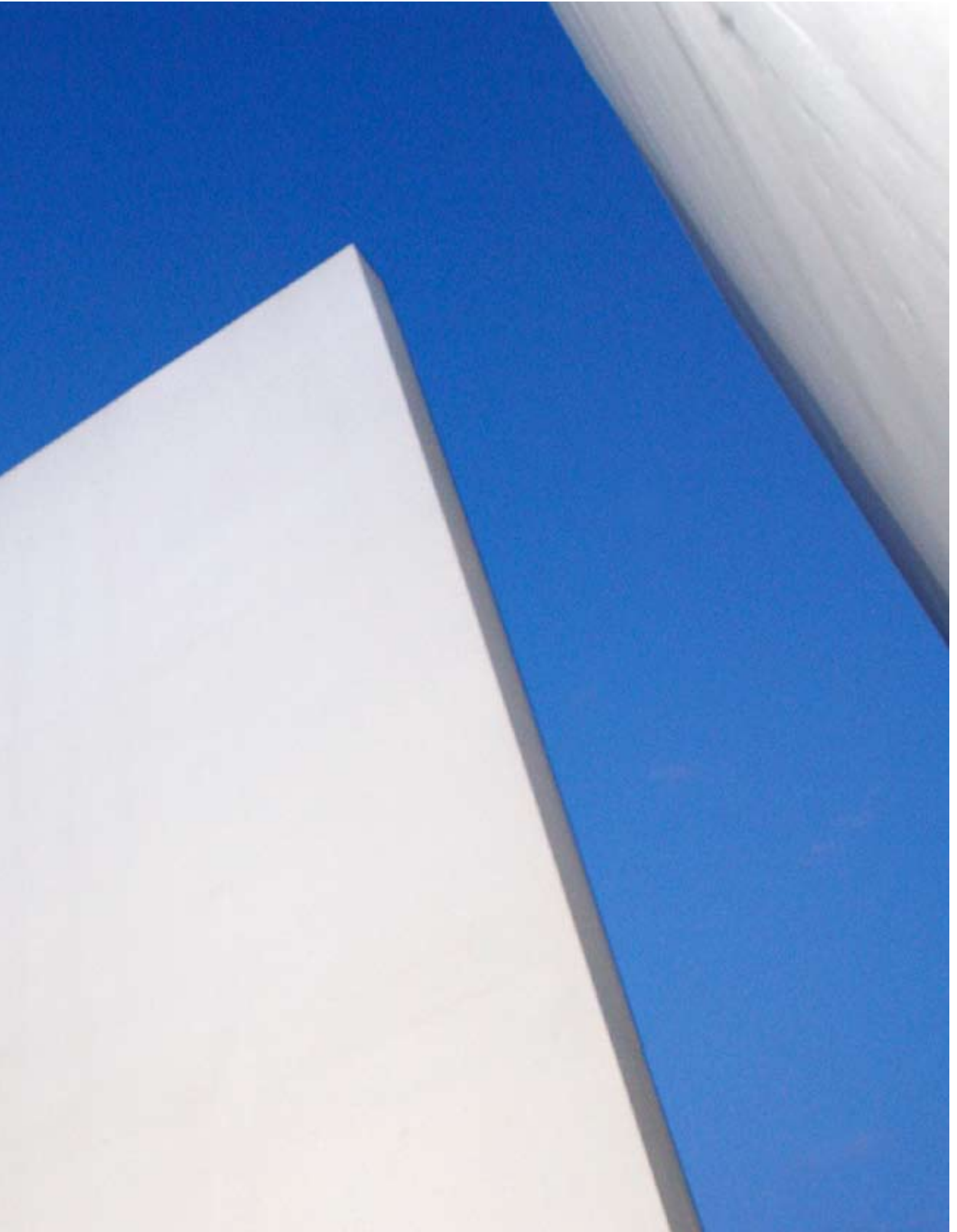


Part four:
Audited financial
statements

.....



Exterior, National Museum of Australia





INDEPENDENT AUDITOR'S REPORT

To the Minister for Environment, Heritage and the Arts

Scope

I have audited the accompanying financial statements of the National Museum of Australia (Museum) for the year ended 30 June 2008, which comprise: a statement by the Directors and Chief Executive; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Council Members for the Financial Statements

The members of the 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 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's financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Alana Foster
Executive Director

Delegate of the Auditor-General
Canberra
23 July 2008

National Museum of Australia

STATEMENT BY COUNCIL MEMBERS, DIRECTOR AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2008 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*.

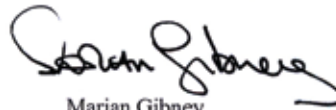
The Minister for Finance granted the Museum an exemption from Section 37.2 of Schedule 1 to the *Commonwealth Authorities and Companies Orders (Financial Statements for Reporting Periods Ending on or after 1 July 2007)*

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
23 July 2008



Marian Gibney
Council member
23 July 2008



Craddock Morton
Director
23 July 2008



Ian Campbell
A/g Chief Finance Officer
23 July 2008

**NATIONAL MUSEUM OF AUSTRALIA
INCOME STATEMENT**

for the period ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
INCOME			
Revenue			
Revenue from Government	3A	40,764	40,026
Sale of goods and rendering of services	3B	2,611	2,633
Interest	3C	3,481	2,768
Other revenue	3D	1,294	5,304
Total revenue		48,150	50,731
Total Income		48,150	50,731
EXPENSES			
Employee benefits	4A	20,080	18,979
Suppliers	4B	19,656	19,724
Grants	4C	366	518
Depreciation and amortisation	4D	7,690	7,786
Write-down and impairment of assets	4E	34	74
Losses from asset sales	4F	153	-
Total Expenses		47,979	47,081
Surplus (Deficit) attributable to the Australian Government		171	3,650

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

NATIONAL MUSEUM OF AUSTRALIA

BALANCE SHEET

as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	1,278	2,194
Trade and other receivables	5B	2,727	2,880
Investments	5C	46,525	41,130
Total financial assets		50,530	46,204
Non-Financial Assets			
Land and buildings	6A	93,597	88,284
Infrastructure, plant and equipment	6B,C	245,075	230,687
Intangibles	6D,E	2,768	2,096
Inventories	6F	404	341
Other non-financial assets	6G	1,994	1,782
Total non-financial assets		343,838	323,190
Total Assets		394,368	369,394
LIABILITIES			
Payables			
Suppliers	7A	2,774	1,723
Other payables	7B	186	159
Total payables		2,960	1,882
Provisions			
Employee provisions	8A	4,836	4,734
Other provisions	8B	-	677
Total provisions		4,836	5,411
Total Liabilities		7,796	7,293
Net Assets		386,572	362,101
EQUITY			
Contributed equity		12,744	7,585
Reserves		106,436	87,295
Retained surplus		267,392	267,221
Total Equity		386,572	362,101
Current Assets		52,928	47,659
Non-Current Assets		341,440	321,735
Current Liabilities		6,795	6,303
Non-Current Liabilities		1,001	990

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 2008

	Retained Earnings		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Balance carried forward from previous period	267,221	263,571	87,295	82,456	-	-	7,585	4,092	362,101	350,119
Adjustment for errors	-	-	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	267,221	263,571	87,295	82,456	-	-	7,585	4,092	362,101	350,119
Income and expenses recognised directly in equity										
Income and expenses recognised directly in equity	-	-	19,141	4,839	-	-	-	-	19,141	4,839
Sub-total income and expenses recognised directly in equity	-	-	19,141	4,839	-	-	-	-	19,141	4,839
Surplus for the period	171	3,650	-	-	-	-	-	-	171	3,650
Total income and expenses	171	3,650	19,141	4,839	-	-	-	-	19,312	8,489
Transactions with owners										
Distributions to owners										
Returns on capital: Dividends	-	-	-	-	-	-	-	-	-	-
Contributions by Owners										
Appropriation (equity injection)	-	-	-	-	-	-	5,159	3,493	5,159	3,493
Restructuring	-	-	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-	-	5,159	3,493	5,159	3,493
Closing balance at 30 June attributable to the Australian Government	267,392	267,221	106,436	87,295	-	-	12,744	7,585	386,572	362,101

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 2008

	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		2,352	2,351
Appropriations		40,764	40,026
Interest		2,450	245
Net GST received		2,468	100
Other cash received		906	235
Total cash received		48,940	42,957
Cash used			
Employees		(19,979)	(18,413)
Suppliers		(22,142)	(19,052)
Grants		(366)	(517)
Total cash used		(42,487)	(37,982)
Net cash flows from or (used by) operating activities	9	6,453	4,975
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		7	-
Investments		28,115	5,225
Total cash received		28,122	5,225
Cash used			
Purchase of property, plant and equipment		(4,285)	(2,112)
Purchase of heritage and cultural items		(2,762)	(2,292)
Purchase of intangibles		(1,560)	(415)
Investments		(32,043)	(7,500)
Total cash used		(40,650)	(12,319)
Net cash flows from or (used by) investing activities		(12,528)	(7,094)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		5,159	3,493
Total cash received		5,159	3,493
Cash used			
Other cash used		-	-
Total cash used		-	-
Net cash flows from or (used by) financing activities		5,159	3,493
Net increase or (decrease) in cash held		(916)	1,374
Cash and cash equivalents at the beginning of the reporting period		2,194	820
Cash and cash equivalents at the end of the reporting period	5A	1,278	2,194

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

**NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF COMMITMENTS**

as at 30 June 2008

	2008	2007
	\$'000	\$'000
BY TYPE		
Commitments Receivable		
GST recoverable on commitments	(837)	(1,508)
Other receivables	(773)	(1,054)
Total Commitments Receivable	(1,610)	(2,562)
Capital commitments		
Infrastructure, plant and equipment	1,223	2,750
Intangibles	17	9
Total capital commitments	1,240	2,759
Other commitments		
Operating leases ¹	2,378	3,257
Other commitments	6,362	11,629
Total other commitments	8,740	14,886
Net commitments by type	8,370	15,083
BY MATURITY		
Commitments receivable		
One year or less	(730)	(1,000)
From one to five years	(880)	(1,562)
Over five years	-	-
Total commitments receivable	(1,610)	(2,562)
Commitments payable		
Capital commitments		
One year or less	545	1,876
From one to five years	695	883
Over five years	-	-
Total capital commitments	1,240	2,759
Operating lease commitments		
One year or less	1,376	1,282
From one to five years	1,002	1,975
Over five years	-	-
Total operating lease commitments	2,378	3,257
Other Commitments		
One year or less	3,245	4,880
From one to five years	3,117	6,749
Over five years	-	-
Total other commitments	6,362	11,629
Net Commitments by Maturity	8,370	15,083

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 statement 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 2008

Note 1:	Summary of Significant Accounting Policies
Note 2:	Events after the Balance Sheet Date
Note 3:	Income
Note 4:	Expenses
Note 5:	Financial Assets
Note 6:	Non-Financial Assets
Note 7:	Payables
Note 8:	Provisions
Note 9:	Cash flow reconciliation
Note 10:	Council Members Remuneration
Note 11:	Related Party Disclosures
Note 12:	Executive Remuneration
Note 13:	Remuneration of Auditors
Note 14:	Financial Instruments
Note 15:	Appropriations
Note 16:	Compensation and Debt Relief
Note 17:	Assets Held in the National Museum of Australia Fund
Note 18:	Reporting of Outcomes

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

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

The Financial Statements and notes 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 (or FMOs) for reporting periods ending on or after 01 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Finance Minister has granted the Museum an exemption to the application of Sections 37.2 of Schedule 1 to the *Commonwealth Authorities and Companies Orders (Financial Statements for Reporting Periods Ending on or after 1 July 2007)*. This exemption relates to the requirement that heritage and cultural assets with useful lives in excess of 200 years shall not be depreciated and shall be measured at their fair value after initial recognition.

The financial report has been prepared on an accrual basis and is in accordance with 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 otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the National Museum of Australia 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.

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 Collection assets is based on an independent valuer. 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.

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

1.3 Statement of Compliance

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standard is applicable to the current reporting period:

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. 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 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.

The following new standards (including reissued standards)/erratum/interpretations are applicable in the 2007/08 financial year and have no material financial impact on the National Museum of Australia's 2007-08 financial statements.

AASB 7	<i>Financial Instruments: Disclosures</i>
AASB 101	<i>Presentation of Financial Statements (issued October 2006)</i>
AASB 1048	<i>Interpretation and Application of Standards (reissued September 2007)</i>
AASB 2005-10	<i>Amendments to Australian Accounting Standards (AASB 1,4,101,114,117,132,133,139,1023,1038)</i>
AASB 2007-1	<i>Amendments to Australian Accounting Standards arising from AASB interpretation 11 (AASB 2)</i>
AASB 2007-4	<i>Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments</i>
AASB 2007-5	<i>Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)</i>
AASB 2007-7	<i>Amendments to Australian Accounting Standards (AASB 1,2,4,5,107,128)</i>
AASB 2008-4	<i>Amendments to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities (AASB 124)</i>
ERR Erratum	<i>Proportionate Consolidation (AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113)</i>
Interp 10	<i>Interim Financial Reporting and Impairment</i>
Interp 11	<i>AASB2 Group and Treasury Share Transactions</i>
Interp 1003	<i>Australian Petroleum Resource Rent Tax</i>

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.

AASB 3	<i>Business Combinations</i>
AASB 8	<i>Operating Segments</i>
AASB 101	<i>Presentation of Financial Statements (issued September 2007)</i>
AASB 123	<i>Borrowing Costs</i>
AASB 127	<i>Consolidated and Separate Financial Statements</i>
AASB 1004	<i>Contributions</i>
AASB 1049	<i>Whole of Government and General Government Sector Financial Reporting</i>
AASB 1050	<i>Administered Items</i>
AASB 1051	<i>Land Under Roads</i>
AASB 1052	<i>Disaggregated Disclosures</i>
AASB 2007-2	<i>Amendments to Australian Accounting Standards arising from AASB Interpretation 12 (AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139)</i>
AASB 2007-3	<i>Amendments to Australian Accounting Standards arising from AASB 8</i>
AASB 2007-6	<i>Amendments to Australian Accounting Standards arising from AASB 123</i>
AASB 2007-8	<i>Amendments to Australian Accounting Standards arising from AASB 101</i>

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

- AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 (AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137)*
- AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (AASB 2)*
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation (AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2)*
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107)*
- Interp 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- Interp 4 *Determining Whether an Arrangement Contains a Lease*
- Interp 12 *Service Concession Arrangements*
- Interp 13 *Customer Loyalty Programmes*
- Interp 14 *AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- Interp 129 *Service Concession Arrangements Disclosures*
- Interp 1038 *Contributions by Owners Made To Wholly Owned Public Sector Entities*

Other

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

AASB 1049 Whole of Government and General Government Sector Financial Reporting

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs do not apply to this reporting or the consolidated financial statements of the Australian Government.

1.4 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
- 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
- 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 impairment allowance. Collectability of debts is reviewed at balance date. Allowance is 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 and Measurement*.

Resources Received Free of Charge

Resources 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 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.

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

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 Gains

Other 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.

Sale of Assets

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

1.6 Transactions with the Government as Owner

Equity injections

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

1.7 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 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 liability for long service leave has been determined by a short hand method devised by an actuary in a previous reporting period. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

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

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

Superannuation

Staff of the National Museum of Australia 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. This liability is reported by the Department of Finance and Deregulation as an administered item.

The National Museum of Australia makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current 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.

Since 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.

1.8 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 rewards 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.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.9 Borrowing Costs

All borrowing costs are expensed as incurred.

1.10 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial assets

The National Museum of Australia classifies its financial assets in the following categories:

- 'held-to-maturity investments',
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Museum has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

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.

Available for sale financial assets - If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier 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).

1.13 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent 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 asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

There were no Contingent Liabilities or Contingent Assets for the Museum in 2007-08 and 2006-07.

1.14 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB139. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB137.

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

1.15 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 costs 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 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 Authority's accounts immediately prior to the restructuring.

1.16 Property, Plant and Equipment

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).

Revaluations

Fair values for each class of asset are 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
Infrastructure, plant and equipment	Market selling
Heritage and cultural assets	Market selling

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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 operating result. Revaluation decrements for a class of assets are recognised directly through operating result 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.

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:

	<u>2008</u>	<u>2007</u>
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

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

Impairment

All assets were assessed for impairment at 30 June 2008. 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.

1.17 Intangibles

The Museum's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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 (2006-07: 4 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2008.

1.18 Inventories

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

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

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
- 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 acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.19 Taxation / Competitive Neutrality

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.

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

	2008	2007
	\$'000	\$'000

Note 3: Income*Revenue***Note 3A: Revenue from Government**

Appropriations: Departmental outputs	40,764	40,026
Total revenue from Government	40,764	40,026

Note 3B: Sale of goods and rendering of services

Provision of goods - related entities	-	-
Provision of goods - external parties	1,515	1,437
Rendering of services - related entities	-	-
Rendering of services - external parties	1,096	1,196
Total sale of goods and rendering of services	2,611	2,633

Note 3C: Interest

Deposits	3,481	2,768
Total interest	3,481	2,768

Note 3D: Other revenue

Donations and bequests	95	14
Donated Assets	475	4,684
Sponsorship and grants	724	606
Total other revenue	1,294	5,304

Note 4: Expenses**Note 4A: Employee benefits**

Wages and salaries	14,981	14,872
Superannuation	2,850	2,574
Leave and other entitlements	1,670	569
Other employee benefits	579	964
Total employee benefits	20,080	18,979

Note 4B: Suppliers

Provision of goods – related entities	-	-
Provision of goods – external parties	2,054	1,890
Rendering of services – related entities	801	2,099
Rendering of services – external parties	15,196	13,975
Operating lease rentals:		
Minimum lease payments	950	1,223
Contingent rentals	370	166
Workers compensation premiums	285	371
Total supplier expenses	19,656	19,724

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 4C: Grants		
The Museum makes grants to support research in Australian history and cultures		
Grants to external entities	366	518
Total grants	366	518
Note 4D: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	5,739	5,928
Buildings	1,064	980
Total depreciation	6,803	6,908
Intangibles:		
Computer Software	887	878
Total amortisation	887	878
Total depreciation and amortisation	7,690	7,786
Note 4E: Write-down and impairment of assets		
Non financial assets: inventory write off	34	33
Non financial assets: plant and equipment write off	-	41
Total write-down and impairment of assets	34	74
Note 4F: Losses from asset sales		
Infrastructure, plant and equipment		
Proceeds from sale	(7)	-
Carrying value of assets sold	160	-
Total losses from assets sales	153	-
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	1,278	2,194
Total cash and cash equivalents	1,278	2,194

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 5B: Trade and other receivables		
Goods and services	356	160
GST receivable from the Australian Taxation Office	383	297
Interest receivable	1,988	2,423
Total trade and other receivables (gross)	2,727	2,880
Less Impairment Allowance		
Goods and services	-	-
Total trade and other receivables (net)	2,727	2,880
Receivables are represented by:		
Current	2,727	2,880
Non-current	-	-
Total trade and other receivables (net)	2,727	2,880
Receivables are aged as follows:		
Not overdue	2,490	2,793
Overdue by:		
Less than 30 days	180	69
30 to 60 days	25	9
61 to 90 days	16	9
More than 90 days	16	-
Total receivables (gross)	2,727	2,880
The impairment allowance is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 50 days	-	-
51 to 90 days	-	-
More than 90 days	-	-
Total impairment allowance	-	-
Note 5C: Investments		
Term deposits	46,525	41,130
Total Investments	46,525	41,130
Other financial assets are expected to be recovered in		
less than 12 months	46,525	41,130
more than 12 months	-	-
Total investments	46,525	41,130

Investments are with the Museum's bankers, and earn effective rates of interest of 7.06%, 7.37%, 7.46%, 7.12%, 7.90% and 8.07% (2006-07 5.81%, 6.41%, 6.55% and 6.58%) payable at the end of the term.

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 6: Non-Financial Assets		
Note 6A: Land and buildings		
Freehold land at gross carrying value (at fair value)	4,400	4,400
Buildings on freehold land:		
– fair value	87,076	82,205
– accumulated depreciation	-	-
Total buildings on freehold land	91,476	86,605
Leasehold improvements		
– fair value	2,576	1,954
– accumulated depreciation	(455)	(275)
Total leasehold improvements	2,121	1,679
Total land and buildings (non-current)	93,597	88,284

Building assets were revalued at their fair value as at 30 June 2008 on advice from Property Concept Management.

Leasehold improvement assets acquired prior to 1 July 2004 were revalued 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 2008.

No indicators of impairment were found for land and buildings.

Note 6B: Infrastructure, plant and equipment

Infrastructure, plant and equipment:

- gross carrying value (at fair value)	52,034	51,476
- accumulated depreciation	(17,524)	(13,473)
- work in progress	2,303	169
Total infrastructure, plant and equipment	36,813	38,172
Heritage and cultural:		
- fair value	208,262	193,330
- accumulated depreciation	-	(815)
Total heritage and cultural	208,262	192,515
Total infrastructure, plant and equipment (non-current)	245,075	230,687

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. Infrastructure, plant and equipment was valued by independent valuers Rodney Hyman Asset Services Pty Ltd and Jones Lang LaSalle as at 1 July 2004. All plant and equipment was assessed as being fair value as at 30 June 2008.

Collection assets were revalued to fair value as at 30 June 2008 on advice from Simon Storey Valuers.

Revaluation increment of \$5,755,497 for buildings on freehold land (2007: increment of \$2,999,036), and \$13,385,938 for heritage and cultural (2007: increment of \$nil) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no increments/decrements were expensed (2007: \$nil expensed).

No indicators 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 (2007-08)

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Other IP & E \$'000	Heritage and Cultural \$'000	Total \$'000
As at 1 July 2007						
Gross book value	4,400	84,159	88,559	51,645	193,330	333,534
Accumulated depreciation/amortisation and impairment	-	(275)	(275)	(13,473)	(815)	(14,563)
Net book value 1 July 2007	4,400	83,884	88,284	38,172	192,515	318,971
Additions:						
by purchase	-	622	622	3,662	2,762	7,046
by donation	-	-	-	-	475	475
Revaluations and impairments through equity						
Gross book value	-	4,870	4,870	-	11,695	16,565
Accumulated depreciation/amortisation	-	885	885	-	1,691	2,576
Depreciation/amortisation expense	-	(1,064)	(1,064)	(4,862)	(876)	(6,802)
Disposals:						
Gross book value	-	-	-	(971)	-	(971)
Accumulated depreciation/amortisation	-	-	-	812	-	812
Net book value 30 June 2008	4,400	89,197	93,597	36,813	208,262	338,672
Net book value as of 30 June 2008 represented by:						
Gross book value	4,400	89,651	94,051	54,337	208,262	356,650
Accumulated depreciation/amortisation and impairment	-	(454)	(454)	(17,524)	-	(17,978)
	4,400	89,197	93,597	36,813	208,262	338,672

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

Item	Total Land and Buildings		Other IP & E	Heritage and Cultural	Total	
	Land \$'000	Buildings \$'000				Buildings \$'000
As at 1 July 2006						
Gross book value	4,400	81,791	86,191	48,664	186,354	321,209
Accumulated depreciation/amortisation and impairment	-	(144)	(144)	(9,071)	-	(9,215)
Net book value 1 July 2006	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
Revaluations and impairments through equity						
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)
Disposals:						
Gross book value	-	-	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-	-	-
Other disposals	-	-	-	(41)	-	(41)
Net book value 30 June 2007	4,400	83,884	88,284	38,172	192,515	318,971
Net book value as of 30 June 2007 represented by:						
Gross book value	4,400	84,160	88,560	51,646	193,330	333,536
Accumulated depreciation/amortisation and impairment	-	(276)	(276)	(13,474)	(815)	(14,565)
	4,400	83,884	88,284	38,172	192,515	318,971

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 6D Intangibles		
Computer software at cost:		
Purchased Software - in use	9,261	9,473
Accumulated amortisation	(7,960)	(7,377)
Total computer software	1,301	2,096
Internally developed intangibles at cost:		
Multi-media presentations - in progress	1,467	-
Total internally developed intangibles	1,467	-
Total Intangibles (non-current)	2,768	2,096

No indicators of impairment were found for intangible assets.

Note 6E: Analysis of intangibles

Table B: Reconciliation of the opening and closing balances of intangibles (2007-08)

Item	Computer	Computer	Other	Other	Total
	software internally developed	software purchased	intangibles internally developed	intangibles purchased	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	9,473	-	-	9,473
Accumulated depreciation/amortisation and impairment	-	(7,377)	-	-	(7,377)
Net book value 1 July 2007	-	2,096	-	-	2,096
Additions:					
by purchase or internally developed	-	92	1,467	-	1,559
Amortisation	-	(887)	-	-	(887)
Impairments recognised in the operating result	-	-	-	-	-
Disposals:					
Gross book value	-	305	-	-	305
Accumulated depreciation/amortisation	-	(305)	-	-	(305)
Net book value 30 June 2008	-	1,301	1,467	-	2,768

Net book value as of 30 June 2008 represented by:

Gross book value	-	9,261	1,467	-	10,728
Accumulated depreciation/amortisation and impairment	-	(7,960)	-	-	(7,960)
	-	1,301	1,467	-	2,768

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

Table B: Reconciliation of the opening and closing balances of intangibles (2006-07)

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Other intangibles internally developed \$'000	Other intangibles purchased \$'000	Total \$'000
As at 1 July 2006					
Gross book value	-	9,058	-	-	9,058
Accumulated amortisation and impairment	-	(6,499)	-	-	(6,499)
Net book value 1 July 2006	-	2,559	-	-	2,559
Additions:					
by purchase or internally developed	-	415	-	-	415
Amortisation	-	(878)	-	-	(878)
Disposals:					
Gross book value	-	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-	-
Net book value 30 June 2007	-	2,096	-	-	2,096
Net book value as of 30 June 2007 represented by:					
Gross book value	-	9,473	-	-	9,473
Accumulated depreciation/amortisation and impairment	-	(7,377)	-	-	(7,377)
	-	2,096	-	-	2,096

Note 6F: Inventories

	2008 \$'000	2007 \$'000
Inventories held for sale		
Work in progress	66	60
Finished goods	338	281
Total inventories held for sale	404	341
Inventories held for distribution	-	-
Total inventories (current)	404	341

During 2007-08 \$33,050 of inventory held for sale was recognised as an expense (2006-07: 33,205)

No items of inventory are recognised at fair value less cost to sell.

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 6G: Other non-financial assets		
Prepayments	1,325	896
Prepaid leasehold contribution	669	818
Provision for reimbursement	-	68
Total other non-financial assets	1,994	1,782

All other non-financial assets are current assets.

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

Note 7: Payables**Note 7A: Suppliers**

Trade creditors	1,466	889
Accrued expenses	1,308	834
Total supplier payables	2,774	1,723
Supplier payables are represented by:		
Current	2,774	1,723
Non-current	-	-
Total supplier payables	2,774	1,723

Settlement is usually made net 30 days.

Note 7B: Other Payables

Prepaid grant revenue	182	158
Prepaid other revenue	4	1
Total Other Payables	186	159

Note 8: Provisions**Note 8A: Employee provisions**

Salaries and wages	187	121
Leave	4,617	4,593
Superannuation	32	20
Total employee provisions	4,836	4,734
Employee provisions are represented by:		
Current	3,835	3,744
Non-current	1,001	990
Total employee provisions	4,836	4,734

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 reporting date. Employee provisions expected to be settled in twelve months from the reporting date are \$2,143 (2007: \$2,561), and in excess of one year, \$2,693 (2007: \$2,173)

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

	2008	2007
	\$'000	\$'000
Note 8B: Other provisions		
Provision for contractual obligations	-	677
Total other provisions	-	677
Other provisions are represented by:		
Current	-	677
Non-current	-	-
Total other provisions	-	677
	Provision for contractual obligations	Total
	\$'000	\$'000
Carrying amount 1 July 2007	677	677
Additional provisions made	-	-
Amounts used	(677)	(677)
Closing balance 2008	-	-

The Museum had obligations arising from a Deed of Gift received in 2006-07 that required the performance of a range of tasks. These obligations were fulfilled during 2007-08.

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	1,278	2,194
Balance Sheet	1,278	2,194
Difference	-	-

Reconciliation of operating result to net cash from operating activities:

Operating result	171	3,650
Depreciation /amortisation	7,690	7,786
Net write down of non-financial assets	34	74
Loss on disposal of assets	153	-
Collections - gifts and donations	(475)	(4,684)
Non-cash proceeds from investments	(1,466)	(1,420)
(Increase) / decrease in net receivables	153	(1,038)
(Increase) / decrease in inventories	(97)	60
(Increase) / decrease in non-financial assets	(212)	(85)
Increase / (decrease) in employee provisions	101	598
Increase / (decrease) in supplier payables	1,051	(701)
Increase / (decrease) in other provisions	(677)	677
Increase / (decrease) in other payables	27	58
Net cash from / (used by) operating activities	6,453	4,975

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

2008 **2007**

Note 10: Council Members' Remuneration

The number of Council members of the Museum included in these figures are shown below in the relevant remuneration bands:

\$ Nil - \$ 14,999	7		8
\$ 15,000 - \$ 29,999	<u>1</u>		<u>1</u>
Total number of Council members of the Museum	<u>8</u>		<u>9</u>

Total remuneration received or due and receivable by Council members of the Museum		\$ 115,698	\$ 120,174
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The remuneration of Council members includes all members concerned with or taking part in the management of the Museum during 2007-08, 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 following were members of the Council during the year:
(duration of appointment in italics):

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 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 and 22 August 2007 to 21 August 2010*
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 October 2005 to 5 October 2008*

Executive Member

Mr C Morton *24 June 2004 to 23 June 2007 and 24 June 2007 to 23 June 2010*

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

	2008	2007
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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 to \$159,999	-	1
\$160,000 to \$174,999	1	1
\$175,000 to \$189,999	1	-
\$190,000 to \$204,999	1	1
\$205,000 to \$219,999	-	-
\$310,000 to \$324,999	1	1
Total	4	4

The aggregate amount of total remuneration of senior executives shown above \$ **876,562** \$ 841,160

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

Note 13: Remuneration of Auditors

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

The fair value of the services provided was: \$ 53,000 \$ 53,000

No other services were provided by the Auditor-General.

NATIONAL MUSEUM OF AUSTRALIA

Notes To and Forming Part of the Financial Statements

	2008	2007
	\$'000	\$'000
Note 14: Financial Instruments		
14A Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	1,278	2,194
	<u>1,278</u>	<u>2,194</u>
Assets held to Maturity		
Term deposits	46,525	41,130
	<u>46,525</u>	<u>41,130</u>
Loans and Receivables		
Receivables for goods and services	356	160
Interest receivable	1,988	2,423
	<u>2,344</u>	<u>2,583</u>
Carrying amount of financial assets	<u><u>50,147</u></u>	<u><u>45,907</u></u>
Financial Liabilities		
At amortised costs		
Supplier payables	2,774	1,723
	<u>2,774</u>	<u>1,723</u>
Carrying amount of financial liabilities	<u><u>2,774</u></u>	<u><u>1,723</u></u>
14B Net income and expense from financial assets		
Assets Held to Maturity		
Interest revenue	3,481	2,768
Net gain/(loss) from assets held to maturity	<u><u>3,481</u></u>	<u><u>2,768</u></u>

The net income/expense from financial assets not at fair value from profit and loss is \$3,481.

14C Fair value of financial instruments

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Cash and cash equivalents	1,278	1,278	2,194	2,194
Trade and other receivables	2,343	2,343	2,583	2,583
Investments	46,525	46,525	41,130	41,130
Total	50,146	50,146	45,907	45,907
FINANCIAL LIABILITIES				
Supplier payables	2,774	2,774	1,723	1,723
Total	2,774	2,774	1,723	1,723

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

14D Credit risk

The Museum is exposed to minimal credit risk as the majority of receivables are cash deposits held with banks and financial institutions and business interactions with trade debtors.

The following table illustrates the Museum's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2008	2007
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	1,278	2,194
Investments	46,525	41,130
Trade and other receivables	2,343	2,583
Total	50,146	45,907

Credit risk of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past Due Nor Impaired 2008 \$'000	Past Due Nor Impaired 2007 \$'000
Cash and cash equivalents	1,278	2,194	-	-
Investments	46,525	41,130	-	-
Trade and other receivables	2,106	2,496	237	87
Total	49,909	45,820	237	87

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	180	25	16	16	237
Total	180	25	16	16	237

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	69	9	9	-	87
Total	69	9	9	-	87

14E Liquidity risk

Liquidity risk is managed by continuously monitoring the forecast and actual cashflows associated with the financial assets and liabilities of the Museum.

The following tables illustrates the maturities for financial liabilities

	On demand 2008 \$'000	within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Supplier payables	2,774	-	-	-	2,774
Total	2,774	-	-	-	2,774

	On demand 2007 \$'000	within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Supplier payables	1,723	-	-	-	1,723
Total	1,723	-	-	-	1,723

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

14F Market risk

The table below details the interest rate sensitivity analysis of the Museum at the reporting date holding other variables constant. A 50 basis point change is deemed to be possible change and is used when reporting interest risk.

	Risk variable	Change in risk variable	Effect on		Effect on	
			Profit and Loss	Equity	Profit and Loss	Equity
			2008	2008	2007	2007
		%	\$'000	\$'000	\$'000	\$'000
Interest rate risk	Interest	0.50	233	233	206	206

The method used to arrive at the possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate.

Note 15: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs		Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	-
Appropriation Act:				
Appropriation Act (No.1) 2007-08	40,952	40,026	40,952	40,026
Appropriation Act (No.3) 2007-08	-	-	-	-
Appropriation Act (No.5) 2007-08	-	-	-	-
Reductions of appropriations (Appropriation Act section 9)	(188)	-	(188)	-
Administered appropriation lapsed (Appropriation Act section 8)	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-
Comcover receipts (Appropriation Act section 12)	-	-	-	-
Refunds credited	-	-	-	-
Appropriations to take account of recoverable GST	-	-	-	-
Annotations to 'net appropriations'	-	-	-	-
Adjustment of appropriations on change of entity function	-	-	-	-
Total appropriation available for payments	40,764	40,026	40,764	40,026
Cash payments made during the year (GST inclusive)	40,764	40,026	40,764	40,026
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations				
Represented by				
Cash at bank and on hand	-	-	-	-
Departmental appropriations receivable	-	-	-	-
Undrawn, unexpired administered appropriations	-	-	-	-
Total	-	-	-	-

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Operating				Non – operating								Total	
	Outcome 1				Equity		Loans		Previous Years'		Admin assets and			
	SPPs		NAE		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act:														
Appropriation Act (No.2) 2007-08	-	-	-	-	5,159	3,493	-	-	-	-	-	-	5,159	3,493
Appropriation Act (No.4) 2007-08	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act (No.6) 2007-08	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reductions of appropriations (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 7 & 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:														
Refunds credited (FMA section 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA section 30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA section 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	-	-	5,159	3,493	-	-	-	-	-	-	5,159	3,493
Cash payments made during the year (GST inclusive)	-	-	-	-	5,159	3,493	-	-	-	-	-	-	5,159	3,493
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Represented by:														
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unexpired administered appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Note 16: Compensation and Debt Relief

No waivers of amounts owing to the Museum were made during the reporting period (2007: nil).

Note 17: Assets Held in the National Museum of Australia Fund

	2008	2007
	\$'000	\$'000
Purpose - the Fund, set up under section 34 of the <i>National Museum of Australia Act 1980</i> , 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	93	14
Interest received	-	-
Available for payments	93	14
Payments made	(93)	(14)
Balance carried forward to next year held by the National Museum	<u>-</u>	<u>-</u>

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

Note 18: Reporting of Outcomes

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

Note 18A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Expenses				
Administered	-	-	-	-
Departmental	47,979	47,081	47,979	47,081
Total expenses	47,979	47,081	47,979	47,081
Costs recovered from provision of goods and services to the non government sector				
Administered	-	-	-	-
Departmental	2,611	2,633	2,611	2,633
Total costs recovered	2,611	2,633	2,611	2,633
Other external revenues				
Administered	-	-	-	-
Departmental				
Interest	3,481	2,768	3,481	2,768
Donations and bequests	570	4,698	570	4,698
Other	724	606	724	606
Total other external revenues	4,775	8,072	4,775	8,072
Net cost/(contribution) of outcome	40,593	36,376	40,593	36,376

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Note 18B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)

	Output 1.1		Output 1.2		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses						
Employees	3,610	3,446	16,470	15,533	20,080	18,979
Suppliers	2,801	2,954	16,855	16,770	19,656	19,724
Grants	-	-	366	518	366	518
Net loss from assets disposed	-	-	153	-	153	-
Depreciation and amortisation	1,217	1,165	6,473	6,621	7,690	7,786
Write down of assets	-	-	34	74	34	74
Total departmental expenses	7,628	7,565	40,351	39,516	47,979	47,081
Funded by:						
Revenues from Government	9,003	8,826	31,761	31,200	40,764	40,026
Sale of goods and services			2,611	2,633	2,611	2,633
Interest	769	445	2,712	2,323	3,481	2,768
Other non-taxation revenues	475	4,684	819	620	1,294	5,304
Net gain from disposal of assets	-	-	-	-	-	-
Total departmental revenues	10,247	13,955	37,904	36,776	48,150	50,731

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.



Garden of Australian Dreams, National Museum of Australia.