

Australian Museum
Annual Report 2007–2008

Financial Statements

nature culture **discover**



Australian Museum
Annual Report 2007–2008

Financial Statements

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The Annual Report is published in two parts: Detailed Report and Financial Statements. All Annual Reports since 1998–1999 are available online at www.australianmuseum.net.au/about/report.

FINANCIAL COMMENTARY

The Australian Museum's financial operations for 2007–08 resulted in a surplus of \$18.467 million. Taking into account \$22.516 million in capital grants income to fund a range of capital works undertaken by the Museum, and \$3.373 million in depreciation expenses, the Museum's trading position for 2007–08 was a small operating loss of \$676,000.

Of the capital provided to the Museum, \$1.214 million was provided by way of external funds to support capital works at the Lizard Island Reef Research Station and an amount of \$21.302 million was provided by way of government capital grants to support capital improvements at the College street site. The government grants included \$18.590 million as part of a five-year Museum Renewal Program that resulted in the opening of two new galleries during the year and the construction of a new Collections and Research facility, due for completion in September 2008.

Admissions to the Museum were higher than in 2006–07, despite depressed visitation during the early part of the year as a result of the closure of galleries in the upper Vernon and Barnett wings of the Museum. The early trend was offset in the latter part of the year with the opening of the new *Dinosaurs* exhibition in March 2008 and later with the June opening of the new *Surviving Australia* exhibition. Some 332,622 visitors were admitted to the Museum in 2007–08, compared to 317,657 visitors in 2006–07. The average number of visitors for the previous five years was 319,754. Revenue from admissions was \$1.927 million, an increase of 6.3 per cent on the 2006–07 return of \$1.813 million.

The Museum's retail shop achieved sales (net of GST) of \$1.020 million compared to \$844,000 in 2006–07, an increase of 20.9 per cent. Australian Museum Business Services, which offers archaeological and environmental consulting services and projects, achieved revenue of \$588,000, a decrease of 24.5% on the previous year's income of \$779,000.

The Museum is responsible for the maintenance of its heritage classified buildings. As these buildings' heritage status requires more specialised treatment and trade skills, maintenance costs and administrative oversight are often higher than would be incurred in contemporary buildings.

Economic and other factors affecting the achievement of operational objectives

There were no special exhibitions for which a supplementary charge was levied throughout the year. Visitation in the early part of the year was depressed due to the closure of two major Museum galleries during the refurbishment process. However, this trend was reversed when the galleries were opened later in the year. The Museum put in place a program of activities during the year in an attempt to address the anticipated low visitor numbers.

Outline of Budget for 2008–09

The Department of Arts, Sport and Recreation has provided grant funding that, when combined with the Museum's own revenues, will allow the Museum to operate throughout 2008–09 at a moderately increased level compared to 2007–08. The Museum has been able to plan a program of exhibitions and activities for 2008–09 which will include the exhibition *Papunya Painting*, and the proposed exhibitions *Mammoth* and *Climate Change*.

The completion of the new galleries housing the Museum's new *Dinosaurs* and *Surviving Australia* exhibitions in 2007–08 is expected to have a positive impact on visitation throughout 2008–09.

Anticipated funding for 2008–09 includes:

- \$22.194 m as a recurrent grant
- \$4.630 m as a capital grant
- \$3.438 m in funded project grants, contributions and sponsorships
- \$7.430 m from other self-generated revenues.

The Museum has an approved budget that provides for:

- \$21.254 m for personnel services expenses
- \$3.271 m in depreciation
- \$11.721 m for other operating and maintenance expenses
- \$0.087 m for minor grants and subsidies.

The Museum estimates its staffing structure at 235 equivalent full time positions (EFT), a similar level as in 2007–08.

ACCOUNTS PAYABLE PERFORMANCE

The Museum measures and reports its accounts payable performance on the basis of creditor terms. This is more stringent than the standard endorsed for Government by Treasury. Late payments may occur due to invoice queries, necessitating payment delays. There has been no interest charged for delaying payments.

Reporting on payment of accounts					
Outstanding invoices by age at the end of each quarter	Current within due date \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
September 2007	1,431	62	1	0	0
December 2007	234	255	13	0	0
March 2008	213	0	6	0	0
June 2008	1,226	132	1	1	0

Total accounts paid on time				
Accounts paid on time during each quarter	Target %	Actual %	Paid on time \$'000	Total paid \$'000
September 2007	88	76	5,404	7,133
December 2007	88	89	8,828	9,954
March 2008	88	85	6,597	7,780
June 2008	88	92	15,862	17,277
Total accounts paid	88	87	36,691	42,144



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Australian Museum Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Australian Museum Trust (the Trust) which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Trust as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Members' Responsibility for the Financial Report

The members of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Trust, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Trust,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Carr
Director, Financial Audit Services

23 October 2008
SYDNEY

**AUSTRALIAN MUSEUM TRUST
STATEMENT IN ACCORDANCE WITH SECTION 41C (1C)
OF PUBLIC FINANCE AND AUDIT ACT, 1983.**

Pursuant to Section 41C of the *Public Finance and Audit Act, 1983* and in accordance with a resolution of the Australian Museum Trust, we being members of the Trust, state that:

1. In our opinion, the financial report exhibits a true and fair view of the financial position of the Australian Museum Trust as at 30 June 2008, and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2005*, and the *Treasurer's Directions*.
3. The financial report gives a true and fair view of all income and expenditure.
4. The balance sheet gives a true and fair view of the state of affairs of the Trust.
5. The internal controls exercised by the Trust are appropriate and effective in accounting for all income received and applied by the Trust

Further, we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



**BRIAN SHERMAN
PRESIDENT OF THE TRUST**



**FRANK HOWARTH
SECRETARY OF THE TRUST**

**AUSTRALIAN MUSEUM TRUST
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$'000	2007 \$'000
Income			
Sale of goods and services	3 (a)	5,663	5,297
Investment income	3 (b)	1,320	884
Other gains/(losses)	5	383	18
Grants and contributions	6	47,786	50,267
Total Income		55,152	56,466
Expenses			
Personnel services expenses	2 (a)	20,848	20,415
Other operating expenses	2 (b)	12,341	11,712
Depreciation	2 (c)	3,373	3,313
Grants and subsidies	2 (d)	148	114
Loss/(Gain) on disposal	4	(25)	460
Total Expenses		36,685	36,014
Surplus for the Year		18,467	20,452

The accompanying notes form part of these financial statements.

**AUSTRALIAN MUSEUM TRUST
STATEMENT OF RECOGNISED INCOME AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$'000	2007 \$'000
Net increase / (decrease) in property, plant and equipment asset revaluation reserve		286,748	0
Total Income and Expenses Recognised Directly in Equity		286,748	0
Surplus for the year		18,467	20,452
Total Income and Expense Recognised for the Year	15	305,215	20,452

The accompanying notes form part of these financial statements.

**AUSTRALIAN MUSEUM TRUST
BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	2008 \$'000	2007 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	14,305	17,337
Trade and other receivables	8	1,908	1,702
Inventories	9	231	228
Total Current Assets		16,444	19,267
Non-Current Assets			
Property, Plant and Equipment			
Land and Buildings	11	229,874	159,198
Plant and Equipment	11	27,130	23,819
Collections	11	767,064	530,331
Total Property, Plant and Equipment		1,024,068	713,348
Total Non-current Assets		1,024,068	713,348
Total Assets		1,040,512	732,615
LIABILITIES			
Current Liabilities			
Trade and other payables	12	6,400	4,043
Total Current Liabilities		6,400	4,043
Non-current Liabilities			
Trade and other payables	12	19	18
Loans	14	324	0
Total Non-current Liabilities		343	18
Total Liabilities		6,743	4,061
Net Assets		1,033,769	728,554
EQUITY			
Accumulated funds		593,021	574,554
Reserves		440,748	154,000
Total Equity	15	1,033,769	728,554

The accompanying notes form part of these financial statements.

**AUSTRALIAN MUSEUM TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$'000	2007 \$'000
Cash Flows from Operating Activities			
Payments			
Personnel services		(19,594)	(18,977)
Grants and subsidies		(148)	(114)
Other payments		(17,515)	(18,600)
Total Payments		(37,257)	(37,691)
Receipts			
Sale of goods and services		6,429	6,105
Interest received		1,321	884
Other receipts		4,758	4,027
Grants and contributions		46,822	48,908
Total Receipts		59,330	59,924
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	22,073	22,233
Cash Flows from Investing Activities			
Loans		690	0
Purchases of Land and Buildings, and Plant and Equipment		(25,833)	(14,383)
Proceeds from sale of Plant and Equipment		38	4
NET CASH FLOWS FROM INVESTING ACTIVITIES		(25,105)	(14,379)
Net Increase/(Decrease) IN CASH AND CASH EQUIVALENT		(3,032)	7,854
Opening cash and cash equivalents		17,337	9,483
CLOSING CASH AND CASH EQUIVALENT	7	14,305	17,337

The accompanying notes form part of these statements.

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting

The Australian Museum Trust (the Trust) as a reporting entity comprises all the activities under its control and encompasses funds that are restricted for specified purposes by the grantor or donor, but are nevertheless controlled by the Trust. The Trust is constituted as a body corporate by the Australian Museum Trust Act 1975. The Australian Museum Trust is a statutory body of the NSW State government. The Trust is a not for profit entity (as profit is not its principal objective) and it has no cash generating units. The Trust's accounts are consolidated as part of the NSW Total State Sector Accounts.

This financial report has been authorised for issue by the Director and Trust President on 22 October 2008

(b) Basis of Preparation

The Trust's financial report is a general purpose financial report which has been prepared on an accrual basis and in accordance with:

- ▶ applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- ▶ requirements of the Public Finance and Audit Act 1983 and the Public Finance and 'Audit Regulation 2005; and
- ▶ The Treasurer's Directions.

Collections assets and property, plant and equipment are measured at fair value; other financial report items are prepared in accordance with the historical cost convention.

Judgments, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest \$1,000 and are expressed in Australian currency.

(c) Statement of Compliance

The Trust's financial report and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

The Trust has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective from the current annual reporting period.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants and Contributions

Grants and contributions include donations and grants from the Dept of Arts, Sports and Recreation. They are generally recognised as income when the Trust obtains control over the assets comprising the grants/contributions. Control over grants and contributions is normally obtained when the obligations relating to the receipt have been met and in the case of donations upon the receipt of cash.

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

(ii) Sale of Goods and Services

Revenue from the sale of goods and services is recognised as revenue when the Trust transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment income

Interest income is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(e) Personnel Services and other provisions

(i) Personnel Services Arrangements

The Trust and the Department of Arts, Sport and Recreation (DASR) entered into a Memorandum of Understanding effective from 1 July 2006 which sets out the arrangements for employment and payment of staff working at the Australian Museum which are considered employees of DASR. All payments to personnel and for related obligations are done in the DASR name and ABN and are classified as "Personnel Services" expenses in these financial statements.

(ii) Personnel Services - Salaries and wages, Annual Leave, Sick Leave and On-costs.

Based on the memorandum of understanding with DASR, liabilities for personnel services are stated as liabilities to the service provider DASR.

Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on amounts expected to be paid when the liabilities are settled.

If applicable, long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds are used to discount long-term extended leave.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to the provision of personnel services by DASR, are recognised as liabilities and expenses where the personnel services to which they relate have been recognised.

(iii) Long Service Leave and Superannuation

In the financial statements of DASR, the Trust's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. Consequently, the Trust accounts for the equivalent expense and income in its financial statements to reflect this provision of personnel services.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors, (specified in NSW TC07-4), to employees with five or more years of service using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

The superannuation expense for the financial year is determined by using the formulae specified in the NSW TC 08-3. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iv) Other provisions

Other provisions exist when; the Trust has a present legal or constructive obligation as a result of a past event; it is probable that an overflow of resources will be required to settle the obligation, and; a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to be affected.

If the effect of the time value of money is material, provisions are discounted at a percentage, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(f) Insurance

The Trust's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(g) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- ▶ The amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- ▶ Receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties, in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008

(i) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$3,000 and above individually are capitalised. Computer related assets costing individually \$3,000 and above (or forming part of a network costing more than \$3,000) are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Trust revalue's each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2008 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Exhibitions

The value of exhibitions is included in Plant and Equipment and represents capitalisation of the development and establishment costs of exhibitions that will continue to generate revenue or provide a community service beyond the financial year or years in which these costs were incurred.

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

Capitalised development and establishment costs include material and construction expenditure, but do not include an assessment of the intrinsic value of collection items incorporated in an exhibition unless specifically purchased and costed for that purpose. Labour costs for permanent staff inputs to the development of exhibitions are reflected in employee related expenses and are not included in the capitalisation of exhibitions.

Collections

The valuations of Collections are revised at 30 June 2008. Increases in the value of assets are transferred to the asset revaluation reserve for that class of assets. The overall revaluation exercise is required to be undertaken on a five yearly cycle as determined in the Treasury guidelines. The Museum's Capitalisation Policy also specifies a five year valuation cycle, but allows for the timely capitalisation of items where a direct purchase is involved, or where an item of established value is donated.

The method of revaluation is market value in its highest and best use, or where there is a lack of market-based evidence, Recollection Cost is used. Recollection Cost is based on an estimate of the current gross replacement cost of the assets, less allowances for obsolescence.

Acquisition of collection items are recorded at cost when purchased.

(k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Trust is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciate replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(l) Assets Not Able to be Reliably Measured

The Trust does not hold any assets other than those recognised in the Balance Sheet.

(m) Depreciation of Property, Plant and Equipment

Except for certain heritage assets, depreciation is provided for on a straight line basis for all depreciable assets so as to write-off the net cost or revalued amount of each asset as it is consumed over its useful life to its estimated residual value.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

All material separately identifiable component assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original artworks and collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The other buildings at the Sydney site are divided into Major buildings that are depreciated over their estimated life of 75 years and Minor buildings that are depreciated over their estimated life of 15 to 55 years.

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008

The buildings on Lizard Island are depreciated over their estimated life of up to 50 years on the assumption that the Museum's lease of land on the island will be renewed.

The useful life for each property, plant and equipment asset category is as follows:

Buildings	15 - 80 years
Plant and Equipment	3 - 10 years
Vehicles	6 - 7 years
Vessels	6 - 7 years

Permanent exhibitions are depreciated on a straight-line basis based on their expected useful life, with a maximum life for depreciation purposes not exceeding 9 years.

(n) Major Inspection Costs

When each major inspection is performed the labour cost for faults is recognised in the carrying amount of an asset as a replacement of a part, if recognition criteria are satisfied.

(o) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(p) Maintenance

Day to day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(q) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Income Statement systematically over the term of the lease. The Trust does not have any assets subject to finance leases.

(r) Intangible Assets

The Trust recognises intangible assets only if it is probable that future economic benefits will flow to the Trust and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is at fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met. The Trust has no intangible assets.

(s) Financial Instruments

The Trust's principal financial instruments policies are outlined below. These financial instruments arise directly from the Trust's operations or are required to finance its operations. The Trust does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

(i) Cash and cash equivalent

Cash and cash equivalent is comprised of cash on hand and bank balances with the Westpac Bank, term deposits with the Commonwealth Bank of Australia and the NSW Government's Treasury Corporation (TCorp) Hour Glass cash facility. Interest on bank balance is earned on daily balances at a fixed rate. The interest rate is added to the term deposits every six months and at maturity. Interest revenues are recognised as they accrue. The term deposits in Commonwealth Bank of Australia relate to two bequest accounts.

(ii) Investments

The NSW Government's Treasury Corporation (TCorp) deposit facility is utilised to accommodate funds surplus to immediate needs. Funds placed in the TCorp Hour Glass cash facility are measured at fair value with interest revenue accrued as earned such that the fair value is reflected at no less than the amount payable on demand.

(t) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written-off. Any changes are accounted for in the Income Statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial. The credit risk is the carrying amount (net of any allowances for impairment). No interest is earned on trade receivables. The carrying amount approximates fair value. Sales are made on 30 day terms.

(u) Inventories

Inventories held for sale and are stated at the lower of cost or net realisable value. The cost is calculated using the "Weighted Average" method.

The Museum does not have any inventories acquired at no cost or for nominal consideration. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(v) Other assets

Other assets are recognised on a cost basis.

(w) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts, including interest. Trade and other payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(x) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the operating statement on derecognition.

**AUSTRALIAN MUSEUM TRUST
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(y) New Australian Accounting Standards issued but not yet operative

AASB 101 *Presentation of Financial Statements* - prescribes the basis for presentation of the financial statements.

AASB 2007-08 *Amendments to Australian Accounting Standards arising from AASB 101*.

AASB 1004 *Contributions* - aligns specific Australian Accounting Standards for government departments to AEIFRS.

AASB 123 *'Borrowing Costs'*, operative for 31 December 2009 and 30 June '2010 year ends.

AASB 8 *'Operating Segments'*, operative for 31 December 2009 and 30 June 2010

The Trust has assessed the impact of these new standards and interpretations and considers the impact to be insignificant.

(z) Taxation status

The activities of the Trust are exempt from income tax. The Trust is registered for GST purposes and has deductible gift recipient status.

(aa) Trustee benefits

No Trustee of the Trust has entered into a material contract with the Trust since the end of the previous financial period and there were no material contracts involving Trustees' interests existing at the end of the period.

(bb) Services provided at no cost

Where material contributions are made to the Trust at no charge, an expense is recorded in the accounts to reflect the activities at the Museum and is offset by an equivalent revenue entry.

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008

2. EXPENSES

	2008	2007
	\$'000	\$'000
(a) Personnel services expenses ¹		
Salaries and wages (including recreation leave)	17,153	16,650
Superannuation - defined benefits plans	554	564
Superannuation - defined contribution plans	1,121	1,074
Payroll Tax and Fringe Benefit Tax	1,201	1,067
Long Service Leave	377	765
Workers' Compensation Insurance	317	269
Other	125	26
	20,848	20,415
1. Including services provided free of charge by DASR valued at '\$965,000 (\$1.4m in 2006–07) Refer to Note 6.		
'Employee related costs that have been capitalised in fixed asset accounts and therefore excluded from the above: \$402,000 (\$230,000 in 2006–07).		
(b) Other operating expenses includes the following:		
Auditor's Remuneration audit and review of financial reports	72	66
Operating lease rental expense		
minimum lease payments	520	461
rental outgoings	155	207
Freight	148	172
Motor Vehicles Expenses	210	196
Advertising and Promotional	1,087	655
Electricity	420	317
Gas	88	149
Cleaning and Waste Removal	559	631
Water	47	47
Contractors	1,950	1,956
Travel and Accommodation	435	374
Cost of Sales	593	558
Insurance	670	884
Postal and Telephone	421	446
Working Expenses	1,045	1,202
Security Services	48	76
Donations and Contributions	4	9
Hiring Costs	179	132
Books, Journals & subscriptions	212	164
Consultants	8	31
Licences	184	207

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008

2. EXPENSES (*continued*)

	2008	2007
	\$'000	\$'000
Exhibition Costs	627	467
Minor Plant & Equipment	278	198
Promotion costs	283	166
Staff Training	122	168
Filming & Photography	17	11
Graphics & Design	97	88
Legal & Professional	49	42
Printing	406	273
Maintenance ¹ (Refer to Reconciliation below)	1,407	1,359
	12,341	11,712
<i>1. Reconciliation:</i>		
Maintenance expense, as above		
Maintenance related employee	1,407	1,359
expenses Included in Note 2 (a)	272	310
Total maintenance expenses	1,679	1,669
(c) Depreciation		
Buildings	236	208
Plant and Equipment	3,137	3,105
	3,373	3,313
(d) Grants and subsidies		
Visiting Fellowships	65	75
Other Grants	83	39
	148	114

AUSTRALIAN MUSEUM TRUST
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FOR THE YEAR ENDING JUNE 2008

3. REVENUE

	2008	2007
	\$'000	\$'000
(a) Sale of Goods and Services		
Sale of Goods		
Shop sales	1,020	844
Rendering of services	2,437	2,430
Admission Fees	1,927	1,813
Other	279	210
	5,663	5,297
(b) Investment Income		
TCorp Hour-Glass investment facility	1,125	784
Interest	195	100
	1,320	884

4. GAIN/ (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

Proceeds from disposal	38	4
Written down value of assets disposed	(13)	(464)
	25	(460)

5. OTHER GAINS/ (LOSSES)

Restatement at fair value - loan		
Qld Government	366	0
Impairment of receivables	17	18
	383	18

6. GRANTS AND CONTRIBUTIONS

For conditions on Grants and Contributions see Note 12.

Department of Arts, Sport and Recreation ¹	44,692	47,333
Scientific Research - Federal Government Grants	500	302
Scientific Research - State Government Grants	18	65
Other Grants	407	524
Donations	1,265	1,226
Other	904	817
	47,786	50,267

1. Includes personnel services grants of \$965,000 (1.4 m in 2007)

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2008	2007
	\$'000	\$'000
Cash at bank and on hand	530	981
Short term deposits	240	221
TCorp Hour-Glass Cash Facility	13,535	16,135
	14,305	17,337

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash at bank, cash on hand, short term deposits and Treasury Corporation Hour Glass Cash Facility.

The trust has the following banking facilities:

Mastercard facility (Total credit limit)	104	104
Cheque cashing facility (Total credit limit)	10	10
Tape negotiation authority ¹ .	4,800	4,800

1. The facility authorises the bank to debit the trust's operating bank account up to the above limit

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	14,305	17,337
Closing Cash and cash equivalents (per Cash Flow Statement)	14,305	17,337

**8. CURRENT / NON CURRENT ASSETS -
TRADE AND OTHER RECEIVABLES**

Sale of Goods & Services	1,735	1,578
Accrued Income	30	13
Prepayments	221	239
Other debtors	41	10
	2,027	1,840
Less: Allowance for Impairments	119	138
Total receivables	1,908	1,702

9. CURRENT / NON CURRENT ASSETS - INVENTORIES

Held for Resale:		
Stock on hand - at cost	231	228
Total inventories	231	228

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008

10. RESTRICTED ASSETS

CONDITIONS ON CONTRIBUTIONS AND RESTRICTED ASSETS

The Museum receives grants from various bodies for specific purposes (see Note 6). Generally grant conditions require monies granted to be spent only on specific projects; however grant conditions vary widely with respect to deliverables, timing, acquittal and repayment requirements. Cash and investments should be held equal to unspent balances where contractually specified.

Unexpended balances for all grant projects
at year end were:

	2008	2007
	\$'000	\$'000
Scientific Research Federal Government Grants	889	1,234
Scientific Research State Government Grants	576	333
Other Grants	63	1,135
	1,528	2,702

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Equipment	Collections	Total
At 30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Amount	35,500	199,914	68,000	767,064	1,070,478
Accumulated Depreciation	0	(5,540)	(40,870)	0	(46,410)
At Fair Value	35,500	194,374	27,130	767,064	1,024,068

	Land	Buildings	Plant & Equipment	Collections	Total
At 30 June 2007	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Amount	21,000	142,448	59,031	530,331	752,810
Accumulated Depreciation	0	(4,520)	(35,212)	0	(39,462)
At Fair Value	21,000	138,198	23,819	530,331	713,348

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (*continued*)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Collections \$'000	Total \$'000
At 30 June 2008					
Net carrying amount at the start of year (1 July 2007)	21,000	138,198	23,819	530,331	713,348
Net revaluation increment less revaluation decrements	14,500	34,675	1,479	236,094	286,748
Additions	0	21,737	4,982	639	27,358
Disposals	0	0	(13)	0	(13)
Depreciation	0	(236)	(3,137)	0	(3,373)
Net Carrying Amount at end of year June 2008	35,500	194,374	27,130	767,064	1,024,068

The Land and buildings, Plant and Equipment and collections were revalued as at 30 June 2008

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Collections \$'000	Total \$'000
At 30 June 2007					
Gross Carrying Amount	21,000	142,448	59,031	530,331	752,810
Accumulated Depreciation	0	(4,250)	(35,212)	0	(39,462)
At Fair Value	21,000	138,198	23,819	530,331	713,348

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Collections \$'000	Total \$'000
At 30 June 2006					
Gross Carrying Amount	21,000	131,668	63,348	530,331	746,347
Accumulated Depreciation	0	(4,042)	(40,321)	0	(44,363)
At Fair Value	21,000	127,626	23,027	530,331	701,984

AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land	Buildings	Plant & Equipment	Collections	Total
At 30 June 2007	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at the start of year	21,000	127,626	23,027	530,331	701,984
Additions	0	10,780	4,361	0	15,141
Disposals	0	0	(464)	0	(464)
Depreciation Expense	0	(208)	(3,105)	0	(3,313)
Net Carrying Amount at end of year	21,000	138,198	23,819	530,331	713,348

12. CURRENT/NON CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2008	2007
	\$'000	\$'000
Creditors	4,219	2,156
Payable to personnel services providers: Accrued personnel services expenses		
- Recreation Leave	1,224	1,157
- Long Service Leave	520	350
- Accrued salaries, wages and on-costs	162	88
Sundry Accruals	200	232
Unearned revenue	75	60
	6,400	4,043

NON CURRENT LIABILITIES

	2008	2007
	\$'000	\$'000
Payable to personnel services providers: Accrued personnel services expenses		
- Long Service Leave on-costs	19	18
	19	18

13. AGGREGATE PERSONNEL SERVICES LIABILITIES

Aggregate Personnel services liabilities and related on-costs:

Current	1,906	1,595
Non-current	19	18
Total aggregate personnel services	1,925	1,613

AUSTRALIAN MUSEUM TRUST
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14. CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

Queensland Government loan at net present value ¹	324	0
	324	0

1. Due to long term nature of loan (30 years).
 Repayments commence 2018. Loan is for Lizard Island facility.

15. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at the beginning of the financial year	574,554	554,102	154,000	154,000	728,554	708,102
Increment/decrement on revaluation of:						
Land and buildings			49,175		49,175	
Plant and equipment			1,479		1,479	
Collections			236,094		236,094	
Surplus/ (deficit) for the year	18,467	20,452			18,467	20,452
Total Balance at the end of the Financial year	593,021	574,554	440,748	154,000	1,033,769	728,554

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the revaluation of Property, Plant and Equipment as discussed in Note 1.

16. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Aggregate expenditure for the acquisition of capital equipment/projects contracted for at balance date and not provided for:

	2008 \$'000	2007 \$'000
Not later than one year	10,010	19,252
Later than 1 year & not later than 5 years	0	1,035
Total (including GST)	10,010	20,287

AUSTRALIAN MUSEUM TRUST
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(d) **Other expenditure commitments**

Aggregate expenditure for Other Operating Expenses contracted for at balance date and not provided for:

	2008	2007
	\$'000	\$'000
Not later than 1 year	1,004	1,564
Total (including GST)	1,004	1,564

(e) **Future non-cancellable operating lease rentals not provided for and payable:**

Not later than 1 year	599	645
Later than 1 year & not later than 5 years	1,595	787
Later than 5 years	54	53
Total (including GST)	2,248	1,485

The Lizard Island Research Station site is occupied by the Trust as lessee from the Queensland government. The current lease expires in 2036.

Goods and Services Tax

The total commitments above include input tax credits of \$1,001,252 (2007 - \$2,121,900) that are expected to be recoverable from the Australian Taxation Office.

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR THE YEAR

	2008	2007
	\$'000	\$'000
Reconciliation		
Surplus for the Year	18,467	20,452
Depreciation	3,373	3,313
Allowance for impairment	(15)	(18)
Increase/(Decrease) in Trade and other payables	804	(2,272)
Decrease/(Increase) in Receivables	(529)	245
(Gain)/Loss on Disposal of Plant & Equipment	(25)	460
Decrease/(Increase) in Inventory	(2)	53
Net cash flows from operating activities	22,073	22,233

18. NON-CASH FINANCING AND INVESTING ACTIVITIES

Non-cash financing and investing activities represented the acceptance of personnel services cost of \$965,000 (\$1,359,000 in 2007) by the NSW Government.

Material assistance provided to the Museum for which payment was not made, (figures are not available as to the cost of these services) included:-

- ▶ Volunteer Services
- ▶ Donation of objects for the Collections

**AUSTRALIAN MUSEUM TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 2008**

19. BEQUESTS AND SPECIAL FUNDS

The Trust may receive monies and gifts of scientific specimens or associated materials. Any such revenues provide for expenditure in the current and future years. There were no such amounts received during the year.

20. TRUSTEES' FEES OR BENEFITS, ETC

Trust members do not receive emoluments or other benefits of office. There were no loans made to members or employees of the Trust.

21. CONTINGENT ASSETS AND LIABILITIES

The Treasury Managed Fund normally calculates hindsight premiums each year. However in regard to workers compensation the final adjustment calculations are in arrears.

The Trust suffered loss as a result of thefts from its collections and subsequently lodged a claim with its insurer, the NSW Treasury Managed Fund which placed a preliminary estimate of \$4.669m on the claim. The outcome of the claim is still pending and will be clarified in a future period.

The Trust was not aware of any other contingent asset or liability relevant to its functions as at 30 June 2008 (\$2.0m at 30 June 2007).

22. PROGRAM INFORMATION

The Australian Museum Trust operates under one Budget program. The objective is to increase and disseminate knowledge about, and encourage the understanding of our natural environment and cultural heritage, especially in the Australian region.

23. FINANCIAL INSTRUMENTS

The Trust's principal financial instruments are outlined below. These financial instruments arise directly from the Trust's operations or are required to finance the Trust's operations. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Trust's main risks arising from financial instruments are outlined below, together with the Trust's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Audit Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Trust, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets Class:	Note	Category	Carrying Amount 2008 \$'000	Carrying Amount 2007 \$'000
Cash and cash equivalents	7	N/A	14,305	17,337
Receivables ¹	8	Loans and receivables (at amortised cost)	561	889

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Financial Liabilities	Carrying	Carrying	Amount	Amount
Class:	Note	Category	2008	2007
			\$'000	\$'000
Payables ²	12	Financial liabilities measured at amortised cost	4,455	2,270
Borrowings	14	Financial liabilities measured at amortised cost	324	0

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes unearned revenue (i.e. not within scope of AASB 7).

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations, resulting in a financial loss to the Trust. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Trust, including cash, receivables and authority deposits. No collateral is held by the Trust. The Trust has not granted any financial guarantees.

Credit risk associated with the Trust's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances outside of the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly rate set by each bank and paid monthly. The TCorp Hour Glass cash facility is discussed below.

Receivables - trade debtors

All trade debtors are recognized as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Trust is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2008: \$323,666; 2007: \$809,296) and not less than three months past due (2008: \$187,035; 2007: \$52,731) are not considered impaired and together these represent 81% (86% 2007) of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

AUSTRALIAN MUSEUM TRUST
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	Total	Past due but not impaired	Considered impaired
2008	\$'000	\$'000	\$'000
< 3 months overdue	187	187	0
3 months - 6 months overdue	16	0	16
> 6 months overdue	103	0	103
2007			
< 3 months overdue	56	56	0
3 months - 6 months overdue	1	1	0
> 6 months overdue	137	0	137

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

Authority Deposits

The Trust has placed funds on deposit with TCorp, which has been rated “AAA” by Standard and Poor’s. These deposits are similar to money market or bank deposits and can be placed “at call” or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. The deposits at balance date were earning an average interest rate of 6.82% (2007 - 6.41%), while over the year the weighted average interest rate was 6.40% (2007 6.10%) on a weighted average balance during the year of \$16,994,557 (2007 - \$12,491,009). None of these assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. The Trust does not maintain any credit standby arrangements.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Trust’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer’s Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer’s Direction 219.01 allows the Minister to award interest for late payment. No interest was paid in both 2008 and 2007.

The table below summarises the maturity profile of the Trust’s financial liabilities, together with the interest rate exposure.

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2008								
<i>Payables:</i>								
Accrued salaries, wages and on-costs	0%	162	0	0	162	162	0	0
Creditors	0%	4,293	0	0	4,293	4,293	0	0
<i>Borrowings:</i>								
Lizard Island loan	6.5%	1,000	1,000	0	0	0	0	1,000
		5,455	1,000	0	4,455	4,455	0	1,000
2007								
<i>Payables:</i>								
Accrued salaries, wages and on-costs	0%	88	0	0	88	88	0	0
Creditors	0%	2,182	0	0	2,182	2,182	0	0
		2,270	0	0	2,270	2,270	0	0

Notes

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's exposures to market risk are primarily through interest rate risk on the Trust's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Trust has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Trust operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

AUSTRALIAN MUSEUM TRUST
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Interest rate risk

The trust does not hold any interest bearing liabilities. The Trust does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Trust's exposure to interest rate risk is set out below.

	Carrying \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2008					
<i>Financial assets</i>					
Cash and cash equivalents	14,305	-143	0	143	0
Receivables	561				
<i>Financial liabilities</i>					
Payables	4,455				
Borrowings	324				
2007					
<i>Financial assets</i>					
Cash and cash equivalents	17,337	-173	0	173	0
Receivables	889				
<i>Financial liabilities</i>					
Payables	2,270				
Borrowings	-				

Other price risk - TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Trust has no direct equity investments. The Trust holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2008 \$'000	2007 \$'000
Cash facility	Cash, money market instruments	Up to 2 years	13,535	16,135

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

AUSTRALIAN MUSEUM TRUST
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Investment in the Hour Glass facilities limits the Trust's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

	Impact on profit/loss	2008	2007
	Change in unit price	\$'000	\$'000
Hour Glass Investment - Cash facility	+/- 1 %	135	161

A reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30 June each year for each facility (as advised by TCorp).

(e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Trust's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the nominal value:

	Carrying amount (Fair Value)	Nominal Value	Carrying amount (Fair Value)	Nominal Value
	2008	2008	2007	2007
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Lizard Island Loan	324	1,000	0	0
	324	1,000	0	0

24. RESULTS OF FUNDRAISING APPEALS

The Trust conducted a number of fundraising activities during the year and the results are as follows:

	2008	2007
	\$'000	\$'000
Gross proceeds from fundraising appeals	272	191

25. AFTER BALANCE DATE EVENTS

The Australian Museum Trust is not aware of any post balance date events that would impact this financial report.

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Australian Museum

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Open daily 9.30 am – 5.00 pm
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Admission charges:

General Museum entry

Adult \$12
Child (5–15) \$6
Concession \$8
Family (1 adult, 2 children) \$18
Family (2 adults, 2 children) \$30
Each additional child \$3

Children under 5 years, Australian Government DVA
Gold Cardholders, Australian Government 'Blue'
Pensioner Concession Cardholders and Australian
Museum Members FREE

Additional charges may apply to special exhibitions
and activities.

Availability

This report is available at www.australianmuseum.net.au/about/report. Further information on the research and education programs and services of the Australian Museum can be found at www.australianmuseum.net.au.



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