

Part four: Audited financial statements



Guests gather in the Hall for the official opening of the *Water: H₂O=Life* exhibition in December 2009.





INDEPENDENT AUDITOR'S REPORT

To the Minister for Environment Protection, Heritage and the Arts

Scope

I have audited the accompanying financial statements of the National Museum of Australia for the year ended 30 June 2010, which comprise: a Statement by the Council, Director and Chief Finance Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Council Members' Responsibility for the Financial Statements

The Council Members 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*, including the Australian Accounting Standards (which include 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. I have conducted my audit 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 National Museum of Australia'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 National Museum of Australia'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 I 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*, including the Australian Accounting Standards; 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 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr
A/Executive Director
Delegate of the Auditor-General
Canberra
30 July 2010

National Museum of Australia**STATEMENT BY THE COUNCIL, DIRECTOR AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2010 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*, as amended.

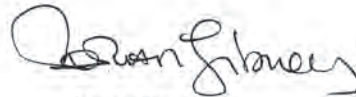
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Museum will be able to pay its debts as and when they become due and payable.

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



Daniel Gilbert AM
Chair of Council

30 July 2010



Marian Gibney
Council Member

30 July 2010



Andrew Sayers AM
Director

30 July 2010



Kylie Noonan CPA
Chief Finance Officer

30 July 2010

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
EXPENSES			
Employee benefits	<u>3A</u>	21,531	19,656
Supplier expenses	<u>3B</u>	20,568	19,877
Other expenses	<u>3C</u>	388	503
Depreciation and amortisation	<u>3D</u>	6,919	7,639
Write-down and impairment of assets	<u>3E</u>	183	97
Losses from asset sales	<u>3F</u>	1	3
Total expenses		<u>49,590</u>	<u>47,775</u>
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	<u>4A</u>	2,332	2,853
Interest	<u>4B</u>	2,663	3,770
Other	<u>4C</u>	2,167	881
Total own-source revenue		<u>7,162</u>	<u>7,504</u>
Net cost of services		<u>42,428</u>	<u>40,271</u>
Revenue from Government	<u>4D</u>	40,182	40,275
Surplus (Deficit) attributable to the Australian Government		<u>(2,246)</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		6,700	3,368
Total other comprehensive income		<u>6,700</u>	<u>3,368</u>
Total comprehensive income		<u>4,454</u>	<u>3,372</u>
Total comprehensive income attributable to the Australian Government		<u>4,454</u>	<u>3,372</u>

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

NATIONAL MUSEUM OF AUSTRALIA
BALANCE SHEET
as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	2,246	1,488
Trade and other receivables	5B	1,698	1,763
Other investments	5C	45,777	47,208
Total financial assets		49,721	50,459
Non-Financial Assets			
Land and buildings	6A	93,376	94,240
Infrastructure, plant and equipment	6B,C	259,967	251,182
Intangibles	6D,E	2,044	2,236
Inventories	6F	400	519
Other	6G	1,143	1,423
Total non-financial assets		356,930	349,600
Total Assets		406,651	400,059
LIABILITIES			
Payables			
Suppliers	7A	2,125	2,199
Other	7B	1,724	1,840
Total payables		3,849	4,039
Provisions			
Employee provisions	8A	5,452	4,987
Total provisions		5,452	4,987
Total Liabilities		9,301	9,026
Net Assets		397,350	391,033
EQUITY			
Contributed equity		15,696	13,833
Reserves		116,504	109,804
Retained surplus		265,150	267,396
Total Equity		397,350	391,033

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

NATIONAL MUSEUM OF AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2010

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	267,396	267,392	109,804	106,436	13,833	12,744	391,033	386,572
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	267,396	267,392	109,804	106,436	13,833	12,744	391,033	386,572
Comprehensive income								
Other comprehensive income	-	-	6,700	3,368	-	-	6,700	3,368
Surplus (Deficit) for the period	(2,246)	4	-	-	-	-	(2,246)	4
Total comprehensive income	(2,246)	4	6,700	3,368	-	-	4,454	3,372
of which:								
Attributable to the Australian Government	(2,246)	4	6,700	3,368	-	-	4,454	3,372
Transactions with owners								
<i>Contributions by owners</i>					1,863	1,089	1,863	1,089
Equity injection	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	1,863	1,089	1,863	1,089
Closing balance as at 30 June attributable to the Australian Government	265,150	267,396	116,504	109,804	15,696	13,833	397,350	391,033

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 2010

	Notes	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		1,812	4,541
Receipts from Government		40,182	40,275
Interest		2,719	4,391
Net GST received		2,167	2,668
Other		662	814
Total cash received		47,542	52,689
Cash used			
Employees		(20,910)	(19,267)
Suppliers		(22,525)	(22,718)
Other		(388)	(503)
Total cash used		(43,823)	(42,488)
Net cash from (used by) operating activities	9	3,719	10,201
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment		4	15
Investments		36,008	52,638
Total cash received		36,012	52,653
Cash used			
Purchase of infrastructure, plant and equipment		(4,435)	(6,342)
Purchase of heritage and cultural items		(2,206)	(3,851)
Purchase of intangibles		(297)	(219)
Investments		(33,898)	(53,321)
Total cash used		(40,836)	(63,733)
Net cash from (used by) investing activities		(4,824)	(11,080)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		1,863	1,089
Total cash received		1,863	1,089
Cash used			
Other		-	-
Total cash used		-	-
Net cash from (used by) financing activities		1,863	1,089
Net increase in cash held		758	210
Cash and cash equivalents at the beginning of the reporting period		1,488	1,278
Cash and cash equivalents at the end of the reporting period	5A	2,246	1,488

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

NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF COMMITMENTS
as at 30 June 2010

BY TYPE	2010	2009
	\$'000	\$'000
Commitments receivable		
GST recoverable on commitments	(1,178)	(1,279)
Other receivables	(392)	(514)
Total commitments receivable	<u>(1,570)</u>	<u>(1,793)</u>
Commitments payable		
Capital commitments		
Infrastructure, plant and equipment	728	2,187
Intangibles	-	66
Total capital commitments	<u>728</u>	<u>2,253</u>
Other commitments		
Operating leases	6,846	3,532
Other	5,772	8,800
Total other commitments	<u>12,618</u>	<u>12,332</u>
Net commitments by type	<u>11,776</u>	<u>12,792</u>
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	(961)	(999)
From one to five years	(609)	(794)
Total other commitments receivable	<u>(1,570)</u>	<u>(1,793)</u>
Commitments payable		
Capital commitments		
One year or less	640	2,060
From one to five years	88	193
Total capital commitments	<u>728</u>	<u>2,253</u>
Operating lease commitments		
One year or less	1,952	969
From one to five years	4,894	2,563
Total operating lease commitments	<u>6,846</u>	<u>3,532</u>
Other commitments		
One year or less	4,054	4,779
From one to five years	1,718	4,021
Total other commitments	<u>5,772</u>	<u>8,800</u>
Net Commitments by maturity	<u>11,776</u>	<u>12,792</u>

NB: Commitments are GST inclusive where relevant.

The nature of capital commitments are contracts for acquisition of plant and equipment and future exhibitions.

The nature of other commitments are expenditure for service contracts and operating leases for motor vehicles, accommodation, warehouses.

The Museum enters into commitments as a lessee for motor vehicles, office accommodation and warehouses. Office accommodation and warehouses are subject to annual increases in according with upwards movements in the Consumer Price Index. Leases may be renewed for up to five years at the Museum's option, following a once-off adjustment of rentals to current market levels. There are no renewal or purchase options available to the Museum for motor vehicle leases. There are no contingent rentals for motor vehicles.

**NATIONAL MUSEUM OF AUSTRALIA
SCHEDULE OF ASSET ADDITIONS**

for the period ended 30 June 2010

The following non-financial non-current assets were added in 2009-10:

	Buildings	Heritage & cultural	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
By purchase - Government funding	307	2,224	4,584	298	7,413
Assets received as gifts/donations	-	538	-	-	538
Total additions	307	2,762	4,584	298	7,951

The following non-financial non-current assets were added in 2008-09:

	Buildings	Heritage & cultural	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
By purchase - Government funding	108	3,851	6,188	219	10,366
Assets received as gifts/donations	-	141	-	-	141
Total additions	108	3,992	6,188	219	10,507

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements
for the period ended 30 June 2010

Note 1:	Summary of Significant Accounting Policies
Note 2:	Events After the Reporting Period
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NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

1.1 Objective of the National Museum of Australia

The National Museum of Australia is an Australian Government controlled entity. The objective of the National Museum of Australia is to promote an understanding of Australia's history and an awareness of future possibilities by:

- developing, preserving and exhibiting a significant collection;
- taking a leadership role in research and scholarship;
- engaging and providing access for audiences nationally and internationally; and
- delivering innovative programs.

The National Museum of Australia is structured to meet a single outcome:

Outcome 1: Increased awareness and understanding of Australia's history and culture by managing the National Museum's collections and providing access through public programs and exhibitions.

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 funding by Parliament for the National Museum of Australia's administration and programs.

1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets and liabilities 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 statements are 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 FMO, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required 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 or the schedule of contingencies.

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

1.3 Significant Accounting Judgements and Estimates

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

- The fair value of land has been taken to be the market value as determined by an independent valuer.
- The fair value of 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 heritage and cultural assets has been taken to be the market value of similar heritage and cultural assets as determined by an independent valuer. In some instances, the sale of the heritage and cultural assets may in fact 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**

1.4 New Australian Accounting Standards**Adoption of New Australian Accounting Standard Requirements**

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new standards, revised or amended standards or interpretations that were issued prior to the signing of the statement by the directors, chief executive and chief financial officer, that are applicable to the current reporting period, none had a material financial impact on the Museum.

Future Australian Accounting Standard Requirements

Of the new standards, revised or amended standards or interpretations issued by the Australian Accounting Standards Board prior to the signing of the statement by the directors, chief executive and chief financial officer, none are expected to have a material financial impact on future reporting periods of the Museum, when effective.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the authority retains no managerial involvement or 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 associated 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 account. Collectability of debts is reviewed as at end of reporting period. Allowances 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 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.

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

Revenue from Government

Funding received or receivable from Department of the Environment, Water, Heritage and the Arts (appropriated to DEWHA as a CAC Act body payment item for payment to the National Museum of Australia) is recognised as Revenue from Government unless they are in the nature of an equity injection or a loan.

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

1.6 Gains**Sale of Assets**

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner**Equity Injections**

Amounts that are designated as equity injections for a year are recognised directly in contributed equity in that year.

1.8 Employee Benefits

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of the end of reporting period 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.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

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 National Museum of Australia is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the National Museum of Australia'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 in accordance with the shorthand method detailed in Division 43 of the Finance Minister's Orders. 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.

Superannuation

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

The CSS and PSS are defined benefit schemes for the Australian Government. All other superannuation schemes are defined contribution schemes.

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 National Museum of Australia accounts for the contributions as if they were contributions to defined contribution plans.

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

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

1.9 Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. The National Museum of Australia has no finance leases.

1.10 Cash

Cash and cash equivalents includes cash on hand and demand 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; and
- 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 that are recognised 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 group 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.

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'. 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 end of each reporting periods.

- *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 statement of comprehensive income.

NATIONAL MUSEUM OF AUSTRALIA**Notes to and forming part of the financial statements**

1.12 Financial Liabilities

Financial liabilities are classified as other financial liabilities.

Financial liabilities are recognised and derecognised upon trade date.

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 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.

The National Museum of Australia had no quantifiable, unquantifiable or significant remote contingencies in 2009-10 and 2008-09.

1.14 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 income 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's accounts immediately prior to the restructuring.

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

1.15 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 or are heritage and cultural assets).

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 price
Buildings	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price
Heritage and cultural assets	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent 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 in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/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 National Museum of Australia 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:

	2010	2009
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
Heritage and cultural assets	50 to 5,000 years	50 to 5,000 years

The National Museum of Australia has items of property, plant and equipment, that are heritage and cultural assets, that have limited useful lives and are depreciated.

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Impairment

All assets were assessed for impairment at 30 June 2010. 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 National Museum of Australia were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.16 Intangibles

The National Museum of Australia's intangibles comprise internally developed multimedia and purchased computer software. There is no software developed 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 National Museum of Australia's software are 4 to 8 years (2008-09: 4 to 15 years).

All software assets were assessed for indications of impairment as at 30 June 2010.

1.17 Inventories

Inventories held for sale 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:

- finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

1.18 Taxation / Competitive Neutrality

The National Museum of Australia 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
- for receivables and payables.

Note 2: Events After the Reporting Period

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**

	2010	2009
	\$'000	\$'000

Note 3: Expenses**Note 3A: Employee Benefits**

Wages and salaries	16,106	14,547
Superannuation:		
Defined contribution plans	853	669
Defined benefit plans	2,026	2,052
Leave and other entitlements	2,028	1,917
Other employee benefits	518	471
Total employee benefits	21,531	19,656

Note 3B: Suppliers**Goods and services**

Travel	716	736
Information technology and communications	2,367	2,479
Property services	6,235	5,925
Staff support costs	767	718
Professional services	2,347	1,222
Collections	281	199
Exhibitions	2,364	2,728
Advertising & promotions	935	861
Cost of goods sold	680	940
Other	1,554	2,115
Total goods and services	18,246	17,923

Goods and services are made up of:

Provision of goods – related entities	-	-
Provision of goods – external parties	3,267	3,257
Rendering of services – related entities	2,205	2,138
Rendering of services – external parties	12,774	12,528
Total goods and services	18,246	17,923

Other supplier expenses

Operating lease rentals – external parties:

Minimum lease payments	1,589	954
Contingent rentals	262	723
Workers compensation expenses	471	277
Total other supplier expenses	2,322	1,954
Total supplier expenses	20,568	19,877

Note 3C: Other Expenses

The Museum provides subsidies to support research in Australian history and cultures

Subsidies	388	503
Total other expenses	388	503

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

	2010	2009
	\$'000	\$'000
Note 3D: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	5,242	5,701
Buildings	1,186	1,187
Total depreciation	6,428	6,888
Amortisation:		
Intangibles:		
Computer software	353	693
Other intangibles	138	58
Total amortisation	491	751
Total depreciation and amortisation	6,919	7,639

Note 3E: Write-Down and Impairment of Assets

Asset write-downs and impairments from:

Impairment on financial instruments	5	8
Infrastructure, plant and equipment write off	-	47
Inventory write off	178	42
Total write-down and impairment of assets	183	97

Note 3F: Losses from Asset Sales

Infrastructure, plant and equipment:

Proceeds from sale	(4)	(16)
Carrying value of assets sold	5	19
Total losses from asset sales	1	3

Note 3G: Operating Expenditure for Heritage and Cultural Assets†

Operating expenditure	5,454	5,140
Total	5,454	5,140

† Operating expenditure is contained in the statement of comprehensive income; however, it is not disclosed as a separate line item. It is merely a representation of expenditure relating to heritage and cultural assets.

Note 4: Income

REVENUE

Note 4A: Sale of Goods and Rendering of Services

Provision of goods - related entities	-	-
Provision of goods - external parties	1,254	1,671
Rendering of services - related entities	-	-
Rendering of services - external parties	1,078	1,182
Total sale of goods and rendering of services	2,332	2,853

Note 4B: Interest

Deposits	2,663	3,770
Total interest	2,663	3,770

Note 4C: Other Revenue

Donated assets	538	141
Donations and bequests	26	1
Sponsorship and grants	1,603	739
Total other revenue	2,167	881

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

	2010	2009
	\$'000	\$'000
Note 4D: Revenue from Government		
Department of Environment, Water, Heritage and the Arts:		
CAC Act body payment item	40,182	40,275
Total revenue from Government	40,182	40,275

Note 5: Financial Assets

Note 5A: Cash and Cash Equivalents

Cash on hand or on deposit	2,246	1,488
Total cash and cash equivalents	2,246	1,488

Note 5B: Trade and Other Receivables

Good and Services:

Goods and services - related entities	-	-
Goods and services - external parties	368	160
Total receivables for goods and services	368	160

Other receivables:

GST receivable from the Australian Taxation Office	392	236
Accrued Revenue	733	1,367
Other	205	-
Total other receivables	1,330	1,603
Total trade and other receivables (gross)	1,698	1,763

Less impairment allowance account:

Goods and services	-	-
Total impairment allowance account	-	-
Total trade and other receivables (net)	1,698	1,763

Receivables are expected to be recovered in:

No more than 12 months	1,698	1,763
More than 12 months	-	-
Total trade and other receivables (net)	1,698	1,763

Receivables are aged as follows:

Not overdue	1,553	1,708
Overdue by:		
0 to 30 days	120	35
31 to 60 days	11	10
61 to 90 days	14	10
More than 90 days	-	-
Total receivables (gross)	1,698	1,763

Note 5C: Other Investments

Deposits	45,777	47,208
Total other investments	45,777	47,208

Total other investments are expected to be recovered in:

No more than 12 months	45,777	47,208
More than 12 months	-	-
Total other investments	45,777	47,208

Investments are with the Museum's bankers and earn effective rates of interest of 5.90%, 6.00%, 6.30%, 6.35%, 6.37%, and 6.47% (2008-09 4.00%, 4.10%, 4.15%, 4.25%, 4.47%, and 7.70%) payable at the end of the term.

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

	2010
	\$'000
Note 6: Non-Financial Assets	
Note 6A: Land and Buildings	
Land at fair value	6,141
Buildings on freehold land:	
Fair value	85,254
Accumulated depreciation	-
Total buildings on freehold land	91,395
Leasehold improvements:	
Fair value	2,227
Accumulated depreciation	(246)
Total leasehold improvements	1,981
Total land and buildings	93,376

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2009, an independent valuer conducted the revaluations for land and buildings assets. All other assets were revalued by an independent valuer on 30 June 2009 and assessed for fair value by management on 30 June 2009.

Revaluation of \$nil for land (2009: increment of \$1,741,000), increments of \$15,241 for buildings and land (2009: decrement of \$127,980) and \$nil for leasehold improvements (2009: increment of \$107,000) credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no increments/decrements were expensed (2009: \$nil expensed).

Note 6B: Infrastructure, Plant and Equipment

Heritage and cultural:	
Gross carrying value (at fair value)	219,855
Accumulated depreciation	-
Total heritage and cultural	219,855
Other infrastructure, plant and equipment:	
Fair value	40,708
Accumulated depreciation	(4,122)
Work in progress	3,526
Total other infrastructure, plant and equipment	40,112
Total infrastructure, plant and equipment	259,967

There is no plant and equipment under finance leases.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2009, an independent valuer conducted the revaluations for heritage and cultural assets. All other assets were revalued by an independent valuer on 30 June 2009 and assessed for fair value by management on 30 June 2009.

Revaluation of \$nil for plant and equipment (2009: increment of \$1,647,827) and \$6,684,486 for heritage and cultural assets (2009: \$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 (2009: \$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: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2009-10)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage & cultural \$'000	Other infrastructure, plant & equipment \$'000	Total \$'000
As at 1 July 2009						
Gross book value	6,141	88,099	94,240	212,254	39,851	346,345
Accumulated depreciation/amortisation and impairment	-	-	-	(923)	-	(923)
Net book value 1 July 2009	6,141	88,099	94,240	211,331	39,851	345,422
Additions:						
By purchase	-	307	307	2,224	4,584	7,115
By donation/gift	-	-	-	538	-	538
Revaluations and impairments recognised in other comprehensive income	-	15	15	6,685	-	6,700
Depreciation/amortisation expense	-	(1,186)	(1,186)	(923)	(4,319)	(6,428)
Disposals:						
Gross book value	-	-	-	-	(202)	(202)
Accumulated depreciation/amortisation	-	-	-	-	198	198
Net book value 30 June 2010	6,141	87,235	93,376	219,855	40,112	353,343
Net book value as of 30 June 2010 represented by:						
Gross book value	6,141	87,481	93,622	219,855	44,234	357,711
Accumulated depreciation/amortisation	-	(246)	(246)	-	(4,122)	(4,368)
Accumulated impairment losses	-	-	-	-	-	-
	6,141	87,235	93,376	219,855	40,112	353,343

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2008-09)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage & cultural plant & equipment \$'000	Other infrastructure, plant & equipment \$'000	Total \$'000
As at 1 July 2008						
Gross book value	4,400	89,651	94,051	208,262	54,337	356,650
Accumulated depreciation/amortisation and impairment	-	(454)	(454)	-	(17,524)	(17,978)
Net book value 1 July 2008	4,400	89,197	93,597	208,262	36,813	338,672
Additions:						
By purchase	-	108	108	3,851	6,188	10,147
By donation/gift	-	-	-	141	-	141
Revaluations and impairments recognised in other comprehensive income	1,741	(19)	1,722	-	1,646	3,368
Depreciation/amortisation expense	-	(1,187)	(1,187)	(923)	(4,778)	(6,888)
Disposals:						
Gross value	-	-	-	-	(196)	(196)
Accumulated depreciation/amortisation	-	-	-	-	178	178
Net book value 30 June 2009	6,141	88,099	94,240	211,331	39,851	345,422
Net book value as of 30 June 2009 represented by:						
Gross book value	6,141	88,099	94,240	212,254	39,851	346,345
Accumulated depreciation/amortisation	-	-	-	(923)	-	(923)
Accumulated impairment losses	-	-	-	-	-	-
	6,141	88,099	94,240	211,331	39,851	345,422

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

	2010 \$'000	2009 \$'000
Note 6D: Intangibles		
Computer software:		
Purchased	9,662	9,378
Total computer software (gross)	9,662	9,378
Accumulated amortisation	(9,006)	(8,653)
Accumulated impairment losses	-	-
Total computer software (net)	656	725
Other intangibles at cost:		
Multimedia presentations – in use	1,583	1,569
Total other intangibles (gross)	1,583	1,569
Accumulated amortisation	(195)	(58)
Accumulated impairment losses	-	-
Total other intangibles (net)	1,388	1,511
Total intangibles	2,044	2,236

No indicators of impairment were found for intangible assets.

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2009-10)

	Computer software purchased \$'000	Other intangibles internally developed \$'000	Total \$'000
As at 1 July 2009			
Gross book value	9,377	1,569	10,946
Accumulated depreciation/amortisation and impairment	(8,652)	(58)	(8,710)
Net book value 1 July 2009	725	1,511	2,236
Additions:			
By purchase	285	14	299
Amortisation	(354)	(137)	(491)
Net book value 30 June 2010	656	1,388	2,044
Net book value as of 30 June 2010 represented by:			
Gross book value	9,662	1,583	11,245
Accumulated depreciation/amortisation and impairment	(9,006)	(195)	(9,201)
Accumulated impairment losses	-	-	-
	656	1,388	2,044

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles (2008-09)

	Computer software purchased \$'000	Other intangibles internally developed \$'000	Total \$'000
As at 1 July 2008			
Gross book value	9,260	1,467	10,727
Accumulated depreciation/amortisation and impairment	(7,959)	-	(7,959)
Net book value 1 July 2008	1,301	1,467	2,768
Additions:			
By purchase	117	102	219
Amortisation	(693)	(58)	(751)
Net book value 30 June 2009	725	1,511	2,236

Net book value as of 30 June 2009 represented by:

Gross book value	9,377	1,569	10,946
Accumulated depreciation/amortisation and impairment	(8,652)	(58)	(8,710)
Accumulated impairment losses	-	-	-
	725	1,511	2,236

2010 2009
\$'000 \$'000

Note 6F: Inventories

Inventories held for sale:

Work in progress	32	34
Finished goods	368	485
Total inventories held for sale	400	519
Inventories held for distribution	-	-
Total inventories	400	519

During 2009-10, \$177,682 of inventory held for sale was recognised as an expense (2008-09: \$42,227).

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

All inventory is expected to be sold or distributed in the next 12 months.

Note 6G: Other Non-Financial Assets

Prepayments	774	904
Prepaid leasehold contribution	369	519
Total other non-financial assets	1,143	1,423

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

Total other non-financial assets - are expected to be recovered in:

No more than 12 months	924	1,054
More than 12 months	219	369
Total other non-financial assets	1,143	1,423

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

	2010	2009
	\$'000	\$'000

Note 7: Payables

Note 7A: Suppliers

Trade creditors	1,738	1,595
Accrued expenses	387	604
Total supplier payables	2,125	2,199

Supplier payables expected to be settled within 12 months:

Related entities	52	89
External parties	2,073	2,110
Total	2,125	2,199

Total supplier payables

2,125	2,199
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Settlement is usually made within 30 days.

Note 7B: Other Payables

Salaries and wages	386	257
Superannuation	71	43
Unearned Revenue	1,233	1,540
Leases	34	-
Total other payables	1,724	1,840

Total other payables are expected to be settled in:

No more than 12 months	1,334	740
More than 12 months	390	1,100
Total other payables	1,724	1,840

Note 8: Provisions

Note 8A: Employee Provisions

Leave	5,452	4,987
Total employee provisions	5,452	4,987

Employee provisions are expected to be settled in:

No more than 12 months	1,466	1,863
More than 12 months	3,986	3,124
Total employee provisions	5,452	4,987

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Note 9: Cash Flow Reconciliation

	2010 \$'000	2009 \$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	2,246	1,488
Balance sheet	2,246	1,488
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(42,428)	(40,271)
Add revenue from Government	40,182	40,275
Adjustments for non-cash items		
Depreciation / amortisation	6,919	7,639
Net write down of non-financial assets	183	97
Loss / (Gain) on disposal of assets	1	3
Resources received free of charge	(538)	(141)
Non Cash investment interest	(679)	-
Changes in assets / liabilities		
(Increase) / decrease in net receivables	60	955
(Increase) / decrease in inventories	(59)	(157)
(Increase) / decrease in other non-financial assets	280	571
Increase / (decrease) in employee provisions	465	451
Increase / (decrease) in supplier payables	(551)	(575)
Increase / (decrease) in other payables	(116)	1,354
Net cash from operating activities	<u>3,719</u>	<u>10,201</u>

NATIONAL MUSEUM OF AUSTRALIA
Notes to and forming part of the financial statements

Note 10: Council Members' Remuneration

	2010	2009
The number of Council members of the Museum included in these figures are shown below in the relevant remuneration bands:		
less than \$15,000	7	11
\$15,000 - \$29,999	5	-
\$30,000 - \$44,999	1	-
\$220,000 - \$234,999	1	-
\$295,000 - \$309,999	1	-
\$310,000 - \$324,999	-	-
\$325,000 - \$339,999	-	1
Total	15	12
Total remuneration received or due and receivable by Council members of the Museum.	\$ 695,993	\$ 434,254

Total remuneration includes remuneration for the Director of the Museum.

Note 11: Related Party Disclosures

Council Members of the Museum

The name of each person who has been a member of the Council during the year was: (duration of appointment in italics):

Chair

Mr D Gilbert AM *27 March 2009 to 26 March 2012*

Members

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*
Prof A Hull AO *12 December 2008 to 11 December 2011*
Mr J Morse AM *28 November 2008 to 27 November 2011*
Dr B Piscitelli AM *17 July 2008 to 16 July 2011*
Mr N Davie *7 September 2009 to 6 September 2012*
Prof R Frances *25 February 2010 to 24 February 2013*
Mr P Yu *25 February 2010 to 24 February 2013*
Mr D Jones *25 February 2010 to 24 February 2013*

Executive Members

Mr Craddock Morton *24 June 2004 to 23 June 2007 and 24 June 2007 to 26 March 2010*
Mr Mathew Trinca (acting) *27 March 2010 to 31 May 2010*
Mr Andrew Sayers *14 April 2010 to 13 April 2015*

Transactions with Council members or their related entities

The aggregate remuneration of Council members is disclosed in Note 10.

There were no other related party transactions, including loans to Council members or their related entities, during the year which would be required to be disclosed.

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Note 12: Executive Remuneration

Note 12A: Actual Remuneration Paid to Senior Executives

	2010	2009
The number of senior executives who received:		
less than \$145,000*	-	-
\$145,000 to \$159,999	-	-
\$160,000 to \$174,999	-	1
\$175,000 to \$189,999	1	1
\$190,000 to \$204,999	-	1
\$205,000 to \$219,999	1	-
\$220,000 to \$234,999	-	-
Total	<u>2</u>	<u>3</u>

* Excluding acting arrangements and part-year service.

Total expense recognised in relation to Senior Executive employment

	\$	\$
Short-term employee benefits:		
Salary (including annual leave taken)	244,612	349,226
Changes in leave provisions	14,918	24,157
Performance bonus	62,462	55,803
Other ¹	24,851	63,111
Total Short-term employee benefits	<u>346,843</u>	<u>492,297</u>
Superannuation (post-employment benefits)	48,588	50,583
Other long-term benefits	-	-
Total	<u>395,431</u>	<u>542,880</u>

During the year the entity paid \$Nil in termination benefits to senior executives (2009: \$Nil)

Notes

1. "Other" includes motor vehicle allowances and other allowances.

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Note 12B: Salary Packages for Senior Executives

Average annualised remuneration packages for substantive Senior Executives

	As at 30 June 2010			As at 30 June 2009		
	No. SES	Base salary (including annual leave)	Total remuneration package ¹	No. SES	Base salary (including annual leave)	Total remuneration package ¹
Total remuneration ² :		\$	\$			
less than \$145,000	-	-	-	-	-	-
\$145,000 to \$159,999	-	-	-	-	-	-
\$160,000 to \$174,999	2	131,311	170,501	2	124,080	168,715
\$175,000 to \$189,999	-	-	-	-	-	-
Total	2			2		

Notes

1. Non-Salary elements available to Senior Executives include:

- (a) Motor vehicle allowance
- (b) Superannuation

2. Senior Executives are eligible to be paid a performance bonus up to 15% of their base salary which have not been included above.

Note 13: Remuneration of Auditors

2010	2009
\$'000	\$'000

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

The fair value of the services provided was:

53,900	53,000
53,900	53,000

No other services were provided by the Auditor-General.

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

Note 14: Financial Instruments

	2010	2009
	\$'000	\$'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Held-to-maturity:		
Term deposits	45,777	47,208
Total	45,777	47,208
Loans and receivables:		
Cash and cash equivalents	2,246	1,488
Receivables for goods and services	368	160
Interest receivable	632	1,367
Other Receivables	205	-
Total	3,451	3,015
Carrying amount of financial assets	49,228	50,223
Financial Liabilities		
At amortised cost:		
Supplier payables	2,125	2,199
Total	2,125	2,199
Carrying amount of financial liabilities	2,125	2,199

Note 14B: Net Income and Expense from Financial Assets

Held-to-maturity		
Interest revenue	2,525	3,564
Net gain held-to-maturity	2,525	3,564
Loans and receivables		
Interest revenue	138	206
Net gain loans and receivables	138	206
Net gain from financial assets	2,663	3,770

The net income/expense from financial assets not at fair value from profit and loss is \$2,663,000 (2008-09 \$3,770,000).

Note 14C: Fair Value of Financial Instruments

The carrying amount of the financial instruments approximate their fair values.

Note 14D: Credit Risk

The National Museum of Australia is exposed to minimal credit risk as the majority of loans and receivables and held-to-maturity are cash deposits held with financial institutions. The maximum exposure to credit risk is the risk that arises from potential default of a trade debtor.

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

	2010	2009
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2,246	1,488
Investments	45,777	47,208
Trade and other receivables	1,205	1,527
Total	49,228	50,223

NATIONAL MUSEUM OF AUSTRALIA

Notes to and forming part of the financial statements

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

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	2,246	1,488	-	-
Investments	45,777	47,208	-	-
Trade and other receivables	1,060	1,472	145	55
Total	49,083	50,168	145	55

The National Museum of Australia has no significant exposures to any concentrations of credit risk and has policies and procedures which outline investment of surplus cash and debt recovery techniques.

The ageing of financial assets that are past due but not impaired is equal to the ageing of receivables and is stated in Note 5B.

Note 14E: Liquidity Risk

The National Museum of Australia's financial liabilities are trade creditors. The exposure to liquidity risk is based on the probability that the National Museum of Australia will encounter difficulty in meeting its obligations associated with financial liabilities. This risk is minimal due to government funding and continuous monitoring of cashflows.

Maturities for financial liabilities 2010

	On demand	within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supplier payables	2,125	-	-	-	-	2,125
Total	2,125	-	-	-	-	2,125

Maturities for financial liabilities 2009

	On demand	within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supplier payables	2,199	-	-	-	-	2,199
Total	2,199	-	-	-	-	2,199

The Museum has no derivative financial liabilities in both the current and prior year.

Note 14F: Market Risk

The table below details the interest rate sensitivity analysis of the Museum at the reporting date holding other variables constant. A 150 basis point change is deemed to be reasonably possible and is used when reporting interest risk.

Sensitivity analysis of the risk that the Museum is exposed to for 2010

Risk variable	Change in risk variable	Effect on		
		Profit and loss	Equity	
	%	\$'000	\$'000	
Interest rate risk	Interest	1.5	687	687

Sensitivity analysis of the risk that the Museum is exposed to for 2009

Risk variable	Change in risk variable	Effect on		
		Profit and loss	Equity	
	%	\$'000	\$'000	
Interest rate risk	Interest	0.75	354	354

The method used to arrive at the possible change of 150 basis points was based on cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances.

NATIONAL MUSEUM OF AUSTRALIA**Notes to and forming part of the financial statements****Note 15: Compensation and Debt Relief**

No waiver of amounts owing to the Museum were made during the reporting period. (2009: nil)

Note 16: 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.

	2010	2009
	\$'000	\$'000
Total amount held at the beginning of the reporting period	-	-
Receipts	86	10
Payments	(86)	(10)
Total amount held at the end of the reporting period	-	-

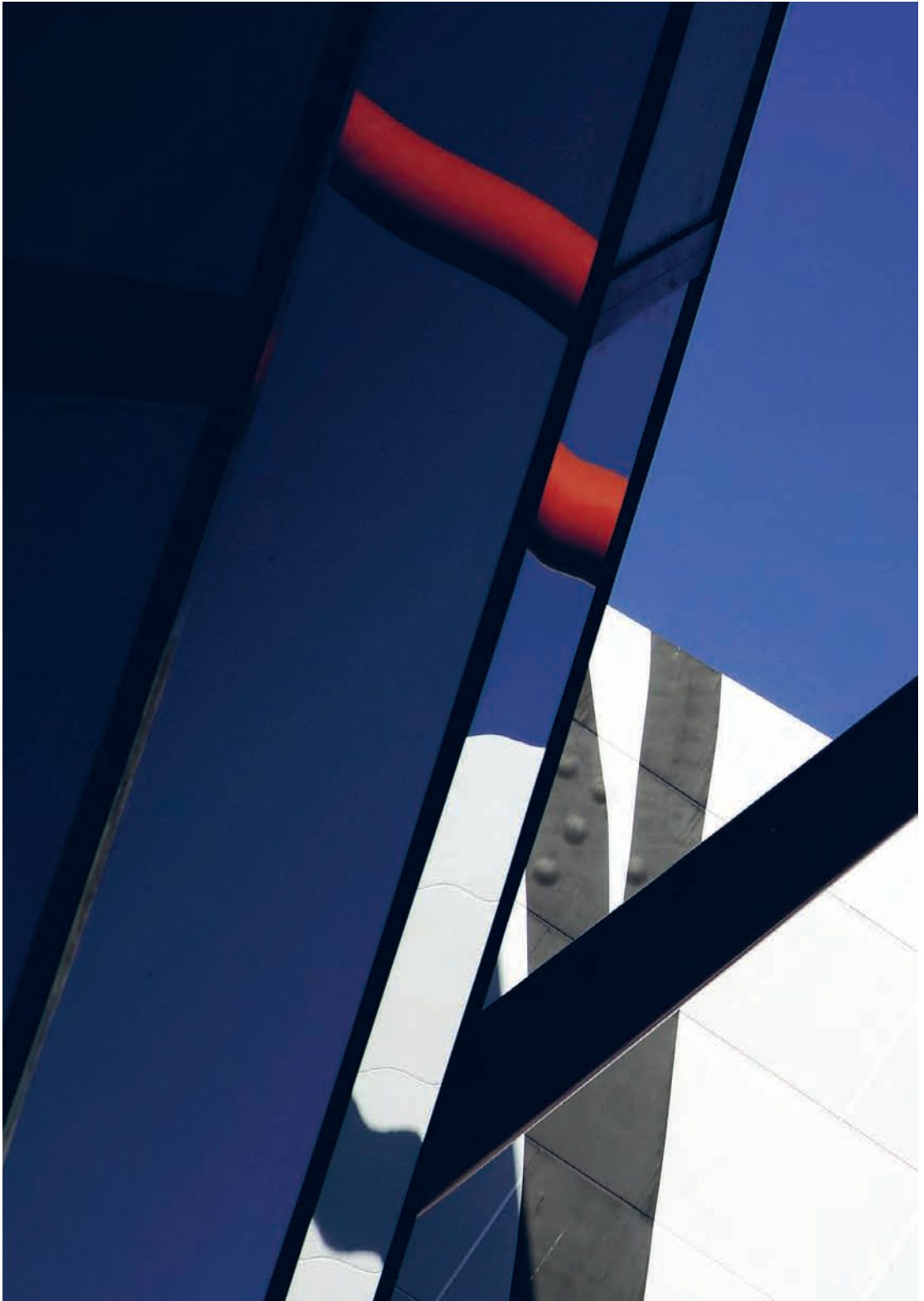
Note 17: Reporting of Outcomes

The Museum has a single Outcome which is reported in Note 1.1.

Net Cost of Outcome 1 Delivery

	Outcome	
	2010	2009
	\$'000	\$'000
Expenses	49,590	47,775
Income from non-government sector		
Other	6,260	7,472
Total	6,260	7,472
Other own-source income	902	32
Net cost/(contribution) of outcome delivery	42,428	40,271

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



An architectural detail of the exterior of the National Museum of Australia. PHOTO: Dean McNicoll