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financial statements

INDEPENDENT AUDIT REPORT**TO THE MINISTER FOR COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS****SCOPE**

I have audited the financial statements of the Australia Council for the year ended 30 June 1999.

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 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 as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of the Australia Council's 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 Schedule 2 of the Finance Minister's Orders; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australia Council as at 30 June 1999 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Paul Hinchey

Senior Director

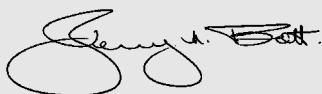
Delegate of the Auditor-General

Sydney

21 September 1999

STATEMENT BY COUNCIL MEMBERS
FOR THE YEAR ENDED 30 JUNE 1999

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1991*



Jennifer Bott
General Manager

20 September 1999



Margaret Seares
Chair

20 September 1999

AUSTRALIA COUNCIL OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	1998-99 \$	1997-98 \$
NET COST OF SERVICES			
Operating expenses			
Employees	4(a)	6 703 625	6 415 845
Suppliers	4(b)	3 022 917	2 843 315
Depreciation and amortisation	4(c)	382 458	396 224
Net loss from disposal of assets	4(d)	69 120	-
Grants	5	64 525 461	61 343 060
Total operating expenses		74 703 581	70 998 444
Revenues from independent sources			
Sales of goods and services		7 138	6 502
Interest	6(a)	676 327	513 904
Net gains from sale of assets		-	23 708
Net foreign exchange gains	6(b)	49 801	-
Other	6(c)	1 321 749	871 191
Total revenues from independent sources		2 055 015	1 415 305
Net cost of services		72 648 566	69 583 139
REVENUES FROM GOVERNMENT			
Revenues from government			
Parliamentary appropriations received	7(a)	72 292 000	69 786 000
Total revenues from government		72 292 000	69 786 000
(Deficit)/Surplus of net cost of services over revenues from government			
Gain on abnormal items	7(b)	720 200	-
Surplus		363 634	202 861
Accumulated surpluses at beginning of reporting period	9	6 616 159	6 413 298
Accumulated surpluses at end of reporting period	9	6 979 793	6 616 159

The accompanying notes form part of these financial statements.

AUSTRALIA COUNCIL STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 1999

	NOTE	1998-99 \$	1997-98 \$
PROVISIONS AND PAYABLES			
Employees	8(a)	1 330 819	1 067 477
Suppliers	8(b)	187 496	258 943
Grants	8(c)	3 666 441	-
Total provisions and payables		5 184 756	1 326 420
EQUITY			
Reserves	9	101 295	134 322
Accumulated surpluses	9	6 979 793	6 616 159
Total equity		7 081 088	6 750 481
Total liabilities and equity		12 265 844	8 076 901
FINANCIAL ASSETS			
Cash	10(a)	9 679 583	5 632 365
Receivables	10(b)	110 171	383 541
Total financial assets		9 789 754	6 015 906
NON-FINANCIAL ASSETS			
Land and buildings	11(a),(d)	547 802	735 880
Infrastructure, plant and equipment	11(b),(d)	1 419 741	744 142
Intangibles	11(c),(d)	368 150	-
Other	11(e)	140 397	580 973
Total non-financial assets		2 476 090	2 060 995
Total assets		12 265 844	8 076 901
Current liabilities		4 675 207	958 100
Non-current liabilities		509 549	368 320
Current assets		9 930 151	6 596 879
Non-current assets		2 335 693	1 480 022

The accompanying notes form part of these financial statements.

AUSTRALIA COUNCIL STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	1998-99 \$	1997-98 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		72 292 000	69 786 000
Sales of goods and services		7 138	6 502
Interest and bill discounts		671 647	522 456
Other		1 599 799	851 867
Total cash received		74 570 584	71 166 825
Cash used			
Grants		(60 836 303)	(61 340 861)
Employees		(6 028 882)	(6 301 775)
Suppliers		(3 087 906)	(2 665 498)
Total cash used		(69 953 091)	(70 308 134)
Net cash from (used by) operating activities	12	4 617 493	858 691
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		34 317	65 651
Total cash received		34 317	65 651
Cash used			
Purchase of property, plant and equipment		(604 592)	(95 325)
Total cash used		(604 592)	(95 325)
Net cash used by investing activities		(570 275)	(29 674)
Net increase/(decrease) in cash held		4 047 218	829 017
add cash at 1 July		5 632 365	4 803 348
Cash at 30 June	10(a)	9 679 583	5 632 365

The accompanying notes form part of these financial statements.

AUSTRALIA COUNCIL SCHEDULE OF COMMITMENTS

AS AT 30 JUNE 1999

	1998-99	1997-98
	\$	\$
BY TYPE		
Capital commitments		
Plant and equipment	-	-
Total capital commitments	<u>-</u>	<u>-</u>
Other commitments		
Operating leases	1 186 574	2 248 585
Other commitments (<i>Not</i>)	18 012 647	20 700 396
Total other commitments	<u>19 199 221</u>	<u>22 948 981</u>
Total commitments payable	<u>19 199 221</u>	<u>22 948 981</u>
BY MATURITY		
All net commitments		
One year or less	13 402 930	15 662 956
From one to two years	4 775 772	6 496 595
From two to five years	487 660	192 363
Over five years	532 859	597 067
Net commitments	<u>19 199 221</u>	<u>22 948 981</u>
Operating Lease Commitments		
One year or less	615 483	1 029 007
From one to two years	9 558	590 948
From two to five years	28 674	31 563
Over five years	532 859	597 067
Operating Lease Commitments	<u>1 186 574</u>	<u>2 248 585</u>

The accompanying notes form part of these financial statements.

AUSTRALIA COUNCIL SCHEDULE OF CONTINGENCIES

AS AT 30 JUNE 1999

	1998-99	1997-98
	\$	\$
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 1999

NOTE	DESCRIPTION
1	Summary of Significant Accounting Policies
2	Segment Reporting
3	Economic Dependency
4	Goods and Services Expenses
5	Grants Expenses
6	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

AUSTRALIA COUNCIL NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

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 requirements of Schedule 2 to orders issued by the Finance Minister under the *Commonwealth and Companies Act* in December 1998 which require that the financial statements be prepared
 - in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards Boards (Accounting Guidance Release), 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 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. The library purchases will be capitalised depending on the nature of the items purchased.

From 1996-97 onwards, the Guidelines on Accounting Policy for Valuation of Assets of Government Trading Enterprises require that property, plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation by 1 July 1999 and thereafter be revalued progressively on that basis every three years. In accordance with these guidelines the Council commenced revaluing its assets in 1998-99.

The Council will continue its progressive revaluations as follows:

- freehold land and buildings will continue to be revalued every three years;
- leasehold improvements, plant and equipment revalued in 1998-99 will be revalued progressively every three years.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

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 1999, 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, motor vehicles (net of residual value) and intangibles 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.

Library Collection

In 1998-99 the Council valued its library collection for the first time. Total collections have been capitalised at replacement value. In previous years, all cost for purchases of library collections were expensed in the year in which they were incurred.

As a result of this change, the initial recognition is reported in the Council's Operating Statement as abnormal revenue. The collection was valued according to the deprival value methodology and valuation was determined by Council.

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

	<u>1998-99</u>	<u>1997-98</u>
Buildings on freehold land	40 years	40 years
Leashold improvements	Lease term	Lease term
Plant, equipment and intangibles	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 1999 and is recognised at its nominal value.

The liability for long service leave, provided for all employees after 3½ 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 1999. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

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) Grant Liabilities

Grants liabilities comprise grants and programs approved by Council, Funds and Board for 30 June 1999 or previous financial years for which signed conditions had been received from successful grant applicants.

1(f) 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(g) 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(h) 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(i) 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(j) Comparative figures

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

1(k) 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 ENDING 30 JUNE 1999

4. GOODS AND SERVICES EXPENSES

4(a) Employee expenses	1998-99	1997-98
	\$	\$
Basic remuneration for services provided	6 703 625	6 415 845
Other	-	-
Total employee expenses	6 703 625	6 415 845

The Australia Council contributes to the Commonwealth Superannuation (CSS) and the Public Sector (PSS) superannuation schemes which provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated over existing and emerging obligations. Current contribution rates are 16.4% of salary (CSS) and 10.5% of salary (PSS). An additional 3% is contributed for employer productivity benefits.

4(b) Suppliers' expenses	1998-99	1997-98
	\$	\$
Supply of goods and services	1 959 819	1 793 560
Operating lease rentals	1 063 098	1 049 755
Total suppliers' expenses	3 022 917	2 843 315

4(c) Depreciation and amortisation	1998-99	1997-98
	\$	\$
Depreciation of property, plant and equipment	158 224	199 537
Amortisation of leased assets	217 994	196 687
Amortisation of intangibles	6 240	-
Total expense	382 458	396 224

4(d) Net loss from disposal of assets	1998-99	1997-98
	\$	\$
Net losses from Sale of Assets comprised solely from the disposal of computer, furniture and equipment items.	69 120	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1999

5. GRANTS EXPENSES

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

	1998-99	1997-98
	\$	\$
Aboriginal and Torres Strait Islander Arts	4 161 150	3 665 344
Community Cultural Development	5 581 800	5 761 312
Dance	2 765 987	2 994 075
Literature	4 001 448	4 277 044
Major Organisations	12 447 066	12 651 236
Music	3 635 965	3 890 489
New Media Arts	2 230 051	2 827 875
Theatre	7 323 323	7 437 859
Visual Arts/Craft	5 969 903	7 063 253
Audience Development and Advocacy	4 857 017	4 193 937
Strategy and Policy	2 059 138	1 950 162
Government Initiatives	+ 5 826 172	4 630 474
Total grants paid	60 859 020	61 343 060
Total grants accrued (not paid)	3 666 441	-
Total grants expenses	64 525 461	61 343 060

+ Breakdown of initiatives on page 1

6. REVENUES FROM INDEPENDENT SOURCES

6(a) Interest	1998-99	1997-98
	\$	\$
Interest comprised solely of interest on bank deposits and bank bills.	676 327	513 904
6(b) Net foreign exchange gains	1998-99	1997-98
	\$	\$
Non-speculative	49 801	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1999

6(c) Other revenues	1998-99	1997-98
	\$	\$
Returned grants	601 704	298 808
Rental and outgoings recovered from sub-leasing	300 950	333 545
Contribution from Department of Communications, Information Technology and the Arts for NAVA-VISNET Project	104 645	-
Contribution from Aboriginal and Torres Strait Islander Commission for:		
■ Full time Professional Study Award	25 445	46 367
■ Inside Art Out Program	-	20 000
■ Visual Arts Conference	50 000	-
Contribution from Department of Foreign Affairs and Trade for:		
■ UNESCO - participation program	61 375	-
■ Third Performing Arts Market Conference	-	100 000
■ Fourth Australian Performing Arts Market	100 000	-
Contribution from Commonwealth Scientific and Industrial Research Organisation for Arts and Industry Placements program	35 000	35 000
Other	42 630	37 471
Total other revenues	1 321 749	871 191

7. REVENUES FROM GOVERNMENT

7(a) Parliamentary appropriations	1998-99	1998-99
	\$	\$
Appropriation Acts Nos. 1 and 3	72 292 000	69 786 000

7(b) Gains on abnormal items	1998-99	1998-99
	\$	\$
This gain is from the initial recognition of the Council's library collection as a non-current asset as disclosed in note 1(c).	720 200	-

This is a **non-cash** item and is not available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

8. PROVISIONS AND PAYABLES

8(a) Liabilities to employees	1998-99	1997-98
	\$	\$
Salaries and wages	183 330	134 154
Annual leave	558 728	495 162
Long service leave	588 761	438 161
Aggregate employee entitlement liabilities	<u>1 330 819</u>	<u>1 067 477</u>

8(b) Suppliers	1998-99	1997-98
	\$	\$
Trade creditors	123 341	190 240
Operating lease rentals	27 795	37 865
Other	36 360	30 838
Total	<u>187 496</u>	<u>258 943</u>

8(c) Grants Liabilities	1998-99	1997-98
	\$	\$
Individuals and non-profit institutions	<u>3 666 441</u>	<u>-</u>

9. EQUITY

	ACCUMULATED	ASSET REVALUATION	TOTAL EQUITY
	RESULTS	RESERVE	
	\$	\$	\$
Balance 1 July 1998	6 616 159	134 322	6 750 481
Deficit before abnormal items	(356 566)	-	(356 566)
Gain on abnormal items	720 200	-	720 200
Revaluation decreases	-	(33 027)	(33 027)
Balance 30 June 1999	<u>6 979 793</u>	<u>101 295</u>	<u>7 081 088</u>
Balance 1 July 1997	6 413 298	134 322	6 547 620
Surplus	202 861	-	202 861
Revaluation decreases	-	-	-
Balance 30 June 1998	<u>6 616 159</u>	<u>134 322</u>	<u>6 750 481</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1999

10. FINANCIAL ASSETS

10(a) Cash	1998-99	1997-98
	\$	\$
Cash at bank and on hand	79 583	82 365
Deposits at call	9 600 000	5 550 000
Total	9 679 583	5 632 365

Cash will be used to pay approved grants and programs, staff entitlements and other obligations of Council at 30 June 1999.

10(b) Receivables	1998-99	1997-98
	\$	\$
Goods and services	79 946	31 354
Other debtors	30 225	352 187
Total	110 171	383 541

Receivables include receivables overdue by more than 60 days	-	326 642
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11. NON-FINANCIAL ASSETS

11(a) Land and buildings	1998-99	1997-98
	\$	\$
Freehold land - at valuation (June 1999)	68 072	61 037
Buildings on freehold land - at valuation (June 1999)	137 689	117 765
Accumulated depreciation	(24 095)	(3 189)
	113 594	114 576

Leasehold improvements - at valuation (February 1999)	2 540 000	1 852 821
Accumulated amortisation	(2 391 834)	(1 521 747)
	148 166	331 074

Building on leasehold land - at valuation (February 1999)	269 828	232 910
Accumulated amortisation	(51 858)	(3 717)
	217 970	229 193

Total land and buildings	547 802	735 880
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

11(b) Infrastructure plant and equipment	1998-99	1997-98
	\$	\$
Infrastructure, Plant and equipment - at valuation (February/June 1999)	1 984 944	1 727 840
Accumulated depreciation	(565 203)	(983 698)
Total Plant and Equipment	<u>1 419 741</u>	<u>744 142</u>

The valuation of the freehold land and building in Rome, and the leasehold land and buildings in Paris was revalued by independent valuers, Dr Massimo Finotti and Jones Lang Wootton, respectively. A revaluation increment was transferred to the asset revaluation reserve.

Leasehold improvements, infrastructure, plant and equipment were revalued in accordance with the progressive revaluation policy stated in note 1(c). The valuation was performed by the Australian Valuation Office (AVO).

The Council's library collection was valued for the first time and has been recorded at a value determined by the Council and is included under infrastructure, plant and equipment.

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 1999-2000.

11(c) Intangibles	1998-99	1997-98
	\$	\$
Intangibles at cost	374 390	-
Accumulated amortisation	(6 240)	-
	<u>368 150</u>	<u>-</u>

In the 1998-99 financial year, the Council commenced the development of a new Grants Management system. This system will replace the existing software which was in use for 14 years and will better address Council's current and future business requirements and objectives. Intangibles consist of the cost of the new software.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1999

11(d) Analysis of property, infrastructure, plant, equipment and intangibles

Table A - Movement summary 1998-99

	LAND	BUILDINGS	TOTAL LAND AND BUILDINGS	OTHER INFRA- STRUCTURE AND PLANT AND EQUIPMENT	INTANGIBLES	TOTAL
	\$	\$	\$	\$	\$	\$
Gross value at 1 July 1998	61 037	2 203 496	2 264 533	1 727 840	-	3 992 373
Additions	-	-	-	230 202	374 390	604 592
Initial recognition of Library	-	-	-	720 200	-	720 200
Revaluations	3 568	697 687	701 255	(284 689)	-	416 566
Exchange variations	3 467	46 334	49 801	-	-	49 801
Disposals	-	-	-	(408 609)	-	(408 609)
Gross value as at 30 June 1999	68 072	2 947 517	3 015 589	1 984 944	374 390	5 374 923
Accumulated depreciation/ amortisation as at 1 July 1998	-	1 528 653	1 528 653	983 698	-	2 512 351
Depreciation/amortisation charge for assets held 1 July 1998	-	227 179	227 179	138 302	-	365 481
Depreciation/amortisation charge for additions	-	-	-	10 738	6 240	16 978
Adjustment for revaluations	-	711 955	711 955	(262 363)	-	449 592
Adjustment for disposals	-	-	-	(305 172)	-	(305 172)
Accumulated depreciation/ Amortisation as at 30 June 1999	-	2 467 787	2 467 787	565 203	6 240	3 039 230
Net book value as at 30 June 1999	68 072	479 730	547 802	1 419 741	368 150	2 335 693
Net book value as at 1 July 1998	61 037	674 843	735 880	744 142	-	1 480 022

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

Table B - Summary of balances of assets at valuation as at 30 June 1999

	LAND	BUILDINGS	TOTAL
	\$	\$	\$
As at 30 June 1999			
Gross value	68 072	407 517	475 589
Accumulated depreciation/amortisation	–	(69 047)	(69 047)
Net book value	68 072	338 470	406 542
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

11(e) Other non-financial assets	1998-99	1997-98
	\$	\$
Prepaid property rentals	88 602	90 742
Other prepayments	51 795	490 231
Total	140 397	580 973

12. CASH FLOW RECONCILIATION

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

	1998-99	1997-98
	\$	\$
Net cost of services	(72 648 566)	(69 583 139)
Revenues from Government	72 292 000	69 786 000
Operating (Deficit)	(356 566)	202 861
Depreciation and amortisation of property, plant and equipment	382 458	396 224
Gain on foreign exchange	(49 801)	–
Loss on disposal of property, plant and equipment	69 120	(23 708)
Decrease in receivables	273 370	(9 822)
Increase in employee liabilities	263 342	103 774
Increase/(Decrease) in liability to suppliers	(76 969)	80 225
Increase/(Decrease) in grant liabilities	3 666 441	–
(Decrease) in other payables	5 522	(11 987)
Decrease/(Increase) in other assets	440 576	121 124
Net cash Provided by operating activities	4 617 493	858 691

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999

13. REMUNERATION OF COUNCIL MEMBERS

	1998-99	1997-98
	\$	\$
Aggregate amount of superannuation payments in connection with the retirement of Council members	22 963	15 481
Other remuneration received or due and receivable by Council members	290 797	262 869
Total remuneration received or due and receivable by Council members	<u>313 760</u>	<u>278 350</u>

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

	NUMBER	NUMBER
\$Nil - \$ 9 999	5	4
\$10 000 - \$19 999	3	3
\$20 000 - \$29 999	5	7
\$50 000 - \$59 999	1	1
\$60 000 - \$69 999	1	-
	<u>15</u>	<u>15</u>

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

COUNCILMEMBERS	TERM	
	APPOINTED	CONCLUDES/ CONCLUDED
Council members during the year were:		
Name		
Aldous, Lucette	09.12.1995	08.12.1999
Bott, Jennifer *	08.02.1999	07.02.2004
Campion, Edmund	04.12.1995	03.12.1998
Hasluck, Nicholas	4.12.1999	03.12.2001
Klika, Deborah	27.03.1997	26.03.2000
Li, Cunxin	22.06.1999	21.06.2002
Lynch, Michael *	15.08.1994	21.08.1998
Mills, Richard	09.12.1995	30.11.1998
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 1999

Skrzynski, Joseph	27.01.1999	30.09.1999
Seares, Margaret**	07.07.1997	06.07.2000
Street, Geoffrey	24.07.1996	23.07.1999
Street, Susan	01.01.1998	11.09.1999
Waks, Nathan	04.12.1998	30.09.2001

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

** *Acted as Executive Chair from 20.08.1998 to 07.02.1999*

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.

COUNCILMEMBER	ORGANISATION IN RECEIPT OF GRANT	POSITION HELD BY COUNCILMEMBER	AMOUNT OF GRANT \$
PEARSON, Christopher	Adelaide Review	Director/Editor	6 000
RADFORD, Ron	Art Gallery of South Australia	Director	205 000
RIMMER, John	Library Board of Victoria	Deputy President	50 000
SKRZYNSKI, Joseph	Sydney Opera House Trust	Chairman of the Board	22 000
STREET, Susan	Queensland University of Technology	Head of Dance Academy of the Arts	12 000
WAKS, Nathan	Sydney Symphony Orchestra	Principal Cellist	2 460 000
WAKS, Nathan	Symphony Australia Holdings P/L	Managing Director	90 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1999

15. REMUNERATION OF OFFICERS

	1998-99	1997-98
	\$	\$
Income received or due and receivable by officers, including performance pay	651 047	658 408

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

	NUMBER	NUMBER
\$100 000 - \$109 999	-	2
\$110 000 - \$119 999	4	1
\$160 000 - \$169 999	-	1
	4	4

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.

16. REMUNERATION OF AUDITORS

	1998-99	1997-98
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	30 000	33 000

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 1999

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 (1997-98: 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.
Grants Liabilities	8(c)	Grants liabilities comprise grants and programs approved by Council, Funds and Board for 30 June 1999 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 ENDING 30 JUNE 1999

17(b) Interest rate risk

FINANCIAL INSTRUMENT	NOTES	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
		98-99 \$	97-98 \$	98-99 \$	97-98 \$	98-99 \$	97-98 \$	98-99 %	97-98 %
Financial Assets (Recognised)									
Cash at bank	10(a)	78 583	81 365	-	-	78 583	81 365	3.05	3.45
Cash on hand	10(a)	-	-	1 000	1 000	1 000	1 000	n/a	n/a
Deposits at call	10(a)	9 600 000	5 550 000	-	-	9 600 000	5 550 000	4.60	4.75
Receivables for goods and services	10(b)	-	-	79 946	31 354	79 946	31 354	n/a	n/a
Other debtors	10(b)	-	-	30 225	352 187	30 225	352 187	n/a	n/a
Total financial Assets (recognised)		9 678 583	5 631 365	111 171	384 541	9 789 754	6 015 906		
Total assets						12 265 844	8 076 901		
Financial liabilities (recognised)									
Trade creditors	8(b)	-	-	123 341	190 240	123 341	190 240	n/a	n/a
Grants Liabilities	8(c)	-	-	3 666 441	-	3 666 441	-		
Total financial Liabilities (recognised)		-	-	3 789 782	190 240	3 789 782	190 240		
Total liabilities						5 184 756	1 326 420		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 1999**17(c) Net fair values of financial assets and liabilities****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.