



# Financial Statements

IMAGE: Gwyneth Price and Isaac Drandich in the HotHouse Theatre production of *Wonderlands*, 2003. HotHouse Theatre is funded by a triennial grant from the Theatre Board.  
Photo: Jules Boag

## Independent Audit Report

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To the Minister for the Arts and Sport

### Scope

The financial statements comprise:

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

of the Australia Council, for the year ended 30 June 2004.

The Council Members are responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Council's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Council Members.

### Independence

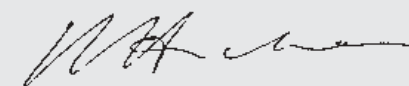
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

### Audit Opinion

In my opinion, the financial statements:

- have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and applicable Accounting Standards
- give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Australia Council as at 30 June 2004, and of its performance and cash flows for the year then ended.

Australian National Audit Office



**P Hinchey**

Senior Director  
Delegate of the Auditor-General  
Sydney  
13 September 2004

## Statement by Council Members

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For the year ended 30 June 2004

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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



**Jennifer Bott**  
Chief Executive Officer  
13 September 2004



**David Gonski AO**  
Chairman  
13 September 2004



**Megan Coombs**  
Chief Financial Officer  
13 September 2004

## Statement of Financial Performance

For the year ended 30 June 2004

	Notes	2003-04 \$000	2002-03 \$000
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>			
Revenues from government	4(a)	139 579	135 928
Goods and services	4(b)	31	27
Interest	4(c)	1 729	1 832
Other	4(d)	6 135	3 135
Revenue from sale of assets	5(d)	48	38
<b>Revenues from ordinary activities</b>		<b>147 522</b>	<b>140 960</b>
<b>EXPENSE</b>			
<b>Expenses from ordinary activities</b>			
Employees	5(a)	9 001	8 275
Suppliers	5(b)	3 817	3 949
Grants	6	132 233	123 992
Depreciation and amortisation	5(c)	1 500	1 183
Value of assets sold	5(d)	71	41
<b>Expenses from ordinary activities</b>		<b>146 622</b>	<b>137 440</b>
<b>Operating surplus from ordinary activities</b>		<b>900</b>	<b>3 520</b>
Transfer to special purpose reserve	11	1 780	2 000
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>-</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with the Australian Government as owner</b>		<b>(880)</b>	<b>1 520</b>

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

## Statement of Financial Position

as at 30 June 2004

	Notes	2003-04 \$000	2002-03 \$000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	12(b)	5 988	9 640
Receivables	7	6 077	2 111
<b>Total financial assets</b>		<b>12 065</b>	<b>11 751</b>
<b>Non-financial assets</b>			
Land and buildings	8(a)(d)	2 648	2 861
Infrastructure, plant and equipment	8(b)(d)	1 743	1 912
Intangibles	8(c)(d)	111	819
Prepayments	8(e)	8 843	7 672
<b>Total non-financial assets</b>		<b>13 345</b>	<b>13 264</b>
<b>Total assets</b>		<b>25 410</b>	<b>25 015</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employees	9	1 600	1 759
<b>Total provisions</b>		<b>1 600</b>	<b>1 759</b>
<b>Payables</b>			
Suppliers	10(a)	616	850
Grants	10(c)	4 627	4 739
<b>Total payables</b>		<b>5 243</b>	<b>5 589</b>
<b>Total liabilities</b>		<b>6 843</b>	<b>7 348</b>
<b>NET ASSETS</b>		<b>18 567</b>	<b>17 667</b>
<b>EQUITY</b>			
Asset revaluation reserve	11	1 802	1 802
Accumulated surpluses	11	12 985	13 865
Special purpose reserve	11	3 780	2 000
<b>Total equity</b>		<b>18 567</b>	<b>17 667</b>
<b>Current assets</b>		<b>20 908</b>	<b>19 423</b>
<b>Non-current assets</b>		<b>4 502</b>	<b>5 592</b>
<b>Current liabilities</b>		<b>5 978</b>	<b>6 929</b>
<b>Non-current liabilities</b>		<b>865</b>	<b>419</b>

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

## Statement of Cash Flows

For the year ended 30 June 2004

	Notes	2003-04 \$000	2002-03 \$000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		136 579	135 928
Sales of services		31	27
Interest		1 710	1 833
GST received from ATO		12 000	14 336
Other		6 083	3 135
<b>Total cash received</b>		<b>156 403</b>	<b>155 259</b>
<b>Cash used</b>			
Employees		(9 160)	(8 362)
Suppliers		(4 678)	(4 543)
Grants		(145 784)	(137 852)
<b>Total cash used</b>		<b>(159 622)</b>	<b>(150 757)</b>
<b>Net cash from/(used by) operating activities</b>	12(a)	<b>(3 219)</b>	<b>4 502</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		48	–
<b>Total cash received</b>		<b>48</b>	<b>–</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		(481)	(402)
<b>Total cash used</b>		<b>(481)</b>	<b>(402)</b>
<b>Net cash used in investing activities</b>		<b>(433)</b>	<b>(402)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Capital use charge paid		–	(1 919)
<b>Total cash used</b>		<b>–</b>	<b>(1 919)</b>
<b>Net cash/(used by) financing activities</b>		<b>–</b>	<b>(1 919)</b>
Net increase/(decrease) in cash held		(3 652)	2 181
Cash at the beginning of the reporting period		9 640	7 459
<b>Cash at the end of the reporting period</b>	12(b)	<b>5 988</b>	<b>9 640</b>

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

## Schedule of Commitments

as at 30 June 2004

	2003-04 \$000	2002-03 \$000
<b>BY TYPE</b>		
<b>Other commitments</b>		
Operating leases	10 389	12 007
Other commitments	251 811	172 972
<b>Total other commitments</b>	<b>262 200</b>	<b>184 979</b>
Commitments receivable	(23 776)	(16 758)
<b>Net commitments</b>	<b>238 424</b>	<b>168 221</b>
<b>BY MATURITY</b>		
<b>Operating lease commitments</b>		
One year or less	1 715	1 649
From one to five years	7 571	7 279
Over five years	1 103	3 079
<b>Total operating lease commitments</b>	<b>10 389</b>	<b>12 007</b>
<b>Other commitments</b>		
One year or less	88 955	88 385
From one to five years	162 856	84 587
Over five years	–	–
	<b>251 811</b>	<b>172 972</b>
Commitments receivable	23 776	16 758
<b>Net commitments</b>	<b>238 424</b>	<b>168 221</b>

All commitments are GST inclusive where relevant.

Nature of lease	General description of leasing arrangement
Leases for office accommodation	■ Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index.
Motor vehicles—senior executives	■ No contingent rental exists. ■ There are no renewal or purchase options available to the Council.

## Schedule of Contingencies

as at 30 June 2004

There were no contingent losses or gains at 30 June 2004.

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

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### Note Description

1.	Summary of Significant Accounting Policies
2.	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006
3.	Economic Dependency
4.	Operating Revenues
5.	Operating Expenses
6.	Operating Expenses—Grants and Initiatives
7.	Financial Assets
8.	Non-Financial Assets
9.	Provisions
10.	Payables
11.	Equity
12.	Cash Flow Reconciliation
13.	Remuneration of Council Members
14.	Related Party Disclosures
15.	Remuneration of Officers
16.	Remuneration of Auditors
17.	Financial Instruments
18.	Events Occurring After Reporting Date
19.	Appropriations
20.	Reporting of Outcomes

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 1. Summary of Significant Accounting Policies

#### 1(a) Basis of Accounting

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

The Statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2004) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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

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

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

#### 1(b) Taxation

The Australia Council is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

#### 1(c) Revenue

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

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

#### *Revenues from Government – Output Appropriations*

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

#### *Resources received free of charge*

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

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

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 1(d) Reporting by Outcomes

Net cost of outcome delivery and departmental revenues and expenses by outcomes and output groups are tabled in Note 20.

### 1(e) Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues, at their fair value at the date of acquisition.

### 1(f) Property (Land, Buildings and Infrastructure), Plant and Equipment

#### Asset Recognition Threshold

Assets are recognised initially at cost in the Statement of Financial Position. Except for the library collection, musical instruments and works of art, the Council adopts the policy of expensing all capital assets under \$2,000 in the year of purchase. The \$2,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

#### Revaluations

Land, buildings, infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2003 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

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

Asset Class	Fair Value Measured at:	Deprival Value Measured at:
Land	Market Selling Price	Market Selling Price
Buildings	Market Selling Price	Depreciated Replacement Cost
Plant & Equipment	Market Selling Price	Depreciated Replacement Cost

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2004, there were no assets in this situation (30 June 2003: \$0).

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### Frequency

Land, buildings, infrastructure, plant and equipment are revalued progressively in successive three-year cycles, so that no asset has a value greater than three years old.

The Council completed its asset revaluation in 2001–02, with asset groups updated as follows:

- land and buildings were revalued in 2001–02;
- plant and equipment, including information technology equipment, were revalued by type of asset in 2001–02;
- the Council's assets, including its art collection, will be revalued in 2004–05.

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

The Finance Minister's Orders require that all property, plant and equipment assets be measured at up-to-date fair values from 30 June 2005 onwards. The current year is therefore the last year in which the Council will undertake progressive revaluations.

In the move to adopt the Australian Equivalents to International Financial Reporting Standards, the Council will revalue all its assets in 2004–05.

### Conduct

All valuations are conducted by an independent qualified valuer.

### Depreciation and Amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Council using, in all cases, the straight line method of depreciation. Leasehold improvements and leasehold property are amortised over the life of the leases concerned or their estimated useful life, whichever is shorter.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

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

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

	2003–04	2002–03
Buildings on freehold land	40 years	40 years
Buildings on leasehold land	50–75 years	50–75 years
Leasehold improvements	10 years	10 years
Plant and equipment – <i>excluding</i> musical instruments	3–50 years	3–50 years
Plant and equipment – musical instruments	15–100 years	15–100 years

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

### 1(g) Impairment of Non-Current Assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing. The non-current assets carried at cost or deprival value, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to its higher of the two amounts, if necessary.

### 1(h) Employee Benefits

#### *Benefits*

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

Liabilities for wages and salaries and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also to be measured at their nominal amount.

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

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

#### *Leave*

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

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

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

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2004. In determining the present value of the liability, the Council has taken into account attrition rates and pay increases through promotion and inflation.

#### *Separation and redundancy*

Provision is made for separation and redundancy benefit payments when appropriate.

#### *Superannuation*

Employees of the Council contribute to the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, and other private schemes. The liability for their superannuation benefits is recognised in the financial statements of those funds.

The Council makes employer contributions to the Commonwealth at rates determined by the actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Council's employees.

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

### 1(i) Grant Liabilities

Grants liabilities comprise grants and programs approved by Council and Boards for 30 June 2004 or previous financial years for which signed conditions have been received from successful grant applicants.

### 1(j) Commitments

Commitments relating to grants in the 'Schedule of Commitments' comprise amounts payable under grant agreements in respect of which the recipient is yet to comply with certain requirements or meet eligibility conditions.

### 1(k) Leases

Operating lease payments are charged to the Statement of Financial Performance on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 1(l) Intangibles

The Council's intangibles comprise externally purchased software, which is carried at cost.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives. Useful lives are:

	2004	2003
<b>Software</b>	5 years	5 years

All software assets were assessed for impairment as at 30 June 2004. None were found to be impaired.

### 1(m) Cash

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

### 1(n) Comparative Figures

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

### 1(o) Changes in Accounting Policies

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002–03 except in respect of:

- the initial revaluation of property, plant and equipment on a fair value basis (see note 1(f)); and
- the imposition of an impairment test for non-current assets carried at cost (see note 1(g)).

### 1(p) Foreign Currency

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

### 1(q) Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- remuneration of Council members;
- related party disclosures;
- remuneration of officers; and
- remuneration of auditors.

### 1(r) Financial Instruments

Accounting policies for financial instruments are stated at Note 17.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 1(s) Insurance

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

### 2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005–06. The new standards are the Australian Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005–06, but continue to apply in the meantime.

The Australian Equivalents contain certain additional provisions which will apply to not-for-profit entities, including the Australia Council. Some of these provisions are in conflict with the IFRSs and therefore the Council will only be able to assert compliance with the Australian Equivalents to the IFRSs.

Existing Australian Standards that have no IFRS equivalent will continue to apply.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents in IFRSs* requires that the financial statements for 2003–04 disclose:

- An explanation of how the transition to the Australian Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

#### *Management of the transition to Australian Equivalents to IFRSs*

The Australia Council has taken the following steps for the preparation towards the implementation of Australian Equivalents:

- The Council's Audit Committee is tasked with oversight of the transition to and implementation of the Australian Equivalents to IFRSs. The Executive Director, Finance and Services is formally responsible for the project and reports regularly to the Audit Committee on progress.
- Implementation of the Australian Equivalents to IFRSs requires the following key steps to be undertaken:
  - Identification of all major accounting policy differences between current Australian standards and the Australian Equivalents to IFRSs progressively to 30 June 2004.
  - Identification of systems changes necessary to be able to report under the Australian Equivalents, including those necessary to enable capture of data under both sets of rules for 2004–05, and the testing and implementation of those changes.
  - Preparation of a transitional balance sheet as at 1 July 2004, under Australian Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
  - Meeting reporting deadlines set by Finance for 2005–06 balance sheet under Australian Equivalents to IFRSs.
- To date, all major accounting and disclosure differences have been identified.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### Major changes in accounting policy

Changes in accounting policies under Australian Equivalents are applied retrospectively; i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the Australian Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005–06 financial statements to report comparatives under the Australian Equivalents also.

Changes to major accounting policies are discussed in the following paragraphs.

### Property plant and equipment

It is expected that the Finance Minister's Orders will require property plant and equipment assets carried at valuation in 2003-04 to be measured at up-to-date fair value from 2005–06. This differs from the accounting policies currently in place for these assets which, up to and including 2003–04, have been revalued progressively over a 3-year cycle and which currently include assets at cost (for purchases since the commencement of a cycle) and at deprival value (which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is available).

However, it is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

Borrowing costs related to qualifying assets are currently capitalised. It is understood that the FMOs for 2005–06 will elect to expense all borrowing costs under the new Australian Equivalent standard. Accordingly, borrowing costs capitalised as at 1 July 2004 will be de-recognised.

### Impairment of Non-Current Assets

Australia Council's policy on impairment of non-current assets is at Note 1(g)

Under the new Australian Equivalent Standard, these assets will be subject to assessment for impairment, and, if there are indications of impairment, measurement of any impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its fair value in use. 'Value in use' is the net present value of cash inflows for for-profit assets of the Council and depreciated replacement cost for other assets, which would be replaced if the Australia Council was deprived of them.

The most significant changes are that, for the Council's for-profit assets, the recoverable amount is only generally to be measured where there is an indication of impairment and that assets at up-to-date fair value, whether for-profit or not, may nevertheless be required to be written down if costs to sell are significant.

### Employee Benefits

The provision for long service leave is measured at the present value of the estimated future cash outflows using market yields as at the reporting date or national government bonds.

Under the new Australian Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yields in such bonds must be used.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 3. Economic Dependency

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

### 4. Operating Revenues

	2003-04 \$000	2002-03 \$000
<b>4(a) Revenues from government</b>		
Appropriation for outputs	139 579	135 928
<b>4(b) Sales of Goods and Services</b>		
Services	31	27
<b>Total sales of goods and services</b>	<b>31</b>	<b>27</b>
Rendering of services to:		
External entities	31	27
<b>Total rendering of goods and services</b>	<b>31</b>	<b>27</b>
<b>4(c) Interest Revenue</b>		
Deposits	1 728	1 832
Australian Tax Office – Interest on late refund	1	–
<b>Total Interest Revenue</b>	<b>1 729</b>	<b>1 832</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

4(d) Other revenue	2003-04 \$000	2002-03 \$000
Returned grants	487	438
Rental and outgoings recovered from sub-leasing	31	101
Contribution from Arts Queensland:		
■ Showcasing Publication	–	7
<b>Contribution from Department of Foreign Affairs and Trade for:</b>		
■ 2003 Australian Contemporary Music Market	8	–
■ Australian Summer Arts Season Berlin	–	80
■ 2004 Australian Performing Arts Market	53	–
■ artaustralia Berlin	–	175
■ AICC On-line	110	–
<b>Contribution from the Department of Communications, Information Technology and the Arts for:</b>		
■ Books Alive	2 000	2 000
■ Regional Arts	100	100
■ Small to Medium Performing Arts Review	60	90
■ Visual Arts and Craft Strategy	3 000	–
<b>Contribution from Brisbane Festival</b>		
■ Major Festivals Initiative	–	10
<b>Contribution from Images of Australia</b>		
■ AICC on-line project	–	80
<b>Aboriginal and Torres Strait Islander Services</b>		
■ Installation of Australian Indigenous Art at Musée de Quai Branly	100	–
■ NSW Family Violence arts initiative	15	–
<b>Bequest</b>		
■ Asher Bequest for Literature	100	–
<b>Pfizer</b>		
■ Books Alive Campaign <i>50 Books You Must Own</i>	25	–
<b>Contribution from Australian Business Arts Funding</b>		
■ Grants to Venice Biennale	8	–
<b>Contribution from the NSW Ministry for the Arts</b>		
Review of Theatre for Young People	–	10
Other	38	44
<b>Total contribution revenues</b>	<b>6 135</b>	<b>3 135</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

5. Operating Expenses	2003-04 \$000	2002-03 \$000
<b>5(a) Employee Expenses</b>		
Wages and Salaries	7 736	7 262
Superannuation	1 087	902
Leave and other entitlements	93	71
Separation and redundancy	12	13
<b>Total employee benefits expenses</b>	<b>8 928</b>	<b>8 248</b>
Workers compensation premiums	73	27
<b>Total employee expenses</b>	<b>9 001</b>	<b>8 275</b>
<b>5(b) Supplier Expenses</b>		
Services from external parties	2 751	2 924
Operating lease rentals	1 066	1 025
<b>Total supplier expenses</b>	<b>3 817</b>	<b>3 949</b>
<b>5(c) Depreciation and Amortisation</b>		
Depreciation of property, plant and equipment	256	361
Amortisation of leased assets	312	287
Amortisation of intangibles – computer software	932	535
<b>Total depreciation and amortisation expense</b>	<b>1 500</b>	<b>1 183</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

	2003-04 \$000	2002-03 \$000
<b>5(d) Net losses from sale of assets</b>		
Proceeds from sales	48	–
Proceeds from trade-in	–	38
Net book value at sale	(71)	(41)
<b>Total net losses from sale of assets</b>	<b>(23)</b>	<b>(3)</b>

### 6. Operating Expenses – Grants and Initiatives

Grants and initiatives paid to individuals and to non-profit institutions during the year were:

Aboriginal and Torres Strait Islander Arts	3 725	4 304
Community Cultural Development	5 674	5 495
Dance	3 019	3 160
Literature	4 177	4 022
Major Performing Arts	77 718	74 924
Music	3 939	4 371
New Media Arts	2 617	2 565
Theatre	8 079	7 424
Visual Arts/Craft	6 573	6 431
Arts Development – Strategic Initiatives	1 236	632
Audience and Market Development	4 436	4 813
Policy Communication Research	2 939	3 187
Government Initiatives	8 192	5 313
<b>Total grants paid</b>	<b>132 324</b>	<b>126 641</b>
Net movement in grants accrued	(91)	(2 649)
<b>Total grants expenses</b>	<b>132 233</b>	<b>123 992</b>

### 7. Financial Assets

#### Receivables

Appropriations	3 000	–
Other debtors	147	76
GST receivable	2 930	2 035
<b>Total receivables (net)</b>	<b>6 077</b>	<b>2 111</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

	2003-04 \$000	2002-03 \$000
Receivables (gross) are aged as follows:		
Not overdue	6 050	2 034
Overdue by:		
less than 30 days	16	66
30 to 60 days	2	–
60 to 90 days	–	2
more than 90 days	9	9
All receivables are current assets.		
<b>Total receivables (gross)</b>	<b>6 077</b>	<b>2 111</b>

### 8. Non-Financial Assets

#### 8(a) Land and Buildings

##### Freehold land

– at 2002 valuation (market buying price)	90	90
<b>Total freehold land</b>	<b>90</b>	<b>90</b>

##### Buildings on freehold land

– at 2002 valuation (deprival)	235	235
Accumulated depreciation	(71)	(65)
<b>Total buildings on freehold land</b>	<b>164</b>	<b>170</b>

##### Leasehold improvements

– at cost	144	46
Accumulated amortisation	(17)	(4)
	<b>127</b>	<b>42</b>

##### Leasehold improvements

– at 2002 valuation (deprival)	2 503	2 502
Accumulated amortisation	(1 110)	(840)
<b>Total leasehold improvements</b>	<b>1 393</b>	<b>1 662</b>

##### Buildings on leasehold land

– at 2002 valuation (deprival)	1 226	1 226
Accumulated amortisation	(352)	(329)
<b>Total buildings on leasehold land</b>	<b>874</b>	<b>897</b>

##### Total Land and Buildings (non-current)

<b>2 648</b>	<b>2 861</b>
--------------	--------------

Included in Land and Buildings are studios in the Cité Internationale des Arts in Paris, an apartment in Rome, the Australian Pavilion in Venice and cost of leasehold improvements at 372 Elizabeth Street, Surry Hills, Sydney.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

	2003-04 \$000	2002-03 \$000
<b>8(b) Infrastructure, Plant and Equipment</b>		
Plant and Equipment		
– at cost	351	227
Accumulated depreciation	(89)	(26)
	262	201
Plant and equipment		
– at 2002 valuation (deprival)	2 687	2 796
Accumulated depreciation	(1 206)	(1 085)
	1 481	1 711
<b>Total Infrastructure, Plant and Equipment (non-current)</b>	<b>1 743</b>	<b>1 912</b>
<p>Included in Plant and Equipment is one Guarnerius cello, made in 1721, together with a Pajeot bow and a Dodd bow made early in the 19th century. Council purchased this item in 1974. The cello and bows were valued on 30 June 2002. The valuation was performed by independent valuers, John and Arthur Beare's, in London.</p> <p>The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by independent valuers Edward Rushton Australia Pty Ltd (Sydney), Jones Lang LaSalle (Paris), Massimo Finotti, Architect (Rome), Carlo Gallina, Engineer (Venice) and John &amp; Arthur Beare (London).</p>		
<b>8(c) Intangibles</b>		
Computer software – externally developed – at cost	2 100	1 876
Accumulated amortisation	(1 989)	(1 057)
<b>Total Intangibles</b>	<b>111</b>	<b>819</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 8(d) Analysis of Property, Plant, Equipment and Intangibles

Table A - Reconciliation of the opening and closing balances of property, plant and equipment

	Land \$000	Buildings on freehold and leasehold land \$000	Buildings Leasehold improve- ments \$000	Other infra- structure, Plant and equipment \$000	Computer software \$000	TOTAL \$000
<b>As at 1 July 2003</b>						
Gross book value	90	1 461	2 548	3 023	1 876	8 998
Accumulated depreciation/ amortisation	–	(394)	(884)	(1 111)	(1 057)	(3 406)
<b>Net book value</b>	<b>90</b>	<b>1 067</b>	<b>1 704</b>	<b>1 912</b>	<b>819</b>	<b>5 592</b>
Additions						
by purchase	–	–	99	158	224	481
from acquisition of operations	–	–	–	–	–	–
Net Revaluations						
increment/decrement	–	–	–	–	–	–
Depreciation/ amortisation expense	–	(28)	(284)	(256)	(932)	(1 500)
Recoverable amount write-downs	–	–	–	–	–	–
Disposals						
From disposal of operations	–	–	–	–	–	–
Other disposals	–	–	–	(71)	–	(71)
<b>As at 30 June 2004</b>						
Gross book value	90	1 461	2 646	3 038	2 100	9 335
Accumulated depreciation/ amortisation	–	(422)	(1 127)	(1 295)	(1 989)	(4 833)
<b>Net book value</b>	<b>90</b>	<b>1 039</b>	<b>1 519</b>	<b>1 743</b>	<b>111</b>	<b>4 502</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 8(d) Analysis of Property, Plant, Equipment and Intangibles (cont'd)

Table B - Assets at valuation

	Land \$000	Buildings on freehold and leasehold land \$000	Buildings Leasehold improve- ments \$000	Other infra- structure, Plant and equipment \$000	TOTAL \$000
As at 30 June 2004					
Gross value	90	1 461	2 503	2 687	6 741
Accumulated Depreciation/ amortisation	–	(423)	(1 110)	(1 206)	(2 739)
<b>Net book value</b>	<b>90</b>	<b>1 038</b>	<b>1 393</b>	<b>1 481</b>	<b>4 002</b>
As at 30 June 2003					
Gross value	90	1 461	2 503	2 796	6 850
Accumulated Depreciation/ amortisation	–	(395)	(840)	(1 085)	(2 320)
<b>Net book value</b>	<b>90</b>	<b>1 066</b>	<b>1 663</b>	<b>1 711</b>	<b>4 530</b>

### 8(e) Other Non-Financial Assets

	2003–04 \$000	2002–03 \$000
Prepaid property rentals	123	118
Prepaid grants	8 561	7 499
Other prepayments	159	55
<b>Total other non-financial assets</b>	<b>8 843</b>	<b>7 672</b>

All other non-financial assets are current assets

## 9. Provisions

### Employee Provisions

	2003–04 \$000	2002–03 \$000
Salaries and wages	140	321
Leave	1 400	1 362
Superannuation	60	76
<b>Aggregate employee benefit liability</b>	<b>1 600</b>	<b>1 759</b>
Workers' compensation	–	–
<b>Aggregate employee benefit liability and related on costs</b>	<b>1 600</b>	<b>1 759</b>
<b>Current</b>	<b>735</b>	<b>1 026</b>
<b>Non-Current</b>	<b>865</b>	<b>733</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

## 10. Payables

### 10(a) Supplier Payables

	2003–04 \$000	2002–03 \$000
Trade creditors	109	206
Other creditors	53	178
GST payable on grants liabilities	454	466
<b>Total supplier payables</b>	<b>616</b>	<b>850</b>

All supplier payables are current liabilities

### 10(b) Capital Use Charge Provision

	2003–04 \$000	2002–03 \$000
Capital Use Charge	–	–
Balance owing 1 July	–	541
Capital Use Charge provided for during the period	–	–
Capital Use Charge paid	–	541
<b>Balance owing 30 June</b>	<b>–</b>	<b>–</b>

The Capital Use Charge provision has been discontinued from 30 June 2003.

### 10(c) Grants Payable

	2003–04 \$000	2002–03 \$000
Individuals and non-profit institutions	4 627	4 739

Grants liabilities are current liabilities.

## 11. Equity

### 11(a) Analysis of Equity

ITEM	Accumulated Results		Asset Revaluation Reserve		Special Purpose Reserve		Total Equity	
	2003–04 \$000	2003–04 \$000	2003–04 \$000	2003–04 \$000	2003–04 \$000	2003–04 \$000	2003–04 \$000	2003–04 \$000
Opening balance at 1 July	13 865	13 723	1 802	1 802	2 000	–	17 667	15 525
Net surplus/(deficit)	(880)	1 520	–	–	–	–	(880)	1 520
Transfer to special purpose reserve*	–	–	–	–	1 676	2 000	1 676	2 000
Golbas, Sigrid & Estate Asher Bequest	–	–	–	–	104	–	104	–
Capital use charge	–	(1 378)	–	–	–	–	–	(1 378)
<b>Closing balance as at 30 June</b>	<b>12 985</b>	<b>13 865</b>	<b>1 802</b>	<b>1 802</b>	<b>3 780</b>	<b>2 000</b>	<b>18 567</b>	<b>17 667</b>

\* Funds received from the Government in 2003–04 for the Books Alive initiative.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

	2003-04 \$000	2002-03 \$000
<b>12. Cash Flow Reconciliation</b>		
<b>12(a) Reconciliation of Operating surplus to net cash from Operating Activities:</b>		
Operating surplus before extraordinary items	900	3 520
<b>Non-cash items</b>		
Depreciation and amortisation	1 500	1 183
Loss on disposal of assets	23	3
<b>Changes in Assets and Liabilities</b>		
(Increase)/decrease in receivables	(3 966)	2 175
Increase/(decrease) in employee provisions	(159)	(113)
Increase/(decrease) in supplier payables	(234)	(72)
Increase/(decrease) in grants payable	(112)	(2 687)
(Increase)/decrease in prepayments	(1 171)	443
Capital creditors		50
<b>Net cash from operating activities</b>	<b>(3 219)</b>	<b>4 502</b>
<b>12(b) Reconciliation of Cash</b>		
Cash balance comprises:		
Cash on hand	61	2 195
Deposits at call	5 927	7 445
<b>Total cash</b>	<b>5 988</b>	<b>9 640</b>
<b>13. Remuneration of Council Members</b>		
Aggregate amount of superannuation payments in connection with the retirement of Council Members	23 128	21 893
Other remuneration received or due and receivable by Council Members	247 940	243 259
<b>Total remuneration received or due and receivable by Council Members</b>	<b>271 068</b>	<b>265 152</b>
The number of Council members included in these figures is shown below in the relevant remuneration bands:		
	<b>Number</b>	<b>Number</b>
\$0 – \$9 999	4	7
\$10 000 – \$19 999	2	6
\$20 000 – \$29 999	6	5
\$30 000 – \$30 999 *	2	1
<b>Total</b>	<b>14</b>	<b>19</b>

\* Includes payment to Victoria Lynn in the role of Commissioner, Venice Biennale.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

The Chief Executive Officer is an *ex-officio* member of Council, but receives no additional remuneration as a Councillor. The remuneration of the Chief Executive Officer is included in Note 15 on the Remuneration of Officers.

### 14. Related Party Disclosures

#### Council members

Council members during the year were:

Name	Appointed	Term concludes/ concluded
Bott, Jennifer*	08/02/1999	07/02/2007
Arcus, Terrey	22/06/2002	21/06/2005
Carroll, Shane	21/05/2003	20/05/2006
Downer, Nicola	18/12/2003	17/12/2007
Goldsworthy, Peter	04/12/2001	03/12/2004
Gonski, David	02/05/2002	01/05/2005
Koehne, Graeme	19/12/2002	18/12/2005
Lewis, Adam	01/10/2001	30/09/2004
Lynn, Victoria	10/06/2001	09/06/2004
McRae, Ian	24/07/2002	23/07/2005
Pulvirenti, Christine	24/07/2002	23/07/2005
Snelling, Michael	20/09/2001	19/09/2004
Tassel, Christopher	25/06/2002	24/06/2005
Walley, Richard	31/05/2000	30/11/2002
Ward, Mel	04/11/2002	03/11/2005

\* *Ex officio member of Council by virtue of appointment as Chief Executive Officer.*

#### Other Transactions with Councillors or Council-related entities

No Council member has, since the end of the previous financial year, received or become entitled to receive any benefits, other than fixed stipends or travelling and related allowances (except as disclosed in Note 13), by reason of a contract made by the Council with the Council member. All transactions with Council members, or organisations in which they have a substantial financial interest, were conducted in accordance with standard procedures and on conditions no more beneficial than those of other grant applicants.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

Council Member	Organisation in receipt of Grant	Position held by Council Member	Amount of Grant \$
Nicola Downer	Regional Arts Australia	President	187 000
	State Theatre of South Australia	Governor	594 000
Michael Snelling	Institute of Modern Art	Director	395 100
	ELISION Contemporary Music Ensemble	Deputy Chair	88 000
	Bundanon Trust	Board Member	36 300
Ian McRae	Bell Shakespeare Company	Director	356 975
	Victorian College of Arts	Director	99 000
Shane Carroll	Bangarra Dance Theatre	Rehearsal Instructor	510 007
	The Australian Ballet	Guest Artist	5 291 560
David Gonski	Art Gallery of NSW	President	88 000

### 15. Remuneration of Officers

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

	2003-04 \$000	2002-03 \$000
	Number	Number
\$100 000 – \$109 999	5	–
\$110 000 – \$119 999	–	–
\$120 000 – \$129 999	–	3
\$130 000 – \$139 999	1	3
\$140 000 – \$149 999	3	–
\$150 000 – \$159 999	2	–
\$160 000 – \$169 999	1	1
\$180 000 – \$189 999	–	–
\$240 000 – \$249 999	1	1
<b>Total</b>	<b>13</b>	<b>8</b>

The aggregate amount of total remuneration of officers shown above is:\*

The aggregate amount of separation and redundancy/termination benefit payments during the year to officers shown above is:

	2003-04 \$	2002-03 \$
The aggregate amount of total remuneration of officers shown above is:*	1 818 604	1 198 705
The aggregate amount of separation and redundancy/termination benefit payments during the year to officers shown above is:	45 466	–

\* Includes superannuation, cost of motor vehicles and fringe benefits tax at 30 June 2004.

The officer remuneration includes the Chief Executive Officer who is a member of Council *ex-officio*, and all officers concerned with or taking part in the management of the economic entity.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 16. Remuneration of Auditors

Remuneration to the Auditor-General for auditing the financial statements of:  
– the Australia Council  
– Books Alive

	2003-04 \$	2002-03 \$
– the Australia Council	33 000	32 000
– Books Alive	1 000	–
<b>Total</b>	<b>34 000</b>	<b>32 000</b>

No other services were provided by the Auditor-General during the reporting period.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 17. Financial Instruments

#### 17(a) Terms, Conditions and Accounting Policies

Financial Instruments	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying Instruments (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
<i>Financial assets</i>		Financial Assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	12(b)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from fortnightly draw-downs of appropriation, are placed on deposit at call with the Council's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables for goods & services	7	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less likely rather than more likely.	Credit terms are net 14 days.
<i>Financial liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	10(a)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Grants liabilities	10(c)	Grants liabilities comprise grants and programs approved by Council and Boards for 30 June 2004 or previous financial years for which signed conditions had been received from successful grant applications.	Settlement is usually made prior to the commencement of projects.

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 17(b) Interest Rate Risk

FINANCIAL INSTRUMENTS	NOTES	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
		03-04 \$000	02-03 \$000	03-04 \$000	02-03 \$000	03-04 \$000	02-03 \$000	03-04 %	02-03 %
<b>Financial Assets</b>									
Cash at bank	12(b)	59	2 193	-	-	59	2 193	2.1	2.1
Cash on hand	12(b)	-	-	2	2	2	2	n/a	n/a
Deposits at call	12(b)	5 927	7 445	-	-	5 927	7 445	5.0	4.5
Receivables	7	-	-	6 077	2 111	6 077	2 111	n/a	n/a
<b>Total Financial Assets</b>		<b>5 986</b>	<b>9 638</b>	<b>6 079</b>	<b>2 113</b>	<b>12 065</b>	<b>11 751</b>		
<b>Total Assets</b>						<b>25 410</b>	<b>25 015</b>		
<b>Financial Liabilities</b>									
Trade and other creditors	10(a)	-	-	616	850	616	850	n/a	n/a
Grants liabilities	10(c)	-	-	4 627	4 739	4 627	4 739	n/a	n/a
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>5 243</b>	<b>5 589</b>	<b>5 243</b>	<b>5 589</b>		
<b>Total Liabilities</b>						<b>6 843</b>	<b>7 348</b>		

### 17(c) Net fair values of Financials Assets and Liabilities

FINANCIAL ASSETS	NOTES	2003-04		2002-03	
		TOTAL CARRYING AMOUNT	AGGREGATE NET FAIR VALUE	TOTAL CARRYING AMOUNT	AGGREGATE NET FAIR VALUE
		\$000	\$000	\$000	\$000
Cash at bank	12(b)	5 988	5 988	9 640	9 640
Receivables	7	6 077	6 077	2 111	2 111
<b>Total Financial Assests</b>		<b>12 065</b>	<b>12 065</b>	<b>11 751</b>	<b>11 751</b>
<b>Financial Liabilities (Recognised)</b>					
Suppliers	10(a)	616	616	850	850
Grants	10(c)	4 627	4 627	4 739	4 739
<b>Total Financial Liabilities (Recognised)</b>		<b>5 243</b>	<b>5 243</b>	<b>5 589</b>	<b>5 589</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### Financial Assets

The net fair values of cash, deposits on call and non-interest-bearing monetary financial assets approximate their carrying amounts.

### Financial Liabilities

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

### 17(d) Credit Risk Exposure

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

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

### 18. Events Occurring after Reporting Date

The Council is not aware of any significant events that have occurred since balance date which warrant disclosure in these financial statements.

### 19. Appropriations

Particulars	Departmental Outputs		Total	
	2004	2003	2004	2003
	\$ 000	\$ 000	\$ 000	\$ 000
<b>Year ended 30 June 2004</b>				
Balance carried forward from previous year	–	–	–	–
Appropriation Acts 1 and 3	136 579	135 928	136 579	135 928
Available for payment of CRF	136 579	135 928	136 579	135 928
Payments made out of CRF	136 579	135 928	136 579	135 928
<b>Balance carried forward to next year</b>	–	–	–	–
Represented by:				
Appropriations Receivable	–	–	–	–

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

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### 20. Reporting of Outcomes

#### 20(a) Outcomes of the Australia Council

The Australia Council is structured to meet two outcomes and three outputs:

Outcome 1: That Australian artists create and present a body of distinctive cultural works.

Output 1.1: Investments in artist production and development of artistic practice through Council programs which support both artists and arts companies.

Output 1.2: Industry development for Australia's creative arts.

Outcome 2: That the Australian people's appreciation, participation in, enjoyment and celebration of the arts with and through our civic institutions is enhanced.

Output 2.1: Policy, promotional and cultural relations services.

#### 20(b) Net Cost of Outcome Delivery

	OUTCOME 1		OUTCOME 2		TOTAL	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
	\$000	\$000	\$000	\$000	\$000	\$000
Departmental expenses	134 438	126 020	12 184	11 420	146 622	137 440
<b>Total expenses</b>	<b>134 438</b>	<b>126 020</b>	<b>12 184</b>	<b>11 420</b>	<b>146 622</b>	<b>137 440</b>
Costs recovered from provision of goods and services to the non-government sector						
Departmental						
<b>Total costs recovered</b>						
Other external revenues						
Departmental						
Sales of goods and services – to related entities	28	25	3	2	31	27
Interest	1 585	1 680	144	152	1 729	1 832
Revenue from sale of assets	44	35	4	3	48	38
Other Revenue	5 625	2 874	510	261	6 135	3 135
Total Departmental	7 282	4 614	661	418	7 943	5 032
<b>Total other external revenues</b>	<b>7 282</b>	<b>4 614</b>	<b>661</b>	<b>418</b>	<b>7 943</b>	<b>5 032</b>
<b>Net cost of outcome</b>	<b>127 156</b>	<b>121 406</b>	<b>11 523</b>	<b>11 002</b>	<b>138 679</b>	<b>132 408</b>

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### Note 20(c) Departmental Revenues and Expenses by Output Groups and Output

	OUTCOME 1				OUTCOME 2		TOTAL	
	OUTPUT GROUP 1.1		OUTPUT GROUP 1.2		OUTPUT GROUP 2.1			
	2003-04 \$000	2002-03 \$000	2003-04 \$000	2002-03 \$000	2003-04 \$000	2002-03 \$000	2003-04 \$000	2002-03 \$000
<b>Operating expenses</b>								
Employees	7 566	6 956	687	631	748	688	9 001	8 275
Suppliers	3 209	3 320	291	301	317	328	3 817	3 949
Grants	111 158	104 231	10 087	9 458	10 988	10 303	132 233	123 992
Depreciation and amortisation	1 261	995	114	90	125	98	1 500	1 183
Write-down of assets	–	–	–	–	–	–	–	–
Value of assets disposed	60	35	5	3	6	3	71	41
Borrowing cost expense	–	–	–	–	–	–	–	–
Extraordinary loss	–	–	–	–	–	–	–	–
<b>Total operating expenses</b>	<b>123 254</b>	<b>115 537</b>	<b>11 184</b>	<b>10 483</b>	<b>12 184</b>	<b>11 420</b>	<b>146 622</b>	<b>137 440</b>
<b>Funded by:</b>								
Revenues from Government	117 333	114 264	10 648	10 369	11 598	11 295	139 579	135 928
Sale of goods and services	26	23	2	2	3	2	31	27
Interest	1 453	1 540	132	140	144	152	1 729	1 832
Donations and bequests	–	–	–	–	–	–	–	–
Industry contributions	–	–	–	–	–	–	–	–
Revenue from Sale of Assets	40	32	4	3	4	3	48	38
Reversal of previous asset write-downs	–	–	–	–	–	–	–	–
Net foreign exchange gains	–	–	–	–	–	–	–	–
Other	5 157	2 635	468	239	510	261	6 135	3 135
Other non-taxation revenues	–	–	–	–	–	–	–	–
<b>Total operating revenues</b>	<b>124 009</b>	<b>118 494</b>	<b>11 254</b>	<b>10 753</b>	<b>12 259</b>	<b>11 713</b>	<b>147 522</b>	<b>140 960</b>