

ROYAL AUSTRALIAN HISTORICAL SOCIETY

ABN 91 000 027 654

FINANCIAL REPORTS FOR THE YEAR ENDED

31 DECEMBER 2013

ROYAL AUSTRALIAN HISTORICAL SOCIETY

ABN 91 000 027 654

Councillors' Report

The Councillors of the Royal Australian Historical Society present their report on the company for the year ended 31 December 2013.

Councillors

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

Dr Anne-Maree Harriet Cox Whitaker	President
Christine Isabel Yeats	Senior Vice President
Elizabeth Helen Ellis	Vice President
Dr Siobhán Kathleen Lavelle	Company Secretary/Councillor
Dr Kathrine Marnya Reynolds	Treasurer
Hector Charles Abrahams (to 31/8/13)	Councillor
Emeritus Professor David Sulman Carment	Councillor
Dr Julia Horne (to 23/4/13)	Councillor
Graham John Wilson (to 10/6/13)	Councillor
Dr Robert Ian Jack	Councillor
Dr Susan Mary Brill McClean (to 23/4/13)	Councillor
Dr Christine Anne Wright	Councillor
Alexander Geoffrey Duckett White (from 6/9/13)	Councillor
Carol Ann Liston (from 23/4/13)	Councillor
Judith Madeline Dunn (from 23/4/13)	Councillor
Lynette Aileen Allen (from 6/9/13)	Councillor

Principal Activities

The principal activities of the Society during the financial year were to encourage the study of, research into and the writing of Australian history. No significant changes in the nature of these activities occurred during the financial year.

Short-Term and Long-term Objectives

The Royal Australian Historical Society is a voluntary organisation founded in Sydney in 1901 to encourage Australians to understand more about their history.

The Society's short-term objectives are to:

- Maximise the effectiveness of financial, staff and administrative processes of the RAHS.
- Raise the profile of the RAHS.
- Engage a larger portion of the community in RAHS activities.
- Enhance services and benefits.

The Society's long term objectives are to:

- Be a leader in Australian history, especially New South Wales and its local history.
- Be a leader in education and the collection and provision of research resources.
- Be a leader in representation and lobbying in all aspects of Australian history.

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To achieve these objectives the Society adopted the following strategies:

Strategies

To achieve its stated objectives the Society has adopted the following strategies:

- Enhanced services and communications to members and the public (including website and e-communications).
- Develop business plans for venue hire, library and lectures to ensure a sustainable future.
- Increase RAHS profile raising, membership and lecture activities.

Key Performance Measures

The company measure sits own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Councillors to assess the financial sustainability of the company and whether the company's short term objectives are being achieved.

	2013		2012	
	Actual	Benchmark	Actual	Benchmark
Members				
Number of new members	113	120	168	120
Number of continuing members	1,325	1,200	1,110	1,200
Operational and Financial				
Proportion of funding provided by:				
- Government grants	19%	0%	7.3%	0%
- Targeted fundraising	10%	10%	30.0%	10%
- Investments	11%	10%	10.5%	10%
Proportion of funding spent on:				
- Member contacts and programs	61.2%	60%	58.5%	60%
- Staff training	0.3%	1%	0.3%	1%
- Administration	13.4%	15%	27.0%	15%
- Fundraising	0.1%	1%	0.1%	1%
- Overheads	4.6%	10%	6.9%	10%

Information on Current Councillors

Dr Anne-Maree Harriet Cox Whitaker	President
Qualifications	MA, PhD, FRHistS, FRAHS
Experience	Historian
Christine Isabel Yeats	Senior Vice President
Qualifications	BA, DipLib, DipArchAdmin
Experience	Activist, Historical Researcher

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Elizabeth Helen Ellis	Vice President
Qualifications	OAM, BA, DipLib
Experience	Librarian
Dr Siobhán Kathleen Lavelle	Company Secretary/Councillor
Qualifications	OAM, MA, PhD
Experience	Senior Heritage Officer, NSW Government
Dr Kathrine Marnya Reynolds	Treasurer
Qualifications	BA, MSc, PhD, FRHistS
Experience	Historian
Emeritus Professor David Sulman Carmet	Councillor
Qualifications	AM, BA (Hons) PhD, FACE, FFAHS,
Experience	Historian
Dr Robert Ian Jack	Councillor
Qualifications	MA, PhD, FRHistS, FRAHS
Experience	Historian
Dr Christine Anne Wright	Councillor
Qualifications	BA (Hons), PhD, JP
Experience	Historian
Mrs Lynette Aileen Allen	Councillor
Qualifications	BA, Dip. Ed., Graduate Diploma of Local, Family & Applied History, MA
Experience	Secondary School Teacher
Ms Judith Madeline Dunn	Councillor
Qualifications	OAM, FPDHS
Experience	Historian
Mr Alexander Geoffrey Duckett White	Councillor
Qualifications	OAM, MA
Experience	Philanthropist/Barrister
Assoc Prof Carol Ann Liston	Councillor
Qualifications	BA (Hons), PhD, FRAHS
Experience	Historian

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Councillors' Report

Meetings of Councillors

During the year, 11 meetings of councillors were held. Attendances by each director were as follows:

	Councillors' Meetings	
	Number eligible to attend	Number attended
Dr Anne-Maree Harriet Cox Whitaker	11	11
Christine Isabel Yeats	11	10
Elizabeth Helen Ellis	11	10
Dr Siobhán Kathleen Lavelle	11	9
Dr Kathrine Marnya Reynolds	11	11
Hector Charles Abrahams	8	7
Emeritus Professor David Sulman Carment	11	11
Dr Julia Horne	3	3
Dr Robert Ian Jack	11	10
Dr Susan Mary Brill McClean	3	2
Graham John Wilson	5	0
Christine Anne Wright	11	10
Alexander Geoffrey Duckett White	3	2
Carol Ann Liston	8	6
Judith Madeline Dunn	8	6
Lynette Aileen Allen	3	3

The Society is incorporated under the *Corporations Act 2001* and is a Society limited by guarantee. If the Society is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Society. At 31 December 2013, the total amount that members of the Society are liable to contribute if the Society wound up is \$1,623 - (2012:\$1,524).

Auditor's Independence Declaration

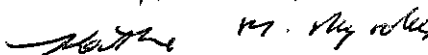
The lead auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 5 of this financial report and forms part of the Councillors report.

Signed in accordance with a resolution of the Board of Councillors.

Dr Anne-Maree Harriet Cox Whitaker



Dr Kathrine Marnya Reynolds



Dated this 21st day of February 2014.



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS
ABN 65 085 182 822

The Councillors
Royal Australian Historical Society
133 Macquarie Street
Sydney, NSW 2000

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the Royal Australian Historical Society for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Stirling International
Chartered Accountants

RC Williams FCA Partner
Dated this 5th day of February 2014.

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Liability limited by a scheme approved under Professional Standards Legislation

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Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue	2	582,554	426,063
Employee benefits expense	12	(242,417)	(215,135)
Accounting and contractors services		(11,642)	(89,082)
Depreciation and amortisation expense		(16,639)	(15,575)
Grants expended		(120,500)	(40,660)
History House expenses		(85,642)	(52,054)
Journals and magazines		(42,870)	(41,330)
Outreach expenses		(10,040)	(14,984)
Consultancy fees		0	(5,850)
Administration expenses		(60,927)	(74,558)
Deficit for the year		<u>(8,123)</u>	<u>(123,165)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
General bequest received	14(b)	0	25,030
Specific donations and bequest received	14(a)	110,000	142,937
Gain on revaluation of land and building	14 (d)	2,500,000	0
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Fair value gains on available-for-sale financial assets	14(e)	114,208	98,730
Other comprehensive income for the year		<u>2,724,208</u>	<u>266,697</u>
Total comprehensive income attributable to members of the Society		<u>2,716,085</u>	<u>143,532</u>

This statement should be read in conjunction with the notes to the financial statements

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Statement of Financial Position as at 31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash	3	412,828	439,463
Accounts receivable and other debtors	4	20,739	24,887
Inventories on hand	5	943	943
Other current assets	6	21,433	2,200
Total Current Assets		455,943	467,493
Non-Current Assets			
Financial assets	7	907,823	652,144
Property, plant and equipment	8	9,193,292	6,689,453
Total Non-Current Assets		10,101,115	7,341,597
Total Assets		10,557,058	7,809,090
LIABILITIES			
Current Liabilities			
Accounts payable and other payables	9	82,048	50,075
Short-term provisions	10	21,673	8,855
Other Liabilities	11	249,034	260,629
Total Current Liabilities		352,755	319,559
Non-Current Liabilities			
Long-term provisions	10	4,833	6,146
Total Non-Current Liabilities		4,833	6,146
Total Liabilities		357,588	325,705
NET ASSETS		10,199,470	7,483,385
EQUITY			
Reserves	14	9,374,138	6,635,830
Retained Surplus	15	825,332	847,555
TOTAL EQUITY		10,199,470	7,483,385

This statement should be read in conjunction with the notes to the financial statements

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Statement of Changes in Equity

	Retained Earnings	Special Purpose Funds	General Purpose Funds	Capital Reserve	Asset Revaluatio n Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2012	88,482	668,646	628,518	191,964	5,482,502	279,741	7,339,853
Comprehensive income							
Deficit for the year	(123,165)	0	0	0	0	0	(123,165)
Other comprehensive income	(21,484)	149,446	40,005	0	0	98,730	266,697
Total comprehensive income attributable to members of the company	(144,649)	149,446	40,005			98,730	143,532
Transactions with owners, in their capacity as owners							
Transfer of utilised funds	903,722	(628,084)	(421,652)	146,014	0	0	0
Reclassification of funds	0	7,190	(7,190)	0	0	0	0
Total transactions with owners	903,722	(620,894)	(428,842)	146,014	0	0	0
Balance at 31 December 2012	847,555	197,198	239,681	337,978	5,482,502	378,471	7,483,385
Comprehensive income							
Deficit for the year	(8,123)	0	0	0	0	0	(8,123)
Other comprehensive income	0	110,000	0	0	2,500,000	114,208	2,724,208
Total comprehensive income attributable to members of the company	(8,123)	110,000	0	0	2,500,000	114,208	2,716,085
Transactions with owners, in their capacity as owners							
Reclassification of funds	(14,100)	7,658	6,442	0	0	0	0
Total transactions with owners	(14,100)	7,658	6,442	0	0	0	0
Balance at 31 December 2013	825,332	314,856	246,123	337,978	7,982,502	492,679	10,199,470

This statement should be read in conjunction with the notes to the financial statements

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Statement of Cash Flows for the year ended 31 December 2013

	Note	2013 \$	2012 \$
Operating Activities			
Receipts from:			
Government and other grants		147,940	175,000
General bequests		0	25,030
General donations and appeals		50,876	31,475
Membership income		126,071	143,561
Other income		211,616	212,253
Interest income		13,047	21,841
Dividend income		68,653	31,567
Payments to suppliers and employees		(439,273)	(546,723)
Grants expended		(153,616)	(95,077)
Net cash generated from (used in) operating activities	13	25,314	(1,073)
Investing Activities			
Payment for property, plant and equipment		(20,478)	(111,673)
Purchase of available-for-sale investment		(236,503)	(45,223)
Sale of available-for-sale investment		95,032	0
Net cash used in investing activities		(161,949)	(156,896)
Financing Activities			
Building Fund donations and bequest received		110,000	142,937
Net cash generated from financing activities		110,000	142,937
Net decrease in cash held		(26,635)	(15,032)
Cash and cash equivalents at the beginning of the year		439,463	454,495
Cash and cash equivalents at the end of the year	3	412,828	439,463

This statement should be read in conjunction with the notes to the financial statements

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Notes to the Financial Statements

The financial statements cover Royal Australian Historical Society as an individual entity, incorporated and domiciled in Australia. Royal Australian Historical Society is a company limited by guarantee.

The financial statements for the year ended 31 December 2013 were authorised for issue by the board of Councillors on 21st February 2014.

Note 1. Summary of Significant Accounting Policies

The Councillors have resolved that the financial statements be prepared on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the Councillors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a) Revenue

A number of the Society's programs are supported by grants received from the federal, state and local governments. Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Notes to the Financial Statements

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

b) Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

c) Property, Plant and Equipment

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

Land and Building

Land and building held for use in administration is stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers periodically and more frequently if market factors indicate a material change in fair value. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and building are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by Councillors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the Financial Statements

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets and capitalised lease assets, but excluding freehold land and buildings, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The building, History House, is a heritage asset and subject to periodic revaluation.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%
Leasehold improvements	Life of Lease
Library books	4%
Office furniture and equipment	7% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Notes to the Financial Statements

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Notes to the Financial Statements

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial assets.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired

Notes to the Financial Statements

have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair amount less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

f) Employee Provisions

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

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g) Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

i) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

m) Accounts Payable and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being

Notes to the Financial Statements

normally paid within 30 days of recognition of the liability.

n) Critical Accounting Estimates and Judgments

The Councillors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

(i) *Impairment*

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

(ii) *Inventories*

Donated inventories are carried at replacement cost determined by reference to the current market price.

o) Economic Dependence

The Royal Australian Historical Society is dependent upon the ongoing receipt of government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

p) New Accounting Standards for Application in Future Periods

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements that may impact the company are:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; and
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

The company has not yet estimated the impact of these pronouncements on its financial statements.

Notes to the Financial Statements

- AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the company's financial statements.

- AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - (i) for an offer that may be withdrawn – when the employee accepts;
 - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
 - (iii) where the termination is associated with a restructuring of activities under AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and if earlier than the first two conditions – when the related restructuring costs are recognised.

These changes are not expected to significantly impact the company's financial statements.

ROYAL AUSTRALIAN HISTORICAL SOCIETY
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Notes to the financial statements

	2013	2012
	\$	\$
Note 2 Net Current Year Surplus		
a) Expenses		
Depreciation of property, plant and equipment	16,639	15,575
Employee provisions	11,506	14,116
Audit fees	7,000	7,450
	<hr/>	<hr/>
b) Revenue and Other Income		
Property income	128,706	111,912
Donations - general	50,876	39,975
Government grants	148,974	44,660
Members' subscription	129,774	108,996
Interest	12,523	19,396
Dividends and distribution	60,390	44,890
Other income	51,311	56,234
	<hr/>	<hr/>
	582,554	426,063
Other Specific Income		
Other Bequest received	0	25,030
Donations and Bequest - Building Fund	110,000	142,937
	<hr/>	<hr/>
	110,000	167,967
Note 3 Cash on Hand		
Cash at bank and on hand	48,049	40,593
Business Online Saver accounts:-		
Building Fund	136,669	2,507
Gardiner Fund	96,122	239,681
Livingstone Fund	49,417	50,016
General Fund	23,706	95,175
Grants	49,692	0
Investment	8,954	0
Insurance	219	0
Cash on Deposit		
General Fund	0	123
St George Cash Management Fund	0	11,368
	<hr/>	<hr/>
	412,828	439,463
	<hr/>	<hr/>

ROYAL AUSTRALIAN HISTORICAL SOCIETY
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Notes to the financial statements

	2013	2012
	\$	\$
Cash and cash equivalents at 31 December 2013 reflect Special and General Purpose Funds and general cash as follows:		
Special Purpose Funds	186,086	197,198
General Funds	96,122	239,681
Other cash	130,620	2,584
	412,828	439,463
Note 4 Accounts Receivable and Other Debtors		
Trade receivables	610	1,611
Interest receivable	513	1,037
Affiliated Associations	5,640	0
Imputation credit receivable	13,976	22,239
	20,739	24,887
Note 5 Inventories		
Books, Guides etc - At cost	943	943
	943	943
Note 6 Other Current Assets		
Prepaid insurances	19,155	0
Other prepayments	2,278	2,200
	21,433	2,200
Note 7 Financial Assets		
Available-for-sale financial assets comprise:		
Listed investments at fair value:		
Shares in listed properties	880,778	623,829
Unlisted property Trust at recoverable amount	27,045	28,315
	907,823	652,144

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Notes to the financial statements

	2013	2012
	\$	\$
Note 8 Property, plant and equipment		
Land and Building		
Freehold Land and Building at valuation	7,416,700	4,916,700
Basement improvements at cost	102,932	42,615
History House work in progress	0	41,000
Total land and building	7,519,632	5,000,315
Plant and Equipment		
Office furniture and equipment	141,340	146,296
Accumulated depreciation	(92,796)	(91,852)
	48,544	54,444
Antique furniture	140,562	140,562
Museum and art collection	574,810	574,810
Library	834,394	834,394
Library Books	40,839	40,839
Accumulated Depreciation	(24,840)	(23,941)
	15,999	16,898
Plant and equipment	86,791	86,791
Accumulated depreciation	(27,440)	(18,761)
	5,935	68,030
Total property, plant and equipment	9,193,292	6,689,453

The freehold land and buildings at 133 Macquarie Street, Sydney were independently valued at \$5 million on 26 October 2010 by Egan National Valuers (NSW). The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At 31 December 2013, the Councillors reviewed the key assumptions made by the valuers at 20 October 2010. They had previously commissioned an informal estimated value by a commercial real estate specialist. The specialist was of the opinion that the land and building comprising History House had a current value of \$7.5 million to \$8 million. The board was accordingly satisfied that the carrying value should be increased by \$2.5 million.

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Notes to the financial statements

	2013	2012
	\$	\$
Note 9 Accounts Payable and Other Payables		
Trade Payables	44,762	2,923
Employee related expenses	13,832	11,254
GST payable	16,454	11,487
Other accrued expenses	7,000	24,411
	<u>82,048</u>	<u>50,075</u>
Note 10 Provisions		
Current		
Annual leave	21,673	8,855
	<u>21,673</u>	<u>8,855</u>
Non Current		
Long service leave	4,833	6,146
	<u>4,833</u>	<u>6,146</u>
Note 11 Other Liabilities		
Subscription received in advance	61,379	66,083
Deferred income	184,530	194,546
Rent received in advance	3,125	0
	<u>249,034</u>	<u>260,629</u>
<p>Deferred income consists of grants received in advance for services to be rendered by the Society. It is amortised over the life of the contract.</p>		
Note 12 Employee Benefit expense		
Salaries and wages	209,495	208,830
Superannuation	19,677	18,270
Workers' compensation insurance	1,739	2,151
Employee benefit provision	11,506	(14,116)
	<u>242,417</u>	<u>215,135</u>

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Notes to the financial statements

	2013	2012
	\$	\$
Note 13 Cash Flow Information		
Reconciliation of Cash flow from Operations with deficit for the year		
Surplus for the year	(8,123)	(123,165)
Non cash flows:-		
Depreciation	16,639	15,575
Shares donated	0	(8,500)
Provision for employee benefits	11,505	(14,117)
Loss on write down of available-for-sale investments	0	567
Cash flows in operating activities but not in operating deficit:-		
Grants received	107,440	134,340
Grants paid	(117,456)	(54,417)
Cash flows in operating deficit but not in operating activities:-		
Bequests received into general purpose funds	0	25,030
Changes in assets and liabilities:-		
Decrease in accounts receivable and other debtors	148	12,601
Increase(decrease) in accounts payable and other payables	30,394	(7,348)
Increase(decrease) in prepayments	(15,233)	18,361
Net cash generated from/(used in) operating activities	25,314	(1,073)
Note 14 Reserves		
Special purpose funds (14 a)	314,856	197,198
General purpose funds (14 b)	246,123	239,681
Capital reserve (14 c)	337,978	337,978
Asset revaluation reserve (14 d)	7,982,502	5,482,502
Available for sale revaluation reserve (14 e)	492,679	378,471
	9,374,138	6,635,830
14 a) Special Purpose Funds		
Balance at beginning of year	197,198	668,646
Transfer to retained earnings as funds already spent	0	(482,070)
Transfer from general purpose funds	0	7,190
Donations and bequest received	110,000	142,937
Interest and dividend received	7,658	6,509
Property improvements and investments acquired transferred to capital reserve	0	(146,014)
Balance at end of year	314,856	197,198

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Notes to the Financial Statements

	2013	2012
	\$	\$
<i>Represented by:</i>		
<i>Catherine Jane Livingstone Fund</i>		
Balance at beginning of year	142,687	185,211
Dividend received	4,214	1,618
Interest received	1,401	4,056
Payments for available for sale investments	0	(48,198)
Balance at end of year	148,302	142,687
 <i>Publication and Research Fund</i>		
Balance at beginning of year	1,365	1,365
Balance at end of year	1,365	1,365
 <i>History House Building Fund</i>		
Balance at the beginning	53,146	0
Transfer from general purpose funds	0	7,190
Bequest received	90,000	0
Donations received	20,000	142,937
Interest received	2,043	835
Payments for building renovations	0	(97,816)
	165,189	53,146
 <i>Other Funds</i>		
Balance at the beginning of the year	0	482,070
Transfer to retained earnings	0	(482,070)
	0	0
 14 b) General Purpose Funds		
Balance at beginning of year	239,681	628,518
General bequest received	0	25,030
Interest and Dividend income received	6,442	14,975
Transfer to specific purpose funds	0	(7,190)
Transfer to retained earnings	0	(421,652)
Balance at end of year	246,123	239,681

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Notes to the Financial Statements

	2013	2012
	\$	\$
<i>Represented by:</i>		
History House Building Fund		
Balance at the beginning of the year	0	7,190
Transfer to specific purpose funds	0	(7,190)
Balance at the end of the year	0	0
Dora Elizabeth Gardiner Fund		
Balance at the beginning of the year	239,681	199,676
Balance of bequest received	0	25,030
Interest income	6,442	14,975
Balance at the end of the year	246,123	239,681
Other General Funds		
Balance at the beginning of the year	0	421,652
Transfer to retained earnings	0	(421,652)
	0	0
Note 14c Capital Reserve		
Balance at beginning of year	337,978	191,964
Transfer from Special Purpose Funds	0	146,014
Balance at end of year	337,978	337,978
Note 14 d) Asset Revaluation Reserve		
Balance at beginning of year	5,482,502	5,482,502
Gain on revaluation of land and building	2,500,000	0
Balance at end of year	7,982,502	5,482,502
Note 14 e) Available for Sale Revaluation Reserve		
Balance at beginning of year	378,471	279,741
Increment of available-for-sale investments	114,208	98,730
Balance at the end of the year	492,679	378,471

ROYAL AUSTRALIAN HISTORICAL SOCIETY

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Notes to the Financial Statements

	2013	2012
	\$	\$
Note 15 Retained Earnings		
Balance at beginning of year	847,555	88,482
Transfer of dividends and interest to Special Purpose Fund	(7,658)	(6,509)
Transfer of dividends and interest to General Purpose Funds	(6,442)	(14,975)
Transfer of Special Purpose Funds utilised or invested	0	482,070
Transfer of General Purpose Funds utilised	0	421,652
Deficit for the year	(8,123)	(123,165)
	<u>825,332</u>	<u>847,555</u>

Note 16 Entity Details

The registered office of the company is:-

Royal Australian Historical Society

133 Macquarie Street

Sydney, NSW 2000

The principal place of business is:

Royal Australian Historical Society

133 Macquarie Street

Sydney, NSW 2000

ROYAL AUSTRALIAN HISTORICAL SOCIETY

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Councillors' Declaration

In accordance with a resolution of the Councillors of the Royal Australian Historical Society, the Councillors declare that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

The Councillors declare that:

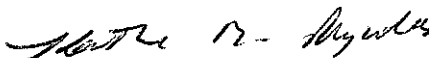
1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Corporations Act 2001*, and
 - a) complying with Australian Accounting Standards applicable to the Society; and
 - b) give a true and fair view of the financial position of the company as at 31 December 2013 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Councillors' opinion, there are reasonable grounds to believe that the Royal Australian Historical Society will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Councillors.

Dr Anne-Maree Harriet Cox Whitaker



Dr Kathrine Marnya Reynolds



Dated this 21st day of February 2014



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS
ABN 65 085 182 822

**Independent Auditor's Report to the Members of
Royal Australian Historical Society**

We have audited the accompanying financial report, being a special purpose financial report, of Royal Australian Historical Society, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Councillors' declaration.

Councillors' Responsibility for the Financial Report

The Councillors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Councillors of Royal Australian Historical Society, would be in the same terms if given to the Councillors as at the time of the auditor's report.

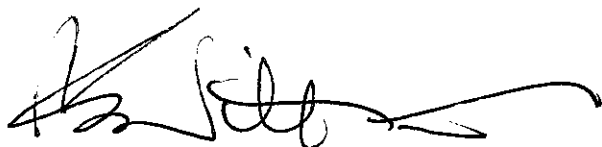
Opinion

In our opinion the financial report of Royal Australian Historical Society is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Councillors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



Stirling International
Chartered Accountants

Address: 85 Clarence Street, Sydney NSW 2000
Roger C Williams, ACA,

Dated this 21st day of February 2014

Level 4, 285 Clarence Street Sydney NSW 2000 Australia
PO Box Q182 Sydney NSW 1230
Telephone (02) **8268 8188** Facsimile (02) **8268 8199**
Email office@stirlinginternational.com.au

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ROYAL AUSTRALIAN HISTORICAL SOCIETY
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Detailed Income and Expenditure Statement

	2013	2012
	\$	\$
Income		
Advertising income	1,508	2,858
Bequest received	90,000	25,030
Cultural grants received	40,500	40,660
Dividend and distribution received	60,390	44,890
Donations received	70,876	182,912
Functions income net of expenses	10,616	12,173
Grants received - administration	14,237	4,000
Grants received - Department of Premier & State	80,000	0
Interest received	12,523	19,396
Library and office income	1,972	4,132
Outreach services income	45,483	37,475
Other projects income	303	10,450
Rent received	110,792	96,383
Room hire net of outgoings	17,914	15,529
Royalties received	3,048	1,966
Subscriptions received	129,774	108,996
Sundry revenue	2,618	3,808
	692,554	610,658
Expenditure		
Accounting and contract services	11,642	89,082
Auditors remuneration	7,450	7,000
ASIC fees	0	42
Bank charges	1,811	1,347
Computer costs	2,094	5,106
Consulting fees	0	5,850
Depreciation	16,639	15,575
Donations	127	664
Election expenses	0	1,967
Entertainment expenses	95	136
Grants expended	120,500	40,660
History house expenses	85,642	52,054
Holiday pay provision	12,818	(15,309)
Insurance - general	7,930	7,256
Insurance - workers compensation	1,739	2,151

ROYAL AUSTRALIAN HISTORICAL SOCIETY
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Detailed Income and Expenditure Statement (continued)

	2013	2012
	\$	\$
Journals and magazines	42,870	41,330
Legal fees	0	11,613
Library expenses	2,737	2,848
Long service leave	(1,312)	1,193
Loss in value of investments	0	567
Members expenses	276	2,636
Outreach services expenses	10,040	14,984
Postage	17,648	14,336
Promotions and marketing	111	1,680
Salaries and wages	209,495	208,830
Staff amenities and expenses	2,031	1,485
Stationery and office supplies	5,873	5,592
Subscription	586	979
Sundry expenses	3,203	18,261
Superannuation contributions	19,677	18,270
Telephone	6,257	5,465
Travel and accommodation expenses	2,698	2,206
	590,677	565,856
Surplus for the year	101,877	44,802
Transfer to other comprehensive income:		
Bequest received	0	(25,030)
Specific donations for History House Extension	(110,000)	(142,937)
	(8,123)	(123,165)
Deficit for the year	(8,123)	(123,165)