong and

covered a variety of new topics this year.

The Poetry at SMSA Group were also able to add to their tradition of performing Coleridge's The Rime of the Ancient Mariner in November, by showcasing works by T.S. Elliot in June and Robert Frost in October. We look forward to seeing what they do in 2024.

As well as the Poetry Group, SMSA Member Peter Rainey Coordinates the Classic Film screenings. These were once again well attended and will continue on the second Thursday of each month.

The top films were:

- Schindler's List
- The Tokyo Story (1953); and
- The Wizard of Oz (1939)





# MEMBER'S ACTIVITIES, ENGAGEMENT & COMMUNITY CONT.

## ENGAGEMENT - TALKS & EVENTS

### Public Talks and Events

The School held 32 public talks and events in 2023 which addressed diverse topics including health, science, history, art, crime, environmental and social issues and literature.

We had special events including 30th Anniversary of Schindler's List: Talk & Film Screening, Mystery & Crime Lecture by Celine van Golde, and a public reading of A Christmas Carol by Geoffrey Usher.

Some popular in-person events throughout the year included:

- Dance for Health: Insights into the health benefits of dance
- Pine Gap – An American and Australian Collection Facility – Author talk with David Rosenberg
- The Ballad of Abdul Wade – the untold history of the first Afghan men to come to NSW with author Ryan Butta
- Rose Ellis on the life of Bee Miles in conversation with Mandy Sayers
- The Seven with Chris Hammer in conversation with Catherine du Peloux Menagé

Suggestions from members about topics and speakers that you would like to see in the future are always welcome.

### Members' Events

The SMSA celebrated its 190th anniversary this year by holding two Christmas Parties in an effort to reach as many members as possible. These very successful events give us hope that the SMSA will be around for at least another 100 years.

## COMMUNITY

2023 has been a year of action for the SMSA, with increasing visibility, inclusivity and diversity being key goals.

Throughout 2023 we have strived to capture our vibrant and creative community on our digital platforms. Sharing pictures and stories of our members, their performances, friendships, and celebrations, we hope to celebrate our thriving community. Within our digital platforms we have found a sense of fellowship outside of our walls which has led to external projects, like the Bayside Men's Shed collaboration.

By building authentic relationships with surrounding institutions and similar members groups, the SMSA was proud to be included in city-wide initiatives such as Rare Book Week, which has reignited our passion to be present in Sydney's cultural scene.

This year the SMSA was excited to reveal our Acknowledgement of Country signs.

The new signs were made in partnership with Ochre Dawn, an Aboriginal owned and operated branding and marketing company. Our new signs were designed by Ngarrindjeri artist Jordan Lovegrove.

The SMSA also joined the Welcome Here Project. This project supports businesses in creating spaces that are visibly welcoming, safe, and inclusive for LGBTQIA+ people. The SMSA is committed to this project.



## SMSA CHRISTMAS PARTY 2023





# ||| SERVICES

## VENUE HIRE

The planned refurbishment of the Venue Hire went ahead and has breathed fresh air into the space. The simple act of lightening the colours has been well received and led to Revenue being almost double the original forecast.

We were gratified to see most of the pre-Covid clients back at full strength and fully face-to-face. Additionally, we also welcomed some new partnerships that we hope to build on in the future. This, paired with the development of New Corporate and Conferencing Packages, makes us optimistic for 2024.

As with last year the Theatre remains our most popular venue, but thanks to the refresh we are

starting to see the Boardroom become just as popular.

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

## THE TOM KENEALLY CENTRE

2023 saw the Tom Keneally Centre flurry with activity. Our dedicated volunteers got to become even more involved with the space hosting a Special Collection for the Rare Book Week. The Tom Keneally Centre has also been refreshed as part of the Venue Hire refurbishment and has become a home to more of the member groups. We look forward to working with the volunteers in 2024 to ensure that the space continues to flourish.



Tom Keneally and SMSA Members at the Rare Book Week event.



# FINANCIAL REPORTS

31 DECEMBER 2023

**Sydney Mechanics' School of Arts**

**ABN 29 720 771 090**

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Statement by Members of the Board For the Year Ended 31 December 2023

The directors present their report on Sydney Mechanics' School of Arts for the financial year ended 31 December 2023.

#### 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	
Neridah Baker	Appointed July 2023
Marilyn Bryce	Appointed July 2023
Christine Campbell	
Cecile Cornford	
Alan Dawson	Appointed February 2023, Resigned June 2023
Shirley Hunt	
Brian Johnston	Resigned March 2023
Gavin Mitford	Appointed July 2023
Win Ramdas	Appointed February 2023, Resigned August 2023
Paul Reid	
John Robinson	
Lesley Scanlon	Resigned June 2023
Steve Warren	
Geoff Webb	
Lance Wright KC	Appointed January 2023

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 \$ (462,003) (2022: \$ (1,076,024)).

##### 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 is much improved since the previous year, driven primarily by strong rental income and better overall performance of the investment portfolio.

The ground floor tenancy, which had been vacant since June 2022, is now leased to a medical centre as of November 2023. This is a major win for the School.

Significant amounts have been spent upgrading the building's fire and airconditioning systems. Such upgrades are

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

### Review of operations (continued)

necessary to ensure the ongoing commercial viability of the building.

## 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 2023 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:

President: Winsome Allen  
Winsome Allen

Treasurer: Paul Reid  
Paul Reid

Dated this 19<sup>th</sup> day of February 2024





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 2023, 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

19 February 2024

SYDNEY NSW 2000

Liability limited by a scheme approved under Professional Standards Legislation

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Statement of Comprehensive Income For the Year Ended 31 December 2023

		2023	2022
	Note	\$	\$
Office and facilities rental	4	1,624,819	1,409,026
Other income	4	294,933	(105,082)
Depreciation of property, plant and equipment		(367,185)	(348,870)
Employee benefits expense		(845,226)	(711,367)
Rental outgoings		(834,709)	(850,390)
Loss on disposal of assets		(3,118)	-
Other expenses		(331,517)	(469,341)
<b>Deficit for the year</b>		<b>(462,003)</b>	<b>(1,076,024)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(462,003)</b>	<b>(1,076,024)</b>

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 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	383,452	328,948
Trade and other receivables	6	194,100	248,102
Other financial assets	7	2,966,392	3,425,648
Other assets	9	95,768	61,177
<b>TOTAL CURRENT ASSETS</b>		<b>3,639,712</b>	<b>4,063,875</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	46,308,173	46,218,454
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,308,173</b>	<b>46,218,454</b>
<b>TOTAL ASSETS</b>		<b>49,947,885</b>	<b>50,282,329</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	85,954	64,091
Employee benefits	14	61,844	57,827
Other financial liabilities	12	114,545	2,813
Other liabilities	13	128,209	140,243
<b>TOTAL CURRENT LIABILITIES</b>		<b>390,552</b>	<b>264,974</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	14	11,541	9,560
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,541</b>	<b>9,560</b>
<b>TOTAL LIABILITIES</b>		<b>402,093</b>	<b>274,534</b>
<b>NET ASSETS</b>		<b>49,545,792</b>	<b>50,007,795</b>
<b>EQUITY</b>			
Reserves	15	34,574,659	34,574,659
Retained earnings		14,971,133	15,433,136
<b>TOTAL EQUITY</b>		<b>49,545,792</b>	<b>50,007,795</b>

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 2023

2023

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 January 2023	15,433,136	34,574,659	50,007,795
Deficit for the year	(462,003)	-	(462,003)
Balance at 31 December 2023	14,971,133	34,574,659	49,545,792

2022

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

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 2023

	2023	2022
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,989,599	1,897,248
Payments to suppliers and employees	(2,211,860)	(2,216,088)
Investment income received	174,076	126,049
Net cash provided by/(used in) operating activities	22 (48,185)	(192,791)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(460,022)	(73,209)
Net change in investment in other financial assets	562,711	(3,594,731)
Net cash provided by/(used in) investing activities	102,689	(3,667,940)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	54,504	(3,860,731)
Cash and cash equivalents at beginning of year	328,948	4,189,679
Cash and cash equivalents at end of financial year	5 383,452	328,948

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 2023

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 2023 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 12 February 2024.

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.



## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2023**

#### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2023**

#### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2023**

#### **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*

## Notes to the Financial Statements

### For the Year Ended 31 December 2023

#### 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.



## **Notes to the Financial Statements**

**For the Year Ended 31 December 2023**

### **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.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2023**

### **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.

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 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

	2023	2022
	\$	\$
Revenue from contracts with customers		
- rental revenue from property investment	1,624,819	1,409,026
- member subscriptions	8,794	22,086
	<u>1,633,613</u>	<u>1,431,112</u>

#### Investment Income

	2023	2022
	\$	\$
- investment income received	174,076	126,049
	<u>174,076</u>	<u>126,049</u>

#### Other Income breakup

	2023	2022
	\$	\$
Other Income		
- recoveries	6,609	-
- other trading revenue	799	(222)
- donations	1,200	70
- fair value adjustments	103,455	(253,066)
	<u>112,063</u>	<u>(253,218)</u>

### 5 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	383,001	326,065
Other cash and cash equivalents	451	2,883
	<u>383,452</u>	<u>328,948</u>

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements For the Year Ended 31 December 2023

#### 6 Trade and Other Receivables

	2023	2022
	\$	\$
CURRENT		
Trade receivables	10,541	(51,796)
Deferred rent and other receivables	185,126	303,019
Provision for impairment	-	(3,121)
	<u>195,667</u>	<u>248,102</u>
Deposits	(1,567)	-
	<u>194,100</u>	<u>248,102</u>

#### 7 Other Financial Assets

##### Financial assets at fair value through profit or loss

	2023	2022
	\$	\$
CURRENT		
Financial Investments	2,966,392	3,425,648
	<u>2,966,392</u>	<u>3,425,648</u>

#### 8 Property, plant and equipment

	2023	2022
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	36,350,000	36,350,000
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	(874,354)	(609,068)
Total buildings	<u>8,575,646</u>	<u>8,840,932</u>
Total land and buildings	<u>44,925,646</u>	<u>45,190,932</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,842,411	1,577,909
Accumulated depreciation	(879,742)	(970,245)
Total plant and equipment	<u>962,669</u>	<u>607,664</u>



## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements

For the Year Ended 31 December 2023

#### 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
Total property, plant and equipment	46,308,173	46,218,454

#### 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 2023</b>					
Balance at the beginning of year	36,350,000	8,840,932	607,664	419,858	46,218,454
Additions	-	-	460,022	-	460,022
Disposals	-	-	(3,118)	-	(3,118)
Depreciation expense	-	(265,286)	(101,899)	-	(367,185)
<b>Balance at the end of the year</b>	<b>36,350,000</b>	<b>8,575,646</b>	<b>962,669</b>	<b>419,858</b>	<b>46,308,173</b>

	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>

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements

For the Year Ended 31 December 2023

#### 9 Other non-financial assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	70,264	35,981
Rental bonds	25,504	25,196
	<u>95,768</u>	<u>61,177</u>

#### 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).

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

	2023	2022
	\$	\$
< 1 year	1,425,509	1,189,413
Between 1 – 2 years	985,438	1,107,158
Between 2 – 3 years	521,152	651,103
Between 3 – 4 years	287,725	262,993
Between 4 – 5 years	226,229	49,140
Total undiscounted lease receivables	<u>3,446,053</u>	<u>3,259,807</u>

#### 11 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	84,865	63,002
Other payables	1,089	1,089
	<u>85,954</u>	<u>64,091</u>

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 2023

#### 12 Other Financial Liabilities

	2023	2022
	\$	\$
CURRENT		
Amounts received in advance	114,545	2,813
	<u>114,545</u>	<u>2,813</u>

#### 13 Other Liabilities

	2023	2022
	\$	\$
CURRENT		
Rental bonds	25,504	35,096
ATO - GST	33,439	17,527
Other accrued expenses	69,266	87,620
	<u>128,209</u>	<u>140,243</u>

#### 14 Employee Benefits

	2023	2022
	\$	\$
Current liabilities		
Provision for employee benefits	61,844	57,827
	<u>61,844</u>	<u>57,827</u>

	2023	2022
	\$	\$
Non-current liabilities		
Long service leave	11,541	9,560
	<u>11,541</u>	<u>9,560</u>

#### 15 Reserves

	2023	2022
	\$	\$
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 2023

### 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 330,350 (2022: 215,218).

### 18 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor, Watson Erskine Pty Ltd, for:		
- auditing and other services	19,400	21,893
	<u>19,400</u>	<u>21,893</u>

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
Property, plant and equipment	
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.



## **Notes to the Financial Statements**

**For the Year Ended 31 December 2023**

### **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 2023.

#### **Contingencies**

There exists tenant bank guarantees held in favour of the School of \$447,451 in total at 31 December 2023.

Other than the above, there were no other contingent assets or contingent liabilities at 31 December 2023.

### **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.

## Sydney Mechanics' School of Arts

ABN 29 720 771 090

### Notes to the Financial Statements

For the Year Ended 31 December 2023

#### 22 Cash Flow Information

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

	2023	2022
	\$	\$
Deficit for the year	(462,003)	(1,076,024)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and impairments	367,185	348,870
- net loss on disposal of property, plant and equipment	3,118	-
- fair value movements on investments	(103,455)	253,066
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	55,556	301,648
- (increase)/decrease in other assets	1,259	10,001
- (increase)/decrease in prepayments	(34,283)	2,745
- increase/(decrease) in trade and other payables	21,863	37,040
- (increase)/decrease in income in advance	111,732	(7,851)
- increase/(decrease) in other liabilities	(12,034)	80,513
- increase/(decrease) in provisions	2,877	(142,799)
Cashflows from operations	<u>(48,185)</u>	<u>(192,791)</u>

#### 23 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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

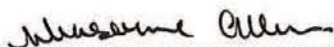
### Directors' Declaration

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*.

President:



Winsome Allen

Treasurer:



Paul Reid

Dated this 19<sup>th</sup> day of February 2024





**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 2023, 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 2023 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.



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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  
19 February 2024

Liability limited by a scheme approved under Professional Standards Legislation



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

ABN 29 720 771 090

## **Disclaimer**

**For the Year Ended 31 December 2023**

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 2023. 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

Sydney NSW 2000  
19 February 2024

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## Sydney Mechanics' School of Arts

ABN 29 720 771 090

For the Year Ended 31 December 2023

### Detailed Income Statement

	2023	2022
	\$	\$
<b>Income</b>		
Fees	8,794	22,086
Investment income	174,076	126,049
Donations	1,200	70
Recoveries	6,609	-
Other income	799	(222)
Net rental surplus	789,571	447,120
<b>Total income</b>	<b>981,049</b>	<b>595,103</b>
<b>Less: Expenses</b>		
Administration and management fees	31,806	13,444
Advertising	17,535	1,250
Auditors remuneration	17,258	21,893
Computer expenses	35,888	32,942
Consulting and professional fees	24,095	122,103
Consumables	45,319	45,160
Depreciation	367,185	348,870
Donations	(2,570)	3,251
First aid supplies	-	2,296
Insurance	20,400	19,100
Investment manager's fees	30,076	29,435
Equipment rental	6,522	5,110
Other employee costs	21,093	30,157
Postage	1,322	812
Printing and stationery	6,735	6,669
Promotion	20,844	19,898
Repairs and maintenance	1,290	1,590
Salaries	715,504	614,281
Safety costs	1,270	2,161
Staff training	5,383	5,309
Subscriptions	8,581	7,890
Sundry expenses	41,263	7,576
Superannuation contributions	76,724	59,545
Telephone and fax	10,252	10,242
Termination benefits	19,077	(5,941)
Travel - domestic	3,811	176
Workers compensation insurance	7,445	8,016
Other operating expenses	9,281	4,826
<b>Total Expenses</b>	<b>1,543,389</b>	<b>1,418,061</b>
	<b>(562,340)</b>	<b>(822,958)</b>



## Sydney Mechanics' School of Arts

ABN 29 720 771 090

For the Year Ended 31 December 2023

### Detailed Income Statement

	2023	2022
	\$	\$
<b>Other items:</b>		
Loss on disposal of assets	(3,118)	-
Fair value adjustments	103,455	(253,066)
	<u>100,337</u>	<u>(253,066)</u>
<b>Profit before income tax</b>	<u>(462,003)</u>	<u>(1,076,024)</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 2023

### Rental Properties Statement

	2023	2022
	\$	\$
Rental income	1,495,155	1,164,591
Facilities Rental	129,664	244,436
<b>Total rental income</b>	<b>1,624,819</b>	<b>1,409,027</b>
Agents fees	35,253	70,274
Doubtful debts	539	111,518
Cleaning	114,288	109,200
Electricity and gas	77,945	83,881
Insurance	40,275	41,289
Rates - council	57,129	59,901
Rates - water	7,213	6,238
Repairs and maintenance	401,445	254,314
Security	33,849	27,278
Strata management	56,238	48,255
Major building maintenance	3,280	142,403
Catering	7,794	7,356
<b>Total rental expenses</b>	<b>835,248</b>	<b>961,907</b>
<b>Net rental surplus</b>	<b>789,571</b>	<b>447,120</b>

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



THE BOY WHO SWAM WITH PIRANHAS  
GEORGE FARROW  
ILLUSTRATED BY  
WILLIAM KATCHE

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|||| We are a community of members  
who share an interest in self-directed  
learning, the exploration of ideas  
and the benefits of fellowship.

SUPPORTING MEMBERS SINCE 1833.

**SMSA**  
SYDNEY MECHANICS'  
SCHOOL OF ARTS EST  
1833

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