



Australian
museum



nature culture discover

ANNUAL REPORT 2005-2006

FINANCIAL STATEMENTS

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The Annual Report is published in three parts: Summary Report, Detailed Report and Financial Statements. All Annual Reports since 1998-1999 are available online at

www.amonline.net.au/about/report/.

FINANCIAL COMMENTARY

The Australian Museum's financial operations for 2005-2006 resulted in a surplus of \$4.324 million. Of this amount, \$0.934 m was provided by way of external donations to fund a range of capital developments at the Lizard Island Reef research Station; \$0.270 million was provided to meet specific research grants liabilities which will be spent in future years and \$0.269 million was provided by way of other donations for specific purposes. As such, these funds, totally \$1.473 million, are not available to support general operating expenses. The surplus also included \$1.977 million in capitol funding, the expenses for which are not represented in the Operating Statement.

Admissions to the Museum were less than in the previous year. Some 297,001 visitors were admitted to the Museum during the year (336,334 in 2004-2005). The average number of visitors for the previous five years was 293,839. Revenue from admissions was \$2,087,000, a decrease of 14.7 per cent on the 2004-2005 return of \$2,447,432.

As well as 8 long-term gallery exhibitions presented to the public, there were three short-term exhibitions

during 2005-06 for which a supplementary entrance fee was charged. These were *Who Dun It?*, *How to Make a Monster* and *Pearls: Opulence and Obsession*. Several other short term exhibitions were presented and were free of charge upon payment of the general admission fee. These were *Wildlife Photographer of the Year 2005*, *Science in the City*, *Pacific Patterns*, *Six Strands: woven baskets*, *Supercroc* and *Up Close and Spineless*.

The Museum's retail shop achieved sales (net of GST) of \$902,396 compared with \$1,034,681 in 2004-2005, a decrease of 12.7 per cent. Australian Museum Business Services, which contracts-in environmentally related consultancies and projects, achieved revenue of \$1,372,709, a decrease of 11.8 per cent on the previous year's \$1,556,586.

Capital funding provided amounted to \$6,515,000. This allowed the Museum to continue the upgrading of its fire safety systems and a number of minor works relating to buildings, security issues and office and work area refurbishments. It also provided for the acquisition of some minor capital equipment. Included in the amount was \$2.750 m to continue work on the planning phases of the Museum's gallery refurbishment program and the proposed construction of a new research and collections building. Also included in the total amount available was \$0.934 m provided by the Lizard Island Reef Research Foundation, a privately operated benevolent foundation, to redevelop the research facilities at the Research Station.

The Museum is responsible for the maintenance of heritage classified buildings and as their heritage status requires more specialised treatment and trades skills, maintenance costs and administrative oversight are often higher than would be incurred in contemporary buildings.

Material Adjustments to Budgets

During 2004-2005 a transfer of \$0.330 m was transferred from the Museum's Recurrent budget to the Recurrent budget of the Ministry for the Arts and this adjustment applies also to forward years.

Economic and Other Factors Affecting the Achievement of Operational Objectives

There were three exhibitions for which a supplementary charge was made in the year, and these were moderately successful. The Museum also put in place a programme of smaller exhibitions and activities in an attempt to overcome the effect of international circumstances that tend to affect the

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number of overseas visitors to the Museum.

unavailable during the year.

Outline of Budget for 2006-2007

The Department of Arts, Sport and Recreation has provided grant funding that, when combined with the Museum's own revenues, will allow the Museum to operate throughout 2006-2007 at a similar level compared to 2005-2006. The Museum has been able to plan a modest programme of exhibitions and activities for 2006-2007 by a combination of continued management reforms, efficiencies and an effective allocation of resources. The gallery refurbishment project is expected to have a somewhat adverse impact on visitor numbers as sizeable gallery areas will be

Anticipated funding for 2006-2007 includes:

- \$22.647 m Recurrent grant;
- \$20.297 m Capital grant, of which \$0.970 m will be provided by the Lizard Island Reef Research Foundation, a privately operated benevolent foundation;
- \$2.663 m in funded project grants, contributions and sponsorships; and
- \$7.206 m from other self-generated revenues.

The Museum has an approved budget that provides for:

- \$20.353 m for personnel services expenses;
- \$10.784 m for other operating and maintenance expenses;
- \$0.087 m for minor grants and subsidies.

The Museum estimates its staffing structure at 236 equivalent full time positions (EFT), a similar level as

ACCOUNTS PAYMENT PERFORMANCE REPORT

Schedule of accounts payable at quarter end

	30/09/2005	31/12/2005	31/03/2006	30/06/2006
	\$'000	\$'000	\$'000	\$'000
Current within due date	6,944	6,526	6,689	9,604
Less than 30 days overdue	692	662	63	365
Between 30 and 60 days overdue	324	40	11	74
Between 60 and 90 days overdue	83	250	1	21
Over 90 days overdue	70	280	176	168
Total	\$8,113	\$7,758	\$6,940	\$10,232

Schedule of accounts paid on time – actual

	30/09/2005	31/12/2005	31/03/2006	30/06/2006
	\$'000	\$'000	\$'000	\$'000
Percentage of accounts paid on time – Target	95%	95%	95%	95%
Total value of accounts paid on time	6,944	6,526	6,689	9,604
Total value of accounts paid	8,113	7,758	6,940	10,232
Percentage value of accounts paid on time	86%	84%	96%	94%

Note: The Museum measures and reports its accounts payable performance on the basis of Creditor's terms. This is more stringent than the standard endorsed for Government by Treasury. Late payments may occur due to invoice queries, necessitating payment delays. There has been no interest charged for delaying payments.



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
AUSTRALIAN MUSEUM TRUST

To Members of the New South Wales Parliament

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

In my opinion, the financial report of the Australian Museum Trust (Trust):

- presents fairly the Trust's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2005*.

Audit Opinion Pursuant to the *Charitable Fundraising Act 1991*

In my opinion:

- the financial report of the Trust shows a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2006
- the ledgers and associated records of the Trust have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation 2003* (the CF Regulation)
- money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

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

Scope

The Financial Report and Trustees' Responsibility

The financial report comprises the operating statement, statement of changes in equity, balance sheet, cash flow statement, summary of compliance with financial directives and accompanying notes to the financial statements for the Trust, for the year ended 30 June 2006.

The Trustees are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF&A Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express opinions on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

My opinions do not provide assurance:

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

Audit Independence

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

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



G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
23 October 2006

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AUSTRALIAN MUSEUM TRUST STATEMENT IN ACCORDANCE WITH SECTION 41C (1C) OF PUBLIC FINANCE AND AUDIT ACT, 1983

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

- a. The financial statements and notes thereon exhibit a true and fair view of the financial position as at 30 June 2006 and transactions for the year ended 30 June 2006.
- b. The financial statements have been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2005*, and the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*.
- c. There are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.
- d. The financial report has been properly drawn up and the associated records have been properly kept for the period from 1 July 2005 to 30 June 2006, in accordance with the *Charitable Fundraising (NSW) Act 1991* and *Regulations*; and
- e. Money received as a result of fundraising activities conducted during the period 1 July 2005 to 30 June 2006 has been properly accounted for and applied in accordance with the *Charitable Fundraising (NSW) Act 1991* and *Regulations*.



BRIAN SHERMAN
PRESIDENT OF THE TRUST



FRANK HOWARTH
SECRETARY OF THE TRUST

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AUSTRALIAN MUSEUM TRUST OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Expenses excluding losses				
Operating Expenses:				
Personnel services expenses	2 (a)	18,912	19,560	18,188
Other operating expenses	2 (b)	12,695	10,646	11,181
Depreciation	2 (c)	3,408	4,975	3,949
Grants and subsidies	2 (d)	178	130	99
Total Expenses excluding losses		<u>35,193</u>	<u>35,311</u>	<u>33,417</u>
Less:				
Revenue				
Sale of goods and services	3 (a)	7,043	5,394	7,467
Investment revenue	3 (b)	462	32	130
Grants and contributions	6	4,399	3,640	4,793
Total Revenue		<u>11,904</u>	<u>9,066</u>	<u>12,390</u>
Gain/(Loss) on disposal	4	(20)	(8)	25
Other gains/(losses)	5	(130)	-	(399)
Net Cost of Services	18	<u>23,439</u>	<u>26,253</u>	<u>21,401</u>
Government Contributions				
Recurrent appropriation	7	22,378	22,708	23,991
Capital appropriation	7	5,385	5,385	4,170
Total Government Contributions		<u>27,763</u>	<u>28,093</u>	<u>28,161</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>4,324</u>	<u>1,840</u>	<u>6,760</u>

The accompanying notes form part of these financial statements.

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AUSTRALIAN MUSEUM TRUST STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-
Surplus / (Deficit) for the Year		<u>4,324</u>	<u>1,840</u>	<u>6,760</u>
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		<u>4,324</u>	<u>1,840</u>	<u>6,760</u>

The accompanying notes form part of these financial statements.

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AUSTRALIAN MUSEUM TRUST BALANCE SHEET AS AT 30 JUNE 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	9,483	9,562	9,262
Receivables	9	1,947	1,762	1,762
Inventories	10	281	227	227
Total Current Assets		<u>11,711</u>	<u>11,551</u>	<u>11,251</u>
Non-Current Assets				
Property, Plant and Equipment				
- Land and Buildings	11	148,626	149,762	145,152
- Plant and Equipment	11	23,027	19,965	23,035
- Collections	11	530,331	530,301	530,301
Total Property, Plant and Equipment		<u>701,984</u>	<u>700,028</u>	<u>698,488</u>
Total Non-Current Assets		<u>701,984</u>	<u>700,028</u>	<u>698,488</u>
Total Assets		<u>713,695</u>	<u>711,579</u>	<u>709,739</u>
LIABILITIES				
Current Liabilities				
Payables	13	5,570	5,567	5,935
Total Current Liabilities		<u>5,570</u>	<u>5,567</u>	<u>5,935</u>
Non-Current Liabilities				
Payables	13	19	390	22
Total Non-Current Liabilities		<u>19</u>	<u>390</u>	<u>22</u>
Total Liabilities		<u>5,589</u>	<u>5,957</u>	<u>5,957</u>
Net Assets		<u>708,106</u>	<u>705,622</u>	<u>703,782</u>
EQUITY				
Reserves	15	154,000	154,000	154,000
Accumulated funds	15	554,106	551,622	549,782
Total Equity		<u>708,106</u>	<u>705,622</u>	<u>703,782</u>

The accompanying notes form part of these financial statements.

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AUSTRALIAN MUSEUM TRUST CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
PAYMENTS				
Personnel services expenses		(17,855)	(18,472)	(17,300)
Grants and subsidies		(123)	(130)	(99)
Other		(15,144)	(12,298)	(9,774)
TOTAL PAYMENTS		<u>(33,122)</u>	<u>(30,900)</u>	<u>(27,173)</u>
RECEIPTS				
Sale of goods and services		7,448	5,386	8,163
Interest received		462	32	130
Other		4,594	4,204	3,564
TOTAL RECEIPTS		<u>12,504</u>	<u>9,622</u>	<u>11,857</u>
CASH FLOWS FROM GOVERNMENT				
Recurrent Appropriation		22,378	22,708	23,991
Capital Appropriation		5,385	5,385	4,170
Cash reimbursements from the Crown Entity		-	-	918
Net Cash Flows from Government		<u>27,763</u>	<u>28,093</u>	<u>29,079</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	<u>7,145</u>	<u>6,815</u>	<u>13,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Land and Buildings, and Plant and Equipment		(6,943)	(6,515)	(4,176)
Proceeds from sale of Plant and Equipment		19	-	49
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(6,924)</u>	<u>(6,515)</u>	<u>(4,127)</u>
NET INCREASE/(DECREASE) IN CASH		221	300	9,636
Opening cash and cash equivalents		9,262	9,262	(374)
CLOSING CASH AND CASH EQUIVALENTS	8	<u>9,483</u>	<u>9,562</u>	<u>9,262</u>

The accompanying notes form part of these statements.

AUSTRALIAN MUSEUM TRUST SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2006						2005					
	RECURRENT APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund	CAPITAL APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund	RECURRENT APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund	RECURRENT APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund	CAPITAL APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund	RECURRENT APPROPRIATION	EXPENDITURE/ Net Claim on Consolidated Fund
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	22,708	22,708	5,385	5,385	20,581	20,581	20,581	20,581	4,420	4,420	20,581	4,420
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	22,708	22,708	5,385	5,385	20,581	20,581	20,581	20,581	4,420	4,420	20,581	4,420
	(330)	(330)	-	-	71	71	3,339	3,339	(250)	(250)	3,339	(250)
	(330)	(330)	-	-	3,410	3,410	3,410	3,410	(250)	(250)	3,410	(250)
	22,378	22,378	5,385	5,385	23,991	23,991	23,991	23,991	4,170	4,170	23,991	4,170
	22,378	5,385	5,385		23,991		23,991		4,170		4,170	
	-	-	-	-	-	-	-	-	-	-	-	-

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

1. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Australian Museum Trust as a reporting entity comprises all the activities under its control and encompasses funds that are restricted for specified purposes by the grantor or donor, but are nevertheless controlled by the Trust.

The Trust is a NSW government department. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial statements have been authorised for issue by the Director and Trust President on 23 October 2006.

(b) Basis of Preparation

The Trust's financial statements are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AEIFRS);
- requirements of the Public Finance and Audit Act and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Collections assets and property, plant and equipment are measured at fair value, other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

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

(c) Statement of Compliance

The Trust's financial report complies with Australian Accounting Standards. A statement of compliance with International Financial Reporting Standards (IFRS) cannot be made due to the organisation applying the not for profit sector requirements contained in AEIFRS. This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, unless otherwise permitted.

In accordance with AASB 1 *First Time Adoption of Australian Equivalents to International Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005. As a result, comparative information for these two standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. Under previous Accounting Standards, financial instruments were recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which were measured at fair value.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

There are no differences in applying AEIFRS standards in equity and Profit and Loss for 30 June 2005 and for the balances reported in the 30 June 2005 financial report presented under the previous Australian Accounting Standards. Hence no reconciliation is prepared.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

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

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

(ii) Sale of Goods and Services

Revenue from the sale of goods and services is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(e) Employee Benefits and other provisions

The Trust has prepared its financial statements in relation to prior periods on the basis that the Museum Trustees had been provided with employment powers via the *Australian Museum Trust Act 1975*. It has come to the attention of management that the *Public Sector Employment and Management Act 2002* only provides the Director-General of the Ministry for the Arts up until 2 March 2006 and the Director-General, Department of the Arts, Sport and Recreation (DASR) from 3 March with the power to employ. As such, staff working at the Museum were employees of the Ministry for the Arts up to 2 March 2006 and are thereafter employees of the Department of Arts, Sport and Recreation.

Under direction from NSW Treasury, the Trust has assumed that a management agreement was in place in relation to the provision of personnel services from the employing department, and has restated 'Employee Related expenses' for the year ended 30 June 2005 as 'Personnel Services expenses' in accordance

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. There has been no effect on the value of the amounts previously presented as 'Employee Related expenses' on the Operating Statement.

Amounts shown in previous periods as 'Acceptance by the Crown Entity of employee benefits and other liabilities' are now to be assumed by the relevant employing department, and as such have been restated in the Museum's financial statements as a part of 'Grants and Contributions' and disaggregated in the relevant note as 'Resources received free of charge'. There has been no effect on the value of the amounts previously presented as 'Acceptance by the Crown Entity of employee benefits and other liabilities' on the Operating Statement.

The classification of 'Resources received free of charge' as an item of retained revenue has resulted in the values of 'Total Retained Revenue', 'Net Cost of Services', and 'Total Government Contributions' changing for the restated periods, however there has been no change to the 'Surplus/(Deficit) for the year from ordinary activities'.

(i) Personnel Services Expenses relating to Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities to DASR relating to salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on amounts expected to be paid when the liabilities are settled.

Long-term annual leave is measured at present value in accordance with AASB 119 *Employee Benefits*. The percentage of the market yields on government bonds are used to discount long-term annual leave.

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

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Personnel Services Expenses relating to Long Service Leave and Superannuation

The Trust's liabilities to DASR for part of the superannuation and all of the long service leave are assumed by the Crown Entity. The Trust accounts for the liability as having been extinguished resulting in the amount assumed being recognised as non-monetary revenue.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 06/09) to employees with five or more years of service using current rates of pay.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

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

(iii) Other provisions

Other provisions exist when: the Trust has a present legal or constructive obligation as a result of a past event; it is probable that an overflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to be affected.

If the effect of the time value of money is material, provisions are discounted at a percentage, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(f) Insurance

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

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

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

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

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO.

(h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(i) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$3,000 and above individually are capitalised. Computer related assets costing individually \$3,000 and above (or forming part of a network costing more than \$3,000) are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the *Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines* paper (TTP 05-03). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Trust revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last was completed on 30 June 2003 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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

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

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

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

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

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

Exhibitions

The value of exhibitions is included in Plant and Equipment and represents capitalisation of the development and establishment costs of exhibitions that will continue to generate revenue or provide a community service beyond the financial year or years in which these costs were incurred.

Capitalised development and establishment costs include material and construction expenditure, but do not include an assessment of the intrinsic value of collection items incorporated in an exhibition unless specifically purchased and costed for that purpose. Labour costs for permanent staff inputs to the development of exhibitions are reflected in employee related expenses and are not included in the capitalisation of exhibitions.

Collections

Collection assets are valued on a deprival basis as a surrogate for fair value. The Trust's collections were recognised in 2003 following the completion of a valuation exercise which ascribed values based on a combination of both market value and recollection cost. The valuation was calculated with the use of internal and external resources, including professional statisticians and valuers. The Trust's collections are not depreciated.

Acquisition of collection items are recorded at cost when purchased. Valuation of the Collections from an independent assessor will be completed every five years.

(k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Trust is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciate replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(l) Depreciation of Property, Plant and Equipment

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

All material separately identifiable component assets are depreciated over their shorter useful lives.

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

The other buildings at the Sydney site are divided into Major buildings that are depreciated over their estimated life of 75 years and Minor buildings that are depreciated over their estimated life of 15 to 55 years.

The buildings on Lizard Island are depreciated over their estimated life of up to 50 years on the assumption that the Museum's lease of land on the island will be renewed.

Depreciation rates for each property, plant and equipment asset category are as follows:

Buildings	1.25% - 6.67%
Plant and Equipment	10% - 33.33%
Vehicles/Vessels	15%

Depreciation rates are reviewed and determined on annual basis.

Permanent exhibitions are depreciated on a straight-line basis based on their expected useful life, with a maximum life for depreciation purposes not exceeding 9 years.

(m) Major Inspection Costs

When each major inspection is performed the labour cost for faults is recognised in the carrying amount of an asset as a replacement of a part, if recognition criteria are satisfied.

(n) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(o) Maintenance

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

(p) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Operating Statement in periods in which they are incurred.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

(q) Intangible Assets

The Trust recognises intangible assets only if it is probable that future economic benefits will flow to the Trust and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is at fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met. The Trust has no intangible assets.

(r) Cash and cash equivalent

Cash and cash equivalent comprises of cash on hand and bank balances with the Museum's bankers, term deposits with the Commonwealth Bank of Australia and the NSW Government's Treasury Corporation (TCorp) Hour Glass cash facility. Interest on bank balance is earned on daily balances at a fixed rate. The interest rate is added to the term deposits every six months and at maturity. Interest revenues are recognised as they accrue. The term deposits in Commonwealth Bank of Australia relate to two bequest accounts.

The NSW Government's Treasury Corporation (TCorp) deposit facility is utilised to accommodate funds surplus to immediate needs. TCorp Hour Glass cash facility is measured at fair value with interest revenue accrued as earned such that the fair value is reflected at no less than the amount payable on demand.

(s) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written-off as incurred.

(t) Inventories

Inventories held for distribution are stated at the lower of cost and current replacement cost. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. The cost is calculated using the weighted average cost or "first in first out" method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the agency would incur to acquire the asset on the reporting date. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

(u) Other Assets

Other assets are recognised on a cost basis.

(v) Payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(w) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet the amounts vary from the Budget Papers as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).

(x) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standards (AAS 33) as permitted by AASB 1.36A. The transition to AEIFRS for financial instruments information was 1 July 2005. As there are no impacts on financial statements due to non-adoption of AASB 132/139, no separate disclosure is made as a Note.

(y) New Australian Accounting Standards issued but not effective

The following Accounting Standards are being early adopted from 1 July 2005:

- AASB 2005-4 regarding the revised AAS139 fair value option;
- UIG 9 regarding the reassessment of embedded derivatives; and
- AASB 2005-06, which excludes from the scope of AASB3, business combinations involving entities or businesses under common control.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

2. EXPENSES EXCLUDING LOSSES

	2006	2005
	\$'000	\$'000
(a) Personnel services expenses		
Salaries and wages (including recreation leave)	15,536	14,938
Superannuation – defined benefits plans	974	909
Superannuation – defined contribution plans	585	482
Payroll Tax and Fringe Benefit Tax	962	986
Long Service Leave	490	586
Workers' Compensation Insurance	351	273
Other	14	14
	18,912	18,188

Employee related costs that have been capitalised in fixed asset accounts and therefore excluded from the above; \$0.160M (\$0.870M in 2004-05).

(b) Other operating expenses includes the following:

Auditor's Remuneration		
- audit and review of financial reports	57	52
Internal Audit Bureau	34	70
Operating lease rental expense:		
- minimum lease payments	406	272
- rental outgoings	114	84
Freight	316	357
Motor Vehicles Expenses	185	187
Advertising and Promotional	652	623
Electricity	343	314
Gas	93	73
Water	44	35
Consultants	-	32
Contractors	1,767	1,091
Travel and Accommodation	493	503
Cleaning and Waste Removal	542	494
Cost of Sales	472	531
Insurance	1,062	1,190
Postal and Telephone	436	434
Working Expenses	1,062	824
Security Services	335	268
Donations and Contributions	21	22
Hiring Costs	135	185
Books, Journals & Subscriptions	167	185
Licences	194	150

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

	2006	2005
	\$'000	\$'000
(b) Other operating expenses (cont'd)		
Exhibition Costs	755	444
Minor Plant & Equipment	171	129
Promotion costs	397	272
Staff Training	108	76
Filming & Photography	11	27
Graphics & Design	88	131
Legal & Professional	58	24
Printing	298	431
Maintenance*	1,879	1,671
	<u>12,695</u>	<u>11,181</u>
<i>* Reconciliation</i>		
Maintenance expense, as above	1,879	1,671
Maintenance related employee expenses included in Note 2 (a)	269	244
Total maintenance expenses included in Note 2(a) + 2 (b)	<u>2,148</u>	<u>1,915</u>
(c) Depreciation		
Buildings	167	169
Plant and Equipment	3,241	3,780
	<u>3,408</u>	<u>3,949</u>
(d) Grants and subsidies		
Visiting Fellowships	56	33
Other Grants	122	66
	<u>178</u>	<u>99</u>

3. REVENUE

(a) (b) Sale of Goods and Services

Sale of Goods		
- Admissions	2,087	2,448
- Shop sales	902	1,033
- Other	434	539
	<u>3,423</u>	<u>4,020</u>
Rendering of services	3,620	3,447
	<u>7,043</u>	<u>7,467</u>

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

(3 continued):	2006	2005
	\$'000	\$'000
(b) Investment Revenue		
Interest	98	106
TCorp Hour-Glass Facility	364	24
	<u>462</u>	<u>130</u>
4. GAIN/ (LOSS) ON DISPOSAL		
Gain/ (Loss) on disposal of plant & equipment		
Proceeds from disposal	19	49
Written down value of assets disposed	(39)	(24)
Gain / (Loss) on disposal of Non -Current Assets	<u>(20)</u>	<u>25</u>
5. OTHER GAINS/ (LOSSES)		
Impairment of receivables	(130)	(399)
	<u>(130)</u>	<u>(399)</u>
6. GRANTS AND CONTRIBUTIONS		
Grants and Contributions: For conditions on Grants and Contributions see Note 12.		
Scientific Research - Federal Government Grants	846	809
Scientific Research - State Government Grants	157	51
Other Grants	437	659
Donations	1,103	547
Other	730	654
	<u>3,273</u>	<u>2,720</u>
Employment grants received from the Department of Arts, Sports and Recreation:		
Superannuation	585	1,400
Long Service Leave	512	586
Payroll Tax	29	87
	<u>1,126</u>	<u>2,073</u>
	<u>4,399</u>	<u>4,793</u>

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

7. APPROPRIATIONS

	2006	2005
	\$'000	\$'000
Recurrent appropriations		
Total recurrent drawdown from Treasury (per summary of compliance)	22,378	23,991
	<u>22,378</u>	<u>23,991</u>
Comprising:		
Recurrent appropriations (per Operating Statement)	22,378	23,991
	<u>22,378</u>	<u>23,991</u>
Capital appropriations		
Total capital drawdown from Treasury (per Summary of Compliance)	5,385	4,170
	<u>5,385</u>	<u>4,170</u>
Comprising:		
Capital appropriations (per Operating Statement)	5,385	4,170
	<u>5,385</u>	<u>4,170</u>

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,384	4,532
Short term deposits	211	206
TCorp Hour-Glass Cash Facility	7,888	4,524
	<u>9,483</u>	<u>9,262</u>

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash at bank, cash on hand, short term deposits and Treasury Corporation Hour Glass Cash Facility. Cash and cash equivalent assets recognised in the Balance Sheet are reconciled to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	<u>9,483</u>	<u>9,262</u>
Closing Cash and cash equivalents (per Cash Flow Statement)	<u>9,483</u>	<u>9,262</u>

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**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2006**

9. CURRENT / NON CURRENT ASSETS – RECEIVABLES	2006	2005
	\$'000	\$'000
Sale of Goods & Services	1,925	1,883
Accrued Income	2	70
Prepayments	186	201
Other	11	6
	2,124	2,160
Less: Allowance for Impairments	177	398
	1,947	1,762

10. CURRENT / NON CURRENT ASSETS - INVENTORIES

Held for Resale:

Shop Stocks	281	227
	281	227

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Collections \$'000	Total \$'000
At 1 July 2005				
Gross Carrying Amount	149,027	61,008	530,301	740,336
Accumulated depreciation and impairment	(3,875)	(37,973)	-	(41,848)
Net Carrying Amount at Fair Value	145,152	23,035	530,301	698,488
At 30 June 2006				
Gross Carrying Amount	152,668	64,241	530,331	747,240
Accumulated depreciation and impairment	(4,042)	(41,214)	-	(45,256)
Net Carrying Amount at Fair Value	148,626	23,027	530,331	701,984

Reconciliation

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Year Ended 30 June 2006	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Collections \$'000	Total \$'000
Net carrying amount at start of year	21,000	124,152	23,035	530,301	698,488
Additions	-	3,641	3,272	30	6,943
Disposals	-	-	(39)	-	(39)
Depreciation Expense	-	(167)	(3,241)	-	(3,408)
Net carrying amount at end of year	<u>21,000</u>	<u>127,626</u>	<u>23,027</u>	<u>530,331</u>	<u>701,984</u>

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and Buildings \$'000	Plant and Equipment \$'000	Collections \$'000	Total \$'000
At 1 July 2004				
Gross Carrying Amount	148,372	57,511	530,301	736,184
Accumulated depreciation and impairment	(3,706)	(34,193)	-	(37,899)
Net Carrying Amount at Fair Value	<u>144,666</u>	<u>23,318</u>	<u>530,301</u>	<u>698,285</u>
At 30 June 2005				
Gross Carrying Amount	149,027	61,008	530,301	740,336
Accumulated depreciation and impairment	(3,875)	(37,973)	-	(41,848)
Net Carrying Amount at Fair Value	<u>145,152</u>	<u>23,035</u>	<u>530,301</u>	<u>698,488</u>

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

	Land	Buildings	Plant & Equipment	Collections	Total
Year Ended 30 June 2005	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at start of year	21,000	123,666	23,318	530,301	698,285
Additions	-	655	3,521	-	4,176
Disposals	-	-	(24)	-	(24)
Depreciation Expense	-	(169)	(3,780)	-	(3,949)
Net carrying amount at end of year	<u>21,000</u>	<u>124,152</u>	<u>23,035</u>	<u>530,301</u>	<u>698,488</u>

The Property, Plant and Equipment were revalued as at 30 June 2003.

12. RESTRICTED ASSETS

CONDITIONS ON CONTRIBUTIONS AND RESTRICTED ASSETS

The Museum receives grants from various bodies for specific purposes (see Note 6). Generally grant conditions require monies granted to be spent only on specific projects; however grant conditions vary widely with respect to deliverables, timing, acquittal and repayment requirements. Cash and investments should be held equal to unspent balances where contractually specified. During 2004-05 the Museum received supplementary funds of \$2.150M (Nil in 2005-06) to cover unspent grant balances.

Unexpended balances for all grant projects at year end were:

	2006	2005
	\$'000	\$'000
Scientific Research - Federal Government Grants	1,486	667
Scientific Research - State Government Grants	324	89
Other Grants	1,539	1,365
	<u>3,349</u>	<u>2,121</u>

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

13. PAYABLES	2006	2005
CURRENT LIABILITIES	\$'000	\$'000
Creditors	2,977	1,374
Personnel services liabilities relating to:		
- Recreation Leave	1,096	1,171
- Long Service Leave	355	410
- Accrued salaries, wages and on-costs	64	-
Accruals	876	2,573
Unearned revenue	202	207
Other payables	-	200
	<u>5,570</u>	<u>5,935</u>
NON CURRENT LIABILITIES		
Personnel services liabilities relating to:		
- Long Service Leave	19	22
	<u>19</u>	<u>22</u>

14. AGGREGATE PERSONNEL SERVICES LIABILITIES

Aggregate Personnel services liabilities and related on-costs:

Current	1,515	1,581
Non current	19	22
Total Provisions	<u>1,534</u>	<u>1,603</u>

15. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	549,782	543,022	154,000	154,000	703,782	697,022
Surplus/ (deficit) for the year	4,324	6,760	-	-	4,324	6,760
	<hr/>					
Total Balance at the end of the Financial year	<u>554,106</u>	<u>549,782</u>	<u>154,000</u>	<u>154,000</u>	<u>708,106</u>	<u>703,782</u>

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

16. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Aggregate expenditure for the acquisition of capital equipment/projects contracted for at balance date and not provided for:

	2006	2005
	\$'000	\$'000
Not later than one year	615	-
Later than 1 year & not later than 5 years	1,230	-
Later than 5 years	-	-
Total (including GST)	<u>1,845</u>	<u>-</u>

(b) Other expenditure commitments

Aggregate expenditure for Other Operating Expenses contracted for at balance date and not provided for:

Not later than one year	<u>1,978</u>	<u>3,607</u>
Total (including GST)	<u>1,978</u>	<u>3,607</u>

(c) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than 1 year	663	617
Later than 1 year & not later than 5 years	1,442	1,563
Later than 5 years	17	241
Total (including GST)	<u>2,122</u>	<u>2,421</u>

The Lizard Island Research Station site is occupied by the Trust as lessee from the Queensland government. A new lease was negotiated for a nominal value and commenced on 1 July 1998 for a term of twenty years.

(d) Goods and Services Tax

The total commitments above include input tax credits of \$540,464 (2005-\$547,974) that are expected to be recoverable from the Australian Taxation Office.

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AUSTRALIAN MUSEUM TRUST NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

17. BUDGET REVIEW

The Museum reported an operating surplus of \$4.324 million for the financial year. Of this amount, \$934,000 was received by way of external donations to fund a range of capital developments at the Lizard Island Reef Research facility, \$270,000 was received to meet specific research grants liabilities which will be spent in future years and \$269,000 was received by way of other donations for specific purposes. As such, these funds are not available to support general operating expenses. The surplus also included \$1.977 million in capital funding, the expenses for which are not represented in the Operating Statement.

Net Cost of Services

The actual Net Cost of Services was \$23.439 million, compared to a budgeted figure of \$26.253 million. This resulted primarily from Total Revenue which exceeded budget by \$2.838 million and was reflected by increased admission fees, grants income and other donations.

Other Operating Expenses also exceeded initial budget by \$2.049 million, associated with costs to stage the *Pearls* exhibition which were able to be brought forward for payment in 2005-06, as well as essential maintenance and repairs to the College Street facility. This budget increase was offset by a decrease in Depreciation expenses of \$1.567 million.

Assets and Liabilities

The value of Net Assets exceeded budget by \$2.484 million. This budget variation related primarily to Plant and Equipment, which exceeded budget by \$3.062 million as a result of over estimating the expected level of depreciation at the time of developing the budget. This was offset by a budget variance in Land and Buildings of \$1.136 million.

Cash Flows

Receipts from operating activities exceeded budget by \$2.882 million, due primarily to better than anticipated admission fees, research based grants income and other donations. This was offset by an increase in Total Payments, associated with costs to stage the *Pearls* exhibition which were able to be brought forward for payment in 2005-06, as well as essential maintenance and repairs to the College Street facility.

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18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2006	2005
	\$'000	\$'000
Reconciliation		
Net cash provided by operating activities	(7,145)	(13,763)
Cash Flows from Government/Appropriations	27,763	28,161
Depreciation	3,408	3,949
Increase/(Decrease) in Payables	(368)	2,641
Decrease/(Increase) in Receivables	(185)	478
(Gain)/Loss on Disposal of Plant & Equipment	20	(25)
Decrease/(Increase) in Inventory	(54)	(40)
Net cost of services	<u>23,439</u>	<u>21,401</u>

19. NON-CASH FINANCING AND INVESTING ACTIVITIES

Non-cash financing and investing activities represented the acceptance of personnel services cost of \$1.126M (\$2.073M in 2005) by the NSW Government.

Material assistance provided to the Museum for which payment was not made, (figures are not available as to the cost of these services) included:

- Volunteer Services
- Donation of objects for the Collections

20. MEMBERS FEES OR BENEFITS, ETC.

Trust members do not receive emoluments or other benefits of office. There were no loans made to members or employees of the Trust.

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21. CONTINGENT ASSETS AND LIABILITIES

The Trust was not aware of any contingent asset or liability relevant to its functions as at 30 June 2006 (\$Nil at 30 June 2005).

22. PROGRAM INFORMATION

The Australian Museum Trust operates under one Budget program. The objective is to increase and disseminate knowledge about, and encourage the understanding of our natural environment and cultural heritage, especially in the Australian region.

23. FINANCIAL INSTRUMENTS

Cash

Cash comprises cash on hand, cash at bank and cash deposit account with the Commonwealth Bank of Australia, Westpac Banking Corporation. Interest is earned on daily bank balances and paid quarterly into the Trust's bank account. The interest rates at year end ranged from Nil to 5.69%. The TCorp Hour Glass cash facility is discussed below.

The Trust has investments in TCorp's Hour-Glass Cash facilities. The Trust's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of assets classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

	2006	2005
The Trust's investments are:	\$'000	\$'000
Cash Facility	<u>7,888</u>	<u>4,524</u>

The Cash Facility investments are generally able to be redeemed on the day of notification provided advice and form is sent to TCorp before 11am. However, depending on the amount and market conditions, 24 hours' prior notice may be required. The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit exposure is the net fair value. The value of the above investments represents the Trust's share of the value of the underlying assets of the facility and is stated at the net fair value.

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Investments are brought to account at cost. The face value was \$210,966 as at 30 June 2006 (\$206,011 as at 30 June 2005). Investments consisted of term deposits and an at call deposit with the Commonwealth Bank of Australia.

The interest rate for the investments at year end ranged from 2.4% to 5.69% (2.75% to 5.74% for 2005).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off. An allowance for impairment is raised when there is objective evidence that the Trust will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 days terms.

Trade creditors and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are normally settled in accordance with the policy set in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. TD219.01 allows the Minister to award interest for late payment. No interest for late payment was paid during the financial year.

24. RESULTS OF FUNDRAISING APPEALS

The Trust conducted a number of fundraising activities during the year and the results are as follows:

	2006	2005
	\$'000	\$'000
Gross proceeds from fundraising appeals	206	268
Less : Cost of fundraising	180	134
Net surplus from fundraising	<u>26</u>	<u>134</u>
Purchase of Assets	1	35
Transferred to/ (from) Accumulated Funds	25	99
	<u>26</u>	<u>134</u>

In accordance with the Charitable Fundraising Act 1991, the following details are provided:

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	2006		2005	
	\$'000	%	\$'000	%
Total cost of fundraising /	180 /		134 /	
Gross income from fundraising	206	87	268	50
Net surplus from fundraising /	26 /		134 /	
Gross income from fundraising	206	13	268	50
Total cost of services /	180 /		134 /	
Total expenditure	35,193	0.5	33,417	0.4
Total cost of services /	180 /		134 /	
Total income received	11,904	2	12,390	1

25. AFTER BALANCE DATE EVENTS

The Australian Museum Trust is not aware of any post balance date events that would impact this financial report.

END OF AUDITED FINANCIAL STATEMENTS

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AUSTRALIAN MUSEUM

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The Australian Museum is open from 9.30am to 5pm seven days a week (except Christmas Day).

Business hours are 9am to 5pm Monday to Friday.

General Admission Charges:

Family (2 adults, 2 children)	\$25
Family (2 adults, 1 child)	\$17.50
Extra child (each)	\$2.50
Adult	\$10
Child (5-15 years)	\$5
Children under 5	FREE
Schools (per student)	\$5
Concession card holders:	
• Government Concession Card Holders	\$5
• Australian Student Card Holders	\$5
• Seniors Card Holders NSW Government Issue	\$5
Members of The Australian Museum Society (TAMS)	FREE
Australian Age Pensioners	FREE

Additional charges may apply to special exhibitions and activities.

Availability

This report is available at www.amonline.net.au/about/report. Further information on the research and education programs and services of the Australian Museum can be found at www.amonline.net.au.

