



PART FOUR

Audited financial statements and notes forming part of the
financial statements for the year ended 30 June 2003



INDEPENDENT AUDIT REPORT

To the Minister for the Arts and Sport

Scope

I have audited the financial statements of the National Museum of Australia for the year ended 30 June 2003. The financial statements comprise:

- Statement by Council;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The members of the Council are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Museum's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and

- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the National Museum of Australia as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

David Crossley
Executive Director

Delegate of the Auditor-General

Canberra

Date 15 Aug 2003

National Museum of Australia

A certificate in accordance with a resolution of the Council Members

In Council's opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In Council's opinion, at the date of this statement, there are reasonable grounds to believe that the National Museum of Australia will be able to pay its debts as and when they become due and payable.



Tony Staley
Chairman of Council
National Museum of Australia

6 August 2003



Dawn Casey
Director
National Museum of Australia

6 August 2003

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

	Notes	2003 \$	2002 \$
REVENUES			
Revenues from ordinary activities			
Revenues from Government	4A	67,565,000	62,552,000
Goods and Services	4B	2,609,106	2,356,908
Interest	4C	1,192,328	486,857
Other	4D	715,025	361,168
Revenues from ordinary activities		72,081,459	65,756,933
EXPENSES			
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	5A	13,197,169	10,823,148
Suppliers	5B	18,420,183	17,519,397
Grants	5C	63,410	-
Depreciation and amortisation	5D	8,200,433	10,178,379
Write-down of assets	5E	-	1,611,413
Expenses from ordinary activities (excluding borrowing costs expense)		39,881,195	40,132,337
Borrowing costs expense	6	(26,784)	(33,000)
Operating surplus from ordinary activities		32,173,480	25,591,596
Net surplus		32,173,480	25,591,596
Net credit to asset revaluation reserve	12	7,187,070	1,171,047
Total revenues, expenses and valuation adjustments recognised directly in equity		7,187,070	1,171,047
Total changes in equity other than those resulting from transactions with owners as owners		39,360,550	26,762,643

The above statement should be read in conjunction with the accompanying notes

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
as at 30 June 2003

	Notes	2003 \$	2002 \$
ASSETS			
Financial assets			
Cash	7A	2,725,560	3,534,268
Receivables	7B	933,110	386,997
Investments	7C	22,920,317	12,153,204
Total financial assets		26,578,987	16,074,469
Non-financial assets			
Land and Buildings	8A,E	66,852,166	67,222,609
Infrastructure, plant and equipment	8B,E	42,885,137	46,415,510
National Historical Collection	8C,E	132,212,517	125,817,121
Inventories	8F	634,553	476,021
Intangibles	8D,E	4,053,479	5,117,931
Other	8G	808,787	245,645
Total non-financial assets		247,446,639	245,294,837
Total assets		274,025,626	261,369,306
LIABILITIES			
Interest Bearing Liabilities			
Loans	9A	679,404	892,810
Total Interest Bearing Liabilities		679,404	892,810
Provisions			
Capital use charge		-	815,000
Employees	10A	3,057,261	2,363,625
Total provisions		3,057,261	3,178,625
Payables			
Suppliers	11A	582,575	690,034
Total payables		582,575	690,034
Total liabilities		4,319,239	4,761,469
NET ASSETS		269,706,387	256,607,837
EQUITY			
Contributed equity	12	1,971,000	-
Accumulated surpluses	12	259,231,023	255,290,543
Reserves	12	8,504,364	1,317,294
Total equity		269,706,387	256,607,837
Current liabilities		2,549,675	3,159,194
Non-current liabilities		1,769,564	1,602,275
Current assets		28,022,327	16,796,135
Non-current assets		246,003,299	244,573,171

The above statement should be read in conjunction with the accompanying notes

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT OF CASH FLOWS
for the year ended 30 June 2003

	Notes	2003 \$	2002 \$
Operating Activities			
Cash received			
Goods and Services		2,615,405	3,228,533
Appropriations		67,565,000	62,552,000
Interest		1,192,328	486,856
GST received from ATO		1,546,952	1,540,760
Other		531,399	646,592
Total cash received		<u>73,451,084</u>	<u>68,454,741</u>
Cash used			
Employees		(12,416,889)	(10,876,515)
Suppliers		(20,635,817)	(20,274,265)
Grants		(63,410)	-
Borrowing costs		(26,784)	(33,000)
Total cash used		<u>(33,142,900)</u>	<u>(31,183,780)</u>
Net cash from operating activities	13	<u>40,308,184</u>	<u>37,270,961</u>
Investing Activities			
Cash used			
Purchases of property, plant and equipment		(2,404,062)	(914,813)
Purchases of intangibles		(274,650)	(106,464)
Purchase of term deposits		(10,767,114)	(6,153,205)
Purchases of National Historical Collection items		(380,660)	(189,833)
Total cash used		<u>(13,826,486)</u>	<u>(7,364,314)</u>
Net cash from/(used by) investing activities		<u>(13,826,486)</u>	<u>(7,364,314)</u>
Financing Activities			
Cash Received			
Appropriations - Contributed equity		1,971,000	-
Total cash received		<u>1,971,000</u>	<u>-</u>
Cash used			
Repayments of debt		(213,406)	(207,190)
Capital use charge paid		(29,048,000)	(28,614,000)
Total cash used		<u>(29,261,406)</u>	<u>(28,821,190)</u>
Net cash from/(used by) financing activities		<u>(27,290,406)</u>	<u>(28,821,190)</u>
Net increase/(decrease) in cash held		(808,708)	1,085,457
Cash at the beginning of the reporting period		3,534,268	2,448,811
Cash at the end of the reporting period	7A	<u>2,725,560</u>	<u>3,534,268</u>

The above statement should be read in conjunction with the accompanying notes

NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF COMMITMENTS
as at 30 June 2003

	2003	2002
	\$	\$
BY TYPE		
CAPITAL COMMITMENTS		
Plant and equipment ¹	75,792	82,502
Building ²	143,088	-
National Historical Collection ³	2,200	-
Intangibles ¹	36,428	25,000
Total capital commitments	257,509	107,502
OTHER COMMITMENTS		
Operating leases ⁴	7,269,315	7,788,149
Other commitments ⁵	1,561,941	3,031,188
Total other commitments	8,831,256	10,819,337
COMMITMENTS RECEIVABLE	(826,051)	(993,349)
Net Commitments	8,262,714	9,933,490
BY MATURITY		
All net commitments		
One year or less	3,118,610	3,703,388
From one to five years	4,505,247	4,854,694
Over five years	638,856	1,375,408
Net commitments	8,262,714	9,933,489
Operating lease commitments		
One year or less	1,464,364	1,374,340
From one to five years	4,505,247	4,330,387
Over five years	638,856	1,375,408
Net operating lease commitments	6,608,468	7,080,135

N.B. Commitments are GST inclusive where relevant.

¹ Plant and equipment and Intangibles commitments relate to computer hardware and software development and exhibition work.

² Building commitments relate to Improvements being carried out on owned and leased properties

³ NHC commitment relates to objects being acquired for the National Historical Collection.

⁴ Operating leases include rental on office and storage accommodation, cars and leased computer hardware

<i>Nature of Lease</i>	<i>General description of leasing arrangement</i>
leases for office accommodation (multiple sites)	* lease payments are subject to annual increase in accordance with movements in CPI. * accommodation leases may be renewed for up to 5 years at the Museum's option.
lease in relation to computer equipment	* the lessor provides computer equipment as necessary in a supply contract for 3 years.

⁵ Other commitments relate to purchase orders for operational expenditure for goods or services not yet received.

The above schedule should be read in conjunction with the accompanying notes.

NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF CONTINGENCIES
as at 30 June 2003

	Notes	2003 \$	2002 \$
Contingent liabilities			
Claims for damages/costs		-	-
<i>Total contingent liabilities</i>		-	-
Net contingent liabilities		-	-

NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note	Description
1	Summary of Significant Accounting Policies
2	Economic Dependency
3	Events Occurring After Reporting Date
4	Operating Revenues
5	Operating Expenses
6	Borrowing Cost Expense
7	Financial Assets
8	Non-Financial Assets
9	Interest Bearing Liabilities
10	Provisions
11	Payables
12	Equity
13	Cash Flow Reconciliation
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19	Financial Instruments
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**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Boards;
- other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- the Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration; and
- Finance Briefs issued by the Department of Finance and Administration.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of the Museum.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured. Assets and liabilities under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-02, except in respect of:

- measurement of certain employee benefits at nominal amounts (refer to Note 1.5);
- the initial revaluation of property, plant and equipment on a fair value basis (refer to Note 1.12); and
- the imposition of an impairment test for non-current assets carried at cost (refer to Note 1.12 and 1.14).

1.3 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Museum.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts. The stage of completion is determined according to the proportion that costs incurred to date bear to

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

the estimated total costs of the transaction.

Revenues from Government - Output Appropriations

The full amount of the appropriation for departmental outputs for the year is recognised as revenue.

Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

1.4 Transactions by the Government as Owner

Equity Injections

Amounts appropriated by the Parliament as equity injections are recognised as 'contributed equity' in accordance with the Finance Ministers Orders.

Capital Usage Charge

A Capital Use Charge is imposed by the Government on the net assets of the Museum. The Charge is accounted for as a dividend to Government.

In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the Charge will not operate after 30 June 2003. Therefore, the amount of the charge payable in respect of 2003 is the amount appropriated (2002: 11% of adjusted net assets).

1.5 Employee Benefits

Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also to be measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year as required by the initial application of a new Accounting Standard AASB 1028 from 1 July 2002. As an increase in remuneration rates will apply from 1 July 2003, the Museum has adjusted its employee benefit liabilities at 30 June 2003 to take this into account.

All other employee benefit liabilities are measured as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employee's remuneration, including the Museum's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2003. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Employees of the Museum are members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1.6 Leases

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 leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

The Museum has no finance leases.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

1.7 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

1.8 Grants

The Museum recognises grant liabilities as follows.

Most grant agreements require the grantee to perform services or provide facilities, or to meet eligibility criteria. In these cases, liabilities are recognised only to the extent the services required have been performed or the eligibility criteria have been satisfied by the grantee.

In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing of the agreement.

1.9 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.10 Financial Instruments

Accounting policies for financial instruments are disclosed in Note 21.

1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of a restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

1.12 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Purchases of the National Historical Collection are recorded at cost. Items donated to the Collection are recorded

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

at the curator's valuation.

Revaluations

Land, building, infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

Fair and deprival values for each class of assets are determined as shown below.

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2003 the Museum held no surplus assets (30 June 2002: \$0).

<i>Asset class</i>	<i>Fair value measured at:</i>	<i>Deprival value measured at:</i>
Land	Market selling price	Market selling price
Buildings	Market selling price	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment	Market selling price	Depreciated replacement cost
National Historical Collection	Market selling price	Market selling price

The financial effect for 2002-03 of this change in policy relates to those assets to be recognised at fair value at 30 June 2003. The financial effect of the change is given by the difference between the carrying amounts at 30 June 2002 of these assets and their fair values at 1 July 2002.

The financial effect on this class is as follows:

<i>Asset class</i>	<i>Adjustment</i>	<i>Contra Account</i>
National Historical Collection	\$ 2,564,829 CR	Revaluation Reserve

The total financial effect of the policy change was to increase the carrying amount of the National Historical Collection by \$2,564,829 and increase revaluation reserves by the same amount.

Accounting Standard AAS 6 Accounting Policies requires, where practicable, presentation of the information that would have been disclosed in the 2001-02 Statements had the new accounting policy always been applied. It is impracticable to present this information.

Frequency

Freehold land, buildings on freehold land and leasehold improvements are each revalued progressively on a geographical basis. The current 3 year cycle commenced in 2001-2002.

Plant and equipment assets are being revalued by type of asset. The current 3 year cycle commenced in 2001-2002.

The National Historical Collection assets will be maintained at fair value.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Conduct

All valuations are conducted by an independent qualified valuer except for items donated to the Museum and not included in the current valuation cycle. These items are valued by the Museum's curators.

Recoverable amount test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of authorities when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets have been written to recoverable amount per AAS 10. Accordingly the change in policy has had no financial effect.

Depreciation and Amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Museum using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2003</u>	<u>2002</u>
Buildings on freehold land	100 years	100 years
Leasehold improvements	Lease term	Lease term
Plant and Equipment	5-100 years	5 - 100 years
National Historical Collection	unlimited to 75 years	unlimited to 75 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5D.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1.13 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores - purchase cost on a first-in-first-out basis;
- and
- finished goods and work in progress - cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

1.14 Intangibles

The Museum's intangibles comprise purchased software. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of authorities when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002. None were found to be impaired.

Software is amortised on a straight-line basis over their anticipated useful lives.

Useful lives are:

	<u>2003</u>	<u>2002</u>
- Purchased software	3-8 years	3-8 years

1.15 Taxation

The Museum is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rate current as at balance date. Associated currency gains and losses are not material.

1.17 Insurance

The Museum has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.18 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

2. Economic Dependency

The National Museum of Australia was established by section 4 of the *National Museum of Australia Act 1980* and is controlled by the Commonwealth of Australia.

The Museum is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities.

3. Events Occurring after Reporting Date

There are no events occurring after balance date that will materially affect the financial statements.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
Note 4: Operating Revenues		
<u>Note 4A: Revenues from Government</u>		
Appropriations for outputs	67,565,000	62,552,000
Total revenues from government	67,565,000	62,552,000
<u>Note 4B: Sale of goods and services</u>		
Goods	999,947	1,185,371
Services	1,609,159	1,171,537
Total sales of goods and services	2,609,106	2,356,908
Provision of goods to:		
Related entities	-	-
External entities	999,947	1,185,371
Total sales of goods	999,947	1,185,371
Rendering of services to:		
Related entities	-	-
External entities	1,609,159	1,171,537
Total rendering of services	1,609,159	1,171,537
Cost of sales of goods	562,508	641,462
<u>Note 4C: Interest Revenue</u>		
Deposits	1,192,328	486,857
<u>Note 4D: Other Revenues</u>		
Sponsorship and grants	413,539	319,045
Donations	301,486	42,123
Total other revenues	715,025	361,168
Note 5: Operating Expenses		
<u>Note 5A: Employee expenses</u>		
Wages and Salaries	9,758,358	8,484,023
Superannuation	1,557,316	1,354,670
Leave and other entitlements	1,206,463	429,732
Separation and redundancies	203,287	1,364
Other employee benefits	401,976	479,671
Total employee benefits expenses	13,127,401	10,749,460
Workers compensation premiums	69,768	73,687
Total employee expenses	13,197,169	10,823,148

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
Note 5B: Supplier Expenses		
Goods from related entities	-	-
Goods from external entities	11,016,216	8,617,593
Services from related entities	-	-
Services from external entities	5,686,647	7,528,600
Operating lease rentals	1,717,319	1,373,204
Total supplier expenses	18,420,183	17,519,397

Note 5C: Grant expenses

The Museum makes grants to support research in Australian history and cultures.

Grants to external entities	63,410	-
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Note 5D: Depreciation and amortisation

Depreciation of property, plant and equipment	6,825,513	8,181,823
Amortisation of intangibles	1,374,920	1,996,556
Total depreciation and amortisation	8,200,433	10,178,379

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Buildings on freehold land	635,299	968,342
Leasehold improvements	13,811	67,474
Plant and equipment	4,933,702	5,739,841
NHC Collection	1,242,701	1,406,165
Intangibles	1,374,920	1,996,556
Total depreciation and amortisation	8,200,433	10,178,379

Note 5E: Write-down of assets

Financial assets

Bad and doubtful debts expense	-	168,290
--------------------------------	---	---------

Non-financial assets:

Plant & equipment - write off	-	1,358,700
Intangibles - impairment	-	84,423
Total write-down of assets	-	1,611,413

Note 6: Borrowing Costs Expense

Loans	26,784	33,000
Total borrowing costs expense	26,784	33,000

NATIONAL MUSEUM OF AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
Note 7: Financial Assets		
<u>Note 7A: Cash</u>		
Cash on hand:		
Departmental	<u>2,725,560</u>	<u>3,534,268</u>
<u>Note 7B: Receivables</u>		
Goods and services	429,616	281,193
Less : Provision for doubtful debts	-	(168,290)
	<u>429,616</u>	<u>112,903</u>
GST receivable	503,494	274,094
Total receivables (net)	<u>933,110</u>	<u>386,997</u>
All receivables are current assets.		
Receivables (gross) which are overdue are aged as follows:		
Not overdue	<u>673,771</u>	<u>289,828</u>
Overdue by:		
Less than 30 days	256,490	43,778
30 to 60 days	316	52,773
60 to 90 days	1,433	-
More than 90 days	<u>1,100</u>	<u>168,908</u>
	<u>259,339</u>	<u>265,459</u>
Total receivables (gross)	<u>933,110</u>	<u>555,287</u>
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	-	168,290
Total provision for doubtful debts	<u>-</u>	<u>168,290</u>
<u>Note 7C: Investments</u>		
Term deposit	<u>22,920,317</u>	<u>12,153,204</u>

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
Note 8: Non-Financial Assets		
<u>Note 8A: Land and Buildings</u>		
Freehold land		
- at 2001-2004 valuation (deprival)	4,400,000	4,400,000
Total freehold land	<u>4,400,000</u>	<u>4,400,000</u>
Buildings on freehold land		
- at 2001-2004 valuation (deprival)	63,529,910	63,529,910
- Accumulated depreciation	<u>(1,482,943)</u>	<u>(847,645)</u>
Total buildings on freehold land	<u>62,046,967</u>	<u>62,682,265</u>
Leasehold improvements		
- at cost	381,788	103,121
- Accumulated amortisation	<u>(11,084)</u>	<u>(273)</u>
	370,704	102,848
- at 2001-2004 valuation (deprival)	60,000	60,000
- Accumulated amortisation	<u>(25,505)</u>	<u>(22,504)</u>
	34,495	37,496
Total leasehold improvements	<u>405,199</u>	<u>140,344</u>
Total Land and Buildings (non-current)	<u>66,852,166</u>	<u>67,222,609</u>
<u>Note 8B: Infrastructure, Plant and Equipment</u>		
Plant and equipment		
- at cost	1,807,660	404,430
- Accumulated depreciation	<u>(172,457)</u>	<u>(28,953)</u>
	1,635,204	375,477
- at valuation 2001-2004 (deprival)	53,357,139	53,357,140
- Accumulated depreciation	<u>(12,107,206)</u>	<u>(7,317,007)</u>
	41,249,934	46,040,133
Total Infrastructure, Plant and Equipment (non-current)	<u>42,885,137</u>	<u>46,415,610</u>
<u>Note 8C: National Historical Collection</u>		
National Historical Collection		
- at cost	170,567	589,009
- Accumulated depreciation	<u>(136)</u>	<u>(9,556)</u>
	170,431	579,454
- at valuation 2003-2006 (fair value)	132,352,526	128,039,135
- Accumulated depreciation	<u>(310,440)</u>	<u>(2,801,468)</u>
	132,042,086	125,237,667
Total National Historical Collection (non-current)	<u>132,212,517</u>	<u>125,817,121</u>
The National Historical Collection is subject to revaluation in the current year. The carrying amount is included in the valuation figures above and is separately disclosed in Table B in Note 8E.		
All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2002-03, the revaluations were conducted by an independent valuer Mr. Simon Storey (Simon Storey Valuers).		
Movement in Asset Revaluation Reserve		
Increment for National Historical Collection	7,187,070	1,171,047
	<u>7,187,070</u>	<u>1,171,047</u>

**NATIONAL MUSEUM OF AUSTRALIA
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FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$

Note 8D: Intangibles

Computer software:

Externally acquired	7,506,421	7,195,953
Accumulated amortisation	<u>(3,452,942)</u>	<u>(2,078,022)</u>
Total intangibles	<u>4,053,479</u>	<u>5,117,931</u>

NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 8E: Analysis of Property, Plant, Equipment and Intangibles

TABLE A: Reconciliation of the opening and closing balances of property, plant, equipment and intangibles

Item	Land		Buildings on Freehold Land		Buildings - Leasehold Improvements		Other Infrastructure, Plant & Equipment		National Historical Collection		Computer Software		TOTAL	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2002														
Gross book value	4,400,000	63,529,910	163,121	53,761,471	128,628,144	7,195,952								257,678,599
Accumulated depreciation/amortisation	n/a	(847,644)	(22,778)	(7,345,960)	(2,811,024)	(2,078,022)								(13,105,429)
Net book value	4,400,000	62,682,266	140,343	46,415,510	125,817,121	5,117,931								244,573,171
Additions														
by purchase of assets														
Accumulated depreciation adj for revaluation				278,667	1,403,329	310,468								2,443,492
														(3,743,149)
Net revaluations increment/(decrement)														7,187,070
Depreciation/amortisation expense														(1,242,701)
Accumulated depreciation adj for revaluation														(1,374,920)
Disposals														3,743,149
from disposal of operations														
other disposals														
As at 30 June 2003														
Gross book value	4,400,000	63,529,910	441,788	55,164,800	132,523,093	7,506,420								263,566,012
Accumulated depreciation/amortisation	n/a	(1,482,943)	(36,589)	(12,279,662)	(310,576)	(3,452,942)								(17,562,713)
Net book value	4,400,000	62,046,967	405,199	42,885,137	132,212,517	4,053,479								246,003,299

TABLE B: Assets at valuation

Item	Land		Buildings on Freehold Land		Buildings - Leasehold Improvements		Other Infrastructure, Plant & Equipment		National Historical Collection		Computer Software		TOTAL	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2003														
Gross value	4,400,000	63,529,910	60,000	53,357,139	132,352,526	7,506,420								261,205,995
Accumulated Depreciation/Amortisation	n/a	(1,482,943)	(25,505)	(12,107,206)	(310,440)	(3,452,942)								(17,379,036)
Net book value	4,400,000	62,046,967	34,495	41,249,934	132,042,087	4,053,479								243,826,961
As at 30 June 2002														
Gross value	4,400,000	63,529,910	60,000	53,357,140	128,039,135	7,195,952								256,582,137
Accumulated Amortisation	n/a	(847,645)	(22,504)	(7,317,007)	(2,801,468)	(2,078,022)								(13,066,646)
Net book value	4,400,000	62,682,265	37,496	46,040,133	125,237,668	5,117,931								243,515,492

There are no assets held under finance lease.

NATIONAL MUSEUM OF AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2003

TABLE C: Assets under Construction

Item	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Other Infrastructure, Plant & Equipment	National Historical Collection	Computer Software	TOTAL
Gross Value as at 30 June 2003	\$ -	\$ -	\$ 214,174	\$ 246,625	\$ -	\$ 179,680	\$ 640,479
Gross Value as at 30 June 2002	-	-	20,649	-	-	-	20,649

**NATIONAL MUSEUM OF AUSTRALIA
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FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
<u>Note 8F: Inventories</u>		
Finished goods (cost)	634,553	476,021
Inventories held for sale	634,553	476,021
Total Inventories	634,553	476,021

All inventories are current assets.

Note 8G: Other Non-Financial Assets

Prepayments	168,308	224,996
Deferred expenditure - assets work in progress	640,479	20,649
Total Other Non-Financial Assets	808,787	245,645

All other non-financial assets are current assets.

Note 9: Interest Bearing Liabilities

Note 9A: Loans

Non-bank loans	679,404	892,810
Maturity schedule for loans:		
Payable:		
Within one year	219,808	213,406
In one to five years	459,596	679,404
In more than five years	-	-
Total loan liability	679,404	892,810

Note 10: Provisions

Note 10A: Employees Provisions

Salaries and wages	358,080	276,757
Superannuation	307,162	262,283
Leave	2,392,019	1,824,585
Aggregate employee entitlement liability	3,057,261	2,363,625
Current	1,747,293	1,440,754
Non-current	1,309,968	922,871

Note 11: Payables

Note 11A: Supplier Payables

Trade creditors	582,575	690,034
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All supplier payables are current.

NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 12: Equity

Note 12A: Analysis of Equity

Item	Accumulated Results		Statutory Funds		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Opening balance as at 1 July	255,290,543	259,024,947	-	-	1,317,294	146,247	-	-	256,607,837	259,171,194
Net surplus/deficit	32,173,480	25,591,596	-	-	-	-	-	-	32,173,480	25,591,596
Net revaluation increment/(decrement)	n/a	n/a	-	-	7,187,070	-	n/a	n/a	7,187,070	-
Decrease in retained surpluses on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	-	-	-	-	-	-	-	-	-	-
Transactions with owner:										
Distributions to owner:										
Returns on Capital:										
Dividends	-	-	-	-	-	-	-	-	-	-
Capital Use Charge	(28,233,000)	(29,326,000)	-	-	-	-	-	-	28,233,000	(29,326,000)
Returns of Capital:										
Restructuring	-	-	-	-	-	-	-	-	-	-
Returns of contributed equity	-	-	-	-	-	-	-	-	-	-
Contributions by owner:										
Appropriations (equity injections)	-	-	-	-	-	-	1,971,000	-	1,971,000	-
Restructuring	-	-	-	-	-	-	-	-	-	-
Transfers to/(from) Reserves	-	-	-	-	-	1,171,047	-	-	-	1,171,047
Closing balance as at 30 June	259,231,023	255,290,543	-	-	8,504,364	1,317,294	1,971,000	-	269,706,387	256,607,837
Less: outside equity interests	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	259,231,023	255,290,543	-	-	8,504,364	1,317,294	1,971,000	-	269,706,387	256,607,837

NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
Note 13: Cash Flow Reconciliation		
<u>Note 13A: Reconciliation of Operating Surplus to Net Cash from Operating Activities:</u>		
Reconciliation of operating surplus to net cash from operating activities:		
Operating surplus before extraordinary items	32,173,480	25,591,596
Non-Cash Items		
Depreciation and amortisation	8,200,433	10,178,379
Net write down of non-current assets	-	1,611,413
National Historical Collection - gifts and donations	(62,085)	(17,200)
Changes in Assets and Liabilities		
(Increase)/decrease in receivables	(545,411)	159,752
(Increase)/decrease in inventories	(158,532)	(140,911)
(Increase)/decrease in prepayments	56,688	(15,198)
Increase/(decrease) in employee provisions	693,636	(46,432)
Increase/(decrease) in supplier payables	(50,026)	(13,034)
Increase/(decrease) in other payables	-	(37,404)
Net cash from/(used by) by operating activities	<u>40,308,184</u>	<u>37,270,961</u>
<u>Note 13B: Non-Cash Financing and Investing Activities</u>		
Assets received free of charge	<u>62,085</u>	<u>17,200</u>

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
Note 14: Remuneration of Council Members		
The number of Council members of the Museum included in these figures are shown below in the relevant remuneration bands:		
\$ Nil - \$ 9999	2	3
\$ 10,000 - \$ 19,999	6	6
\$ 20,000 - \$ 29,999	1	1
<i>Total number of directors of the Museum</i>	<u>9</u>	<u>10</u>
	<u>\$</u>	<u>\$</u>
Aggregate amount of superannuation payments in connection with the retirement of Council members	-	-
Other remuneration received or due and receivable by Council members of the Museum	<u>100,471</u>	<u>103,293</u>
<i>Total remuneration (including superannuation) received or due and receivable by Council members of the Museum</i>	<u>100,471</u>	<u>103,293</u>

The remuneration of Council members includes all members concerned with or taking part in the management of the Museum during 2002-03, except the Director. Details in relation to the Director have been incorporated into Note 16: Officer Remuneration.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 15: Related Party Disclosures

Council Members of the Museum

The names of each person who has been a member of the Council during the 2002-03 financial year were:
(duration of appointment in brackets):

Chairman

The Hon. A Staley (22 September 2002 - 21 September 2005)

Members

Mr R Webb - (22 November 2000 to 21 November 2003)

Mr D Barnett - (27 March 2002 to 26 March 2005)

Mr C Pearson - (9 August 2002 to 8 August 2005)

Ms C Santamaria - (8 August 2002 to 7 August 2005)

Mr M Besen - (11 October 2000 to 10 October 2003)

Ms S Brown - (22 November 2000 to 21 November 2003)

Mr J Thame - (26 July 2001 to 25 July 2004)

Mr B Chow - (15 May 2003 - 14 May 2006)

Executive Member

Ms D Casey - (15 December 2002 to 14 December 2003)

Outgoing Members in 2002-03

Mr A P Reeves - (25 November 1999 to 24 November 2002)

Transactions with Council Members or their related entities

The aggregate remuneration of Council members is disclosed in Note 15. Mr John Thame is also a member of the Board of St George Bank Ltd. where the Museum periodically holds investment funds. Investment decisions are made in accordance with Museum policy which provides for investments to be made across a range of banks at the best available rate on the day. The Museum is not aware of any other Council member related party transactions occurring during the year which would be required to be disclosed.

Loan from related entities

A loan was made during 2000-2001 by the Department of Communication, Information Technology and the Arts under agreed terms and conditions to the Museum for the acquisition of catering equipment and fitout.

Note 16: Remuneration of Officers

The number of officers who received or were due to receive total remuneration of \$100,000 or more:

	<u>Number</u>	<u>Number</u>
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	3	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	2
\$190,000 - \$199,999	-	-
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	<u>1</u>	<u>-</u>
	<u>6</u>	<u>5</u>
	<u>\$</u>	<u>\$</u>
The aggregate amount of total remuneration of officers shown above:	<u>1,018,486</u>	<u>896,323</u>

No separation or redundancy payments were made to officers shown above during the year.

The officer remuneration includes all officers concerned with or taking part in the management of the Museum during 2002-03.

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$

Note 17: Remuneration of Auditors

Remuneration to the Auditor-General for auditing the financial statements for the reporting period.

<u>45,000</u>	<u>41,250</u>
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No other services were provided by the Auditor-General during the reporting period.

Note 18: Average Staffing Levels

The average staffing levels for the Museum during the year were:

<u>195</u>	<u>180</u>
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**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 19: Financial Instruments

Note 19A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	7A	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it is received.	Temporarily surplus funds, mainly from fortnightly drawdowns of appropriation, are placed on deposit at call with the Museum's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables for goods and services	7B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2002: 30 days).
Term Deposits	7C	Term deposits held are recognised at cost. Interest is recognised as it is received.	Term deposits are with the Museum's bankers, and earn effective rates of interest of 4.56%, 4.69%, 4.85%, 4.86% and 4.87%, payable at the end of the term (2002: 4.98%, 5.06%, 5.15% and 5.16%).
<i>Financial Liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Non-bank loan	9A	The loan is carried at the balance yet to be repaid. Interest is expensed as it is paid.	The loan is repayable in annual instalments. Interest is calculated on the reducing balance of the loan. The effective interest rate is 3.0% (2002: 3.0%). The last instalment is due to be paid in 2005-2006. The loan is unsecured.
Trade creditors	11A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

NATIONAL MUSEUM OF AUSTRALIA
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FOR THE YEAR ENDED 30 JUNE 2003

Note 19B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total			Weighted Average Effective Interest Rate		
		2003	2002	1 Year or Less		1 to 5 Years		> 5 Years		2003	2002	2003	2002	2003	2002	2003	2002	
				2003	2002	2003	2002	2003	2002									\$
Financial Assets																		
Cash at Bank	7A	2,701,521	3,510,229	-	-	-	-	-	-	-	-	-	-	-	2,701,521	3,510,229	3,900%	3,67%
Cash on Hand	7A	-	-	-	-	-	-	-	24,039	24,039	-	-	-	-	24,039	24,039	n/a	n/a
Receivables for goods and services (gross)	7B	-	-	-	-	-	-	-	933,110	386,997	-	-	-	-	933,110	386,997	n/a	n/a
Term deposit	7C	-	-	22,920,317	12,153,204	-	-	-	-	-	-	-	-	-	22,920,317	12,153,204	4,94%	4,60%
Total Assets		2,701,521	3,510,229	22,920,317	12,153,204	-	-	-	957,149	411,036	-	-	-	26,578,987	274,025,626	261,369,306		
Financial Liabilities																		
Non-bank loan	9A	-	-	219,808	213,405	459,596	679,405	-	-	-	-	-	-	-	679,404	892,810	3,00%	3,00%
Trade creditors	11A	-	-	-	-	-	-	-	582,575	690,034	-	-	-	-	582,575	690,034	n/a	n/a
Total Liabilities		-	-	219,808	213,405	459,596	679,405	-	582,575	690,034	-	-	-	1,261,979	1,582,844	4,319,239		

**NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 19C: Net Fair Values of Financial Assets and Liabilities

	Note	2003		2002	
		Total Carrying Amount \$	Aggregate Net Fair Value \$	Total Carrying Amount \$	Aggregate Net Fair Value \$
Financial Assets					
Cash at Bank	7A	2,701,521	2,701,521	3,510,229	3,510,229
Cash on Hand	7A	24,039	24,039	24,039	24,039
Receivables for goods and services	7B	933,110	933,110	386,997	386,997
Investments	7C	22,920,317	22,920,317	12,153,204	12,153,204
		<u>26,578,987</u>	<u>26,578,987</u>	<u>16,074,469</u>	<u>16,074,469</u>
Financial Liabilities					
Loans	9A	679,404	640,214	892,810	828,756
Trade Creditors	11A	582,575	582,575	690,034	690,034
		<u>1,261,979</u>	<u>1,222,789</u>	<u>1,582,844</u>	<u>1,518,790</u>

Financial Assets

The net fair values of cash, investments and receivables approximate their carrying amounts.

None of the classes of financial assets are readily traded on organised markets in standardised form.

Financial Liabilities

The net fair value of the loan is based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors, all of which are short-term in nature, are approximated by their carrying amounts.

None of the classes of financial liabilities are readily traded on organised markets in standardised form.

Note 19D: Credit Risk Exposures

The Museum's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Museum has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NATIONAL MUSEUM OF AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2003

Note 20: Appropriations

Particulars	Departmental Outputs		Loans		Equity		Total	
	2003 \$	2002 \$	2003	2002 \$	2003 \$	2002 \$	2003 \$'000	2002 \$'000
Year ended 30 June 2003								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	67,565,000	62,552,000	-	-	1,971,000	-	69,536,000	62,552,000
Appropriation Acts 2 and 4	-	-	-	-	-	-	-	-
Available for payment from CRF	67,565,000	62,552,000	-	-	1,971,000	-	69,536,000	62,552,000
Payments made out of CRF	67,565,000	62,552,000	-	-	1,971,000	-	69,536,000	62,552,000
<i>Balance carried forward to next year</i>	-	-	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Reserve Fund (CRF) in respect of the Museum. When received by the Museum, the payments made are legally the money of the Museum and do not represent any balance remaining in the CRF.

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	2003	2002
	\$	\$

Note 21: Assets Held in Trust

Purpose - The trust fund, set up under section 7 of the *National Museum of Australia Act 1980*, is for the receipt of monies or other property vested in the Museum on trust. Monies are applied in accordance with conditions, where specified, which mainly relate to the development of the National Historical Collection. These monies are not available for other purposes of the Museum and are not recognised in the financial statements.

Balance carried forward from previous year	62,756	60,483
Receipts during the year	-	-
Interest received	2,490	2,273
Available for payments	65,246	62,756
Payments made	-	-
Balance carried forward to next year	65,246	62,756

Note 22: Assets Held in the National Museum of Australia Fund

Purpose - The Fund, set up under section 34 of the *National Museum of Australia Act 1980*, is for the receipt of gifts and bequests (otherwise than on trust) of monies, or monies received from the disposal of property given, devised, bequeathed or assigned to the Museum. These monies are recognised in the financial statements.

Balance carried forward from previous year	-	-
Receipts during the year	239,401	-
Interest received	257	-
Available for payments	239,658	-
Payments made	(226,209)	-
Balance carried forward to next year	13,449	-

Note 23: Reporting of Outcomes

Note 23A: Outcomes of the NMA

The Museum is structured to meet a single outcome, being: Australians have access to the National Museum's collections and public programs to encourage awareness and understanding of Australia's history and culture.

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Note 23B: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2003 \$	2002 \$	2003 \$	2002 \$
Administered expenses	-	-	-	-
Departmental expenses	39,907,979	40,165,337	39,907,979	40,165,337
Total expenses	39,907,979	40,165,337	39,907,979	40,165,337
Costs recovered from provision of goods and services to the non-government sector				
Administered	-	-	-	-
Departmental	2,609,106	2,356,908	2,609,106	2,356,908
Total costs recovered	2,609,106	2,356,908	2,609,106	2,356,908
Other external revenues				
Departmental				
Sale of goods and services - to related entities	-	-	-	-
Interest	1,192,328	486,857	1,192,328	486,857
Donation and bequests	301,486	42,123	301,486	42,123
Revenue from sale of assets	-	-	-	-
Industry contributions	-	-	-	-
Net foreign exchange gains	-	-	-	-
Other	413,539	319,045	413,539	319,045
Total Departmental	1,907,353	848,025	1,907,353	848,025
Total other external revenues	1,907,353	848,025	1,907,353	848,025
Net cost/(contribution) of outcome	35,391,520	36,960,404	35,391,520	36,960,404

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Note 23C: Departmental Revenues and Expenses by Output Groups and Outputs

	Outcome 1						Total	
	Output 1.1: Collection Development and Management		Output 1.2: National Exhibitions, Programs and Services				Total	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Operating expenses								
Employees	1,919,850	2,029,581	11,277,319	8,793,568	13,197,169	10,823,149		
Suppliers	2,692,243	1,789,261	15,754,724	15,763,136	18,446,967	17,552,397		
Grants	-	-	63,410	-	63,410	-		
Depreciation and amortisation	1,400,000	1,400,000	6,800,433	8,778,379	8,200,433	10,178,379		
Write-down of assets	-	-	-	1,611,413	-	1,611,413		
Total operating expenses	6,012,093	5,218,841	33,895,886	34,946,496	39,907,979	40,165,337		
Funded by:								
Revenues from Government	20,042,850	18,151,976	47,522,150	44,400,024	67,565,000	62,552,000		
Sale of goods and services	-	-	2,609,106	2,356,908	2,609,106	2,356,908		
Donations and Sponsorship	62,085	17,200	536,913	343,968	598,998	361,168		
Interest	298,082	243,429	894,246	243,429	1,192,328	486,858		
Other	-	-	116,027.00	-	116,027	-		
Total operating revenues	20,403,017	18,412,605	51,678,442	47,344,328	72,081,459	65,756,933		