



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Arts and Sport

Matters relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements published on the website of the National Museum of Australia for the year ended 30 June 2007. The members of the Council are responsible for the integrity of the web site.

This auditor's report refers only to the primary statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Museum's annual report.

Scope

I have audited the accompanying financial statements of the National Museum of Australia for the year ended 30 June 2007, which comprise: a statement by Directors and Chief Executive; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments and contingencies; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Council Members for the Financial Statements

The members of Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the

audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

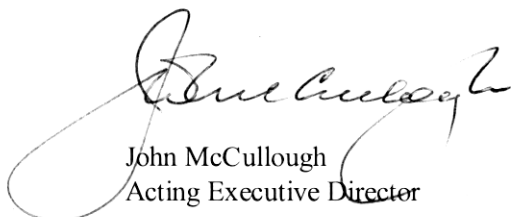
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the National Museum of Australia:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the National Museum of Australia financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



John McCullough
Acting Executive Director

Delegate of the Auditor-General
Canberra

20 July 2007


National Museum of Australia

STATEMENT BY DIRECTORS AND CHIEF EXECUTIVE

In our opinion, the attached financial statements for the year ended 30 June 2007 are based on properly maintained financial records and 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 our opinion, at the date of this Statement, there are reasonable grounds to believe that the Museum will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the Council members.



Tony Staley
Chairman of Council

19 July 2007



Benjamin Chow
Council member

19 July 2007



Craddock Morton
Director

19 July 2007



Jeff Smart
Chief Finance Officer

19 July 2007

NATIONAL MUSEUM OF AUSTRALIA
INCOME STATEMENT
for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
<i>Revenue</i>			
Revenues from Government	3A	40,026	39,784
Goods and Services	3B	2,633	2,015
Interest	3C	2,768	2,481
Other Revenues	3D	5,304	1,626
Total Revenue		50,731	45,906
<i>Gains</i>			
Sale of assets	3E	-	13
Reversal of previous asset write downs	3F	-	1
Total Gains		-	14
TOTAL INCOME		50,731	45,920
EXPENSES			
Employees	4A	18,979	19,020
Suppliers	4B	19,724	19,713
Grants	4C	518	514
Depreciation and amortisation	4D	7,786	6,905
Write-down and impairment of assets	4E	74	169
Loss from sale of assets	4F	-	56
TOTAL EXPENSES		47,081	46,377
OPERATING RESULT		3,650	(457)

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

NATIONAL MUSEUM OF AUSTRALIA
BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
<i>Financial Assets</i>			
Cash and cash equivalents	5A	2,194	820
Receivables	5B	2,880	2,009
Investments	5C	41,130	37,436
Total Financial Assets		46,204	40,265
<i>Non-Financial Assets</i>			
Land and Buildings	6A	88,284	86,047
Infrastructure, plant and equipment	6B	230,687	225,947
Intangibles	6D	2,096	2,559
Inventories	6E	341	401
Other non-financial assets	6F	1,782	1,629
Total Non-Financial Assets		323,190	316,583
TOTAL ASSETS		369,394	356,848
LIABILITIES			
<i>Payables</i>			
Suppliers	7A	1,723	2,492
Other payables	7B	159	101
Total payables		1,882	2,593
<i>Provisions</i>			
Employee provisions	8A	4,734	4,136
Other provisions	8B	677	-
Total provisions		5,411	4,136
TOTAL LIABILITIES		7,293	6,729
NET ASSETS		362,101	350,119
EQUITY			
Contributed equity		7,585	4,092
Reserves		87,295	82,456
Retained surpluses		267,221	263,571
TOTAL EQUITY		362,101	350,119
Current assets		47,659	23,476
Non-current assets		321,735	333,372
Current liabilities		6,303	6,038
Non-current liabilities		990	691

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

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT of CHANGES in EQUITY
as at 30 June 2007

	Retained Earnings		Asset Revaluation Reserve		Total Contributed Equity		TOTAL EQUITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening Balance								
Balance carried forward from previous period	263,571	264,028	82,456	27,318	4,092	3,021	350,119	294,367
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in Accounting Policies	-	-	-	-	-	-	-	-
Adjusted Opening Balance	263,571	264,028	82,456	27,318	4,092	3,021	350,119	294,367
Income and expenses								
Income and expenses recognised directly in equity	-	-	4,839	55,138	-	-	4,839	55,138
<i>Sub-total income and expenses recognised directly in equity</i>	-	-	4,839	55,138	-	-	4,839	55,138
Surplus (Deficit) for the period	3,650	(457)	-	-	-	-	3,650	(457)
Total income and expenses	3,650	(457)	4,839	55,138	-	-	8,489	54,681
Transactions with Owners								
<i>Distribution to owners</i>								
Returns on Capital: Dividends	-	-	-	-	-	-	-	-
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	3,493	1,071	3,493	1,071
Restructuring	-	-	-	-	-	-	-	-
Sub-total Transactions with Owners	-	-	-	-	3,493	1,071	3,493	1,071
Closing balance as at 30 June	267,221	263,571	87,295	82,456	7,585	4,092	362,101	350,119

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

NATIONAL MUSEUM OF AUSTRALIA
CASH FLOW STATEMENT
for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Operating Activities			
<i>Cash received</i>			
Goods and Services		2,351	2,438
Appropriations		40,026	39,784
Interest		245	980
Net GST		100	2,366
Other cash received		235	578
Total cash received		42,957	46,146
<i>Cash used</i>			
Employees		(18,413)	(18,258)
Suppliers		(19,052)	(21,062)
Grants		(517)	(514)
Total cash used		(37,982)	(39,834)
Net cash from or (used by) operating activities	9	4,975	6,312
Investing Activities			
<i>Cash received</i>			
Investments		5,225	35,353
Proceeds from sales of property, plant and equipment		-	12
Total cash received		5,225	35,365
<i>Cash used</i>			
Purchases of property, plant and equipment		(2,112)	(3,914)
Purchases of heritage and cultural items		(2,292)	(2,002)
Purchases of intangibles		(415)	(799)
Investments		(7,500)	(36,000)
Total cash used		(12,319)	(42,715)
Net cash from or (used by) investing activities		(7,094)	(7,350)
Financing Activities			
<i>Cash received</i>			
Capital injections		3,493	1,071
Total cash received		3,493	1,071
<i>Cash used</i>			
Repayments of borrowings		0	0
Total cash used		0	0
Net cash from or (used by) financing activities		3,493	1,071
Net increase or (decrease) in cash held		1,374	33
Cash at the beginning of the reporting period		820	787
Cash at the end of the reporting period	5A	2,194	820

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

NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF COMMITMENTS
as at 30 June 2007

	2007 \$'000	2006 \$'000
BY TYPE		
Commitments receivable	(2,562)	(2,420)
Capital commitments		
Plant and equipment	2,750	761
Intangibles	9	145
Total capital commitments	2,759	906
Other commitments		
Operating leases ¹	3,257	4,751
Other commitments	11,629	7,535
Total other commitments	14,886	12,286
Net commitments by type	15,083	10,772
BY MATURITY		
Commitments receivable	(2,562)	(2,420)
Capital commitments		
One year or less	1,876	906
From one to five years	883	-
Over five years	-	-
Total capital commitments	2,759	906
Operating lease commitments		
One year or less	1,282	1,307
From one to five years	1,975	3,253
Over five years	-	191
Total operating lease commitments	3,257	4,751
Other commitments		
One year or less	4,880	3,399
From one to five years	6,749	4,136
Over five years	-	-
Total other commitments	11,629	7,535
Net commitments by maturity	15,083	10,772

NB: Commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation and warehouses (multiple sites)	Lease payments are subject to annual increase in accordance with movements in the Consumer Price Index. The office accommodation and warehouse leases may be renewed for periods up to five years at the Museum's option.
Motor vehicle leases	No contingent rentals exist. There are no purchase options available to the Museum.

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

NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF CONTINGENCIES
as at 30 June 2007

As at 30 June 2007, there were no contingent assets or liabilities.

Unquantifiable Contingencies

As at 30 June 2007, the Museum was involved in defending one legal claim for expenses.
(30 June 2006: three).

The Museum has denied liability and is defending the claim. Any successful claim is likely to be met by the Museum's insurer, Comcover.

As at 30 June 2007, the Museum was the plaintiff in one legal claim for the recovery of costs from a supplier (30 June 2006: none). It is not possible to reliably estimate costs to be recovered as the supplier is bankrupt and the Museum is seeking to settle costs.

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

NATIONAL MUSEUM OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2007

Note 1:	Summary of Significant Accounting Policies
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Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

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 continued existence of the National Museum of Australia in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the National Museum of Australia's administration and programs.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2006; and
- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies which are disclosed in the financial statements).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Museum has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

The fair value of Land and Buildings has been taken to be the depreciated replacement cost as determined by an independent valuer. The Museum's main building is purpose built and may in fact realise more or less in the market.

The fair value of the Collection assets is based on an independent valuation as at 30 June 2006. Many of the assets are unique and have never been sold. It is possible that many items would realise more or less in the market.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.3 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with the IFRS requirements. The National Museum is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period. The National Museum is required to disclose Australian Accounting Standards and Interpretations which have been issued but are not yet effective that have not been earlier adopted by the Museum. The following adopted requirements have resulted in a change to the National Museums accounting policies or have affected the amounts reported in the current or prior periods or are estimated to have a financial effect in future reporting periods.

Restriction of the fair value option under AASB 139

The AASB through 2005-4 *Amendments to Australian Accounting Standards* (AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038) restricted the option to designate a financial asset or liability at fair value through profit and loss. This change had no impact on the Museum's 2006-07 financial statements.

Reimbursement rights

The AASB through 2005-5 *Amendments to Australian Accounting Standards [AASB1 & AASB 139]* excluded the scope of *AASB 139 Financial Instruments: Recognition and Measurement* rights for reimbursement for expenditure to settle a present or former provision recognised under *AASB137 Provisions, Contingent Liabilities and Contingent Assets*. The right to reimbursement is now required to be accounted for under *AASB 137*.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the National Museum.

Amendments

- . 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- . 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- . 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- . 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations

- . UIG 4 Determining whether an Arrangement contains a lease.
- . UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- . UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economics
- . UIG 8 Scope of AASB 2
- . UIG 9 Reassessment of Embedded Derivatives.

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements.

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosure is effective for reporting periods beginning on or after 1 January 2007 (the 2007-2008 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7, requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10, Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Museum.

- . AASB 1049 Financial Reporting of General Government Sectors by Governments
- . UIG 10 Interim Financial Reporting and Impairment.

1.4 Revenue

Resources Received Free of Charge

Resources received free of charge are recognised as gains 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 as gains at their fair value when the asset qualifies for recognition.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer
- The seller retains no managerial involvement nor effective control over the goods
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

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

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

1.5 Transactions by the Government as Owner

Equity Injections

Amounts appropriated by the Parliament as equity injections for a year (less any formal reductions) are recognised directly as 'Contributed Equity' in that year.

1.6 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

Leave

The liability for employee benefits 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 of the Museum is estimated to be less than the annual entitlement for sick leave.

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

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation and Redundancy

Provision is made for separation and redundancy benefit payments. The National Museum recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected it will carry out the terminations.

Superannuation

Staff at the National Museum are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The National Museum makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Museum's employees. The Museum accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Museum has no finance leases.

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

1.8 Borrowing Costs

All borrowing costs are expensed as incurred.

1.9 Grants

Most grant agreements require the grantee to perform services, provide facilities, or to meet eligibility criteria. In these cases, the Museum recognises grant liabilities only to the extent that the services required have not been performed or the eligibility criteria have not been satisfied by the grantee.

1.10 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.11 Financial Risk Management

The Museum's activities expose it to normal commercial financial risk. As a result of the nature of the Museum's business and internal and Australian Government policies, dealing with the management of financial risk, the Museum's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

Financial Assets

The net fair values of cash, deposits on call and receivables approximate their carrying amounts.

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

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

Financial Liabilities

The net fair values for trade creditors, 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.

1.12 Investments

Investments are initially measured at their fair value. After initial recognition, financial investments are to be measured at their fair values except for:

- a) loans and receivables which are measured at amortised cost using the effective interest method,
- b) held-to-maturity investments which are measured at amortised cost using the effective interest method, and
- c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

1.13 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

1.15 Interest Bearing Loans and Borrowings

Loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

1.16 Supplier and Other Payables

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.17 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.18 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. Financial assets are initially measured at their fair value plus transaction cost where appropriate.

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.

Assets donated to the Collections are recognised as assets and revenues when the Museum takes control of the assets and they can be reliably measured.

1.19 Property, Plant and Equipment

Collections

Assets within the Collections consist of objects received and under assessment for inclusion in the National Historical Collection, objects approved and included in the National Historical Collection and library items.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet 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 Collections are recorded at cost. Items donated to the Collections under the Cultural Gifts Program are valued by an independent valuer. Other donated items are valued by professional staff with reference to relevant market information.

Revaluations

Land, building, plant and equipment and the Collections are carried at fair value being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at reporting date from its fair value.

Fair value for each class of assets is determined as shown below:

<i>Asset class:</i>	<i>Fair value measured at:</i>
Land	Market selling
Buildings excluding leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling
Collections	Market selling

Assets that are surplus to requirements are measured at their net realisable value, however, as at 30 June 2007 the Museum held no surplus assets (30 June 2006: \$0).

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

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 depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2007	2006
Buildings on freehold land	100 years	100 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	4 to 100 years	4 to 100 years
Collections	50 to 5000 years	50 to 5000 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4D.

Impairment of Non-Current Assets

All assets were assessed for impairment at 30 June 2007. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Museum were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Intangibles

The Museum's intangibles comprise purchased software, internally developed software and multimedia assets. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Museum's software is 4 to 8 years (2005-06: 4 to 8 years).

All software assets were assessed for impairment as at 30 June 2007. None were found to be impaired.

1.21 Inventories

Inventories held for resale are valued at the lower of cost and 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 an average 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.

Inventories held for distribution are measured at the lower of cost and net realisable value.

1.22 Taxation

The Museum is exempt from all forms of taxation except fringe benefits tax (FBT) 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.

1.23 Foreign Currency

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

1.24 Insurance

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

Note 2: Events after the Balance Sheet Date

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

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007 \$'000	2006 \$'000
Note 3: Income		
<u>Revenues</u>		
<u>Note 3A: Revenues from Government</u>		
Appropriation: Departmental outputs	40,026	39,784
Total revenues from government	40,026	39,784
<u>Note 3B: Sale of Goods and Rendering of Services</u>		
Provision of goods - related entities	-	-
Provision of goods - external entities	1,437	1,220
Total sales of goods	1,437	1,220
Rendering of services - related entities	-	-
Rendering of services - external entities	1,196	795
Total rendering of services	1,196	795
Total sale of goods and rendering of services	2,633	2,015
<u>Note 3C: Interest</u>		
Interest on Deposits	2,768	2,481
Total interest	2,768	2,481
<u>Note 3D: Other Revenue</u>		
Donations and bequests	14	13
Donated Assets	4,684	1,101
Sponsorship and grants	606	512
Total other revenues	5,304	1,626
<u>Gains</u>		
<u>Note 3E: Sale of Assets</u>		
Infrastructure, plant and equipment		
Proceeds from sale	-	13
Carrying value of assets sold	-	-
Selling expenses	-	-
Net gain from sale assets	-	13
<u>Note 3F: Reversals of Previous Asset Write Downs</u>		
Reduced provision for doubtful debts	-	1
Total reversals of previous asset write downs	-	1
Note 4: Expenses		
<u>Note 4A: Employee Benefits</u>		
Wages and Salaries	14,872	14,282
Superannuation	2,574	2,373
Leave and other entitlements	569	730
Other employee benefits	964	1,635
Total employee expenses	18,979	19,020

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007	2006
	\$'000	\$'000

Note 4B: Suppliers

Provision of goods - related entities	-	-
Provision of goods - external entities	1,890	2,987
Provision of services - related entities	2,099	1,949
Provision of services - external entities	13,975	13,324
Operating lease - minimum lease payments rentals	1,223	1,098
Operating lease - contingent rent payments	166	149
Workers compensation premiums	371	206
Total supplier expenses	19,724	19,713

Note 4C: Grants

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

Grants to external entities	518	514
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Note 4D: Depreciation and Amortisation

Depreciation:

Other infrastructure, plant and equipment	5,928	5,209
Buildings	980	878
Total depreciation	6,908	6,087

Amortisation:

Intangible - Computer Software	878	818
Total amortisation	878	818

Total depreciation and amortisation	7,786	6,905
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There was no change in depreciation expense as a result of reviewing asset useful lives. (In 2005-06 depreciation expense was \$54,381 higher than it would have been as a result of reviewing asset useful lives).

There was no change in amortisation expense as a result of reviewing asset useful lives. (In 2005-06 amortisation expense was \$76,502 higher than it would have been as a result of reviewing asset useful lives).

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

Buildings	849	795
Leasehold improvements	131	83
Infrastructure, plant and equipment	5,113	4,566
Heritage and cultural assets	815	643
Software	878	818
Total depreciation and amortisation	7,786	6,905

Note 4E: Write-Down and Impairment of Assets

Non-financial assets: inventory write off	33	169
Non-financial assets: plant and equipment write off	41	-
Total write-down and impairment of assets	74	169

Note 4F: Loss from Sale of Assets

Proceeds from disposal	-	0
Carrying value of assets sold	-	56
Loss from sale of assets	-	56

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007 \$'000	2006 \$'000
Note 5: Financial Assets		
<u>Note 5A: Cash and cash equivalents</u>		
Cash at bank	2,174	796
Cash on hand	20	24
Total cash and cash equivalents	2,194	820
<u>Note 5B: Trade and other receivables</u>		
Goods and services	160	225
Interest receivable	2,423	1,320
GST receivable from the Australian Taxation Office	297	464
Total trade and other receivables (gross)	2,880	2,009
<i>Less allowance for doubtful debts</i>		
Goods and services	-	-
Total trade and other receivables (net)	2,880	2,009
Receivables are aged as follows:		
Not overdue	2,793	1,955
Less than 30 days	69	47
30 to 60 days	9	7
61 to 90 days	9	-
More than 90 days	-	-
Total receivables (gross)	2,880	2,009
Receivables are represented by:		
Current	2,880	2,009
Non Current	-	-
Total trade and other receivables (net)	2,880	2,009
<u>Note 5C: Investments</u>		
Term Deposits	41,130	37,436
Total investments	41,130	37,436
Investments are with the Museum's bankers, and earn effective rates of interest of 5.81%, 6.41%, 6.55% and 6.58% (2005-06 5.62%, 5.66%, 5.69%, 5.70%, 5.73%, 5.74%, 5.76%, 5.80%, 5.81%, 5.83%, 5.87%, 5.90% and 5.92%) payable at the end of the term.		
Investments are represented by:		
Current	41,130	19,436
Non Current	-	18,000
Total investments	41,130	37,436

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007 \$'000	2006 \$'000
Note 6: Non-Financial Assets		
<u>Note 6A: Land and Buildings</u>		
Freehold land (at fair value)	4,400	4,400
Buildings on freehold land:		
- fair value	82,205	80,044
- accumulated depreciation	-	-
Total buildings on freehold land	86,605	84,444
Leasehold improvements:		
- fair value	1,954	1,730
- accumulated depreciation	(275)	(144)
- work in progress	-	17
Total leasehold improvements	1,679	1,603
Total Land and Buildings (non-current)	88,284	86,047

Building assets were revalued to fair value as at 30 June 2007 on advice from Property Concept Management.

Leasehold improvement assets acquired prior to 1 July 2004 were revalued to fair value by independent valuers Rodney Hyman Asset Services Pty Ltd and Jones Lang LaSalle as at 1 July 2004. All leasehold improvement assets were assessed as being fair value as at 30 June 2007.

No indications of impairment were found for land and buildings.

Note 6B: Infrastructure, Plant and Equipment

Plant and equipment		
- fair value	51,476	48,171
- accumulated depreciation	(13,473)	(9,071)
- work in progress	169	493
Total plant and equipment	38,172	39,593
Heritage and Cultural:		
- fair value	193,330	186,354
- accumulated depreciation	(815)	-
Total heritage and cultural	192,515	186,354
Total infrastructure, plant and equipment (non-current)	230,687	225,947

Plant and Equipment assets acquired prior to 1 July 2004 were revalued to fair value by independent valuers Rodney Hyman Asset Services Pty Ltd and Jones Lang LaSalle as at 1 July 2004. All Plant and Equipment assets were assessed as being fair value as at 30 June 2007.

Collection assets held at 31 March 2006 were revalued as at 30 June 2006 to fair value by an independent valuer Mr Simon Storey (Simon Storey Valuers). Acquisitions after 31 March 2006 are deemed to be at fair value as at 30 June 2007.

No indications of impairment were found for infrastructure, plant and equipment.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Note 6C: Analysis of Property, Plant and Equipment

TABLE A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2006-07)

Item	Land	Buildings	Total Land and Buildings	Other Infrastructure, Plant & Equipment	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006						
Gross book value	4,400	81,791	86,191	48,664	186,354	321,209
Accumulated depreciation/amortisation	n/a	(144)	(144)	(9,071)	-	(9,215)
Opening Net Book Value	4,400	81,647	86,047	39,593	186,354	311,994
Additions						
By purchase		219	219	1,893	2,292	4,404
By donation			-		4,684	4,684
Net revaluation increment/(decrement)						
Gross book value		2,150	2,150	1,130		3,280
Accumulated depreciation/amortisation		849	849	710		1,559
Depreciation/amortisation expense		(981)	(981)	(5,113)	(815)	(6,909)
Recoverable amount write downs			-			
Disposals						
From disposal of operations - gross book value			-			
From disposal of operations - accumulated depreciation			-			
Other disposals			-	(41)		(41)
As at 30 June 2007						
Gross book value	4,400	84,160	88,560	51,646	193,330	333,536
Accumulated depreciation/amortisation	n/a	(276)	(276)	(13,474)	(815)	(14,565)
Closing Net Book Value	4,400	83,884	88,284	38,172	192,515	318,971

There are no assets held under finance lease.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Note 6C: Analysis of Property, Plant and Equipment

TABLE B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2005-06)

Item	Land	Buildings	Total Land and Buildings	Other Infrastructure, Plant & Equipment	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005						
Gross book value	4,400	76,555	80,955	45,204	135,251	261,410
Accumulated depreciation/amortisation	n/a	(67)	67	(4,575)	(1,589)	(6,231)
Opening Net Book Value	4,400	76,488	80,888	40,629	133,662	255,179
Additions						
By purchase		1,164	1,164	3,553	2,002	6,719
By donation			-		1,101	1,101
Net revaluation increment/(decrement)						
Gross book value		4,111	4,111		48,000	52,111
Accumulated depreciation/amortisation		795	795		2,232	3,027
Depreciation/amortisation expense		(878)	(878)	(4,566)	(643)	(6,087)
Recoverable amount write downs			-			-
Disposals						
From disposal of operations - gross book value		(39)	39	(93)		(171)
From disposal of operations - accumulated depreciation		6	6	70		82
Other disposals			-			
As at 30 June 2006						
Gross book value	4,400	81,791	86,191	48,664	186,354	321,209
Accumulated depreciation/amortisation	n/a	(144)	(144)	(9,071)	0	(9,215)
Closing Net Book Value	4,400	81,647	86,047	39,593	186,354	311,994

There are no assets held under finance lease.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007	2006
	\$'000	\$'000

Note 6D: Intangibles

Computer software:		
- Purchased software	9,473	8,606
- Accumulated amortisation	(7,377)	(6,499)
- Work in progress	-	452
Total intangibles (non-current)	2,096	2,559

TABLE C: Reconciliation of the opening and closing balances of intangibles

Computer Software Purchased	2007	2006
	\$	\$
As at 1 July		
Gross book value	9,058	8,332
Accumulated depreciation/amortisation	(6,499)	(5,681)
Net book value 1 July	2,559	2,651
Additions		
purchase	415	726
Depreciation/amortisation	(878)	(818)
Disposals	-	-
As at 30 June		
Gross book value	9,473	9,058
Accumulated depreciation/amortisation	(7,377)	(6,499)
Net book value 30 June	2,096	2,559

Note 6E: Inventories

Inventories held for sale:		
Work in progress	60	35
Finished goods	281	366
Total inventories (current)	341	401

During 2006-07 \$33,205 of inventory held for sale was recognised as an expense (2005-06: \$168,659).

Note 6F: Other Non-Financial Assets

Prepayments	896	660
Prepaid leasehold contribution	818	969
Provision for reimbursement	68	-
Total other non-financial assets	1,782	1,629
Current	1,114	810
Non-current	668	819
	1,782	1,629

The provision for reimbursement relates to the other provision in Note 8B.

No indications of impairment were found for other non-financial assets.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007	2006
	\$'000	\$'000

Note 7: Payables

Note 7A: Suppliers

Trade creditors	889	1,622
Accrued expenses	834	870
<i>Total supplier payables</i>	<u>1,723</u>	<u>2,492</u>

All payables are current.

Settlement is usually made net 30 days.

Note 7B: Other Payables

Prepaid grant revenue	158	99
Prepaid other revenue	1	2
<i>Total other payables</i>	<u>159</u>	<u>101</u>

All other payables are current.

Note 8: Provisions

Note 8A: Employee Provisions

Salaries and wages	121	124
Leave	4,593	3,993
Superannuation	20	19
<i>Total employee provisions</i>	<u>4,734</u>	<u>4,136</u>

Employee provisions are represented by:

Current	3,744	3,445
Non-current	990	691
<i>Total employee provisions</i>	<u>4,734</u>	<u>4,136</u>

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of the reporting date.

Estimated settlement within 12 months	2,561	2,265
Estimated settlement after 12 months	2,173	1,871
<i>Total employee provisions</i>	<u>4,734</u>	<u>4,136</u>

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	2007	2006
	\$'000	\$'000

Note 8B: Other Provisions

Provision for contractual obligations	677	-
Total other provisions	677	-

The Museum has obligations arising from a Deed of Gift that requires the Museum to perform a range of tasks. These obligations meet the definition and recognition requirements in *AASB137 Provisions, Contingent Liabilities and Contingent Assets*.

All other provisions are current.

The provision for contractual obligations includes expenditure which will be reimbursed and is reported at Note 6F.

Carrying amount 1 July	-	-
Additional provision made	677	-
Amount used	-	-
Amount reversed	-	-
Closing balance 30 June	677	-

Note 9: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

Report cash and cash equivalents as per:

Cash Flow Statement	2,194	820
Balance Sheet	2,194	820
Difference	0	0

Reconciliation of operating result to net cash from operating activities:

Operating result	3,650	(457)
Depreciation and amortisation	7,786	6,905
Net write down of assets	74	169
Net loss from sale of assets	-	56
Gain of sale of assets	-	(13)
Collections - gifts and donations	(4,684)	(1,101)
Non-cash proceeds from investments	(1,420)	(817)
(Increase)/decrease in net receivables	(1,038)	(535)
(Increase)/decrease in inventories	60	(89)
(Increase)/decrease in other non-financial assets	(85)	(148)
Increase/(decrease) in employee provisions	598	762
Increase/(decrease) in other provisions	677	-
Increase/(decrease) in supplier payables	(701)	1,482
Increase/(decrease) in other payables	58	98
Net cash from/(used by) by operating activities	4,975	6,312

Credit Arrangements

The Museum has a purchasing card arrangement for the purchase of minor items.

Credit Facilities

Credit card limit	300	300
Credit used	(17)	(5)
Credit unused	283	295

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	<u>2007</u>	<u>2006</u>
Note 10: 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 - \$ 14,999	8	9
\$ 15,000 - \$ 29,999	<u>1</u>	<u>1</u>
Total number of Council members of the Museum	<u><u>9</u></u>	<u><u>10</u></u>

Total remuneration received or due and receivable by Council members of the Museum	<u><u>\$ 120,174</u></u>	<u><u>\$121,057</u></u>
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The remuneration of Council members includes all members concerned with or taking part in the management of the Museum during 2006-07, except the Director. Details in relation to the Director have been incorporated into Note 12: Executive Remuneration.

Note 11: Related Party Disclosures

Council Members of the Museum

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

Chairman

The Hon A Staley 22 September 2002 to 21 September 2005 and 6 October 2005 to 5 October 2008

Members

Mr D Barnett 22 April 2005 to 21 April 2008

Mr B Chow 15 May 2003 to 14 May 2006 and 15 May 2006 to 14 May 2009

Dr T Duncan 20 November 2003 to 19 November 2006

Dr J Fleming 27 August 2003 to 26 August 2006 and 27 August 2006 to 26 August 2009

Ms M Gibney 24 June 2004 to 23 June 2007

Ms S Hasluck 19 February 2004 to 18 February 2007 and 19 February 2007 to 18 February 2010

Dr J Hirst 27 August 2003 to 26 August 2006 and 27 August 2006 to 26 August 2009

Mr C Pearson 9 August 2002 to 8 August 2005 and 6 Oct 2005 to 5 Oct 2008

Executive Member

Mr Craddock Morton 24 June 2004 to 23 June 2007 and 24 June 2007 to 23 June 2010

Outgoing Members in 2005-06

Ms C Santamaria 8 August 2002 to 7 August 2005

Transactions with Council members or their related entities

The aggregate remuneration of Council members is disclosed in Note 10. The Museum is not aware of Council member related party transactions occurring during the year which would be required to be disclosed.

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

	<u>2007</u>	<u>2006</u>
Note 12: Executive Remuneration		
The number of Senior Executives who received or were due to receive total remuneration of \$130,000 or more:		
\$145,000 - \$159,999	1	-
\$160,000 - \$174,999	1	1
\$175,000 - \$189,999	-	2
\$190,000 - \$204,999	1	-
\$295,000 - \$309,999	-	1
\$310,000 - \$324,999	1	-
	<u>4</u>	<u>4</u>

The aggregate amount of total remuneration of officers shown above:	<u>\$ 841,160</u>	<u>\$837,203</u>
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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 2006-07.

Note 13: Remuneration of Auditors

Financial statement audit services provided to the Museum by the Commonwealth Auditor-General.

The fair value of services provided was:	<u>\$ 53,000</u>	<u>\$46,500</u>
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No other services were provided by the Auditor-General during the reporting period.

Note 14: Average Staffing Levels

The average staffing levels for the Museum during the year were:	<u>249</u>	<u>254</u>
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NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Note 15: Financial Instruments

Note 15A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 Year or Less		1 to 5 Years		> 5 Years							
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2006 \$'000	2005 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
Financial Assets															
Cash at bank	5A	2,174	796	-	-	-	-	-	-	-	-	2,174	796	5.57%	4.95%
Cash on hand	5A	-	-	-	-	-	-	-	-	20	24	20	24	n/a	n/a
Receivables for goods and services	5B	-	-	-	-	-	-	-	-	160	225	160	225	n/a	n/a
Interest receivable	5B	-	-	-	-	-	-	-	-	2,423	1,320	2,423	1,320	n/a	n/a
Investments	5C	-	-	41,130	19,436	-	18,000	-	-	-	-	41,130	37,436	6.12%	5.79%
Total		2,174	796	41,130	19,436	-	18,000	-	-	2,603	1,569	45,907	39,801		
Total Assets												369,394	356,848		
Financial Liabilities															
Trade creditors	7A	-	-	-	-	-	-	-	-	889	1,622	889	1,622	n/a	n/a
Accrued expenses	7A	-	-	-	-	-	-	-	-	834	870	834	870		
Total		-	-	-	-	-	-	-	-	1,723	2,492	1,723	2,492		
Total Liabilities												7,293	6,729		

NATIONAL MUSEUM OF AUSTRALIA
Notes To and Forming Part of the Financial Statements

Note 15B: Fair Values of Financial Assets and Liabilities

	Note	2007		2006	
		Total Carrying	Aggregate Net	Total Carrying	Aggregate Net
		Amount	Fair Value	Amount	Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash at bank	5A	2,174	2,174	796	796
Cash on hand	5A	20	20	24	24
Receivables for goods and services	5B	160	160	225	225
Interest receivable	5B	2,423	2,423	1,320	1,320
Investments	5C	41,130	41,130	37,436	37,436
Total Financial Assets		45,907	45,907	39,801	39,801
Financial Liabilities (Recognised)					
Trade creditors	7A	889	889	1,622	1,622
Accrued expenses	7A	834	834	870	870
Financial Liabilities (Recognised)		1,723	1,723	2,492	2,492

Note 15C: 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 Balance Sheet.

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

Note 16: Appropriations

Particulars	Departmental Outputs		Loans		Equity		Total	
	2007 \$'000	2006 \$'000	2006 \$'000	2005 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Year ended 30 June								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	40,026	39,784	-	-	-	-	40,026	39,784
Appropriation Acts 2 and 4		-	-	-	3,493	1,071	3,493	1,071
Available for payment from CRF	40,026	39,784	-	-	3,493	1,071	43,519	40,855
Payments made out of CRF	40,026	39,784	-	-	3,493	1,071	43,519	40,855
Balance carried forward to next year	-	-	-	-	-	-	-	-
Represented by:								
Appropriations Receivable	-	-	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Reserve Fund (CRF) for payment to 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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	2007	2006
	\$'000	\$'000

Note 17: 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. Monies held were transferred to the Museum operating account to fund National Historical Collection purchases, consistent with the original donor's wishes.

Balance carried forward from previous year	-	-
Receipts during the year	-	-
Interest received	-	-
Available for payments	-	-
Payments made	-	-
<i>Balance carried forward to next year held by the National Museum</i>	-	-

Note 18: 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	-	10
Receipts during the year	14	13
Interest received	-	-
Available for payments	14	23
Payments made	(14)	(23)
<i>Balance carried forward to next year held by the National Museum</i>	-	-

Note 19: Compensation and Debt Relief

Compensation for detriment caused by defective administration	-	-
Waiver of debts	-	-
Ex gratia payments	-	-
Payments in special circumstances under S73 of the <i>Public Service Act</i>	-	-
	-	-

Note 20: Reporting of Outcomes

Note 20A: Outcome of the National Museum of Australia

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.

Two outputs are identified for the Outcome, comprising:
 Output 1.1: Collection Development and Management
 Output 1.2: National Exhibitions, Programs and Services

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Note 20B: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Expenses				
Administered	-	-	-	-
Departmental	47,081	46,377	47,081	46,377
Total expenses	47,081	46,377	47,081	46,377
<i>Costs recovered from provision of goods and services to the non-government sector</i>				
Administered	-	-	-	-
Departmental	2,633	2,015	2,633	2,015
Total costs recovered	2,633	2,015	2,633	2,015
<i>Other external revenues</i>				
Departmental				
Sale of goods and services - to related entities	-	-	-	-
Interest	2,768	2,481	2,768	2,481
Donation and bequests	4,698	1,114	4,698	1,114
Net gains from disposal of assets	-	13	-	13
Other	606	513	606	513
Total Departmental	8,072	4,121	8,072	4,121
Total other external revenues	8,072	4,121	8,072	4,121
Net cost/(contribution) of outcome	36,376	40,241	36,376	40,241

The National Museum of Australia utilises cost drivers to determine the attribution of its shared items. This system is based on surveys of corporate activities and by use of actual costs and staff numbers where appropriate.

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Note 20C : Major Classes of 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		2007 \$'000	2006 \$'000
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000		
Departmental expenses						
Employees	3,446	3,395	15,533	15,625	18,979	19,020
Suppliers	2,954	2,977	16,770	16,736	19,724	19,713
Grants	-	-	518	514	518	514
Net loss from assets disposed	-	-	0	56	0	56
Depreciation and amortisation	1,165	957	6,621	5,948	7,786	6,905
Write down of assets	-	-	74	169	74	169
Total departmental expenses	7,565	7,329	39,516	39,048	47,081	46,377
Funded by:						
Revenues from Government	8,826	6,095	31,200	33,689	40,026	39,784
Sale of goods and services	-	-	2,633	2,015	2,633	2,015
Interest	445	372	2,323	2,109	2,768	2,481
Other non-taxation revenues	4,684	1,101	620	525	5,304	1,626
Net gain from disposal of assets	-	-	-	13	-	13
Reversal from previous asset write downs	-	-	-	1	-	1
Total operating revenues	13,955	7,568	36,776	38,352	50,731	45,920

The Museum's outcomes and outputs are described in Note 20A.