

A blurred, high-contrast black and white photograph of a person's face, likely a woman, looking slightly to the right. The image is heavily blurred, creating a soft, ethereal effect. A prominent white brushstroke graphic, resembling a thick, expressive line, curves across the lower right portion of the image, partially overlapping the text. The overall mood is artistic and minimalist.

financial statements

INDEPENDENT AUDIT REPORT TO THE MINISTER FOR COMMUNICATIONS, THE INFORMATION ECONOMY AND THE ARTS

SCOPE

I have audited the financial statements of the Australia Council for the year ended 30 June 1998. The financial statements comprise:

- Statement by Council Members;
- Operating Statement;
- Statement of Assets and Liabilities;
- Statement of Cash Flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the Financial Statements.

The Members of the Council are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Minister for Communications, the Information Economy and the Arts.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion,

- (i) the financial statements have been prepared in accordance with the Guidelines for Financial Statements of Commonwealth Authorities, and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, and other mandatory professional reporting requirements and the Guidelines for Financial Statements of Commonwealth Authorities, of the financial position of the Australia Council as at 30 June 1998 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Russell Chantler

Executive Director

Delegate of the Auditor-General

Sydney

15 September 1998

**STATEMENT BY COUNCIL MEMBERS
FOR THE YEAR ENDED 30 JUNE 1998**

In our opinion, the attached financial statements present fairly the information required by the Minister for Finance and Administration's Guidelines for Financial Statements of Commonwealth Authorities.

Margaret Seares

Margaret Seares
Chair



Helen Nugent
Deputy Chair

15 September 1998

**AUSTRALIA COUNCIL OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 1998**

	NOTE	1997-98 \$	1996-97 \$
NET COST OF SERVICES			
Operating expenses			
Employees	4(a)	6 415 845	6 584 646
Suppliers	4(b)	2 762 391	2 939 185
Depreciation and amortisation	4(c)	396 224	443 375
Grants	5	61 423 984	60 550 477
Total operating expenses		70 998 444	70 517 683
Operating revenues from independent sources			
Sales of goods and services		6 502	13 092
Interest	6(a)	513 904	802 248
Net gains from sale of assets	6(b)	23 708	10 924
Other	6(c)	871 191	1 063 476
Total operating revenues from independent sources		1 415 305	1 889 740
Net cost of services		69 583 139	68 627 943
REVENUES FROM GOVERNMENT			
Revenues from government			
Parliamentary appropriations received	7(a)	69 786 000	66 914 000
Resources received free of charge	7(b)	-	2 580
Total revenues from government		69 786 000	66 916 580
Surplus/(deficit)		202 861	(1 711 363)
Accumulated surpluses at beginning of reporting period	9	6 413 298	8 124 661
Accumulated surpluses at end of reporting period	9	6 616 159	6 413 298

The accompanying notes form part of these financial statements.

AUSTRALIA COUNCIL STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 1998

	NOTE	1997-98 \$	1996-97 \$
PROVISIONS AND PAYABLES			
Employees	8(a)	1 067 477	963 703
Suppliers	8(b)	258 943	189 755
Total provisions and payables		1 326 420	1 153 458
EQUITY			
Reserves		134 322	134 322
Accumulated surpluses	9	6 616 159	6 413 298
Total equity	9	6 750 481	6 547 620
Total liabilities and equity		8 076 901	7 701 078
FINANCIAL ASSETS			
Cash	10(a)	5 632 365	4 803 348
Receivables	10(b)	383 541	373 719
Total financial assets		6 015 906	5 177 067
NON-FINANCIAL ASSETS			
Land and buildings	11(a),(c)	735 880	939 229
Infrastructure, plant and equipment	11(b),(c)	744 142	882 685
Other	11(d)	580 973	702 097
Total non-financial assets		2 060 995	2 524 011
Total assets		8 076 901	7 701 078
Current liabilities		958 100	826 764
Non-current liabilities		368 320	326 694
Current assets		6 596 879	5 872 896
Non-current assets		1 480 022	1 828 182

The accompanying notes form part of these financial statements.

**AUSTRALIA COUNCIL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 1998**

	NOTE	1997-98 \$	1996-97 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		69 786 000	63 839 000
Sales of goods and services		6 502	13 092
Interest and bill discounts		522 456	849 809
Other		851 867	1 087 614
Total cash received		71 166 825	65 789 515
Cash used			
Grants		(61 340 861)	(60 863 418)
Employees		(6 301 775)	(6 521 150)
Suppliers		(2 665 498)	(2 963 250)
Total cash used		(70 308 134)	(70 347 818)
Net cash from (used by) operating activities	12	858 691	(4 558 303)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		65 651	60 748
Total cash received		65 651	60 748
Cash used			
Purchase of property, plant and equipment		(95 325)	(134 655)
Total cash used		(95 325)	(134 655)
Net cash used by investing activities		(29 674)	(73 907)
Net increase/(decrease) in cash held		829 017	(4 632 210)
add cash at 1 July		4 803 348	9 435 558
Cash at 30 June	10(a)	5 632 365	4 803 348

**AUSTRALIA COUNCIL SCHEDULE OF COMMITMENTS
AS AT 30 JUNE 1998**

	1997-98	1996-97
	\$	\$
By Type		
Capital commitments		
Plant and equipment	-	-
Total capital commitments	-	-
Other commitments		
Operating leases	2 248 585	3 147 951
Other commitments (Note)	20 700 396	22 205 724
Total other commitments	22 948 981	25 353 675
Total commitments payable	22 948 981	25 353 675
By Maturity		
All net commitments		
One year or less	15 662 956	21 180 697
From one to two years	6 496 595	3 003 615
From two to five years	192 363	672 251
Over five years	597 067	497 112
Net commitments	22 948 981	25 353 675
Operating Lease Commitments		
One year or less	1 029 007	1 022 294
From one to two years	590 948	1 022 294
From two to five years	31 563	606 251
Over five years	597 067	497 112
Operating Lease Commitments	2 248 585	3 147 951

Note: Other commitments comprised solely of grants and programs approved by Council, Funds, Board or Committees for payment in future years for which signed conditions of acceptance of grants had been received from successful grant applicants.

The accompanying notes form part of these financial statements.

**AUSTRALIA COUNCIL SCHEDULE OF CONTINGENCIES
AS AT 30 JUNE 1998**

	1997-98	1996-97
	\$	\$
Contingent losses	-	-
Contingent gains	-	-
Net contingencies	-	-

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

NOTE	DESCRIPTION
1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
2	SEGMENT REPORTING
3	ECONOMIC DEPENDENCY
4	GOODS AND SERVICES EXPENSES
5	GRANTS EXPENSES
6	OPERATING REVENUES FROM INDEPENDENT SOURCES
7	REVENUES FROM GOVERNMENT
8	PROVISIONS AND PAYABLES
9	EQUITY
10	FINANCIAL ASSETS
11	NON-FINANCIAL ASSETS
12	CASH FLOW RECONCILIATION
13	REMUNERATION OF COUNCIL MEMBERS
14	RELATED PARTY DISCLOSURES
15	REMUNERATION OF OFFICERS
16	REMUNERATION OF AUDITORS
17	FINANCIAL INSTRUMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of accounting

The financial statements are a general purpose financial report.

They have been prepared in accordance with:

- the Guidelines titled *Financial Statements of Commonwealth Authorities* issued by the Minister for Finance and Administration in July 1997 (the 'Guidelines') which require that the financial statements are prepared
 - in compliance with Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation, and
 - having regard to Statements of Accounting Concepts; and
- the Consensus Views of the Urgent Issues Group.

The financial statements 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 on the financial position.

1(b) Taxation

The Australia Council is exempt from all forms of taxation except fringe benefits tax.

1(c) Property, plant and equipment

Assets, other than land and buildings, are recognised initially at cost in the Statement of Assets and Liabilities. Except for 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.

From 1996-97 onwards, the Guidelines require that property, plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation (as set out in the *Guidelines on Accounting Policy for Valuation of Assets of Government Trading Enterprises*) by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The Council is implementing its progressive revaluations as follows:

- freehold land and buildings will continue to be revalued progressively every three years. The current progressive revaluation commenced in 1991-92;
- leasehold improvements, plant and equipment will be initially revalued in 1998-99, and thereafter over successive three-year periods. (The previous policy was to carry these assets on the basis of the value recognised on acquisition.)

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported on the basis of the value initially recognised on acquisition for the duration of the progressive revaluation then in progress.

Unrealised gains from the revaluation of assets will be transferred to the Asset Revaluation Reserve. On realisation, these amounts will be transferred to the General Reserve.

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1998

The application of the deprival method by the Council values its land at its current market buying price and its other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to requirements are valued at net realisable value; at 30 June 1998, there were no assets in this situation.

The carrying amounts of non-current assets of the Council have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

Buildings and motor vehicles are depreciated over their estimated useful life on a straight-line basis. Office equipment, computers, and furniture are depreciated over their estimated useful life on a reducing balance basis. Leasehold improvements and leasehold property are amortised over the life of the leases concerned or their estimated useful life, whichever is shorter. Land, musical instruments and works of art are not depreciated.

Depreciation and amortisation rates applying to each class of depreciable assets are as follows:

	<u>1997-98</u>	<u>1996-97</u>
Buildings on freehold land	40 years	40 years
Leashold improvements	Lease term	Lease term
Plant and equipment	4-9 years	4-9 years

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

1(d) Liability for employee entitlements

The liability for employee entitlements encompasses provisions 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 by employees is less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1998 and is recognised at its nominal value.

The liability for long service leave, provided for all employees after 3 years eligible service, 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 1998. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Provision is also made for separation and redundancy payments in circumstances where the Council has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

1(e) Leases

Operating lease payments are charged to the Operating Statement 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.

1(f) Cash

For the purpose of the Statement of Cash Flows, cash includes deposits held at call with a bank and investments in money market instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1998

1(g) Resources received free of charge

Resources received free of charge are recognised as revenues in the Operating Statement where their fair value can be reliably measured. Use of the resources is recognised as an expense, or, where there is a long-term benefit, an asset is recognised.

1(h) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1(i) Changes in accounting policies

Changes in accounting policy have been identified in this note under their appropriate headings.

2. SEGMENT REPORTING

The Council's major function is the promotion of the arts, predominantly within Australia.

3. ECONOMIC DEPENDENCY

The Council is dependent on appropriations from Parliament to carry out its normal activities.

4. GOODS AND SERVICES EXPENSES

4(a) Employee expenses

Basic remuneration for services provided

Other

Total employee expenses

	1997-98	1997-96
	\$	\$
	<u>6 345 921</u>	6 524 508
	<u>69 924</u>	60 138
	<u>6 415 845</u>	<u>6 584 646</u>

Employee expenses include employee remuneration and employee related costs, e.g. workers' compensation premiums. 'Remuneration' means any money, consideration or benefit (e.g. salary, leave, superannuation, costs of private use of motor vehicles, housing, allowances and fringe benefits tax included in remuneration agreements), but does not include payments or reimbursements of out-of-pocket expenses.

The Australia Council is an approved authority for the purposes of the *Superannuation Act 1976*, the *Superannuation (Productivity Benefit) Act 1988*, and the *Superannuation Act 1990*. This enables Council eligible employees to become members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. Occupational Superannuation benefits have, since 1 July 1991, been incorporated into these two schemes. The Council satisfies its superannuation commitments on a pay-as-you-go basis, by making periodic payment of amounts expressed as a percentage of the salaries of eligible employees, estimated by the Commonwealth Superannuation Administration to be sufficient to meet the Council's share of the full accrued cost of benefits.

Superannuation benefits for qualified employees for the purpose of the *Superannuation Guarantee (Administration) Act 1992* are paid to the Australian Government Employees Trust or to a complying fund as selected by these employees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1998

Total employer's contributions made by the Council during the year were:

	1997-98	1997-96
	\$	\$
Commonwealth Superannuation Scheme	121 781	136 402
Public Sector Superannuation Scheme	586 250	531 177
Superannuation Guarantee	35 789	49 757
Total employer's contributions	743 820	717 336

4(b) Suppliers' expenses

	1997-98	1997-96
	\$	\$
Supply of goods and services	1 712 636	1 906 832
Operating lease rentals	1 049 755	1 032 353
Total suppliers' expenses	2 762 391	2 939 185

4(c) Depreciation and amortisation

	1997-98	1997-96
	\$	\$
Depreciation of property, plant and equipment	199 537	246 688
Amortisation of leased assets	196 687	196 687
Total expense	396 224	443 375

5. GRANTS EXPENSES

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

	1997-98	1997-96
	\$	\$
Aboriginal and Torres Strait Islander Arts	3 665 344	4 953 098
Community Cultural Development	5 761 312	5 302 864
Dance	2 994 075	3 074 958
Literature	4 277 044	4 240 557
Major Organisations	12 651 236	12 382 266
Music	3 890 489	4 202 114
New Media Arts	2 827 875	2 245 022
Theatre	7 437 859	8 230 588
Visual Arts/Craft	7 063 253	6 508 083
Australian Artists Creative Fellowships	726 000	1 386 000
National Festival of Youth Arts	705 662	1 304 648
Audience Development and Advocacy	4 953 749⁺	4 605 827
Strategy and Policy	4 470 086[*]	2 114 452
Total grants expenses	61 423 984	60 550 477

⁺ Including \$759 812 expended on Contemporary Music Export Development Initiative.

^{*} Including \$2 439 000 expended on Regional Arts Fund Initiative.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1998

6. OPERATING REVENUES FROM INDEPENDENT SOURCES

6(a) Interest

Interest comprised solely of interest on bank deposits and bank bills.

6(b) Net gains from sale of assets

Net gains from sale of assets comprised solely of proceeds from sale of obsolete furniture and equipment items.

	1997-98	1997-96
	\$	\$
6(c) Other revenues		
Returned grants	298 808	485 978
Rental and outgoings recovered from sub-leasing	333 545	335 542
Contribution from Department of Communications and the Arts for National Festival of Youth Arts	-	200 000
Contribution from Aboriginal and Torres Strait Islander Commission for:		
- Full-Time Professional Study Award	46 367	23 141
- Inside Art Out Program	20 000	-
Contribution from Department of Foreign Affairs and Trade for:		
- Australia-India New Horizons/Review Program	-	10 000
- Third Performing Arts Market Conference	100 000	-
Contribution from Commonwealth Scientific and Industrial Research Organisation for Arts and Industry Placements program	35 000	-
Other	37 471	8 815
Total Other Revenues	871 191	1 063 476

7. REVENUES FROM GOVERNMENT

	1997-98	1997-96
	\$	\$
7(a) Parliamentary appropriations		
Appropriation Acts Nos. 1 and 3	69 786 000	63 839 000
Adjustment for payments made by the Council on behalf of the Australia Foundation for Culture and the Humanities in the period from 16 January 1996 to 30 June 1996	-	3 075 000*
Total	69 786 000	66 914 000

* The Australia Foundation for Culture and the Humanities, based in Melbourne, was established as a Government wholly-owned company limited by guarantee on 16 January 1996, and ceased to be part of the Australia Council from that date. Expenditure for the Foundation arising in the period to and including 15 January 1996 was recognised and included in the Operating Statement for the year ended 30 June 1996.

As at 15 January 1996, monies held by the Council on behalf of the Foundation totalled \$3 298 554. After adjusting for payments made by the Council on behalf of the Foundation in respect of expenses arising in the period from 16 January 1996 to 30 June 1996, and for assets transferred to the Foundation during this period, the net monies owed to the Foundation at 30 June 1996 was \$2 748 358.

The overpayment of \$326 642 (\$3 075 000 less \$2 748 358) to the Foundation is included in Note 10(b).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

7(b) Resources received free of charge	1997-98	1997-96
	\$	\$
Provision of payroll services by the Department of Finance and Administration	—	2 580

8. PROVISIONS AND PAYABLES

8(a) Liabilities to employees	1997-98	1997-96
	\$	\$
Salaries and wages	134 154	117 394
Annual leave	495 162	444 428
Long service leave	438 161	401 881
Aggregate employee entitlement liabilities	1 067 477	963 703

8(b) Suppliers

Trade creditors	190 240	120 085
Operating lease rentals	37 865	27 795
Other	30 838	41 875
Total	258 943	189 755

9. EQUITY

	ACCUMULATED RESULTS	ASSET REVALUATION RESERVE	TOTAL EQUITY
	\$	\$	\$
Balance 1 July 1997	6 413 298	134 322	6 547 620
Surplus	202 861	—	202 861
Balance 30 June 1998	6 616 159	134 322	6 750 481
Balance 1 July 1996	8 124 661	363 298	8 487 959
Deficit	(1 711 363)	—	(1 711 363)
Revaluation decreases	—	(228 976)	(288 976)
Balance 30 June 1997	6 413 298	134 322	6 547 620

The Asset Revaluation Reserve contains unrealised gains from revaluation of assets.

10. FINANCIAL ASSETS

10(a) Cash	1997-98	1997-96
	\$	\$
Cash at bank and on hand	82 365	103 348
Deposits at call	5 550 000	4 700 000
Total	5 632 365	4 803 348

10(b) Receivables

Goods and services	31 354	12 030
Other debtors	352 187	361 689
Total	383 541	373 719

Receivables include receivables overdue by more than 60 days.

326 642	326 642
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

11. NON-FINANCIAL ASSETS

	1997-98	1997-96
	<u>\$</u>	<u>\$</u>
11(a) Land and buildings		
Freehold Land - at May 1997 valuation	<u>61 037</u>	<u>61 037</u>
Buildings on freehold land - at May 1997 valuation	117 765	117 765
Accumulated depreciation	(3 189)	(245)
	<u>114 576</u>	<u>117 520</u>
Leasehold improvements - at cost	1 852 821	1 852 821
Accumulated amortisation	(1 521 747)	(1 325 059)
	<u>331 074</u>	<u>527 762</u>
Building on leasehold land - at June 1997 valuation	232 910	232 910
Accumulated amortisation	(3 717)	-
	<u>229 193</u>	<u>232 910</u>
Total land and buildings	<u>735 880</u>	<u>939 229</u>
11(b) Plant and equipment		
	1997-98	1997-96
	<u>\$</u>	<u>\$</u>
Plant and equipment - at cost	1 727 840	1 729 423
Accumulated depreciation	(983 698)	(846 738)
Total plant and equipment	<u>744 142</u>	<u>882 685</u>

The freehold land and building in Rome, and the leasehold land and buildings in Paris were revalued in May and June 1997 in accordance with the progressive revaluation policy stated in Note 1(c) by independent valuers, Dr Massimo Finotti and Jones Lang Wootton respectively. A revaluation decrement of \$228 976 was transferred to the asset revaluation reserve in 1996-97.

Included in 'Plant and equipment' are two Guarnerius Celli, one made in 1710 and the other in 1721, together with a Pajeot bow and a Dodd bow made early in the 19th century. Council purchased these items in 1974 at a cost of \$52 751. In accordance with Note 1(c), these items will be revalued in the financial year 1998-99.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

11(c) Analysis of property, plant and equipment

Table A - Movement summary 1997-98

	LAND	BUILDINGS	TOTAL LAND AND BUILDINGS	OTHER INFRASTRUCTURE PLANT AND EQUIPMENT	TOTAL
	\$	\$	\$	\$	\$
Gross value as at 1 July 1997	61 037	2 203 496	2 264 533	1 729 423	3 993 956
Additions	-	-	-	95 325	95 325
Disposals	-	-	-	(89 809)	(89 809)
Other movements	-	-	-	(7 099)	(7 099)
Gross value as at 30 June 1998	61 037	2 203 496	2 264 533	1 727 840	3 992 373
Accumulated Depreciation/ Amortisation as at 1 July 1997	-	1 325 304	1 325 304	846 738	2 172 042
Depreciation/Amortisation charge for assets held 1 July 1997	-	203 349	203 349	190 601	393 950
Depreciation/amortisation charge for additions	-	-	-	2 561	2 561
Adjustment for disposals	-	-	-	(54 614)	(54 614)
Adjustment for other movements	-	-	-	(1 588)	(1 588)
Accumulated Depreciation/ Amortisation as at 30 June 1998	-	1 528 653	1 528 653	983 698	2 512 351
Net book value as at 30 June 1998	61 037	674 843	735 580	744 142	1 480 022
Net book value as at 1 July 1997	61 037	878 192	939 229	882 685	1 821 914

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

**Table B - Summary of balances of assets
at valuation as at 30 June 1998**

	LAND \$	BUILDINGS \$	TOTAL \$
As at 30 June 1998			
Gross value	61 037	350 675	411 712
Accumulated depreciation/amortisation	-	(6 906)	(6 906)
Net book value	61 037	343 769	404 806
As at 30 June 1997			
Gross value	61 037	350 675	411 712
Accumulated depreciation/amortisation	-	(245)	(245)
Net book value	61 037	350 430	411 467

	1997-98 \$	1996-97 \$
11(d) Other non-financial assets		
Prepaid property rentals	90 742	116 742
Other prepayments	490 231	585 355
Total	580 973	702 097

12. CASH FLOW RECONCILIATION

Reconciliation of net cash flows from operating activities to net cost of services

	1997-98 \$	1997-96 \$
Net cost of services	(69 583 139)	(68 627 943)
Revenues from Government	69 786 000	66 916 580
Operating surplus/(deficit)	202 861	(1 711 363)
Depreciation and amortisation of property plant and equipment	396 224	443 375
Resources received free of charge	-	(2 580)
Profit on disposal of property, plant and equipment	(23 708)	(10 924)
(Increase) in receivables	(9 822)	(282 001)
Increase in employee liabilities	103 774	12 029
Increase/(Decrease) in liability to suppliers	80 225	(132 668)
(Decrease) in other payables	(11 987)	(2 717 033)
Decrease/(Increase) in other assets	121 124	(157 138)
Net cash provided/(used) by operating activities	858 691	(4 558 303)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

13. REMUNERATION OF COUNCIL MEMBERS

	1997-98	1997-96
	\$	\$
Aggregate amount of superannuation payments in connection with the retirement of Council members	15 481	11 834
Other remuneration received or due and receivable by Council members	262 869	207 606
Total remuneration received or due and receivable by Council members	278 350	219 440

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

	NUMBER	NUMBER
\$Nil - \$ 9 999	4	10
\$10 000 - \$19 999	3	2
\$20 000 - \$29 999	7	4
\$50 000 - \$59 999	1	-
\$60 000 - \$69 999	-	1
	15	17

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

14. RELATED PARTY DISCLOSURES

COUNCIL MEMBERS		TERM
Name	APPOINTED	CONCLUDES/ CONCLUDED
Aldous, Lucette	09.12.1995	08.12.1998
Campion, Edmund	04.12.1995	03.12.1998
Colquhoun, Shane	24.07.1996	31.12.1997
Klika, Deborah	27.03.1997	26.03.2000
Lane, Terry	12.12.1994	11.12.1997
Lynch, Michael*	15.08.1994	21.08.1999
Marinos, Lex	01.07.1995	30.06.1998
Mills, Richard	09.12.1995	08.12.1998
Moriarty, John	27.03.1997	26.03.2000
Nugent, Helen	01.07.1997	30.06.2000
Pearson, Christopher	27.03.1997	26.03.2000
Radford, Ron	10.06.1997	09.06.2000
Rimmer, John	27.03.1997	26.03.2000
Seares, Margaret	07.07.1997	06.07.2000
Street, Geoffrey	24.07.1996	23.07.1999
Street, Susan	01.01.1998	31.12.2000

* Ex-officio member of Council by virtue of his appointment as General Manager.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

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 benefit, other than fixed stipends or travelling and related allowances, 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.

COUNCIL MEMBER	ORGANISATION IN RECEIPT OF GRANT	POSITION HELD BY COUNCIL MEMBER	AMOUNT OF GRANT \$
ALDOUS, Lucette	W A Academy of Performing Arts	Senior Lecturer	51 000
CAMPION, Edmund	Aust Society of Authors Ltd	Member	51 651
KLIKA, Deborah	Australian Writers Guild Ltd	Member	9 000
PEARSON, Christopher	Adelaide Review	Editor	10 000
SEARES, Margaret	Western Australia Museum	Member, Board of Trustees	42 000
STREET, Geoffrey	Victoria Arts Centre Trust	Programming Manager	35 000
STREET, Susan	The Choreographic Centre ACT	Artistic Advisor	130 000

	1997-98	1997-96
	\$	\$

15. REMUNERATION OF OFFICERS

Income received or due and receivable by officers, including performance pay	658 408	688 118
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	NUMBER	NUMBER
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The number of officers included in these figures is shown below in the relevant income bands:

	2	4
\$100 000 - \$109 999	1	1
\$110 000 - \$119 999	-	1
\$150 000 - \$159 999	1	-
\$160 000 - \$169 999	4	6

The officer remuneration includes the General Manager who is a member of Council ex-officio, and all officers concerned with or taking part in the management of the economic entity during 1997-98.

	1997-98	1997-96
	\$	\$

16. REMUNERATION OF AUDITORS

Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	33 000	39 000
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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 ENDING 30 JUNE 1998**

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)
Financial Assets		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	10(a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from fortnightly drawdowns 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 and services	10(b)	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 (1996-97: 14 days).
Other debtors	10(b)	As for receivables for goods and services.	As for receivables for goods and services.
Financial Liabilities		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	8(b)	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 goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

17(b) Interest Rate Risk

FINANCIAL INSTRUMENT	NOTES	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
		97-98	96-97	97-98	96-97	97-98	96-97	97-98	96-97
		\$	\$	\$	\$	\$	\$	%	%
Financial Assets (Recognised)									
Cash at Bank	10(a)	81 365	101 348	-	-	81 365	101 348	3.05	3.45
Cash on Hand	10(a)	-	-	1 000	2 000	1 000	2 000	n/a	n/a
Deposits at Call	10(a)	5 550 000	4 700 000	-	-	5 550 000	4 700 000	4.75	5.40
Receivables for									
Goods and									
Services	10(b)	-	-	31 354	12 030	31 354	12 030	n/a	n/a
Other Debtors	10(b)	-	-	352 187	361 689	352 187	361 689	n/a	n/a
Total Financial Assets (Recognised)		5 631 365	4 801 348	384 541	375 719	6 015 906	5 177 067		
Total Assets						8 076 901	7 701 078		
Financial Liabilities (Recognised)									
Trade Creditors	8(b)	-	-	190 240	120 085	190 240	120 085	n/a	n/a
Total Financial Liabilities (Recognised)		-	-	190 240	120 085	190 240	120 085		
Total Liabilities						1 326 420	1 153 458		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

17(c) Net Fair Values of Financial Assts and Liabilities

		1997-98	1997-98	1996-97	1996-97
		TOTAL	AGREGATE	TOTAL	AGREGATE
		CARRYING	NET FAIR	CARRYING	NET FAIR
		AMOUNT	VALUE	AMOUNT	VALUE
	NOTE	\$	\$	\$	\$
Financial Assets					
Cash at Bank	10(a)	81 365	81 365	101 348	101 348
Cash on Hand	10(a)	1 000	1 000	2 000	2 000
Deposits at call	10(a)	5 550 000	5 550 000	4 700 000	4 700 000
Receivables for					
Goods and Services	10(b)	31 354	31 354	12 030	12 030
Other debtors	10(b)	352 187	352 187	361 689	361 689
Total Financial Assets		<u>6 015 906</u>	<u>6 015 906</u>	<u>5 177 067</u>	<u>5 177 067</u>
Financial Liabilities (Recognised)					
Trade creditors	8(b)	190 240	190 240	120 085	120 085
Total Financial Liabilities (Recognised)		<u>190 240</u>	<u>190 240</u>	<u>120 085</u>	<u>120 085</u>

Financial Assets

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

Financial Liabilities

The net fair value 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 Assets and Liabilities.

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