



## FINANCIAL STATEMENTS

## INDEPENDENT AUDIT REPORT

To the Minister for Communications and the Arts

### Scope

I have audited the financial statements of the Australia Council for the year ended 30 June 1997. 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 the Minister for Communications 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 accordance with Section 38(3) of the *Australia Council Act 1975*, I now report that the statements are in agreement with the accounts and records of the Council, and in my opinion:

- (i) the statements are based on proper accounts and records;
- (ii) the statements present fairly in accordance with applicable Accounting Standards, and other mandatory professional reporting requirements, the financial position of the Australia Council as at 30 June 1997 and the results of its operations and its cash flows for the year then ended;
- (iii) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Australia Council during the year have been in accordance with the *Australia Council Act 1975*; and
- (iv) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.

Australian National Audit Office



**Russ Chantler**  
Executive Director  
For the Auditor-General

Sydney  
23 September 1997

## STATEMENT BY COUNCIL MEMBERS

For the year ended 30 June 1997

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



**Michael Lynch**  
General Manager



**Margaret Seares**  
Chair

23 September 1997

## OPERATING STATEMENT

For the year ended 30 June 1997

	NOTE	1996-97 \$	1995-96 \$
<b>NET COST OF SERVICES</b>			
<b>Operating expenses</b>			
Employees	4(a)	<b>6 531 860</b>	6 402 465
Suppliers	4(b)	<b>2 839 707</b>	2 907 077
Depreciation and amortisation	4(c)	<b>443 375</b>	462 175
Grants	5	<b>60 702 741</b>	63 684 251
<b>Total operating expenses</b>		<b>70 517 683</b>	73 455 968
<b>Operating revenues from independent sources</b>			
Sales of goods and services		<b>13 092</b>	4 831
Interest	6(a)	<b>802 248</b>	1 296 435
Net gains from sale of assets	6(b)	<b>10 924</b>	56 742
Other	6(c)	<b>1 063 476</b>	1 336 632
<b>Total operating revenues from independent sources</b>		<b>1 889 740</b>	2 694 640
<b>Net cost of services</b>		<b>68 627 943</b>	70 761 328
<b>REVENUES FROM GOVERNMENT</b>			
<b>Revenues from government</b>			
Parliamentary appropriations received	7(a)	<b>66 914 000</b>	69 618 446
Resources received free of charge	7(b)	<b>2 580</b>	2 480
<b>Total revenues from government</b>		<b>66 916 580</b>	69 620 926
<b>Deficit of net cost of services over revenues from government</b>		<b>(1 711 363)</b>	(1 140 402)
Accumulated surpluses at beginning of reporting period	9	<b>8 124 661</b>	9 265 063
<b>Accumulated surpluses at end of reporting period</b>	9	<b>6 413 298</b>	8 124 661

The accompanying notes form part of these financial statements

## STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 1997

	NOTE	1996-97 \$	1995-96 \$
<b>PROVISIONS AND PAYABLES</b>			
Employees	8(a)	<b>963 703</b>	951 674
Suppliers	8(b)	<b>189 755</b>	3 042 986
<b>Total provisions and payables</b>		<b>1 153 458</b>	3 994 660
<b>EQUITY</b>			
Reserves		<b>134 322</b>	363 298
Accumulated surpluses	9	<b>6 413 298</b>	8 124 661
<b>Total equity</b>	9	<b>6 547 620</b>	8 487 959
<b>Total liabilities and equity</b>		<b>7 701 078</b>	12 482 619
<b>FINANCIAL ASSETS</b>			
Cash	10(a)	<b>4 803 348</b>	9 435 558
Receivables	10(b)	<b>373 719</b>	91 718
<b>Total financial assets</b>		<b>5 177 067</b>	9 527 276
<b>NON-FINANCIAL ASSETS</b>			
Land and buildings	11(a),(c)	<b>939 229</b>	1 376 169
Infrastructure, plant and equipment	11(b),(c)	<b>882 685</b>	1 034 215
Other	11(d)	<b>702 097</b>	544 959
<b>Total non-financial assets</b>		<b>2 524 011</b>	2 955 343
<b>Total assets</b>		<b>7 701 078</b>	12 482 619
<b>Current liabilities</b>		<b>826 764</b>	3 655 946
<b>Non-current liabilities</b>		<b>326 694</b>	338 714
<b>Current assets</b>		<b>5 872 896</b>	10 039 967
<b>Non-current assets</b>		<b>1 828 182</b>	2 442 652

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS

For the year ended 30 June 1997

	NOTE	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		<b>63 839 000</b>	72 917 000
Sales of goods and services		<b>13 092</b>	4 831
Interest and bill discounts		<b>849 809</b>	1 262 753
Other		<b>1 087 614</b>	1 328 259
<b>Total cash received</b>		<b><u>65 789 515</u></b>	<u>75 512 843</u>
<b>Cash used</b>			
Grants		<b>(60 863 418)</b>	(63 589 567)
Employees		<b>(6 521 150)</b>	(6 123 117)
Suppliers		<b>(2 963 250)</b>	(3 361 126)
<b>Total cash used</b>		<b><u>(70 347 818)</u></b>	<u>(73 073 810)</u>
<b>Net cash from operating activities</b>	12	<b><u>(4 558 303)</u></b>	<u>2 439 033</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		<b>60 748</b>	91 535
<b>Total cash received</b>		<b><u>60 748</u></b>	<u>91 535</u>
<b>Cash used</b>			
Purchase of property, plant and equipment		<b>(134 655)</b>	(196 258)
<b>Total cash used</b>		<b><u>(134 655)</u></b>	<u>(196 258)</u>
<b>Net cash from investing activities</b>		<b><u>( 73 907)</u></b>	<u>(104 723)</u>
<b>Net (decrease)/increase in cash held</b>		<b>(4 632 310)</b>	2 334 310
add cash at 1 July		<b>9 435 558</b>	7 101 248
<b>Cash at 30 June</b>	10(a)	<b><u>4 803 348</u></b>	<u>9 435 558</u>

The accompanying notes form part of these financial statements

## SCHEDULE OF COMMITMENTS

As at 30 June 1997

	1996-97 \$	1995-96 \$
<b>BY TYPE</b>		
<b>Other Commitments</b>		
Operating Leases	<b>3 147 951</b>	3 826 275
Other commitments ( <i>Note</i> )	<b>22 205 724</b>	36 128 812
<b>Total commitments payable</b>	<b><u>25 353 675</u></b>	<b><u>39 955 087</u></b>
<b>BY MATURITY</b>		
One year or less	<b>21 180 697</b>	20 492 476
From one to two years	<b>3 003 615</b>	16 457 974
From two to five years	<b>672 251</b>	2 480 939
Over five years	<b>497 112</b>	523 698
<b>Net commitments</b>	<b><u>25 353 675</u></b>	<b><u>39 955 087</u></b>

*Note: Other commitments comprised solely of grants and programs approved by Council, Funds, Boards 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*

## SCHEDULE OF CONTINGENCIES

As at 30 June 1997

	1996-97 \$	1995-96 \$
CONTINGENT LOSSES	-	-
CONTINGENT GAINS	-	-
<b>Net contingencies</b>	<u>-</u>	<u>-</u>

*The accompanying notes form part of these financial statements*

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended 30 June 1997

<b>NOTE</b>	<b>DESCRIPTION</b>
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- |     |   |
|-----|---|
| 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                    |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 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 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 over the financial years 1997-98 and 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.)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 1(c) Property, plant and equipment (contd)

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.

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.

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 1997, 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.

### 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 1997 and is recognised at its nominal value.

The liability for long service leave, provided for all employees after three and a half 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 1997. 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 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.

### 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 4. GOODS AND SERVICES EXPENSES

#### 4(a) Employee Expenses

	1996-97	1995-96
	\$	\$
Basic remuneration for services provided	6 471 722	6 344 895
Other	<u>60 138</u>	<u>57 570</u>
Total employee expenses	<u>6 531 860</u>	<u>6 402 465</u>

Employee expenses include employee remuneration and employee related costs, eg. workers' compensation premiums. 'Remuneration' means any money, consideration or benefit (eg. 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.

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

	1996-97	1995-96
	\$	\$
Commonwealth Superannuation Scheme	136 402	123 154
Public Sector Superannuation Scheme	531 177	499 722
Superannuation Guarantee	<u>49 757</u>	<u>41 688</u>
Total employer's contributions	<u>717 336</u>	<u>664 564</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 4(b) Suppliers Expenses

	1996-97	1995-96
	\$	\$
Supply of goods and services	<b>1 807 354</b>	1 936 802
Operating lease rentals	<b>1 032 353</b>	970 275
Total suppliers expenses	<b><u>2 839 707</u></b>	<u>2 907 077</u>

### 4(c) Depreciation and amortisation

Depreciation expenses were for property, plant and equipment only.

## 5. GRANTS EXPENSES

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

	1996-97	1995-96
	\$	\$
New Media Arts	<b>2 245 022</b>	
Music	<b>4 202 114</b>	
Dance	<b>3 074 958</b>	
Theatre	<b>8 230 588</b>	
<i>Total: New Media Arts, Music, Dance and Theatre</i>	<i>17 752 682</i>	<i>18 960 721*</i>
Aboriginal and Torres Strait Islander Arts	<b>4 953 098</b>	4 029 789
Community Cultural Development	<b>5 302 864</b>	6 662 936
Literature	<b>4 240 557</b>	5 031 829
Major Organisations	<b>12 382 266</b>	12 772 944
Visual Arts/Craft	<b>6 508 083</b>	7 915 855
Strategy and Policy	<b>2 266 716</b>	3 375 055
Australian Artists Creative Fellowships	<b>1 386 000</b>	2 186 042
National Festival of Youth Arts	<b>1 304 648</b>	223 680
Australia Foundation for Culture and the Humanities	-	523 018
Audience Development and Advocacy	<b>4 605 827</b>	2 002 382
Total grants expenses	<b><u>60 702 741</u></b>	<u>63 684 251</u>

\* As part of the restructure of the Australia Council, New Media Arts, Music, Dance and Theatre Funds replaced the Performing Arts Board as from 8 April 1996. Grants offered against the 1995-96 budgets were made according to the categories operating until 7 April 1996, hence individual comparative figures for these four Funds were not available.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 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.

#### 6(c) Other Revenues

	1996-97	1995-96
	\$	\$
Returned grants	<b>485 978</b>	301 871
Rental and outgoings recovered from sub-leasing	<b>335 542</b>	349 384
Contribution from Department of Communications and the Arts for National Festival of Youth Arts	<b>200 000</b>	600 000
Contribution from Australian Heritage Commission for Environmental Design Programs	-	10 000
Contribution from Australian National Commission for UNESCO for Pacific Exchange Program	-	10 000
Contribution from Australia India Council for Australian participation in India Triennale	-	15 000
Contribution from Aboriginal and Torres Strait Islander Commission for Full Time Professional Study Award	<b>23 141</b>	27 147
Contribution from Foreign Affairs and Trade for Australia India New Horizons/Review Program	<b>10 000</b>	-
Other	<b>8 815</b>	23 230
Total Other Revenues	<b><u>1 063 476</u></b>	<b><u>1 336 632</u></b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 7. REVENUES FROM GOVERNMENT

#### 7(a) Parliamentary Appropriations

	1996-97	1995-96
	\$	\$
Appropriation Acts Nos. 1 & 3	<b>63 839 000</b>	72 917 000
Adjustments for the Australia Foundation for Culture and the Humanities:		
Monies held on behalf of Australia Foundation for Culture and the Humanities at 15 January 1996	-	(3 298 554)
Return of these monies less payments made by the Council on behalf of the Foundation in the period from 16 January 1996 to 30 June 1996, through an adjustment to the Council's parliamentary appropriations for 1996-97.	<b>3 075 000</b>	-
<b>Total</b>	<b><u>66 914 000</u></b>	<b><u>69 618 446</u></b>

*(Note: 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, totalling \$523 018, 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).*

#### 7(b) Resources Received Free of Charge

	1996-97	1995-96
	\$	\$
Provision of payroll services by the Department of Finance	<b><u>2 580</u></b>	<b><u>2 480</u></b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 8. PROVISIONS AND PAYABLES

#### 8(a) Liabilities to Employees

	1996-97	1995-96
	\$	\$
Salaries and wages	<b>117 394</b>	142 207
Annual leave	<b>444 428</b>	406 187
Long service leave	<b>401 881</b>	403 280
Aggregate employee entitlement liabilities	<b><u>963 703</u></b>	<u>951 674</u>

#### 8(b) Suppliers

	1996-97	1995-96
	\$	\$
Trade creditors	<b>120 085</b>	294 534
Operating lease rentals	<b>27 795</b>	-
Other	<b>41 875</b>	2 748 452
Total	<b><u>189 755</u></b>	<u>3 042 986</u>

### 9. EQUITY

	ACCUMULATED RESULTS	ASSET REVALUATION RESERVE	TOTAL EQUITY
	\$	\$	\$
<b>Balance 1 July 1996</b>	<b>8 124 661</b>	<b>363 298</b>	<b>8 487 959</b>
Deficit	(1 711 363)	-	(1 711 363)
Revaluation decreases	-	(228 976)	(228 976)
<b>Balance 30 June 1997</b>	<b><u>6 413 298</u></b>	<b><u>134 322</u></b>	<b><u>6 547 620</u></b>

The revaluation decreases in the Asset Revaluation Reserve during the year were for leasehold land and buildings.

The Asset Revaluation Reserve contains unrealised gains from revaluation of assets. On realisation, these amounts are transferred to the General Reserve.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 10. FINANCIAL ASSETS

#### 10(a) Cash

	1996-97	1995-96
	\$	\$
Cash at bank and on hand	<b>103 348</b>	932 375
Deposits at call	<b>4 700 000</b>	8 503 183
Total	<b><u>4 803 348</u></b>	<u>9 435 558</u>

#### 10(b) Receivables

	1996-97	1995-96
	\$	\$
Goods and services	<b>12 030</b>	8 754
Other debtors	<b>361 689</b>	82 964
Total	<b><u>373 719</u></b>	<u>91 718</u>
Receivables include receivables overdue by more than 60 days	<b><u>326 642</u></b>	<u>-</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 11. NON-FINANCIAL ASSETS

#### 11(a) Land and buildings

	1996-97	1995-96
	\$	\$
Freehold Land - at May 1997 valuation	<b>61 037</b>	85 250
Buildings on freehold land - at May 1997 valuation	<b>117 765</b>	142 081
Accumulated depreciation	<b>(245)</b>	(6 808)
	<b>117 520</b>	135 273
Leasehold improvements - at cost	<b>1 852 821</b>	1 852 821
Accumulated amortisation	<b>(1 325 059)</b>	(1 128 372)
	<b>527 762</b>	724 449
Leasehold land - at June 1997 valuation	-	126 532
Building on leasehold land - at June 1997 valuation	<b>232 910</b>	310 782
Accumulated amortisation	-	(6 117)
	<b>232 910</b>	304 665
Total Land and Buildings	<b>939 229</b>	1 376 169

#### 11(b) Plant and Equipment

	1996-97	1995-96
	\$	\$
Plant and equipment - at cost	<b>1 729 423</b>	1 691 082
Accumulated depreciation	<b>(846 738)</b>	(656 867)
Total Plant and Equipment	<b>882 685</b>	1 034 215

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 11. NON-FINANCIAL ASSETS (contd)

#### 11(c) Analysis of Property, Plant and Equipment

Table A - Movement summary 1996-97

	LAND	BUILDINGS	TOTAL LAND AND BUILDINGS	OTHER INFRASTRUCTURE PLANT AND EQUIPMENT	TOTAL
	\$	\$	\$	\$	\$
<b>Gross value as at 1 July 1996</b>	<b>211 782</b>	<b>2 305 684</b>	<b>2 517 466</b>	<b>1 691 082</b>	<b>4 208 548</b>
Additions	-	-	-	134 655	134 655
Revaluations	(150 745)	(78 231)	(228 976)	-	(228 976)
Disposals	-	-	-	(69 120)	(69 120)
Other movements	-	(23 957)	(23 957)	(27 194)	(51 151)
<b>Gross value as at 30 June 1997</b>	<b>61 037</b>	<b>2 203 496</b>	<b>2 264 533</b>	<b>1 729 423</b>	<b>3 993 956</b>
<b>Accumulated Depreciation/ Amortisation as at 1 July 1996</b>	-	<b>1 141 296</b>	<b>1 141 296</b>	<b>656 867</b>	<b>1 798 163</b>
Depreciation/Amortisation charge for assets held 1 July 1996	-	207 965	207 965	217 815	425 780
Depreciation/Amortisation charge for additions	-	-	-	17 595	17 595
Adjustment for revaluations	-	(23 957)	(23 957)	-	(23 957)
Adjustment for disposals	-	-	-	(30 273)	(30 273)
Adjustment for other movements	-	-	-	(15 266)	(15 266)
<b>Accumulated Depreciation/ Amortisation as at 30 June 1997</b>	-	<b>1 325 304</b>	<b>1 325 304</b>	<b>846 738</b>	<b>2 172 042</b>
<b>Net book value as at 30 June 1997</b>	<b>61 037</b>	<b>878 192</b>	<b>939 229</b>	<b>882 685</b>	<b>1 821 914</b>
<b>Net book value as at 1 July 1996</b>	<b>211 782</b>	<b>1 164 387</b>	<b>1 376 169</b>	<b>1 034 215</b>	<b>2 410 384</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 11(c) Analysis of Property, Plant and Equipment (contd)

Table B - Summary of balances of assets at valuation as at 30 June 1997

	LAND	BUILDINGS	TOTAL
	\$	\$	\$
<b>As at 30 June 1997</b>			
Gross value	61 037	350 675	411 712
Accumulated Depreciation/Amortisation	—	(245)	(245)
<b>Net book value</b>	<b><u>61 037</u></b>	<b><u>350 430</u></b>	<b><u>411 467</u></b>
<b>As at 30 June 1996</b>			
Gross value	211 782	425 863	664 645
Accumulated Depreciation/Amortisation	—	(12 925)	(12 925)
<b>Net book value</b>	<b><u>211 782</u></b>	<b><u>439 938</u></b>	<b><u>651 720</u></b>

### 11(d) Other Non-Financial Assets

	1996-97	1995-96
	\$	\$
Prepaid property rentals	<b>116 742</b>	58 268
Other prepayments	<b>585 355</b>	486 691
<b>Total</b>	<b><u>702 097</u></b>	<b><u>544 959</u></b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 12. CASH FLOW RECONCILIATION

#### Reconciliation of net cash flows from operating activities to Net Cost of Services

	1996-97	1995-96
	\$	\$
<b>Net Cost of Services</b>	<b>(68 627 943)</b>	(70 761 328)
Revenues from Government	<b>66 916 580</b>	69 620 926
<b>Operating Deficit</b>	<b>(1 711 363)</b>	(1 140 402)
Depreciation and amortisation of property plant and equipment	<b>443 375</b>	462 175
Resources received free of charge	<b>(2 580)</b>	(2 480)
Profit on disposal of property, plant and equipment	<b>(10 924)</b>	(56 742)
(Increase) in receivables	<b>(282 001)</b>	(79 922)
Increase/(Decrease) in employee liabilities	<b>12 029</b>	(104 930)
Increase/(Decrease) in liability to suppliers	<b>(132 668)</b>	129 927
Increase/(Decrease) in other payables	<b>(2 717 033)</b>	2 923 176
Decrease/(Increase) in other assets	<b>(157 138)</b>	308 231
<b>Net cash (Used)/Provided by operating activities</b>	<b>(4 558 303)</b>	2 439 033

### 13. REMUNERATION OF COUNCIL MEMBERS

	1996-97	1995-96
	\$	\$
Aggregate amount of superannuation payments in connection with the retirement of Council members	<b>11 834</b>	7 736
Other remuneration received or due and receivable by Council members	<b>207 606</b>	209 830
Total remuneration received or due and receivable by Council members	<b>219 440</b>	217 566

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

	NUMBER	NUMBER
\$Nil - \$ 9 999	<b>10</b>	8
\$10 000 - \$19 999	<b>2</b>	7
\$20 000 - \$29 999	<b>4</b>	-
\$50 000 - \$59 999	<b>-</b>	1
\$60 000 - \$69 999	<b>1</b>	-
	<b>17</b>	16

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 14. RELATED PARTY DISCLOSURES

#### Council Members

Council members during the year were:

NAME	APPOINTED	TERM 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
Hall, Douglas	12.12.1994	30.01.1997
Klika, Deborah	27.03.1997	26.03.2000
Lane, Terry	12.12.1994	11.12.1997
Lynch, Michael *	15.08.1994	14.08.1999
Mackay, Hugh	22.07.1994	31.12.1996
Marinos, Lex	01.07.1995	30.06.1998
McPhee, Hilary	21.03.1994	30.06.1997
Mills, Richard	09.12.1995	31.07.1999
Moriarty, John	27.03.1997	26.03.2000
Pearson, Christopher	27.03.1997	26.03.2000
Radford, Ron	10.06.1997	09.06.2000
Rimmer, John	27.03.1997	26.03.2000
Street, Geoff	24.07.1996	23.07.1999
Walley, Richard	17.09.1992	31.12.1996
Whelan, Dominica	22.02.1994	21.02.1997

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

The aggregate remuneration of Council members is disclosed in Note 13.

The aggregate of superannuation payments, excluding the General Manager, paid in connection with the retirement of Council members was **\$11 834** (1995-96: \$7 736).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 14. RELATED PARTY DISCLOSURES (contd)

#### 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 \$
CAMPION, Edmund	Eureka Street Magazine	Editor	17 000
CAMPION, Edmund	Aust Society of Authors Ltd	Member	25 920
COLQUHOUN, Shane	2 Dance Plus Ltd	Actg General Manager	126 000
STREET, Geoff	Victorian Art	Programming Manager	10 000
WHELAN, Dominica	Melbourne Fringe Centre Trust	Board Member	5 000

### 15. REMUNERATION OF OFFICERS

	1996-97	1995-96
	\$	\$
Income received or due and receivable by officers, including performance pay	<b>688 118</b>	<b>560 401</b>

The number of officers included in these figures is shown below in the relevant income bands:

	NUMBER	NUMBER
\$100 000 - \$109 999	4	4
\$110 000 - \$119 999	1	-
\$140 000 - \$149 999	-	1
\$150 000 - \$159 999	1	-
	<b>6</b>	<b>5</b>

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 1996-97.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1997

### 16. REMUNERATION OF AUDITORS

	1996-97	1995-96
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	<u>39 000</u>	<u>35 000</u>

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

