

## Part four: Audited financial statements



Museum Finance team members Susan Gale and Katie Wellham demonstrate their riding skills at the media launch of *Travelling the Silk Road*, 30 March 2012.







## INDEPENDENT AUDITOR'S REPORT

### To the Minister for the Arts

I have audited the accompanying financial statements of the National Museum of Australia for the year ended 30 June 2012, which comprise: a Statement by the Council Members, Director and Chief Finance Officer; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the financial statements including a Summary of Significant Accounting Policies and other explanatory information.

### Council Members' Responsibility for the Financial Statements

The Council Members of the National Museum of Australia are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 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 about 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 of the financial statements that give a true and fair view 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 the 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***

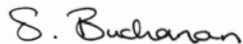
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***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 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Serena Buchanan  
Audit Principal

Delegate of the Auditor-General

Canberra  
10 August 2012

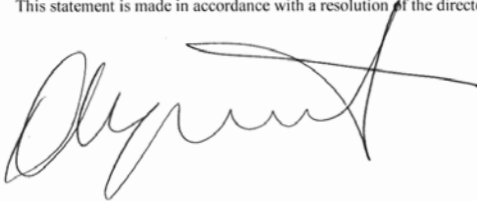
**National Museum of Australia**

**STATEMENT BY THE COUNCIL MEMBERS, DIRECTOR AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2012 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 National Museum of Australia 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 directors.



Daniel Gilbert AM  
Chair

10 August 2012



Andrew Sayers AM  
Director

10 August 2012



Kylie Noonan CPA  
Chief Finance Officer

10 August 2012

**Statement of Comprehensive Income for National Museum of Australia**  
*for the period ended 30 June 2012*

|   | Notes     | 2012<br>\$'000 | 2011<br>\$'000 |
|---|-----------|----------------|----------------|
| <b>EXPENSES</b>   |           |                |                |
| Employee benefits   | <u>3A</u> | 21,182         | 22,852         |
| Supplier  | <u>3B</u> | 18,828         | 18,863         |
| Depreciation and amortisation                             | <u>3C</u> | 7,327          | 6,491          |
| Write-down and impairment of assets                       | <u>3D</u> | 147            | 85             |
| Other expenses  | <u>3E</u> | 259            | 135            |
| Loss (gain) on sale of assets                             | <u>3F</u> | 182            | (1)            |
| <b>Total expenses</b>                                     |           | <u>47,925</u>  | <u>48,425</u>  |
| <b>LESS:</b>  |           |                |                |
| <b>OWN-SOURCE INCOME</b>                                  |           |                |                |
| <b>Own-source revenue</b>                                 |           |                |                |
| Sale of goods and rendering of services                   | <u>4A</u> | 2,562          | 3,114          |
| Interest  | <u>4B</u> | 2,883          | 3,083          |
| Other revenue   | <u>4C</u> | 452            | 924            |
| <b>Total own-source revenue</b>                           |           | <u>5,897</u>   | <u>7,121</u>   |
| <b>Gains</b>  |           |                |                |
| Donated assets  | <u>4D</u> | 961            | 872            |
| <b>Total gains</b>  |           | <u>961</u>     | <u>872</u>     |
| <b>Total own-source income</b>                            |           | <u>6,858</u>   | <u>7,993</u>   |
| <b>Net cost of services</b>                               |           | <u>41,067</u>  | <u>40,432</u>  |
| Revenue from Government                                   | <u>4E</u> | 40,280         | 40,144         |
| <b>Deficit attributable to the Australian Government</b>  |           | <u>(787)</u>   | <u>(288)</u>   |
| <b>OTHER COMPREHENSIVE INCOME</b>                         |           |                |                |
| Changes in asset revaluation surplus                      |           | <u>12,540</u>  | <u>17,874</u>  |
| <b>Total other comprehensive income before income tax</b> |           | <u>12,540</u>  | <u>17,874</u>  |
| <b>Total comprehensive income</b>                         |           | <u>11,753</u>  | <u>17,586</u>  |

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

**Balance Sheet for National Museum of Australia***as at 30 June 2012*

|                                     | Notes | 2012<br>\$'000 | 2011<br>\$'000 | 2010 <sup>1</sup><br>\$'000 |
|-------------------------------------|-------|----------------|----------------|-----------------------------|
| <b>ASSETS</b>                       |       |                |                |                             |
| <b>Financial assets</b>             |       |                |                |                             |
| Cash and cash equivalents           | 5A    | 2,235          | 2,177          | 2,246                       |
| Trade and other receivables         | 5B    | 1,522          | 1,832          | 1,699                       |
| Held-to-maturity investments        | 5C    | 40,000         | 40,923         | 45,777                      |
| <b>Total financial assets</b>       |       | <b>43,757</b>  | <b>44,932</b>  | <b>49,722</b>               |
| <b>Non-financial assets</b>         |       |                |                |                             |
| Land and buildings                  | 6A    | 99,044         | 100,507        | 93,376                      |
| Infrastructure, plant and equipment | 6B,C  | 295,563        | 276,733        | 259,968                     |
| Intangibles                         | 6D,E  | 2,294          | 2,136          | 2,042                       |
| Inventories                         | 6F    | 398            | 578            | 400                         |
| Other non-financial assets          | 6G    | 546            | 1,094          | 1,143                       |
| <b>Total non-financial assets</b>   |       | <b>397,845</b> | <b>381,048</b> | <b>356,929</b>              |
| <b>Total assets</b>                 |       | <b>441,602</b> | <b>425,980</b> | <b>406,651</b>              |
| <b>LIABILITIES</b>                  |       |                |                |                             |
| <b>Payables</b>                     |       |                |                |                             |
| Suppliers                           | 7A    | 3,370          | 1,935          | 2,160                       |
| Other payables                      | 7B    | 647            | 525            | 459                         |
| <b>Total payables</b>               |       | <b>4,017</b>   | <b>2,460</b>   | <b>2,619</b>                |
| <b>Provisions</b>                   |       |                |                |                             |
| Employee provisions                 | 8A    | 5,854          | 5,466          | 5,452                       |
| <b>Total provisions</b>             |       | <b>5,854</b>   | <b>5,466</b>   | <b>5,452</b>                |
| <b>Total liabilities</b>            |       | <b>9,871</b>   | <b>7,926</b>   | <b>8,071</b>                |
| <b>Net assets</b>                   |       | <b>431,731</b> | <b>418,054</b> | <b>398,580</b>              |
| <b>EQUITY</b>                       |       |                |                |                             |
| Contributed equity                  |       | 19,507         | 17,583         | 15,696                      |
| Reserves                            |       | 146,919        | 134,379        | 116,505                     |
| Retained surplus                    |       | 265,305        | 266,092        | 266,379                     |
| <b>Total equity</b>                 |       | <b>431,731</b> | <b>418,054</b> | <b>398,580</b>              |

<sup>1</sup> See note 1.20 for details

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

**Statement of Changes in Equity for National Museum of Australia  
for the period ended 30 June 2012**

|  | Retained earnings |                | Asset revaluation surplus |                | Contributed equity/capital |               | Total equity   |                |
|--|-------------------|----------------|---------------------------|----------------|----------------------------|---------------|----------------|----------------|
|  | 2012              | 2011           | 2012                      | 2011           | 2012                       | 2011          | 2012           | 2011           |
|  | \$'000            | \$'000         | \$'000                    | \$'000         | \$'000                     | \$'000        | \$'000         | \$'000         |
| <b>Opening balance</b>                       |                   |                |                           |                |                            |               |                |                |
| Balance carried forward from previous period | 266,092           | 265,149        | 134,379                   | 116,505        | 17,583                     | 15,696        | 418,054        | 397,350        |
| Prior year adjustment <sup>1</sup>           |                   | 1,231          |                           |                |                            |               |                | 1,231          |
| <b>Adjusted opening balance</b>              | <b>266,092</b>    | <b>266,380</b> | <b>134,379</b>            | <b>116,505</b> | <b>17,583</b>              | <b>15,696</b> | <b>418,054</b> | <b>398,581</b> |
| <b>Comprehensive income</b>                  |                   |                |                           |                |                            |               |                |                |
| Other comprehensive income                   | -                 | -              | 12,540                    | 17,874         | -                          | -             | 12,540         | 17,874         |
| Surplus (Deficit) for the period             | (787)             | (288)          |                           |                |                            |               | (787)          | (288)          |
| <b>Total comprehensive income</b>            | <b>(787)</b>      | <b>(288)</b>   | <b>12,540</b>             | <b>17,874</b>  | <b>-</b>                   | <b>-</b>      | <b>11,753</b>  | <b>17,586</b>  |
| <b>Transactions with owners</b>              |                   |                |                           |                |                            |               |                |                |
| Contributions by owners                      | -                 | -              | -                         | -              | 1,924                      | 1,887         | 1,924          | 1,887          |
| Equity injection                             | -                 | -              | -                         | -              | -                          | -             | -              | -              |
| <b>Sub-total transactions with owners</b>    | <b>-</b>          | <b>-</b>       | <b>-</b>                  | <b>-</b>       | <b>1,924</b>               | <b>1,887</b>  | <b>1,924</b>   | <b>1,887</b>   |
| <b>Closing balance as at 30 June</b>         | <b>265,305</b>    | <b>266,092</b> | <b>146,919</b>            | <b>134,379</b> | <b>19,507</b>              | <b>17,583</b> | <b>431,731</b> | <b>418,054</b> |

<sup>1</sup> See note 1.20 for details

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



**Cash Flow Statement for National Museum of Australia**  
for the period ended 30 June 2012

|   | Notes     | 2012<br>\$'000  | 2011<br>\$'000  |
|---|-----------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Receipts from Government  |           | 40,280          | 40,144          |
| Sales of goods and rendering of services                            |           | 2,797           | 3,034           |
| Interest  |           | 3,193           | 2,490           |
| Net GST received  |           | 2,095           | 2,427           |
| Other   |           | 443             | 864             |
| <b>Total cash received</b>  |           | <b>48,808</b>   | <b>48,959</b>   |
| <b>Cash used</b>  |           |                 |                 |
| Employees   |           | (20,720)        | (22,781)        |
| Suppliers   |           | (20,699)        | (21,718)        |
| Other   |           | (259)           | -               |
| <b>Total cash used</b>  |           | <b>(41,678)</b> | <b>(44,499)</b> |
| <b>Net cash from operating activities</b>                           | <u>9</u>  | <b>7,130</b>    | <b>4,460</b>    |
| <b>INVESTING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Proceeds from sales of property, plant and equipment                |           | 41              | 1               |
| Investments redeemed  |           | 45,922          | 38,086          |
| <b>Total cash received</b>  |           | <b>45,963</b>   | <b>38,087</b>   |
| <b>Cash used</b>  |           |                 |                 |
| Purchase of property, plant and equipment                           |           | (9,307)         | (10,953)        |
| Purchase of intangibles   |           | (652)           | (547)           |
| Investments deposited   |           | (45,000)        | (33,003)        |
| <b>Total cash used</b>  |           | <b>(54,959)</b> | <b>(44,503)</b> |
| <b>Net cash used by investing activities</b>                        |           | <b>(8,996)</b>  | <b>(6,416)</b>  |
| <b>FINANCING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Contributed equity  |           | 1,924           | 1,887           |
| <b>Total cash received</b>  |           | <b>1,924</b>    | <b>1,887</b>    |
| <b>Cash used</b>  |           |                 |                 |
| Other   |           | -               | -               |
| <b>Total cash used</b>  |           | <b>-</b>        | <b>-</b>        |
| <b>Net cash from financing activities</b>                           |           | <b>1,924</b>    | <b>1,887</b>    |
| <b>Net increase (decrease) in cash held</b>                         |           | <b>58</b>       | <b>(69)</b>     |
| Cash and cash equivalents at the beginning of the reporting period  |           | 2,177           | 2,246           |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <u>5A</u> | <b>2,235</b>    | <b>2,177</b>    |

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

**Schedule of Commitments for the National Museum of Australia**  
as at 30 June 2012

|  | 2012           | 2011           |
|--|----------------|----------------|
| <b>BY TYPE</b>                             | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Commitments receivable</b>              |                |                |
| Net GST recoverable on commitments         | (2,023)        | (1,209)        |
| Other receivables                          | (276)          | (426)          |
| <b>Total commitments receivable</b>        | <b>(2,299)</b> | <b>(1,635)</b> |
| <b>Commitments payable</b>                 |                |                |
| <b>Capital commitments</b>                 |                |                |
| Property, plant and equipment <sup>1</sup> | 9,286          | 1,824          |
| Intangibles                                | 42             | -              |
| <b>Total capital commitments</b>           | <b>9,328</b>   | <b>1,824</b>   |
| <b>Other commitments</b>                   |                |                |
| Operating leases <sup>2</sup>              | 5,217          | 5,044          |
| Other <sup>3</sup>                         | 7,986          | 6,426          |
| <b>Total other commitments</b>             | <b>13,203</b>  | <b>11,470</b>  |
| <b>Total commitments payable</b>           | <b>22,531</b>  | <b>13,294</b>  |
| <b>Net commitments by type</b>             | <b>20,232</b>  | <b>11,659</b>  |
| <b>BY MATURITY</b>                         |                |                |
| <b>Commitments receivable</b>              |                |                |
| One year or less                           | (2,299)        | (1,020)        |
| From one to five years                     | -              | (615)          |
| Over five years                            | -              | -              |
| <b>Total commitments receivable</b>        | <b>(2,299)</b> | <b>(1,635)</b> |
| <b>Commitments payable</b>                 |                |                |
| <b>Capital commitments</b>                 |                |                |
| One year or less                           | 9,328          | 1,824          |
| From one to five years                     | -              | -              |
| Over five years                            | -              | -              |
| <b>Total capital commitments</b>           | <b>9,328</b>   | <b>1,824</b>   |
| <b>Operating lease commitments</b>         |                |                |
| One year or less                           | 2,111          | 1,834          |
| From one to five years                     | 3,106          | 3,210          |
| Over five years                            | -              | -              |
| <b>Total operating lease commitments</b>   | <b>5,217</b>   | <b>5,044</b>   |
| <b>Other Commitments</b>                   |                |                |
| One year or less                           | 4,554          | 3,899          |
| From one to five years                     | 3,432          | 2,527          |
| Over five years                            | -              | -              |
| <b>Total other commitments</b>             | <b>7,986</b>   | <b>6,426</b>   |
| <b>Total commitments payable</b>           | <b>22,531</b>  | <b>13,294</b>  |
| <b>Net commitments by maturity</b>         | <b>20,232</b>  | <b>11,659</b>  |

Note: Commitments are GST inclusive where relevant.

<sup>1</sup> The nature of capital commitments payable are asset replacements.

<sup>2</sup> 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 may be subject to annual increase in accordance with Lease terms and conditions. Increases are based on either movements in the Consumer Price Index or Market reviews. 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.  |

<sup>3</sup> The nature of other commitments payable is the provision of ongoing services.

This schedule should be read in conjunction with the accompanying notes.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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

### **1.1 Objectives of the National Museum of Australia**

The National Museum of Australia is an Australian Government controlled entity. It is a not-for-profit 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 the following outcome:

Outcome 1: Increased awareness and understanding of Australia's history and culture by managing the National Museum of Australia'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 general purpose financial statements and are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997*.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- b) 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 the 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 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 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 executor contracts 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 fair value of leasehold improvements has been taken to be the market value as determined by an independent valuer;
- The fair value of infrastructure, plant and equipment has been taken to be the market value determined by an independent valuer; and
- The fair value of heritage and cultural assets has been taken to be the market value of similar heritage and cultural assets.

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

## National Museum of Australia

### Notes to and forming part of the financial statements

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#### 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.

New, revised or amended standards and interpretations that were issued prior to the signing of the statement by the Council, Director and Chief Finance Officer and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the National Museum of Australia.

##### Future Australian Accounting Standard Requirements

New, revised or amended standards and interpretations that were issued prior to the signing of the statement by the Council, Director and Chief Finance Officer and are applicable to the future reporting period are not expected to have a future financial impact on the National Museum of Australia.

#### 1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the National Museum of Australia retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the National Museum of Australia.

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:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the National Museum of Australia.

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 at end of the 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*.

Other revenue includes revenue from donations, sponsorships and grants. Donations recognised at the time of receipt are measured at the nominal amount of the contribution received. Recognition policy in relation to sponsorship and grants is dependent on the substance of the agreement. Where the agreement is classified as non-reciprocal, revenue is recognised at the inception of the agreement. Where the agreement involves elements of reciprocity, the revenue is recognised based on policy in relation to rendering of services revenue.

##### Revenue from Government

Funding received or receivable from the Department of Prime Minister and Cabinet and the Department of Regional Australia, Local Government, Arts and Sport (appropriated to them as a CAC Act body payment item for payment to the National Museum of Australia) is recognised as Revenue from Government by the National Museum of Australia unless the funding is in the nature of an equity injection or a loan.

#### 1.6 Gains

##### Donated Assets

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.

##### 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 appropriated which are designated as 'equity injections' for a year are recognised directly in contributed equity in that year.



## National Museum of Australia

### Notes to and forming part of the financial statements

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#### 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) 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. Variables applied in the use of the shorthand method are provided by the Department of Finance and Deregulation.

##### 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

The National Museum of Australia's staff 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 in the Department of Finance and Deregulation's administered schedules and notes.

The National Museum of Australia makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. 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.

#### 1.9 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 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.

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

#### 1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

## National Museum of Australia

### Notes to and forming part of the financial statements

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#### 1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) 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.

#### 1.12 Financial Assets

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

- a) held-to-maturity investments; and
- b) 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.

##### 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 the end of each reporting period.

*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.

#### 1.13 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'.

##### Other Financial Liabilities

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

## National Museum of Australia

### Notes to and forming part of the financial statements

#### 1.14 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 2011-12 or 2010-11.

#### 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 income at their fair value at the date of acquisition.

#### 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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property lease agreements taken up by the National Museum of Australia where there exists an obligation to make good on the leased premises at the end of the lease term. These costs are included in the value of the National Museum of Australia's leasehold improvements with a corresponding provision for the 'make good' recognised.

##### Revaluations

Fair values for each class of asset are determined as shown below:

| <i>Asset class</i>                         | <i>Fair value measurement</i> |
|--|-------------------------------|
| Land                                       | Market selling price          |
| Buildings excluding leasehold improvements | Depreciated replacement cost  |
| Leasehold improvements                     | Market selling price          |
| Infrastructure, plant and equipment        | Market selling price          |
| Heritage and cultural assets               | Market selling price          |

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

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed 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.

## National Museum of Australia

### Notes to and forming part of the financial statements

#### 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:

|                            | 2012              | 2011              |
|----------------------------|-------------------|-------------------|
| 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      | 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.

#### Impairment

All assets were assessed for impairment at 30 June 2012. 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.

#### Heritage and Cultural Assets

The National Museum of Australia collects, manages and displays cultural and heritage assets of Australian history. The collection is held in trust for the nation. The Museum collection represents three inter-related fields:

- Aboriginal and Torres Strait Islander cultures and histories;
- Australian history and society since 1788; and
- People's interaction with the Australian environment.

A key objective of the National Museum of Australia is the preservation of the collection. Details in relation to the National Museum of Australia's curatorial and preservation policies are posted on the National Museum of Australia's web site.

### 1.17 Intangibles

The National Museum of Australia's intangibles comprise internally developed software for internal use and externally purchased software. 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 (2010-11: 4 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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**1.18 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.

**1.19 Taxation**

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:

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

**1.20 Prior Period Adjustment**

The Museum has revised its interpretation of the recognition of grant income in the 2011-12 financial statements. The Museum had previously recognised grant income as the grant conditions were met. *AASB 1004 Contributions* requires non-reciprocal contributions be recognised when the entity obtains control of the contribution. The Museum has adjusted the amounts to reflect the recognition of income on receipt of grant funding. In accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, the Museum has now restated the affected comparative figures in the 2011-12 financial statements.

As this adjustment affected a reporting period prior to the comparative period, the Balance Sheet balances as at 30 June 2010 were restated as follows:

- Decrease in other payables and increase in retained earnings of \$1 231 358.

In addition, the Balance Sheet balances were understated as at 30 June 2011, so this adjustment resulted in the restatement of the following line items for the year ended 30 June 2011:

- Increase in other expenses of \$5 157;
- Increase in sale of goods and rendering of services of \$27 273;
- Decrease in other revenue of \$206 427;
- Decrease in other payables of \$1 047 047;
- Increase in retained surplus of \$1 047 047.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

The below tables show the restatement of each line item affected by the adjustment.

**30 June 2010 (Comparative year opening balances)**

|  | Note | 2010<br>Original<br>\$'000 | 2010<br>Movement<br>\$'000 | 2010<br>Reinstated<br>\$'000 |
|--|------|----------------------------|----------------------------|------------------------------|
| <b>Statement of Comprehensive Income (Extract)</b>       |      |                            |                            |                              |
| <b>OWN-SOURCE INCOME</b>                                 |      |                            |                            |                              |
| <b>Own-source revenue</b>                                |      |                            |                            |                              |
| Sale of goods and rendering of services                  | 4A   | 2 332                      | 69                         | 2 401                        |
| Other revenue  | 4C   | 1 628                      | (372)                      | 1 256                        |
| <b>Total own-source revenue</b>                          |      | <b>6 624</b>               | <b>(303)</b>               | <b>6 321</b>                 |
| <b>Total own-source income</b>                           |      | <b>7 161</b>               | <b>(303)</b>               | <b>6 858</b>                 |
| <b>Net cost of services</b>                              |      | <b>42 430</b>              | <b>303</b>                 | <b>42 733</b>                |
| <b>Deficit attributable to the Australian Government</b> |      | <b>2 248</b>               | <b>303</b>                 | <b>2 551</b>                 |
| <b>Balance Sheet (Extract)</b>                           |      |                            |                            |                              |
| Other payables   | 7B   | 1 690                      | (1 231)                    | 459                          |
| <b>Total payables</b>                                    |      | <b>3 850</b>               | <b>(1 231)</b>             | <b>2 619</b>                 |
| <b>Total liabilities</b>                                 |      | <b>9 302</b>               | <b>(1 231)</b>             | <b>8 071</b>                 |
| <b>Net assets</b>  |      | <b>397 349</b>             | <b>1 231</b>               | <b>398 580</b>               |
| <b>Retained surplus</b>                                  |      | <b>265 149</b>             | <b>1 231</b>               | <b>266 380</b>               |
| <b>Total equity</b>                                      |      | <b>397 349</b>             | <b>1 231</b>               | <b>398 580</b>               |
| <b>Statement of Changes in Equity (Extract)</b>          |      |                            |                            |                              |
| <b>Retained Earnings</b>                                 |      |                            |                            |                              |
| <b>Opening balance</b>                                   |      |                            |                            |                              |
| Balance carried forward from previous period             |      | 267 396                    | 1 535                      | 268 931                      |
| <b>Adjusted opening balance</b>                          |      | <b>267 396</b>             | <b>1 535</b>               | <b>268 931</b>               |
| <b>Comprehensive income</b>                              |      |                            |                            |                              |
| Surplus (Deficit) for the period                         |      | (2 248)                    | 303                        | (2 551)                      |
| <b>Total comprehensive income</b>                        |      | <b>(2 248)</b>             | <b>303</b>                 | <b>(2 551)</b>               |
| <b>Closing balance as at 30 June</b>                     |      | <b>265 148</b>             | <b>1 231</b>               | <b>266 379</b>               |
| <b>Total retained earnings</b>                           |      | <b>265 148</b>             | <b>1 231</b>               | <b>266 379</b>               |
| <b>Total Equity</b>                                      |      | <b>397 349</b>             | <b>1 231</b>               | <b>398 580</b>               |

**30 June 2011 Comparative year**

|  | Note | 2011<br>Original<br>\$'000 | 2011<br>Movement<br>\$'000 | 2011<br>Reinstated<br>\$'000 |
|--|------|----------------------------|----------------------------|------------------------------|
| <b>Statement of Comprehensive Income (Extract)</b>       |      |                            |                            |                              |
| <b>EXPENSES</b>  |      |                            |                            |                              |
| Other expenses   | 3E   | 130                        | 5                          | 135                          |
| <b>Total expenses</b>                                    |      | <b>48 420</b>              | <b>5</b>                   | <b>48 425</b>                |
| <b>OWN-SOURCE INCOME</b>                                 |      |                            |                            |                              |
| <b>Own-source revenue</b>                                |      |                            |                            |                              |
| Sale of goods and rendering of services                  | 4A   | 3 087                      | 27                         | 3 114                        |
| Other revenue  | 4C   | 1 130                      | (206)                      | 924                          |
| <b>Total own-source revenue</b>                          |      | <b>7 300</b>               | <b>(179)</b>               | <b>7 121</b>                 |
| <b>Total own-source income</b>                           |      | <b>8 172</b>               | <b>(179)</b>               | <b>7 993</b>                 |
| <b>Net cost of services</b>                              |      | <b>40 248</b>              | <b>184</b>                 | <b>40 432</b>                |
| <b>Deficit attributable to the Australian Government</b> |      | <b>(104)</b>               | <b>(184)</b>               | <b>(288)</b>                 |
| <b>Balance Sheet (Extract)</b>                           |      |                            |                            |                              |
| Other payables   | 7B   | 1 572                      | (1 047)                    | 525                          |
| <b>Total payables</b>                                    |      | <b>3 507</b>               | <b>(1 047)</b>             | <b>2 460</b>                 |
| <b>Total liabilities</b>                                 |      | <b>8 973</b>               | <b>(1 047)</b>             | <b>7 926</b>                 |
| <b>Net assets</b>  |      | <b>417 007</b>             | <b>1 047</b>               | <b>418 054</b>               |
| <b>Retained surplus</b>                                  |      | <b>265 045</b>             | <b>1 047</b>               | <b>266 092</b>               |
| <b>Total equity</b>                                      |      | <b>417 006</b>             | <b>1 047</b>               | <b>418 053</b>               |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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**Statement of Changes in Equity (Extract)**

**Retained Earnings**

**Opening balance**

|  |                |              |                |
|--|----------------|--------------|----------------|
| Balance carried forward from previous period | 265 149        | 1 231        | 266 380        |
| <b>Adjusted opening balance</b>              | <b>265 149</b> | <b>1 231</b> | <b>266 380</b> |
| <b>Comprehensive income</b>                  |                |              |                |
| Surplus (Deficit) for the period             | (104)          | (184)        | (288)          |
| <b>Total comprehensive income</b>            | <b>(104)</b>   | <b>(184)</b> | <b>(288)</b>   |
| <b>Closing balance as at 30 June</b>         | <b>265 045</b> | <b>1 047</b> | <b>266 092</b> |
| <b>Total retained earnings</b>               | <b>265 045</b> | <b>1 047</b> | <b>266 092</b> |
| <b>Total equity</b>                          | <b>417 007</b> | <b>1 047</b> | <b>418 054</b> |

**Note 2: Events After the Reporting Period**

There are no events after the reporting period that would materially affect the financial statements.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 3: Expenses**

|                                   | 2012          | 2011          |
|-----------------------------------|---------------|---------------|
|                                   | \$'000        | \$'000        |
| <b>Note 3A: Employee benefits</b> |               |               |
| Wages and salaries                | 15,878        | 16,662        |
| Superannuation:                   |               |               |
| Defined contribution plans        | 982           | 884           |
| Defined benefit plans             | 1,650         | 1,852         |
| Leave and other entitlements      | 2,252         | 2,305         |
| Separation and redundancies       | 420           | 1,149         |
| <b>Total employee benefits</b>    | <b>21,182</b> | <b>22,852</b> |

**Note 3B: Supplier**

**Goods and services**

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Cost of goods sold              | 880           | 984           |
| Travel                          | 562           | 552           |
| IT services                     | 2,513         | 2,368         |
| Property services               | 6,452         | 6,279         |
| Staff support costs             | 944           | 730           |
| Professional services           | 914           | 1,470         |
| Exhibitions                     | 2,609         | 1,913         |
| Collection management           | 322           | 295           |
| Advertising and promotions      | 459           | 810           |
| Other                           | 716           | 1,093         |
| <b>Total goods and services</b> | <b>16,371</b> | <b>16,494</b> |

**Goods and services are made up of:**

|  |               |               |
|--|---------------|---------------|
| Provision of goods - related entities    | -             | -             |
| Provision of goods - external parties    | 2,971         | 3,057         |
| Rendering of services - related entities | 2,013         | 653           |
| Rendering of services - external parties | 11,387        | 12,784        |
| <b>Total goods and services</b>          | <b>16,371</b> | <b>16,494</b> |

**Other supplier expenses**

|   |               |               |
|---|---------------|---------------|
| Operating lease rentals - related entities: |               |               |
| Minimum lease payments                      | 402           | 429           |
| Contingent rentals                          | -             | -             |
| Operating lease rentals - external parties: |               |               |
| Minimum lease payments                      | 1,754         | 1,567         |
| Contingent rentals                          | 16            | 81            |
| Workers compensation expenses               | 285           | 292           |
| <b>Total other supplier expenses</b>        | <b>2,457</b>  | <b>2,369</b>  |
| <b>Total supplier expenses</b>              | <b>18,828</b> | <b>18,863</b> |

**Note 3C: Depreciation and Amortisation**

**Depreciation:**

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| Infrastructure, plant and equipment | 5,541        | 4,839        |
| Buildings                           | 1,294        | 1,189        |
| <b>Total depreciation</b>           | <b>6,835</b> | <b>6,028</b> |

**Amortisation:**

|  |              |              |
|--|--------------|--------------|
| Intangibles                                | 492          | 463          |
| <b>Total amortisation</b>                  | <b>492</b>   | <b>463</b>   |
| <b>Total depreciation and amortisation</b> | <b>7,327</b> | <b>6,491</b> |

**National Museum of Australia****Notes to and forming part of the financial statements**

|   | 2012<br>\$'000    | 2011<br>\$'000   |
|---|-------------------|------------------|
| <b>Note 3D: Write-down and impairment of assets</b> |                   |                  |
| <b>Asset write-downs and impairments from:</b>      |                   |                  |
| Impairment on financial assets                      | 1                 | 1                |
| Impairment of property, plant and equipment         | 8                 | 61               |
| Inventory write off                                 | <u>138</u>        | <u>23</u>        |
| <b>Total write-down and impairment of assets</b>    | <b><u>147</u></b> | <b><u>85</u></b> |

**Note 3E: Other expenses**

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

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Subsidies                   | <u>259</u>        | <u>135</u>        |
| <b>Total other expenses</b> | <b><u>259</u></b> | <b><u>135</u></b> |

**Note 3F: Loss on sale of assets****Property, plant and equipment:**

|  |                     |                 |
|--|---------------------|-----------------|
| Proceeds from sale                         | 41                  | 1               |
| Carrying value of assets sold              | <u>(223)</u>        | <u>-</u>        |
| <b>Net gain (loss) from sale of assets</b> | <b><u>(182)</u></b> | <b><u>1</u></b> |

**Note 3G: Operating expenditure for heritage and cultural assets<sup>1</sup>**

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Operating expenditure | <u>6,062</u>        | <u>6,591</u>        |
| <b>Total</b>          | <b><u>6,062</u></b> | <b><u>6,591</u></b> |

1. Operating expenditure is contained in the Statement of Comprehensive Income; however, it is not disclosed as a separate line item. It is merely a different representation of expenditure already reported in Notes 3A to 3E relating to heritage and cultural assets.

**Note 4: Income****OWN-SOURCE REVENUE****Note 4A: Sale of goods and rendering of services**

|  |                     |                     |
|--|---------------------|---------------------|
| Provision of goods - related entities                | -                   | -                   |
| Provision of goods - external parties                | 1,704               | 1,950               |
| Rendering of services - related entities             | -                   | -                   |
| Rendering of services - external parties             | <u>858</u>          | <u>1,164</u>        |
| <b>Total sale of goods and rendering of services</b> | <b><u>2,562</u></b> | <b><u>3,114</u></b> |

**Note 4B: Interest**

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Deposits              | <u>2,883</u>        | <u>3,083</u>        |
| <b>Total interest</b> | <b><u>2,883</u></b> | <b><u>3,083</u></b> |

**Note 4C: Other revenue**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Donations and bequests     | 69                | 7                 |
| Sponsorship and grants     | <u>383</u>        | <u>917</u>        |
| <b>Total other revenue</b> | <b><u>452</u></b> | <b><u>924</u></b> |

**GAINS****Note 4D: Donated assets**

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Donated assets              | <u>961</u>        | <u>872</u>        |
| <b>Total donated assets</b> | <b><u>961</u></b> | <b><u>872</u></b> |

**National Museum of Australia****Notes to and forming part of the financial statements**

|  | 2012          | 2011          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Note 4E: Revenue from Government</b>                            |               |               |
| Department of Regional Australia, Local Government, Arts and Sport |               |               |
| CAC Act body payment item  | 40,280        | 40,144        |
| <b>Total revenue from Government</b>                               | <b>40,280</b> | <b>40,144</b> |

**Note 5: Financial Assets****Note 5A: Cash and cash equivalents**

|  |              |              |
|--|--------------|--------------|
| Cash on hand or on deposit             | 2,235        | 2,177        |
| <b>Total cash and cash equivalents</b> | <b>2,235</b> | <b>2,177</b> |

**Note 5B: Trade and other receivables****Goods and services:**

|   |            |            |
|---|------------|------------|
| Goods and services - related entities           | 98         | 134        |
| Goods and services - external parties           | 175        | 321        |
| <b>Total receivables for goods and services</b> | <b>273</b> | <b>455</b> |

**Other receivables:**

|  |              |              |
|--|--------------|--------------|
| GST receivable from the Australian Taxation Office | 561          | 379          |
| Interest   | 688          | 998          |
| <b>Total other receivables</b>                     | <b>1,249</b> | <b>1,377</b> |
| <b>Total trade and other receivables (gross)</b>   | <b>1,522</b> | <b>1,832</b> |

**Receivables are expected to be recovered in:**

|  |              |              |
|--|--------------|--------------|
| No more than 12 months                         | 1,522        | 1,832        |
| <b>Total trade and other receivables (net)</b> | <b>1,522</b> | <b>1,832</b> |

**Receivables are aged as follows:**

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Not overdue                      | 1,419        | 1,755        |
| Overdue by:                      |              |              |
| 0 to 30 days                     | 46           | 30           |
| 31 to 60 days                    | 16           | 25           |
| 61 to 90 days                    | 41           | 4            |
| More than 90 days                | -            | 18           |
| <b>Total receivables (gross)</b> | <b>1,522</b> | <b>1,832</b> |

**Note 5C: Held-to-maturity investments**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Deposits                       | 40,000        | 40,923        |
| <b>Total other investments</b> | <b>40,000</b> | <b>40,923</b> |

**Total held-to-maturity investments are expected to be recovered in:**

|                                |               |               |
|--------------------------------|---------------|---------------|
| No more than 12 months         | 40,000        | 40,923        |
| <b>Total other investments</b> | <b>40,000</b> | <b>40,923</b> |

Investments are with the National Museum of Australia's bankers and earn effective interest rates of 5.25%, 5.82%, 5.85% and 5.88% (2011: 6.11%, 6.27%, 6.30%, 6.32%, 6.33%, 6.35% and 6.36%), payable at the end of the term.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 6: Non-Financial Assets**

|   | 2012          | 2011           |
|---|---------------|----------------|
|   | \$'000        | \$'000         |
| <b>Note 6A: Land and buildings</b>      |               |                |
| <b>Land:</b>                            |               |                |
| Land at fair value                      | 6,306         | 6,141          |
| <b>Total land</b>                       | <b>6,306</b>  | <b>6,141</b>   |
| <b>Buildings on freehold land:</b>      |               |                |
| Work in progress                        | -             | -              |
| Fair value                              | 91,099        | 92,451         |
| Accumulated depreciation                | -             | -              |
| <b>Total buildings on freehold land</b> | <b>91,099</b> | <b>92,451</b>  |
| <b>Leasehold improvements:</b>          |               |                |
| Fair value                              | 1,639         | 2,410          |
| Accumulated depreciation                | -             | (495)          |
| Work in progress                        | -             | -              |
| <b>Total leasehold improvements</b>     | <b>1,639</b>  | <b>1,915</b>   |
| <b>Total land and buildings</b>         | <b>99,044</b> | <b>100,507</b> |

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.

**Note 6B: Infrastructure, plant and equipment**

**Heritage and cultural:**

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Fair value                         | 238,803        | 230,753        |
| Accumulated depreciation           | -              | -              |
| <b>Total heritage and cultural</b> | <b>238,803</b> | <b>230,753</b> |

**Other infrastructure, plant and equipment:**

|  |                |                |
|--|----------------|----------------|
| Fair value   | 50,184         | 53,181         |
| Accumulated depreciation                               | -              | (7,993)        |
| Work in progress                                       | 6,576          | 792            |
| <b>Total other infrastructure, plant and equipment</b> | <b>56,760</b>  | <b>45,980</b>  |
| <b>Total infrastructure, plant and equipment</b>       | <b>295,563</b> | <b>276,733</b> |

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2012, an independent valuer conducted the revaluations.

Revaluation increment for land was \$165,000 (2011: nil).

Revaluations include decrements of \$319,247 for buildings on freehold land (2011: increment of \$8,136,903) and \$325,397 for leasehold improvements (2011: nil) and increments of \$7,405,107 for plant and equipment (2011: nil) and for heritage and cultural \$5,614,385 (2011: \$9,737,004).

All increments and decrements were transferred to the asset revaluation surplus by asset class and included in the equity section of the balance sheet. No decrements were expensed (2011: nil).

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 2012**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Total land<br>and<br>buildings<br>\$'000 | Heritage<br>and<br>cultural <sup>1</sup><br>\$'000 | Other<br>property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|---------------------|--|--|--|-----------------|
| <b>As at 1 July 2011</b>  |                |                     |  |  |  |                 |
| Gross book value  | 6,141          | 94,861              | 101,002                                  | 230,753  | 53,969   | 385,724         |
| Accumulated depreciation and impairment                               | -              | (495)               | (495)                                    | -  | (7,993)  | (8,488)         |
| <b>Net book value 1 July 2011</b>                                     | <b>6,141</b>   | <b>94,366</b>       | <b>100,507</b>                           | <b>230,753</b>                                     | <b>45,976</b>  | <b>377,236</b>  |
| Additions:  |                |                     |  |  |  |                 |
| By purchase   | -              | 444                 | 444                                      | 2,473  | 8,012  | 10,929          |
| By donation/gift  | -              | -                   | -  | 961  | -  | 961             |
| Revaluations and impairments recognised in other comprehensive income | 165            | (645)               | (480)                                    | 5,615  | 7,405  | 12,540          |
| Depreciation expense  | -              | (1,294)             | (1,294)                                  | (999)  | (4,542)  | (6,835)         |
| Disposals:  |                |                     |  |  |  |                 |
| Gross book value  | -              | (209)               | (209)                                    | -  | (477)  | (686)           |
| Accumulated depreciation and impairment                               | -              | 76                  | 76                                       | -  | 378  | 454             |
| <b>Net book value 30 June 2012</b>                                    | <b>6,306</b>   | <b>92,738</b>       | <b>99,044</b>                            | <b>238,803</b>                                     | <b>56,752</b>  | <b>394,599</b>  |
| <b>Net book value as of 30 June 2012 represented by:</b>              |                |                     |  |  |  |                 |
| Gross book value  | 6,306          | 92,738              | 99,044                                   | 238,803  | 56,752   | 394,599         |
| Accumulated depreciation and impairment                               | -              | -                   | -  | -  | -  | -               |
| <b>Net book value 30 June 2012</b>                                    | <b>6,306</b>   | <b>92,738</b>       | <b>99,044</b>                            | <b>238,803</b>                                     | <b>56,752</b>  | <b>394,599</b>  |

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

**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 2011**

|   | Land<br>\$'000 | Buildings and buildings<br>\$'000 | Total land<br>\$'000 | Heritage and<br>cultural <sup>1</sup><br>\$'000 | Other property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|-----------------------------------|----------------------|---|---|-----------------|
| <b>As at 1 July 2010</b>  |                |                                   |                      |   |   |                 |
| Gross book value  | 6,141          | 87,481                            | 93,622               | 219,855   | 44,234  | 357,711         |
| Accumulated depreciation and impairment                               | -              | (246)                             | (246)                | -   | (4,122)   | (4,368)         |
| <b>Net book value 1 July 2010</b>                                     | <b>6,141</b>   | <b>87,235</b>                     | <b>93,376</b>        | <b>219,855</b>                                  | <b>40,112</b>                                     | <b>353,343</b>  |
| Additions:  |                |                                   |                      |   |   |                 |
| By purchase or internally developed                                   | -              | 183                               | 183                  | 1,243   | 9,815   | 11,241          |
| By donation/gift  | -              | -                                 | -                    | 872   | -   | 872             |
| Revaluations and impairments recognised in other comprehensive income | -              | 8,137                             | 8,137                | 9,737   | -   | 17,874          |
| Impairments recognised in the operating result                        | -              | -                                 | -                    | -   | (61)  | (61)            |
| Depreciation expense  | -              | (1,189)                           | (1,189)              | (954)   | (3,885)   | (6,028)         |
| Disposals:  |                |                                   |                      |   |   |                 |
| Gross book value  | -              | -                                 | -                    | -   | (14)  | (14)            |
| Accumulated depreciation and impairment                               | -              | -                                 | -                    | -   | 13  | 13              |
| <b>Net book value 30 June 2011</b>                                    | <b>6,141</b>   | <b>94,366</b>                     | <b>100,507</b>       | <b>230,753</b>                                  | <b>45,980</b>                                     | <b>377,240</b>  |
| <b>Net book value as of 30 June 2011 represented by:</b>              |                |                                   |                      |   |   |                 |
| Gross book value  | 6,141          | 94,861                            | 101,002              | 230,753   | 53,969  | 385,724         |
| Accumulated depreciation and impairment                               | -              | (495)                             | (495)                | -   | (7,993)   | (8,488)         |
| <b>Net book value 30 June 2011</b>                                    | <b>6,141</b>   | <b>94,366</b>                     | <b>100,507</b>       | <b>230,753</b>                                  | <b>45,976</b>                                     | <b>377,236</b>  |

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

**National Museum of Australia**  
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|                                    | 2012<br>\$'000 | 2011<br>\$'000 |
|------------------------------------|----------------|----------------|
| <b>Note 6D: Intangibles</b>        |                |                |
| <b>Computer software:</b>          |                |                |
| Purchased - in use                 | 10,473         | 10,039         |
| Purchased - in progress            | 395            | 178            |
| Accumulated amortisation           | (9,533)        | (9,255)        |
| <b>Total computer software</b>     | <b>1,335</b>   | <b>962</b>     |
| <b>Other intangibles:</b>          |                |                |
| Internally developed - in use      | 1,583          | 1,583          |
| Internally developed - in progress | -              | -              |
| Accumulated amortisation           | (624)          | (409)          |
| <b>Total other intangibles</b>     | <b>959</b>     | <b>1,174</b>   |
| <b>Total intangibles</b>           | <b>2,294</b>   | <b>2,136</b>   |

No indicators of impairment were found for intangible assets.

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

**Note 6E: Reconciliation of the opening and closing balances of intangibles 2012**

|  | Computer<br>software<br>purchased<br>\$'000 | Other intangibles<br>internally developed<br>\$'000 | Total<br>\$'000 |
|--|---|---|-----------------|
| <b>As at 1 July 2011</b>                                 |   |   |                 |
| Gross book value   | 10,217                                      | 1,583   | 11,800          |
| Accumulated amortisation and impairment                  | (9,255)                                     | (409)   | (9,664)         |
| <b>Net book value 1 July 2011</b>                        | <b>962</b>                                  | <b>1,174</b>  | <b>2,136</b>    |
| Additions:   |   |   |                 |
| By purchase  | 650   | -   | 650             |
| Amortisation   | (277)                                       | (215)   | (492)           |
| <b>Net book value 30 June 2012</b>                       | <b>1,335</b>                                | <b>959</b>  | <b>2,294</b>    |
| <b>Net book value as of 30 June 2012 represented by:</b> |   |   |                 |
| Gross book value   | 10,867                                      | 1,583   | 12,450          |
| Accumulated amortisation and impairment                  | (9,532)                                     | (624)   | (10,156)        |
| <b>Net book value 30 June 2012</b>                       | <b>1,335</b>                                | <b>959</b>  | <b>2,294</b>    |

**Note 6E (Cont'd): Reconciliation of the opening and closing balances of intangibles 2011**

|  | Computer<br>software<br>purchased<br>\$'000 | Other intangibles<br>internally developed<br>\$'000 | Total<br>\$'000 |
|--|---|---|-----------------|
| <b>As at 1 July 2010</b>                                 |   |   |                 |
| Gross book value   | 9,662                                       | 1,583   | 11,245          |
| Accumulated amortisation and impairment                  | (9,006)                                     | (195)   | (9,201)         |
| <b>Net book value 1 July 2010</b>                        | <b>656</b>                                  | <b>1,388</b>  | <b>2,044</b>    |
| Additions:   |   |   |                 |
| By purchase  | 555   | -   | 555             |
| Amortisation   | (249)                                       | (214)   | (463)           |
| <b>Net book value 30 June 2011</b>                       | <b>962</b>                                  | <b>1,174</b>  | <b>2,136</b>    |
| <b>Net book value as of 30 June 2011 represented by:</b> |   |   |                 |
| Gross book value   | 10,217                                      | 1,583   | 11,800          |
| Accumulated amortisation and impairment                  | (9,255)                                     | (409)   | (9,664)         |
| <b>Net book value 30 June 2011</b>                       | <b>962</b>                                  | <b>1,174</b>  | <b>2,136</b>    |

**National Museum of Australia****Notes to and forming part of the financial statements**

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Note 6F: Inventories</b>            |                |                |
| <b>Inventories held for sale:</b>      |                |                |
| Work in progress                       | 4              | 4              |
| Finished goods                         | 394            | 574            |
| <b>Total inventories held for sale</b> | <b>398</b>     | <b>578</b>     |
| <b>Total inventories</b>               | <b>398</b>     | <b>578</b>     |

During 2012, \$137,920 of inventory held for sale was recognised as an expense (2011: \$22,648).

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

All inventories are expected to be sold or distributed in the next 12 months.

**Note 6G: Other non-financial assets**

|  |            |              |
|--|------------|--------------|
| Prepayments  | 490        | 888          |
| Prepaid leasehold contribution   | 56         | 206          |
| <b>Total other non-financial assets</b>                                    | <b>546</b> | <b>1,094</b> |
| <b>Total other non-financial assets - are expected to be recovered in:</b> |            |              |
| No more than 12 months   | 546        | 1,038        |
| More than 12 months  | -          | 56           |
| <b>Total other non-financial assets</b>                                    | <b>546</b> | <b>1,094</b> |

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

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

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Trade creditors and accruals    | 3,307        | 1,883        |
| Operating lease rentals         | 63           | 52           |
| <b>Total suppliers payables</b> | <b>3,370</b> | <b>1,935</b> |

**Suppliers payables expected to be settled within 12 months:**

|                  |              |              |
|------------------|--------------|--------------|
| Related entities | 250          | -            |
| External parties | 3,120        | 1,935        |
| <b>Total</b>     | <b>3,370</b> | <b>1,935</b> |

Settlement was usually made within 30 days.

**Note 7B: Other payables**

|  | 2012<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|----------------|
| Wages and salaries   | 491            | 426            | 386            |
| Superannuation   | 95             | 90             | 71             |
| Prepayments received / unearned income                     | 61             | 9              | 2              |
| <b>Total other payables</b>                                | <b>647</b>     | <b>525</b>     | <b>459</b>     |
| <b>Total other payables are expected to be settled in:</b> |                |                |                |
| No more than 12 months                                     | 647            | 525            | 459            |
| More than 12 months  | -              | -              | -              |
| <b>Total other payables</b>                                | <b>647</b>     | <b>525</b>     | <b>459</b>     |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 8: Provisions**

|                                     | 2012         | 2011         |
|-------------------------------------|--------------|--------------|
|                                     | \$'000       | \$'000       |
| <b>Note 8A: Employee provisions</b> |              |              |
| Leave                               | <u>5,854</u> | 5,466        |
| <b>Total employee provisions</b>    | <u>5,854</u> | <u>5,466</u> |

**Employee provisions are expected to be settled in:**

|                                  |              |              |
|----------------------------------|--------------|--------------|
| No more than 12 months           | 2,262        | 2,440        |
| More than 12 months              | <u>3,592</u> | <u>3,026</u> |
| <b>Total employee provisions</b> | <u>5,854</u> | <u>5,466</u> |

**Note 9: Cash flow reconciliation**

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

**Cash and cash equivalents as per:**

|                     |              |              |
|---------------------|--------------|--------------|
| Cash flow statement | 2,235        | 2,177        |
| Balance sheet       | <u>2,235</u> | <u>2,177</u> |
| <b>Difference</b>   | <u>-</u>     | <u>-</u>     |

**Reconciliation of net cost of services to net cash from operating activities:**

|                             |          |          |
|-----------------------------|----------|----------|
| Net cost of services        | (41,067) | (40,432) |
| Add revenue from Government | 40,280   | 40,144   |

**Adjustments for non-cash items**

|  |       |       |
|--|-------|-------|
| Depreciation / amortisation              | 7,327 | 6,491 |
| Net write down of non-financial assets   | 147   | 85    |
| (Gain) loss on disposal of assets        | 182   | (1)   |
| Resources received free of charge -goods | (961) | (872) |
| Non cash investment interest             | -     | (227) |

**Changes in assets / liabilities**

|  |              |              |
|--|--------------|--------------|
| (Increase) / decrease in net receivables     | 310          | (134)        |
| (Increase) / decrease in inventories         | 40           | (200)        |
| (Increase) / decrease in prepayments other   | 547          | 49           |
| Increase / (decrease) in employee provisions | 389          | 14           |
| Increase / (decrease) in supplier payables   | (127)        | (482)        |
| Increase / (decrease) in other payable       | <u>63</u>    | <u>25</u>    |
| <b>Net cash from operating activities</b>    | <u>7,130</u> | <u>4,460</u> |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 10: Council members' remuneration**

|   | 2012                  | 2011            |
|---|-----------------------|-----------------|
|   | No.                   | No.             |
| <b>The number of non-executive members of the Council of the National Museum of Australia included in these figures are shown below in the relevant remuneration bands:</b> |                       |                 |
| \$0 to \$29,999   | 7                     | 8               |
| \$30,000 to \$59,999  | <u>1</u>              | <u>1</u>        |
| <b>Total</b>  | <u><b>8</b></u>       | <u><b>9</b></u> |
|   | \$                    | \$              |
| Total remuneration received or due and receivable by non-executive members of the Council of the National Museum of Australia   | <u><b>139,957</b></u> | <u>137,506</u>  |

Council members are paid in accordance with Remuneration Tribunal determinations as provided by section 16 of the *National Museum of Australia Act 1980*.

Remuneration of the executive member of the Council of the National Museum of Australia is included in Note 12: Senior Executive Remuneration.

**Note 11: Related party disclosures**

**Council members of the National Museum of Australia**

The name of each person who was a member of the Council during the year was:

***Chair***

Mr D Gilbert AM *27 March 2009 to 26 March 2012 and  
5 April 2012 to 4 April 2015*

***Members***

Mr N Davie *7 September 2009 to 6 September 2012*  
 Prof R Frances *25 February 2010 to 24 February 2013*  
 Prof A Hull AO *12 December 2008 to 11 December 2011 and  
12 December 2011 to 11 December 2014*  
 Mr D Jones *25 February 2010 to 24 February 2013*  
 Mr J Morse AM *28 November 2008 to 27 November 2011 and  
23 November 2011 to 22 November 2014*  
 Dr B Piscitelli AM *17 July 2008 to 16 July 2011 and  
17 July 2011 to 16 July 2014*  
 Mr P Yu *25 February 2010 to 24 February 2013*

***Executive Member***

Mr Andrew Sayers AM *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.

Mr D Gilbert is also a director of the National Australia Bank Ltd. where the Museum periodically holds investment funds. Investment decisions are made in accordance with Museum policy, which provides for investments to be made across a range of banks at the best available rate on the day.

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

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 12: Senior executive remuneration**

**Note 12A: Senior executive remuneration expenses for the reporting period**

|   | 2012             | 2011           |
|---|------------------|----------------|
|   | \$               | \$             |
| <b>Short-term employee benefits:</b>      |                  |                |
| Salary                                    | 799,316          | 426,247        |
| Annual leave accrued                      | 70,571           | 38,374         |
| Performance bonuses                       | 40,161           | 40,969         |
| Motor vehicle and other allowances        | 68,907           | 64,730         |
| <b>Total short-term employee benefits</b> | <b>978,955</b>   | <b>570,320</b> |
| <b>Post-employment benefits:</b>          |                  |                |
| Superannuation                            | 152,291          | 63,675         |
| <b>Total post-employment benefits</b>     | <b>152,291</b>   | <b>63,675</b>  |
| <b>Other long-term benefits:</b>          |                  |                |
| Long-service leave                        | 40,600           | 17,870         |
| <b>Total other long-term benefits</b>     | <b>40,600</b>    | <b>17,870</b>  |
| <b>Termination benefits</b>               | -                | -              |
| <b>Total employment benefits</b>          | <b>1,171,846</b> | <b>651,865</b> |

**Notes:**

- Note 12A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 12B).
- Note 12A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$150,000.



National Museum of Australia  
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**Note 12B: Average annual reportable remuneration paid to substantive senior executives during the reporting period**

|   | 2012                  |                                   |  |                                       |                            |          |
|---|-----------------------|-----------------------------------|--|---------------------------------------|----------------------------|----------|
| Average annual reportable remuneration <sup>1</sup>           | Senior Executives No. | Reportable salary <sup>2</sup> \$ | Contributed superannuation <sup>3</sup> \$ | Reportable allowances <sup>4</sup> \$ | Bonus paid <sup>5</sup> \$ | Total \$ |
| <b>Total remuneration (including part-time arrangements):</b> |                       |                                   |  |                                       |                            |          |
| less than \$150,000   | 2                     | 51,422                            | 34,605                                     | -                                     | -                          | 86,027   |
| \$180,000 to \$209,999  | 1                     | 126,249                           | 63,176                                     | -                                     | -                          | 189,425  |
| \$210,000 to \$239,999  | 1                     | 182,017                           | 39,850                                     | -                                     | -                          | 221,867  |
| \$300,000 to \$329,999  | 1                     | 196,718                           | 76,409                                     | -                                     | 40,161                     | 313,288  |
| <b>Total</b>  | <b>5</b>              |                                   |  |                                       |                            |          |
|   |                       |                                   |  |                                       |                            |          |
|   |                       |                                   |  |                                       |                            |          |
| Average annual reportable remuneration <sup>1</sup>           | Senior Executives No. | Reportable salary <sup>2</sup> \$ | Contributed superannuation <sup>3</sup> \$ | Reportable allowances <sup>4</sup> \$ | Bonus paid <sup>5</sup> \$ | Total \$ |
| <b>Total remuneration (including part-time arrangements):</b> |                       |                                   |  |                                       |                            |          |
| less than \$150,000   | 2                     | 57,451                            | 12,372                                     | -                                     | -                          | 69,823   |
| \$180,000 to \$209,999  | 2                     | 127,236                           | 33,427                                     | -                                     | 30,193                     | 190,856  |
| \$240,000 to \$269,999  | 1                     | 172,734                           | 72,165                                     | -                                     | -                          | 244,899  |
| <b>Total</b>  | <b>5</b>              |                                   |  |                                       |                            |          |

**Notes:**

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
  - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
  - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits).
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips and payment summaries.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the National Museum of Australia during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

National Museum of Australia  
Notes to and forming part of the financial statements

**Note 12C: Other highly paid staff**

|  | 2012         |   |  |   |                               |             |
|--|--------------|---|--|---|-------------------------------|-------------|
| Average annual reportable remuneration <sup>1</sup>                              | Staff<br>No. | Reportable<br>salary <sup>2</sup><br>\$ | Contributed<br>superannuation <sup>3</sup><br>\$ | Reportable<br>allowances <sup>4</sup><br>\$ | Bonus paid <sup>5</sup><br>\$ | Total<br>\$ |
| Total remuneration (including part-time arrangements):<br>\$150,000 to \$179,999 | 1            | 140,843                                 | 18,159   | 56  | -                             | 159,058     |
| <b>Total</b>   | <b>1</b>     |   |  |   |                               |             |

There were no other staff receiving remuneration over \$150,000 in 2011.

**Notes:**

1. This table reports staff:

- a) who were employed by the National Museum of Australia during the reporting period
  - b) whose reportable remuneration was \$150,000 or more for the financial period
  - c) were not required to be disclosed in Tables B or Council Remuneration.
- Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits).

3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips and payment summaries.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the National Museum of Australia during the financial year.

6. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 13: Remuneration of auditors**

|  | 2012      | 2011      |
|--|-----------|-----------|
|  | \$'000    | \$'000    |
| Financial statement audit services were provided to the National Museum of Australia by the Australian National Audit Office (ANAO). |           |           |
| Fees paid and payable to the ANAO for the audit of the financial statements  | <u>58</u> | <u>57</u> |
|  | <u>58</u> | <u>57</u> |
| No other services were provided by the auditors of the financial statements.   |           |           |

**Note 14: Financial instruments**

**Note 14A: Categories of financial instruments**

**Financial assets**

**Held-to-maturity:**

|               |               |        |
|---------------|---------------|--------|
| Term deposits | <u>40,000</u> | 40,923 |
|---------------|---------------|--------|

|              |               |        |
|--------------|---------------|--------|
| <b>Total</b> | <u>40,000</u> | 40,923 |
|--------------|---------------|--------|

**Loans and receivables:**

|                           |       |       |
|---------------------------|-------|-------|
| Cash and cash equivalents | 2,235 | 2,177 |
|---------------------------|-------|-------|

|                                    |     |     |
|------------------------------------|-----|-----|
| Receivables for goods and services | 273 | 455 |
|------------------------------------|-----|-----|

|                     |            |            |
|---------------------|------------|------------|
| Interest receivable | <u>688</u> | <u>998</u> |
|---------------------|------------|------------|

|              |              |              |
|--------------|--------------|--------------|
| <b>Total</b> | <u>3,196</u> | <u>3,630</u> |
|--------------|--------------|--------------|

|  |               |               |
|--|---------------|---------------|
| <b>Carrying amount of financial assets</b> | <u>43,196</u> | <u>44,553</u> |
|--|---------------|---------------|

**Financial liabilities**

**At amortised cost:**

|                   |              |       |
|-------------------|--------------|-------|
| Supplier payables | <u>3,370</u> | 1,935 |
|-------------------|--------------|-------|

|              |              |       |
|--------------|--------------|-------|
| <b>Total</b> | <u>3,370</u> | 1,935 |
|--------------|--------------|-------|

|   |              |              |
|---|--------------|--------------|
| <b>Carrying amount of financial liabilities</b> | <u>3,370</u> | <u>1,935</u> |
|---|--------------|--------------|

**Note 14B: Net income and expense from financial assets**

**Held-to-maturity**

|                  |              |       |
|------------------|--------------|-------|
| Interest revenue | <u>2,377</u> | 2,750 |
|------------------|--------------|-------|

|   |              |              |
|---|--------------|--------------|
| <b>Net gain / (loss) held-to-maturity</b> | <u>2,377</u> | <u>2,750</u> |
|---|--------------|--------------|

**Loans and receivables**

|                  |            |     |
|------------------|------------|-----|
| Interest revenue | <u>506</u> | 333 |
|------------------|------------|-----|

|  |            |            |
|--|------------|------------|
| <b>Net gain from loans and receivables</b> | <u>506</u> | <u>333</u> |
|--|------------|------------|

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| <b>Net gain from financial assets</b> | <u>2,883</u> | <u>3,083</u> |
|---------------------------------------|--------------|--------------|

The net income from financial assets not at fair value from profit and loss is \$2,883,294 (2011: \$3,082,662).

**Note 14C: Fair value of financial instruments**

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

## National Museum of Australia

## Notes to and forming part of the financial statements

**Note 14D: Credit risk**

The Museum 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 entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

|                              | 2012          | 2011          |
|------------------------------|---------------|---------------|
|                              | \$'000        | \$'000        |
| <b>Financial assets</b>      |               |               |
| Cash and cash equivalents    | 2,235         | 2,177         |
| Investments                  | 40,000        | 40,923        |
| Trade and other receivables  | 961           | 1,453         |
| <b>Total</b>                 | <b>43,196</b> | <b>44,553</b> |
| <b>Financial liabilities</b> |               |               |
| Trade creditors              | 3,370         | 1,935         |
| <b>Total</b>                 | <b>3,370</b>  | <b>1,935</b>  |

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

|                             | Not past due<br>nor impaired<br>2012 | Not past due<br>nor impaired<br>2011 | Past due or<br>impaired<br>2012 | Past due or<br>impaired<br>2011 |
|-----------------------------|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
|                             | \$'000                               | \$'000                               | \$'000                          | \$'000                          |
| Cash and cash equivalents   | 2,235                                | 2,177                                | -                               | -                               |
| Investments                 | 40,000                               | 40,923                               | -                               | -                               |
| Trade and other receivables | 858                                  | 1,376                                | 103                             | 77                              |
| <b>Total</b>                | <b>43,093</b>                        | <b>44,476</b>                        | <b>103</b>                      | <b>77</b>                       |

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 appropriation funding and continuous monitoring of cash flows.

**Maturities for non-derivative financial liabilities 2012**

|                 | On<br>demand |          | 1 to 2<br>years | 2 to 5<br>years | > 5<br>years | Total        |
|-----------------|--------------|----------|-----------------|-----------------|--------------|--------------|
|                 | \$'000       |          | \$'000          | \$'000          | \$'000       | \$'000       |
| Trade creditors | 3,370        | -        | -               | -               | -            | 3,370        |
| <b>Total</b>    | <b>3,370</b> | <b>-</b> | <b>-</b>        | <b>-</b>        | <b>-</b>     | <b>3,370</b> |

**Maturities for non-derivative financial liabilities 2011**

|                 | On<br>demand |          | 1 to 2<br>years | 2 to 5<br>years | > 5<br>years | Total        |
|-----------------|--------------|----------|-----------------|-----------------|--------------|--------------|
|                 | \$'000       |          | \$'000          | \$'000          | \$'000       | \$'000       |
| Trade creditors | 1,935        | -        | -               | -               | -            | 1,935        |
| <b>Total</b>    | <b>1,935</b> | <b>-</b> | <b>-</b>        | <b>-</b>        | <b>-</b>     | <b>1,935</b> |

The National Museum of Australia had no derivative financial liabilities in either 2012 or 2011.

**National Museum of Australia****Notes to and forming part of the financial statements****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 140 basis point change is deemed to be reasonably possible and is used when reporting interest risk.

**Sensitivity analysis of the risk that the entity is exposed to for 2012**

|                    | Risk variable | Change in risk variable<br>% | Effect on       |                  |
|--------------------|---------------|------------------------------|-----------------|------------------|
|                    |               |                              | Profit and loss |                  |
|                    |               |                              | \$'000          | Equity<br>\$'000 |
| Interest rate risk | Interest      | 1.40                         | 560             | 560              |
| Interest rate risk | Interest      | (1.40)                       | (560)           | (560)            |

**Sensitivity analysis of the risk that the entity is exposed to for 2011**

|                    | Risk variable | Change in risk variable<br>% | Effect on       |                  |
|--------------------|---------------|------------------------------|-----------------|------------------|
|                    |               |                              | Profit and loss |                  |
|                    |               |                              | \$'000          | Equity<br>\$'000 |
| Interest rate risk | Interest      | 1.75                         | 716             | 716              |
| Interest rate risk | Interest      | (1.75)                       | (716)           | (716)            |

The method used to arrive at the possible change of 140 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.

**Note 15: Financial assets reconciliation**

|   |              | 2012<br>\$'000 | 2011<br>\$'000 |
|---|--------------|----------------|----------------|
| <b>Financial assets</b>   | <b>Notes</b> |                |                |
| <b>Total financial assets as per balance sheet</b>              |              | <b>43,757</b>  | 44,932         |
| Less: non-financial instrument components:                      |              |                |                |
| Trade and other receivables                                     | 5B           | 561            | 379            |
| Total non-financial instrument components                       |              | 561            | 379            |
| <b>Total financial assets as per financial instruments note</b> |              | <b>43,196</b>  | 44,553         |

**Note 16: Compensation and debt relief**

No payments were made in respect of compensation and debt relief during the reporting period (2011: nil).

**Note 17: 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 as revenue and expenses in the Statement of comprehensive income.

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| Total amount held at the beginning of the reporting period  | -              | -              |
| Receipts  | 69             | 7              |
| Payments  | (24)           | (7)            |
| <b>Total amount held at the end of the reporting period</b> | <b>45</b>      | -              |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 18: Reporting of outcomes**

The National Museum of Australia has a single outcome which is reported in Note 1.1.

**Net cost of outcome delivery**

|                                     | <b>Outcome</b> |               |
|-------------------------------------|----------------|---------------|
|                                     | <b>2012</b>    | 2011          |
|                                     | <b>\$'000</b>  | \$'000        |
| <b>Departmental</b>                 |                |               |
| Expenses                            | 47,925         | 48,425        |
| Own-source income                   | 6,858          | 7,993         |
| <b>Net cost of outcome delivery</b> | <b>41,067</b>  | <b>40,432</b> |

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

**Note 19: Net cash appropriation arrangements**

|  | <b>2012</b>   | 2011   |
|--|---------------|--------|
|  | <b>\$'000</b> | \$'000 |
| <b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b> | <b>10,754</b> | 16,632 |
| Plus: depreciation / amortisation expenses previously funded through revenue appropriation   | <b>999</b>    | 954    |
| <b>Total comprehensive income - as per the Statement of comprehensive income</b>   | <b>11,753</b> | 17,586 |

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation / amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

