



## INDEPENDENT AUDITOR'S REPORT

### To the Attorney General

I have audited the accompanying annual financial statements of the National Museum of Australia for the year ended 30 June 2015, which comprise:

- Statement by the Council Members, Director and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### *Accountable Authority's Responsibility for the Financial Statements*

The Council Members of the National Museum of Australia are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Council Members are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council Members of the National Museum of Australia, as well as evaluating the overall presentation of the financial statements.

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

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the National Museum of Australia:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Museum of Australia as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage  
Audit Principal

Delegate of the Auditor-General

Canberra

20 August 2015

**National Museum of Australia**

**STATEMENT BY THE COUNCIL MEMBERS, DIRECTOR AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

This statement is made in accordance with a resolution of the Council.



David Jones  
Chair

20 August 2015



Dr Mathew Trinca  
Director

20 August 2015



Ian Campbell  
Chief Financial Officer

20 August 2015

**Statement of Comprehensive Income for National Museum of Australia**  
*for the period ended 30 June 2015*

|   | Notes     | 2015<br>S'000  | 2014<br>S'000  |
|---|-----------|----------------|----------------|
| <b>NET COST OF SERVICES</b>   |           |                |                |
| <b>Expenses</b>   |           |                |                |
| Employee benefits   | <u>4A</u> | 21,576         | 22,478         |
| Suppliers   | <u>4B</u> | 17,993         | 17,732         |
| Depreciation and amortisation   | <u>4C</u> | 8,320          | 7,810          |
| Write-down and impairment of assets   | <u>4D</u> | 94             | 18             |
| Losses (gain) on sale of assets   | <u>4E</u> | (6)            | 9              |
| Other expenses  | <u>4F</u> | 221            | 38             |
| <b>Total expenses</b>   |           | <u>48,198</u>  | <u>48,085</u>  |
| <b>Own-Source Income</b>  |           |                |                |
| <b>Own-source revenue</b>   |           |                |                |
| Sale of goods and rendering of services   | <u>5A</u> | 2,906          | 2,592          |
| Interest  |           | 1,594          | 1,600          |
| Other revenue   | <u>5B</u> | 395            | 739            |
| <b>Total own-source revenue</b>   |           | <u>4,895</u>   | <u>4,931</u>   |
| <b>Gains</b>  |           |                |                |
| Donated Assets  |           | 271            | 246            |
| <b>Total gains</b>  |           | <u>271</u>     | <u>246</u>     |
| <b>Total own-source income</b>  |           | <u>5,166</u>   | <u>5,177</u>   |
| <b>Net cost of services</b>   |           | <u>43,032</u>  | <u>42,908</u>  |
| Revenue from Government   | <u>5C</u> | 41,590         | 41,644         |
| <b>Surplus (Deficit) attributable to the Australian Government</b>              |           | <u>(1,442)</u> | <u>(1,264)</u> |
| <b>OTHER COMPREHENSIVE INCOME</b>   |           |                |                |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |           |                |                |
| Changes in asset revaluation surplus  |           | 7,606          | 15,484         |
| <b>Total comprehensive income</b>   |           | <u>6,164</u>   | <u>14,220</u>  |

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

**Statement of Financial Position for National Museum of Australia**  
*as at 30 June 2015*

|                                   | Notes | 2015<br>\$'000 | 2014<br>\$'000 |
|-----------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                     |       |                |                |
| <b>Financial assets</b>           |       |                |                |
| Cash and cash equivalents         |       | 2,439          | 1,322          |
| Trade and other receivables       | 7A    | 1,100          | 980            |
| Investments                       | 7B    | 40,000         | 39,000         |
| <b>Total financial assets</b>     |       | <b>43,539</b>  | <b>41,302</b>  |
| <b>Non-financial assets</b>       |       |                |                |
| Land and buildings                | 8A,C  | 106,772        | 108,039        |
| Property, plant and equipment     | 8B,C  | 322,512        | 314,860        |
| Intangibles                       | 8D,E  | 1,382          | 1,481          |
| Inventories                       | 8F    | 471            | 559            |
| Other non-financial assets        | 8G    | 621            | 439            |
| <b>Total non-financial assets</b> |       | <b>431,758</b> | <b>425,378</b> |
| <b>Total assets</b>               |       | <b>475,297</b> | <b>466,680</b> |
| <b>LIABILITIES</b>                |       |                |                |
| <b>Payables</b>                   |       |                |                |
| Suppliers                         | 9A    | 2,068          | 2,059          |
| Other payables                    | 9B    | 919            | 818            |
| <b>Total payables</b>             |       | <b>2,987</b>   | <b>2,877</b>   |
| <b>Provisions</b>                 |       |                |                |
| Employee provisions               | 10A   | 5,751          | 5,372          |
| <b>Total provisions</b>           |       | <b>5,751</b>   | <b>5,372</b>   |
| <b>Total liabilities</b>          |       | <b>8,738</b>   | <b>8,249</b>   |
| <b>Net assets</b>                 |       | <b>466,559</b> | <b>458,431</b> |
| <b>EQUITY</b>                     |       |                |                |
| Contributed equity                |       | 25,408         | 23,444         |
| Reserves                          |       | 180,271        | 172,665        |
| Accumulated deficit               |       | 260,880        | 262,322        |
| <b>Total equity</b>               |       | <b>466,559</b> | <b>458,431</b> |

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

**Statement of Changes in Equity for National Museum of Australia  
for the period ended 30 June 2015**

|  | Retained earnings |                | Asset revaluation |                | Contributed    |                | Total equity   |                |
|--|-------------------|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|
|  | 2015<br>\$'000    | 2014<br>\$'000 | 2015<br>\$'000    | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Opening balance</b>   |                   |                |                   |                |                |                |                |                |
| Balance carried forward from previous period                     | 262,322           | 263,586        | 172,665           | 157,181        | 23,444         | 21,472         | 458,431        | 442,239        |
| <b>Adjusted opening balance</b>                                  | <b>262,322</b>    | <b>263,586</b> | <b>172,665</b>    | <b>157,181</b> | <b>23,444</b>  | <b>21,472</b>  | <b>458,431</b> | <b>442,239</b> |
| <b>Comprehensive income</b>                                      |                   |                |                   |                |                |                |                |                |
| Surplus (Deficit) for the period                                 | (1,442)           | (1,264)        |                   |                |                |                | (1,442)        | (1,264)        |
| Other comprehensive income                                       | -                 | -              | 7,606             | 15,484         | -              | -              | 7,606          | 15,484         |
| <b>Total comprehensive income</b>                                | <b>(1,442)</b>    | <b>(1,264)</b> | <b>7,606</b>      | <b>15,484</b>  | <b>-</b>       | <b>-</b>       | <b>6,164</b>   | <b>14,220</b>  |
| <b>Transactions with owners</b>                                  |                   |                |                   |                |                |                |                |                |
| Contributions by owners  | -                 | -              | -                 | -              | 1,964          | 1,972          | 1,964          | 1,972          |
| Equity injection   | -                 | -              | -                 | -              | 1,964          | 1,972          | 1,964          | 1,972          |
| <b>Total transactions with owners</b>                            | <b>-</b>          | <b>-</b>       | <b>-</b>          | <b>-</b>       | <b>1,964</b>   | <b>1,972</b>   | <b>1,964</b>   | <b>1,972</b>   |
| <b>Closing balance attributable to the Australian Government</b> | <b>260,880</b>    | <b>262,322</b> | <b>180,271</b>    | <b>172,665</b> | <b>25,408</b>  | <b>23,444</b>  | <b>466,559</b> | <b>458,431</b> |

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

**Cash Flow Statement for National Museum of Australia**  
for the period ended 30 June 2015

|   | Notes     | 2015<br>\$'000  | 2014<br>\$'000  |
|---|-----------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Receipts from Government  |           | 41,590          | 41,644          |
| Sale of goods and rendering of services                             |           | 2,938           | 2,770           |
| Interest  |           | 1,578           | 1,344           |
| GST received from customers   |           | 262             | 264             |
| GST refund from Australian Taxation Office                          |           | 1,888           | 1,660           |
| Other   |           | 369             | 703             |
| <b>Total cash received</b>  |           | <b>48,625</b>   | <b>48,385</b>   |
| <b>Cash used</b>  |           |                 |                 |
| Employees   |           | (21,106)        | (22,747)        |
| Suppliers   |           | (18,145)        | (19,286)        |
| GST paid to suppliers   |           | (2,274)         | (2,080)         |
| Other   |           | (221)           | (38)            |
| <b>Total cash used</b>  |           | <b>(41,746)</b> | <b>(44,151)</b> |
| <b>Net cash from operating activities</b>                           | <u>11</u> | <b>6,879</b>    | <b>4,234</b>    |
| <b>INVESTING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Proceeds from sales of property, plant and equipment                |           | 9               | 10              |
| Investments   |           | 50,000          | 58,500          |
| <b>Total cash received</b>  |           | <b>50,009</b>   | <b>58,510</b>   |
| <b>Cash used</b>  |           |                 |                 |
| Purchase of property, plant and equipment                           |           | (6,389)         | (3,841)         |
| Purchase of intangibles   |           | (346)           | (328)           |
| Investments   |           | (51,000)        | (63,000)        |
| <b>Total cash used</b>  |           | <b>(57,735)</b> | <b>(67,169)</b> |
| <b>Net cash used by investing activities</b>                        |           | <b>(7,726)</b>  | <b>(8,659)</b>  |
| <b>FINANCING ACTIVITIES</b>   |           |                 |                 |
| <b>Cash received</b>  |           |                 |                 |
| Contributed equity  |           | 1,964           | 1,972           |
| <b>Total cash received</b>  |           | <b>1,964</b>    | <b>1,972</b>    |
| <b>Net cash from financing activities</b>                           |           | <b>1,964</b>    | <b>1,972</b>    |
| <b>Net increase in cash held</b>                                    |           | <b>1,117</b>    | <b>(2,453)</b>  |
| Cash and cash equivalents at the beginning of the reporting period  |           | 1,322           | 3,775           |
| <b>Cash and cash equivalents at the end of the reporting period</b> |           | <b>2,439</b>    | <b>1,322</b>    |

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

**Schedule of Commitments for the National Museum of Australia***as at 30 June 2015*

|   | 2015           | 2014           |
|---|----------------|----------------|
| <b>BY TYPE</b>                                  | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Commitments receivable</b>                   |                |                |
| Net GST recoverable on commitments <sup>1</sup> | (691)          | (757)          |
| Other receivables                               | (340)          | (330)          |
| <b>Total commitments receivable</b>             | <b>(1,031)</b> | <b>(1,087)</b> |
| <b>Commitments payable</b>                      |                |                |
| <b>Capital commitments</b>                      |                |                |
| Property, plant and equipment <sup>2</sup>      | 1,165          | 1,799          |
| Intangibles                                     | 22             | 54             |
| <b>Total capital commitments</b>                | <b>1,187</b>   | <b>1,853</b>   |
| <b>Other commitments</b>                        |                |                |
| Operating leases <sup>3</sup>                   | 1,998          | 2,842          |
| Other <sup>4</sup>                              | 4,473          | 5,436          |
| <b>Total other commitments</b>                  | <b>6,471</b>   | <b>8,278</b>   |
| <b>Total commitments payable</b>                | <b>7,658</b>   | <b>10,131</b>  |
| <b>Net commitments by type</b>                  | <b>6,627</b>   | <b>9,044</b>   |
| <b>BY MATURITY</b>                              |                |                |
| <b>Commitments receivable</b>                   |                |                |
| Within 1 year                                   | (755)          | (495)          |
| Between 1 to 5 years                            | (276)          | (592)          |
| More than 5 years                               | -              | -              |
| <b>Total commitments receivable</b>             | <b>(1,031)</b> | <b>(1,087)</b> |
| <b>Commitments payable</b>                      |                |                |
| <b>Capital commitments</b>                      |                |                |
| Within 1 year                                   | 1,187          | 1,795          |
| Between 1 to 5 years                            | -              | 58             |
| More than 5 years                               | -              | -              |
| <b>Total capital commitments</b>                | <b>1,187</b>   | <b>1,853</b>   |
| <b>Operating lease commitments</b>              |                |                |
| Within 1 year                                   | 1,069          | 1,209          |
| Between 1 to 5 years                            | 929            | 1,633          |
| More than 5 years                               | -              | -              |
| <b>Total operating lease commitments</b>        | <b>1,998</b>   | <b>2,842</b>   |
| <b>Other Commitments</b>                        |                |                |
| Within 1 year                                   | 4,461          | 3,515          |
| Between 1 to 5 years                            | 12             | 1,921          |
| More than 5 years                               | -              | -              |
| <b>Total other commitments</b>                  | <b>4,473</b>   | <b>5,436</b>   |
| <b>Total commitments payable</b>                | <b>7,658</b>   | <b>10,131</b>  |
| <b>Net commitments by maturity</b>              | <b>6,627</b>   | <b>9,044</b>   |

Note:

1. Commitments are GST inclusive where relevant.
2. Plant and equipment commitments are primarily contract purchases of furniture and computers for a new building.
3. Operating leases included are effectively non-cancellable and comprise.

| <i>Nature of lease</i>  | <i>General description of leasing arrangement</i>  |
|---|--|
| Leases for office accommodation and warehouses (multiple sites) | Lease payments may be subject to annual increase in accordance with Lease terms and conditions. Increases are based on either movements in the Consumer Price Index or Market reviews. The office accommodation and warehouse leases may be renewed for periods up to five years at the Museum's option. |
| Motor vehicle leases  | No contingent rentals exist. There are no purchase options available to the Museum.  |

<sup>4</sup> The nature of other commitments payable is the provision of ongoing services.

This schedule should be read in conjunction with the accompanying notes.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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**Table of Contents - Notes**

- Note 1: Summary of Significant Accounting Policies
- Note 2: Events After the Reporting Period
- Note 3: Net Cash Appropriation Arrangements
- Note 4: Expenses
- Note 5: Own-Source Income
- Note 6: Fair Value Measurements
- Note 7: Financial Assets
- Note 8: Non-Financial Assets
- Note 9: Payables
- Note 10: Provisions
- Note 11: Cash Flow Reconciliation
- Note 12: Executive Management Personnel Council Members Remuneration
- Note 13: Related Party Disclosures
- Note 14: Financial Instruments
- Note 15: Financial Assets Reconciliation
- Note 16: Assets Held in the National Museum of Australia Fund
- Note 17: Reporting of Outcomes
- Note 18: Budgetary Reports and Explanations of Major Variances

## National Museum of Australia Notes to and forming part of the Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### 1.1 Objectives of the National Museum of Australia

The National Museum of Australia is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the National Museum of Australia is to promote an understanding of Australia's history and an awareness of future possibilities by:

- developing, preserving and exhibiting a significant collection;
- taking a leadership role in research and scholarship;
- engaging and providing access for audiences nationally and internationally; and
- delivering innovative programs.

The National Museum of Australia is structured to meet the following outcome:

Outcome 1: Increased awareness and understanding of Australia's history and culture by managing the National Museum of Australia's collections and providing access through public programs and exhibitions.

The continued existence of the National Museum of Australia in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the National Museum of Australia's administration and programs.

#### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the National Museum of Australia or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the National Museum of Australia has made the following judgements that have the most significant impact on the amounts recorded in the financial statements.

The fair value of land has been taken to be the market value as assessed by an independent valuer every three years.

The fair value of buildings, leasehold improvements and other property plant and equipment has been taken to be the depreciated replacement costs as assessed by independent valuers every three years.

The fair value of heritage and cultural assets are based on market observations. The National Museum of Australia's collections are diverse with many objects being iconic with limited markets for comparison. The National Museum of Australia has made significant estimates in measuring the impact of providence to the value of collection objects. A sampling methodology is adopted for valuation with a sample of objects selected from each collection category. Values for the sample are determined by reference to art, antiques and collectable markets and an average value applied to the entire collection category. Independent valuations are

## National Museum of Australia

### Notes to and forming part of the Financial Statements

conducted every three years by a valuer on the approved list of valuers for the Cultural Gift Program administered by the Ministry for the Arts. In the years between valuations, advice is received from the valuer of estimated movements in markets that may impact value of the collections. A management revaluation occurs when there is evidence of a significant variation to prices. 2014-15 was an interim year where management revalued cultural and heritage assets based on advice from an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 1.4 New Australian Accounting Standards

##### *Adoption of New Australian Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard.

AASB 1055 *Budgetary Reporting* - issued prior to the signing of the statement by the Council, Director and Chief Finance Officer, is applicable to the current reporting period and does not have a material financial impact but affects disclosure. The Standard requires reporting of budgetary information and explanation of significant variance between actual and budgeted amounts by not-for-profit entities within the General Government Sector.

##### *Future Australian Accounting Standard Requirements*

The following new, revised or amended standards and interpretations issued prior to the signing of the statement by the Council, Director and Chief Finance Officer, are not expected to have a financial impact on the National Museum of Australia for future reporting periods but will affect disclosure:

- AASB 9 *Financial Instruments* - the standard incorporates the classification and measurement requirements for financial liabilities, and the recognition and de-recognition requirements for financial instruments, in addition to the classification and measurement requirements for financial assets. The changes will apply to reporting periods beginning on or after 1 January 2018.

Other new, revised or amended standards and interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to have a future financial impact on the National Museum of Australia.

#### 1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the National Museum of Australia retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the National Museum of Australia.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the National Museum of Australia.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in note 1.13

##### *Revenue from Government*

Funding received or receivable from the Attorney-General's Department (appropriated to them as a corporate Commonwealth entity payment to the National Museum of Australia) is recognised as Revenue from Government on receipt by the National Museum of Australia unless the funding is in the nature of an equity injection or a loan.

## National Museum of Australia

### Notes to and forming part of the Financial Statements

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#### 1.6 Gains

##### Donated Assets

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

##### Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

#### 1.7 Transactions with the Government as Owner

##### Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year are recognised directly in contributed equity in that year.

#### 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

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

Long-term employee benefits are measured as the present value of the defined benefit obligation at the end of the reporting period.

##### Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the National Museum of Australia's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2013. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

##### Superannuation

The National Museum of Australia's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or private sector superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and private sector superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The National Museum of Australia makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The National Museum of Australia accounts for the contributions as if they were contributions to defined contribution plans.

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

##### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The National Museum of Australia recognises a provision for terminations when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

## National Museum of Australia Notes to and forming part of the Financial Statements

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### 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The National Museum of Australia has no finance leases.

### 1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

### 1.11 Fair Value Measurement

The National Museum of Australia did not have transfers between levels of fair value hierarchy.

### 1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### 1.13 Financial Assets

The National Museum of Australia classifies its financial assets in the following categories:

- a) held-to-maturity investments; and
- b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

#### Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the National Museum of Australia has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

#### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

**National Museum of Australia**  
**Notes to and forming part of the Financial Statements**

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**1.14 Financial Liabilities**

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities include suppliers and other payables and are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

**1.15 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

The National Museum of Australia had no quantifiable, unquantifiable or significant remote contingencies in 2014-15 or 2013-14.

**1.16 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

**1.17 Property, Plant and Equipment*****Asset Recognition Threshold***

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property lease agreements taken up by the National Museum of Australia where there exists an obligation to make good on the leased premises at the end of the lease term. These costs are included in the value of the National Museum of Australia's leasehold improvements with a corresponding provision for the 'make good' recognised.

***Revaluations***

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Fair values for each class of asset are determined as shown below:

## National Museum of Australia Notes to and forming part of the Financial Statements

| <i>Asset class</i>                         | <i>Fair value measurement</i> |
|--|-------------------------------|
| Land                                       | Market approach               |
| Buildings excluding leasehold improvements | Depreciated replacement cost  |
| Leasehold improvements                     | Depreciated replacement cost  |
| Infrastructure, plant and equipment        | Depreciated replacement cost  |
| Heritage and cultural assets               | Market approach               |

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the National Museum of Australia using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

|                            | 2015              | 2014              |
|----------------------------|-------------------|-------------------|
| Buildings on freehold land | 100 years         | 100 years         |
| Leasehold improvements     | Lease term        | Lease term        |
| Plant and equipment        | 4 to 100 years    | 4 to 100 years    |
| Heritage and cultural      | 50 to 5,000 years | 50 to 5,000 years |

The National Museum of Australia has items of property, plant and equipment that are heritage and cultural assets that have limited useful lives and are depreciated.

### Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the National Museum of Australia were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### Heritage and Cultural Assets

The National Museum of Australia collects, manages and displays cultural and heritage assets of Australian history. The collection is held in trust for the nation. The Museum collection represents three inter-related fields:

- Aboriginal and Torres Strait Islander cultures and histories;
- Australian history and society since 1768; and
- People's interaction with the Australian environment.

A key objective of the National Museum of Australia is the preservation of the collection. Details in relation to the National Museum of Australia's curatorial and preservation policies are posted on the National Museum of Australia's web site at [www.nma.gov.au/about\\_us/ips/policies/collection\\_care\\_and\\_preservation\\_policy](http://www.nma.gov.au/about_us/ips/policies/collection_care_and_preservation_policy).

**National Museum of Australia  
Notes to and forming part of the Financial Statements**

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**1.18 Intangibles**

The National Museum of Australia's intangibles comprise internally developed software for internal use, externally purchased software and other non-monetary assets without physical substance. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the National Museum of Australia's software are 4 to 8 years (2013-14: 4 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

**1.19 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as finished goods or work-in-progress. Costs include direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

**1.20 Taxation**

The National Museum of Australia is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

**Note 2: Events After the Reporting Period**

There are no events after the reporting period that will materially affect the financial statements.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 3: Net Cash Appropriation Arrangements**

|  | 2015                | 2014          |
|--|---------------------|---------------|
|  | \$'000              | \$'000        |
| <b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b> | <b>5,089</b>        | 13,182        |
| Plus: depreciation/amortisation expenses previously funded through revenue appropriation   | <u>1,075</u>        | <u>1,038</u>  |
| <b>Total comprehensive income - as per the Statement of Comprehensive Income</b>   | <b><u>6,164</u></b> | <u>14,220</u> |

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

**Note 4: Expenses**

**Note 4A: Employee Benefits**

|                                |                      |               |
|--------------------------------|----------------------|---------------|
| Wages and salaries             | 16,515               | 16,968        |
| Superannuation                 |                      |               |
| Defined contribution plans     | 1,293                | 1,295         |
| Defined benefit plans          | 1,687                | 1,770         |
| Leave and other entitlements   | 2,033                | 1,917         |
| Separation and redundancies    | 48                   | 528           |
| <b>Total employee benefits</b> | <b><u>21,576</u></b> | <u>22,478</u> |

**Note 4B: Suppliers**

**Goods and services supplied or rendered**

|  |                      |               |
|--|----------------------|---------------|
| Cost of goods sold                                   | 851                  | 962           |
| Travel   | 648                  | 705           |
| IT services  | 1,422                | 1,650         |
| Property services                                    | 7,107                | 6,732         |
| Staff support costs                                  | 610                  | 789           |
| Professional services                                | 1,163                | 948           |
| Exhibitions  | 1,245                | 1,579         |
| Collection management                                | 195                  | 191           |
| Advertising and promotions                           | 676                  | 451           |
| Other  | 776                  | 697           |
| <b>Total goods and services supplied or rendered</b> | <b><u>14,693</u></b> | <u>14,704</u> |

**Goods supplied in connection with**

|                             |                     |              |
|-----------------------------|---------------------|--------------|
| Related parties             | -                   | -            |
| External parties            | 2,679               | 2,856        |
| <b>Total goods supplied</b> | <b><u>2,679</u></b> | <u>2,856</u> |

**Services rendered in connection with**

|  |                      |               |
|--|----------------------|---------------|
| Related parties                                      | 2,070                | 1,725         |
| External parties                                     | 9,944                | 10,123        |
| <b>Total services rendered</b>                       | <b><u>12,014</u></b> | <u>11,848</u> |
| <b>Total goods and services supplied or rendered</b> | <b><u>14,693</u></b> | <u>14,704</u> |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

|  | 2015          | 2014          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Other suppliers</b>                     |               |               |
| Operating lease rentals in connection with |               |               |
| Related parties                            |               |               |
| Minimum lease payments                     | 450           | 494           |
| Contingent rentals                         | -             | -             |
| External parties                           |               |               |
| Minimum lease payments                     | 1,802         | 1,844         |
| Contingent rentals                         | 49            | (31)          |
| Workers compensation expenses              | 999           | 721           |
| <b>Total other suppliers</b>               | <u>3,300</u>  | <u>3,028</u>  |
| <b>Total suppliers</b>                     | <u>17,993</u> | <u>17,732</u> |

**Note 4C: Depreciation and Amortisation**

**Depreciation**

|                               |              |              |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | 6,391        | 5,978        |
| Buildings                     | 1,486        | 1,429        |
| <b>Total depreciation</b>     | <u>7,877</u> | <u>7,407</u> |

**Amortisation**

|  |              |              |
|--|--------------|--------------|
| Intangibles                                | 443          | 403          |
| <b>Total amortisation</b>                  | <u>443</u>   | <u>403</u>   |
| <b>Total depreciation and amortisation</b> | <u>8,320</u> | <u>7,810</u> |

**Note 4D: Write-Down and Impairment of Assets**

|  |           |           |
|--|-----------|-----------|
| Impairment on financial instruments              | -         | 17        |
| Inventory write-off                              | 94        | 1         |
| <b>Total write-down and impairment of assets</b> | <u>94</u> | <u>18</u> |

**Note 4E: Loss on Sale of Assets**

**Property, plant and equipment:**

|  |            |          |
|--|------------|----------|
| Proceeds from sale                         | (9)        | (10)     |
| Carrying value of assets sold              | 3          | 19       |
| <b>Net gain (loss) from sale of assets</b> | <u>(6)</u> | <u>9</u> |

**Note 4F: Other Expenses**

The National Museum of Australia provides subsidies to support research in Australian history and cultures

|                             |            |           |
|-----------------------------|------------|-----------|
| Subsidies                   | 221        | 38        |
| <b>Total other expenses</b> | <u>221</u> | <u>38</u> |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

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**Note 5: Own-Source Income**

|  | 2015   | 2014   |
|--|--------|--------|
|  | \$'000 | \$'000 |

**Own-Source Revenue**

**Note 5A: Sale of Goods and Rendering of Services**

**Sale of goods in connection with**

|                            |              |              |
|----------------------------|--------------|--------------|
| External parties           | <u>1,635</u> | <u>1,803</u> |
| <b>Total sale of goods</b> | <u>1,635</u> | <u>1,803</u> |

**Rendering of services in connection with**

|  |              |              |
|--|--------------|--------------|
| External parties                                     | <u>1,271</u> | <u>789</u>   |
| <b>Total rendering of services</b>                   | <u>1,271</u> | <u>789</u>   |
| <b>Total sale of goods and rendering of services</b> | <u>2,906</u> | <u>2,592</u> |

**Note 5B: Other Revenue**

|                            |            |            |
|----------------------------|------------|------------|
| Donations                  | 49         | 168        |
| Sponsorship and grants     | <u>346</u> | <u>571</u> |
| <b>Total other revenue</b> | <u>395</u> | <u>739</u> |

**Note 5C: Revenue from Government**

|  |               |               |
|--|---------------|---------------|
| Attorney General's Department              |               |               |
| Corporate Commonwealth entity payment item | <u>41,590</u> | <u>41,644</u> |
| <b>Total revenue from Government</b>       | <u>41,590</u> | <u>41,644</u> |

**National Museum of Australia  
Notes to and forming part of the financial statements**

**Note 6: Fair Value Measurements**

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.  
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 3: Unobservable inputs for the asset or liability.

**Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used**

|   | Fair value measurements<br>at the end of the reporting period |                |                            | Valuation technique(s) <sup>1</sup> | Inputs used  | Range<br>(weighted<br>average) <sup>2</sup> |
|---|---|----------------|----------------------------|-------------------------------------|--|---|
|   | 2015<br>\$'000  | 2014<br>\$'000 | Category<br>(Level 2 or 3) |                                     |  |   |
| <b>Non-financial assets</b>   |   |                |                            |                                     |  |   |
| Land  | 6,306   | 6,306          | Level 2                    | Market/direct comparison approach   | Sales evidence, unit of value by comparative basis (\$ per m <sup>2</sup> )            | N/A   |
| Buildings on freehold land  |   |                | Level 3                    |                                     | 20% of gross valuation as an estimate of risk.   |   |
|   |   |                | Level 2                    |                                     | Actual construction costs, AIQS building cost indices.                                 |   |
| Leasehold improvements  | 97,664  | 98,591         | Level 3                    | Depreciated replacement cost        | Estimated useful life  | N/A   |
|   |   |                | Level 2                    |                                     | Actual construction costs, ABS Indices, AIQS building cost indices.                    |   |
|   | 2,802   | 3,142          | Level 3                    | Depreciated replacement cost        | Estimated useful life  |   |
| Heritage and cultural   | 268,183   | 259,158        | Level 3                    | Market approach                     | Local and worldwide secondary markets for art and collectables, Providence for objects | N/A   |
| Other property, plant and equipment   | 54,329  | 55,702         | Level 3                    | Depreciated replacement cost        | Acquisitions costs, ABS indices, Estimated useful life                                 |   |
| <b>Total non-financial assets</b>   | <b>429,284</b>  | <b>422,899</b> |                            |                                     |  |   |
| <b>Total fair value measurements of assets in the Statement of Financial Position</b> | <b>429,284</b>  | <b>422,899</b> |                            |                                     |  |   |

1. No change in valuation technique occurred during the period.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

The highest and best use of all non-financial assets are the same as their current use.

**National Museum of Australia  
Notes to and forming part of the financial statements**

**Recurring and non-recurring Level 3 fair value measurements - valuation processes**

The Museum procured valuation services from independent valuers and relied on valuation models provided by the valuers. The Museum tests the procedures of the valuation model at least once every 12 months. The valuers provided written assurance to the Museum that the model developed is in compliance with AASB 13.

**Recurring Level 3 fair value measurements - sensitivity of inputs**

The significant unobservable inputs used in the fair value measurement of the Museum's non-financial assets are relevant industry indices. Generally, a change in the assumption used for industry indices is accompanied by a directionally similar change in the assumption used for industry indices.

The significant unobservable inputs used in the fair value measurement of the Museum's heritage and cultural assets are private sales of similar artwork, antiques and collectables and professional appraisals of similar items. Significant increases (decreases) in any of those inputs in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption used for professional appraisals of similar artwork is accompanied by a directionally similar change in the assumption used for private sales of similar artwork.

**Note 6B: Reconciliation for Recurring Level 3 Fair Value Measurements**

**Recurring Level 3 fair value measurements - reconciliation for assets**

|  | Non-financial assets       |               |              |                        |               |               |                                    |                |                |                       |                |                |              |                |
|--|----------------------------|---------------|--------------|------------------------|---------------|---------------|------------------------------------|----------------|----------------|-----------------------|----------------|----------------|--------------|----------------|
|  | Buildings on freehold land |               |              | Leasehold improvements |               |               | Other property plant and equipment |                |                | Heritage and cultural |                |                | Total        |                |
|  | 2015                       | 2014          | 2015         | 2014                   | 2015          | 2014          | 2015                               | 2014           | 2015           | 2014                  | 2015           | 2014           | 2015         | 2014           |
|  | \$'000                     | \$'000        | \$'000       | \$'000                 | \$'000        | \$'000        | \$'000                             | \$'000         | \$'000         | \$'000                | \$'000         | \$'000         | \$'000       | \$'000         |
| <b>As at 1 July</b>  | <b>98,591</b>              | <b>97,670</b> | <b>3,142</b> | <b>2,627</b>           | <b>55,702</b> | <b>54,119</b> | <b>259,158</b>                     | <b>250,034</b> | <b>416,593</b> | <b>404,450</b>        | <b>(1,135)</b> | <b>(1,048)</b> | <b>(381)</b> | <b>(7,876)</b> |
| Total gains/(losses) recognised in net cost of service: <sup>1</sup>       | -                          | 4,711         | (7)          | 384                    | (1,238)       | 1,850         | 8,850                              | 8,539          | 7,605          | 15,484                | -              | (2,768)        | -            | (83)           |
| Total gains/(losses) recognised in other comprehensive income <sup>2</sup> | -                          | -             | -            | -                      | -             | -             | -                                  | -              | -              | -                     | -              | -              | -            | -              |
| Purchases  | 208                        | 26            | 18           | 143                    | 5,183         | 2,376         | 1,250                              | 1,623          | 6,659          | 4,168                 | -              | -              | -            | -              |
| Sales  | -                          | -             | -            | -                      | (3)           | (19)          | -                                  | -              | (3)            | (19)                  | -              | -              | -            | -              |
| Issues   | -                          | (2,768)       | -            | 369                    | -             | 2,316         | -                                  | -              | -              | (83)                  | -              | -              | -            | -              |
| <b>Total as at 30 June</b>   | <b>97,664</b>              | <b>98,591</b> | <b>2,802</b> | <b>3,142</b>           | <b>54,329</b> | <b>55,702</b> | <b>268,183</b>                     | <b>259,158</b> | <b>422,978</b> | <b>416,593</b>        | <b>-</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>       |

Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period

1. These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation expenses.

2. These gains/(losses) are presented in the Statement of Comprehensive Income under changes in asset revaluation surplus.

No transfers between levels are deemed to have occurred during 2014-15.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 7: Financial Assets**

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Note 7A: Trade and Other Receivables</b>                       |               |               |
| <b>Goods and services receivable in connection with</b>           |               |               |
| Related parties   | 46            | 12            |
| External parties  | 47            | 116           |
| <b>Total goods and services receivable</b>                        | <b>93</b>     | <b>128</b>    |
| <b>Other receivables</b>  |               |               |
| GST Receivable from the Australia Taxation Office                 | 474           | 336           |
| Interest  | 533           | 516           |
| <b>Total other receivables</b>                                    | <b>1,007</b>  | <b>852</b>    |
| <b>Total trade and other receivables (gross)</b>                  | <b>1,100</b>  | <b>980</b>    |
| <b>Trade and other receivables (net) expected to be recovered</b> |               |               |
| No more than 12 months  | 1,100         | 980           |
| <b>Total trade and other receivables (net)</b>                    | <b>1,100</b>  | <b>980</b>    |
| <b>Trade and other receivables (gross) aged as follows</b>        |               |               |
| Not overdue   | 87            | 974           |
| Overdue by  |               |               |
| 0 to 30 days  | 6             | 6             |
| 31 to 60 days   | -             | -             |
| 61 to 90 days   | -             | -             |
| More than 90 days   | -             | -             |
| <b>Total trade and other receivables (gross)</b>                  | <b>93</b>     | <b>980</b>    |
| <b>Note 7B: Investments</b>                                       |               |               |
| Deposits <sup>1</sup>   | 40,000        | 39,000        |
| <b>Total investments</b>  | <b>40,000</b> | <b>39,000</b> |
| <b>Investments expected to be recovered</b>                       |               |               |
| No more than 12 months  | 40,000        | 39,000        |
| More than 12 months   | -             | -             |
| <b>Total investments</b>  | <b>40,000</b> | <b>39,000</b> |

1. Investments are with the National Museum of Australia's bankers and earn effective interest rates of 2.82%, 2.90%, 3.00%, 3.15%, 3.51%, 3.86% (2014: 3.50%, 3.55%, 3.60%, 3.61%, 3.65% and 3.86%), payable at the end of the term.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 8: Non-Financial Assets**

|   | 2015           | 2014           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>Note 8A: Land and Buildings</b>      |                |                |
| <b>Land</b>                             |                |                |
| Fair value                              | 6,306          | 6,306          |
| <b>Total land</b>                       | <b>6,306</b>   | <b>6,306</b>   |
| <b>Buildings on freehold land</b>       |                |                |
| Fair value                              | 98,799         | 98,591         |
| Accumulated depreciation                | (1,135)        | -              |
| <b>Total buildings on freehold land</b> | <b>97,664</b>  | <b>98,591</b>  |
| <b>Leasehold improvements</b>           |                |                |
| Fair value                              | 3,153          | 3,142          |
| Accumulated depreciation                | (351)          | -              |
| <b>Total leasehold improvements</b>     | <b>2,802</b>   | <b>3,142</b>   |
| <b>Total land and buildings</b>         | <b>106,772</b> | <b>108,039</b> |

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

**Note 8B: Property, Plant and Equipment**

|  |                |                |
|--|----------------|----------------|
| <b>Heritage and cultural</b>                     |                |                |
| Fair value                                       | 268,183        | 259,158        |
| Accumulated depreciation                         | -              | -              |
| <b>Total heritage and cultural</b>               | <b>268,183</b> | <b>259,158</b> |
| <b>Other property, plant and equipment</b>       |                |                |
| Fair value                                       | 56,956         | 54,317         |
| Accumulated depreciation                         | (5,276)        | -              |
| Work-in-progress                                 | 2,649          | 1,385          |
| <b>Total other property, plant and equipment</b> | <b>54,329</b>  | <b>55,702</b>  |
| <b>Total property, plant and equipment</b>       | <b>322,512</b> | <b>314,860</b> |

No indicators of impairment were found for property, plant and equipment as at 30 June. Impairments identified during the year are recognised in other comprehensive income.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months other than normal replacement of assets reaching the end of their useful life.

**Revaluations of non-financial assets**

Revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2015, a management valuation was conducted for land and buildings and property, plant and equipment.

Revaluation increments of nil for land (2014: nil), nil for buildings on freehold land (2014: \$4,711,007), nil for leasehold improvements (2014: \$383,897), nil for other property, plant and equipment (2014: \$1,850,289) and \$8,850,038 for heritage and cultural (2014: increment of \$8,538,928) were credited to asset revaluation surplus by asset class and included in the equity section of the statement of financial position; no decrements were expensed (2014: nil).

National Museum of Australia  
Notes to and forming part of the financial statements

**Note 8C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment**

**Reconciliation of the opening and closing balances of property, plant and equipment for 2015**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Total land<br>and<br>buildings<br>\$'000 | Heritage<br>and<br>cultural <sup>1</sup><br>\$'000 | Other property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|---------------------|--|--|---|-----------------|
| <b>As at 1 July 2014</b>  |                |                     |  |  |   |                 |
| Gross book value  | 6,306          | 101,733             | 108,039                                  | 259,158  | 55,702  | 422,899         |
| Accumulated depreciation and impairment                               | -              | -                   | -  | -  | -   | -               |
| <b>Total as at 1 July 2014</b>  | <b>6,306</b>   | <b>101,733</b>      | <b>108,039</b>                           | <b>259,158</b>                                     | <b>55,702</b>                                     | <b>422,899</b>  |
| <b>Additions</b>  |                |                     |  |  |   |                 |
| Purchase or internally developed                                      | -              | 226                 | 226                                      | 979  | 5,183   | 6,388           |
| Donation/Gift   | -              | -                   | -  | 271  | -   | 271             |
| Revaluations and impairments recognised in other comprehensive income | -              | (7)                 | (7)                                      | 8,850  | (1,238)   | 7,605           |
| Depreciation  | -              | (1,486)             | (1,486)                                  | (1,075)  | (5,315)   | (7,876)         |
| Disposals   | -              | -                   | -  | -  | (3)   | (3)             |
| Gross book value  | -              | -                   | -  | -  | -   | -               |
| Accumulated depreciation and impairment                               | -              | -                   | -  | -  | -   | -               |
| <b>Total as at 30 June 2015</b>                                       | <b>6,306</b>   | <b>100,466</b>      | <b>106,772</b>                           | <b>268,183</b>                                     | <b>54,329</b>                                     | <b>429,284</b>  |
| <b>Total as at 30 June 2015 represented by</b>                        |                |                     |  |  |   |                 |
| Gross book value  | 6,306          | 101,952             | 108,258                                  | 268,183  | 59,605  | 436,046         |
| Accumulated depreciation and impairment                               | -              | (1,486)             | (1,486)                                  | -  | (5,276)   | (6,762)         |
| <b>Total as at 30 June 2015</b>                                       | <b>6,306</b>   | <b>100,466</b>      | <b>106,772</b>                           | <b>268,183</b>                                     | <b>54,329</b>                                     | <b>429,284</b>  |

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item are disclosed in the heritage and cultural asset class.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 8C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (cont)**

Reconciliation of the opening and closing balances of property, plant and equipment for 2014

|   | Land<br>\$'000 | Buildings and<br>Total land<br>\$'000 | Heritage and<br>cultural <sup>1</sup><br>\$'000 | Other property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|---------------------------------------|---|---|-----------------|
| As at 1 July 2013   |                |                                       |   |   |                 |
| Gross book value  | 6,306          | 101,614                               | 250,034   | 59,617  | 417,571         |
| Accumulated depreciation and impairment                               | -              | (1,317)                               | -   | (5,498)   | (6,815)         |
| Total as at 1 July 2013   | 6,306          | 100,297                               | 250,034   | 54,119  | 410,756         |
| Additions   |                |                                       |   |   |                 |
| Purchase or internally developed                                      | -              | 169                                   | 1,377   | 2,376   | 3,922           |
| Donation/Gift   | -              | -                                     | 246   | -   | 246             |
| Revaluations and impairments recognised in other comprehensive income | -              | 5,095                                 | 8,539   | 1,850   | 15,484          |
| Depreciation  | -              | (1,429)                               | (1,038)   | (4,940)   | (7,407)         |
| Disposals   |                |                                       |   |   |                 |
| Gross book value  | -              | -                                     | -   | (19)  | (19)            |
| Accumulated depreciation and impairment                               | -              | -                                     | -   | -   | -               |
| Other movements from prior year - WIP recognition                     | -              | (2,399)                               | (2,399)   | 2,316   | (83)            |
| Total as at 30 June 2014  | 6,306          | 101,733                               | 259,158   | 55,702  | 422,899         |
| Total as at 30 June 2014 represented by                               |                |                                       |   |   |                 |
| Gross book value  | 6,306          | 101,733                               | 259,158   | 55,702  | 422,899         |
| Accumulated depreciation and impairment                               | -              | -                                     | -   | -   | -               |
| Total as at 30 June 2014  | 6,306          | 101,733                               | 259,158   | 55,702  | 422,899         |

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 8D: Intangibles**

|                                | 2015           | 2014            |
|--------------------------------|----------------|-----------------|
|                                | \$'000         | \$'000          |
| <b>Computer software</b>       |                |                 |
| Purchased – in progress        | 248            | 239             |
| Purchased – in use             | 1,343          | 10,750          |
| Accumulated amortisation       | <u>(526)</u>   | <u>(10,039)</u> |
| <b>Total computer software</b> | <u>1,065</u>   | <u>950</u>      |
| <b>Other intangibles</b>       |                |                 |
| Internally developed – in use  | 1,582          | 1,582           |
| Accumulated amortisation       | <u>(1,265)</u> | <u>(1,051)</u>  |
| <b>Total other intangibles</b> | <u>317</u>     | <u>531</u>      |
| <b>Total intangibles</b>       | <u>1,382</u>   | <u>1,481</u>    |

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Note 8E: Reconciliation of the Opening and Closing Balances of Intangibles**

**Reconciliation of the opening and closing balances of intangibles for 2015**

|  | Computer<br>software<br>purchased | Other<br>intangibles<br>internally<br>developed | Total           |
|--|-----------------------------------|---|-----------------|
|  | \$'000                            | \$'000  | \$'000          |
| <b>As at 1 July 2014</b>                       |                                   |   |                 |
| Gross book value                               | 10,989                            | 1,582   | 12,571          |
| Accumulated amortisation and impairment        | <u>(10,039)</u>                   | <u>(1,051)</u>                                  | <u>(11,090)</u> |
| <b>Total as at 1 July 2014</b>                 | 950                               | 531   | 1,481           |
| <b>Additions</b>                               |                                   |   |                 |
| Purchase or internally developed               | 345                               | -   | 345             |
| Amortisation                                   | (230)                             | (214)   | (444)           |
| <b>Other movements</b>                         |                                   |   |                 |
| Gross book value                               | (486)                             | -   | (486)           |
| Accumulated amortisation and impairment        | 486                               | -   | 486             |
| <b>Disposals</b>                               |                                   |   |                 |
| Gross book value                               | (9,257)                           | -   | (9,257)         |
| Accumulated amortisation and impairment        | 9,257                             | -   | 9,257           |
| <b>Total as at 30 June 2015</b>                | <u>1,065</u>                      | <u>317</u>                                      | <u>1,382</u>    |
| <b>Total as at 30 June 2015 represented by</b> |                                   |   |                 |
| Gross book value                               | 1,591                             | 1,582   | 12,916          |
| Accumulated amortisation and impairment        | <u>(526)</u>                      | <u>(1,265)</u>                                  | <u>(11,534)</u> |
| <b>Total as at 30 June 2015</b>                | <u>1,065</u>                      | <u>317</u>                                      | <u>1,382</u>    |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Reconciliation of the opening and closing balances of intangibles for 2014**

|  | Computer<br>software<br>purchased<br>\$'000 | Other<br>intangibles<br>internally<br>developed<br>\$'000 | Total<br>\$'000 |
|--|---|---|-----------------|
| As at 1 July 2013  |   |   |                 |
| Gross book value   | 10,661                                      | 1,582   | 12,243          |
| Accumulated amortisation and impairment                    | (9,850)                                     | (837)   | (10,687)        |
| Total as at 1 July 2013                                    | 811   | 745   | 1,556           |
| Additions  |   |   |                 |
| Purchase or internally developed                           | 328   | -   | 328             |
| Reversal of impairments recognised in net cost of services | -   | -   | -               |
| Amortisation   | (189)                                       | (214)   | (403)           |
| Total as at 30 June 2014                                   | 950   | 531   | 1,481           |

Total as at 30 June 2014 represented by

|   |          |         |          |
|---|----------|---------|----------|
| Gross book value                        | 10,989   | 1,582   | 12,571   |
| Accumulated amortisation and impairment | (10,039) | (1,051) | (11,090) |
| Total as at 30 June 2014                | 950      | 531     | 1,481    |

**Note 8F: Inventories**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Inventories held for sale</b>       |                |                |
| Work in progress                       | 45             | 47             |
| Finished goods                         | 426            | 512            |
| <b>Total inventories held for sale</b> | 471            | 559            |
| <b>Total inventories</b>               | 471            | 559            |

During 2015, \$93,909 of inventory held for sale was recognised as an expense (2014: \$798).

No items of inventory are recognised at fair value less cost to sell.

All inventories are expected to be sold or distributed in the next 12 months.

**Note 8G: Other Non-Financial Assets**

|  |     |     |
|--|-----|-----|
| Prepayments  | 432 | 252 |
| Prepaid leasehold contribution                             | 189 | 187 |
| <b>Total other non-financial assets</b>                    | 621 | 439 |
| <b>Other non-financial assets expected to be recovered</b> |     |     |
| No more than 12 months                                     | 621 | 439 |
| More than 12 months  | -   | -   |
| <b>Total other non-financial assets</b>                    | 621 | 439 |

No indicators of impairment were found for other non-financial assets.

**National Museum of Australia****Notes to and forming part of the financial statements****Note 9: Payables****Note 9A: Suppliers**

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Trade creditors and accruals | 1,988               | 2,028               |
| Operating lease rentals      | <u>80</u>           | <u>31</u>           |
| <b>Total suppliers</b>       | <b><u>2,068</u></b> | <b><u>2,059</u></b> |

**Suppliers in connection with**

|                        |                     |                     |
|------------------------|---------------------|---------------------|
| Related parties        | 27                  | 28                  |
| External parties       | <u>2,041</u>        | <u>2,031</u>        |
| <b>Total suppliers</b> | <b><u>2,068</u></b> | <b><u>2,059</u></b> |

Settlement is usually made within 30 days

**Note 9B: Other Payables**

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Wages and salaries                   | 686               | 595               |
| Superannuation                       | 104               | 91                |
| Prepayments received/unearned income | <u>129</u>        | <u>132</u>        |
| <b>Total other payables</b>          | <b><u>919</u></b> | <b><u>818</u></b> |

**Other payables expected to be settled**

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| No more than 12 months      | 919               | 818               |
| More than 12 months         | <u>-</u>          | <u>-</u>          |
| <b>Total other payables</b> | <b><u>919</u></b> | <b><u>818</u></b> |

**Note 10: Provisions****Note 10A: Employee Provisions**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| Leave                            | <u>5,751</u>        | <u>5,372</u>        |
| <b>Total employee provisions</b> | <b><u>5,751</u></b> | <b><u>5,372</u></b> |

**Employee provisions expected to be settled**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| No more than 12 months           | -                   | -                   |
| More than 12 months              | <u>5,751</u>        | <u>5,372</u>        |
| <b>Total employee provisions</b> | <b><u>5,751</u></b> | <b><u>5,372</u></b> |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 11: Cash Flow Reconciliation**

**Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement**

**Cash and cash equivalents as per**

|                                 |          |          |
|---------------------------------|----------|----------|
| Cash Flow Statement             | 2,439    | 1,322    |
| Statement of Financial Position | 2,439    | 1,322    |
| <b>Discrepancy</b>              | <b>-</b> | <b>-</b> |

**Reconciliation of net cost of services to net cash from/(used by) operating activities**

|                         |          |          |
|-------------------------|----------|----------|
| Net cost of services    | (43,032) | (42,908) |
| Revenue from Government | 41,590   | 41,644   |

**Adjustments for non-cash items**

|  |       |       |
|--|-------|-------|
| Depreciation/amortisation              | 8,320 | 7,810 |
| Net write-down of non-financial assets | 94    | 18    |
| Loss (Gain) on disposal of assets      | (6)   | 9     |
| Donated assets                         | (271) | (246) |

**Movements in assets and liabilities**

**Assets**

|  |       |       |
|--|-------|-------|
| (Increase)/Decrease in net receivables | (120) | (139) |
| (Increase)/Decrease in inventories     | (4)   | 1     |
| (Increase)/Decrease in prepayments     | (182) | 54    |

**Liabilities**

|   |              |              |
|---|--------------|--------------|
| Increase/(Decrease) in employee provisions          | 379          | (259)        |
| Increase/(Decrease) in suppliers payables           | 10           | (1,646)      |
| Increase (Decrease) in other payables               | 101          | (104)        |
| <b>Net cash from/(used by) operating activities</b> | <b>6,879</b> | <b>4,234</b> |

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 12: Executive Management Personnel and Council Members' Remuneration**

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Short-term employee benefits</b>  |                  |                  |
| Salary   | 1,075,183        | 987,629          |
| Performance bonuses  | 43,632           | 51,486           |
| Motor vehicle and other allowances   | 21,495           | 18,108           |
| <b>Total short-term employee benefits</b>  | <u>1,140,310</u> | <u>1,057,223</u> |
| <b>Post-employment benefits</b>  |                  |                  |
| Superannuation   | 164,820          | 118,876          |
| <b>Total post-employment benefits</b>  | <u>164,820</u>   | <u>118,876</u>   |
| <b>Other long-term employee benefits</b>   |                  |                  |
| Annual leave   | 66,856           | 67,269           |
| Long-service leave   | 21,674           | 26,375           |
| <b>Total other long-term employee benefits</b>                                     | <u>88,530</u>    | <u>93,644</u>    |
| <b>Total senior executive personnel and council members' remuneration expenses</b> | <u>1,393,660</u> | <u>1,269,743</u> |

The total number of Executive management personnel that are included in the above table are 5 (2014: 4) and part time Council members are 10 (2014: 9).

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 13: Related Party Disclosures**

**Council members of the National Museum of Australia**

The name of each person who was a member of the Council during the year is:

| <i>Chair</i>                 | <i>Period of Appointment</i>   |
|------------------------------|--|
| Mr Daniel Gilbert AM         | 27 March 2009 to 26 March 2012 and<br>5 April 2012 to 4 April 2015               |
| Mr David Jones               | 25 June 2015 to 24 June 2018   |
| <i>Non-Executive Members</i> |  |
| Dr Janet Albrechtsen         | 11 December 2014 to 10 December 2017   |
| Mr Nicholas Davie            | 7 September 2009 to 6 September 2012 and<br>25 October 2012 to 24 October 2015   |
| Prof Rae Frances             | 25 February 2010 to 24 February 2013 and<br>30 May 2013 to 29 May 2016           |
| Mr Alexander Hartman         | 26 February 2015 to 25 February 2017   |
| Prof Emeritus Andrea Hull AO | 12 December 2008 to 11 December 2011 and<br>12 December 2011 to 22 November 2014 |
| Mr David Jones               | 25 February 2010 to 24 February 2013 and<br>30 May 2013 to 24 June 2015          |
| Prof Catharine Lumby         | 30 May 2013 to 29 May 2016   |
| Mr John Morse AM             | 28 November 2008 to 27 November 2011 and<br>28 November 2011 to 22 November 2014 |
| Dr Barbara Piscitelli AM     | 17 July 2008 to 16 July 2011 and<br>17 July 2011 to 16 July 2014                 |
| Mr Peter Yu                  | 25 February 2010 to 24 February 2013 and<br>30 May 2013 to 29 May 2016           |
| <i>Executive Member</i>      |  |
| Dr Mathew Trinca             | 2 July 2013 to 16 February 2014 and<br>17 February 2014 to 16 February 2019      |

**Transactions with Council members or their related entities**

The aggregate remuneration of Council members is included in Note 12.

Mr Daniel Gilbert is also a director of the National Australia Bank Ltd. where the Museum periodically holds investment funds. Investment decisions are made in accordance with Museum policy, which provides for investments to be made across a range of banks at the best available rate on the day.

A consultancy procurement contract was made to Yuco Pty Ltd, of which Mr P Yu is a director. The value is \$50,000. It was approved by Council in August 2012 and was made on normal terms and conditions. Mr Yu took no part in the relevant decisions of the Council.

There were no other related party transactions during the year, including loans to Council members or their related entities, which would require disclosure.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 14: Financial Instruments**

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Note 14A: Categories of Financial Instruments</b>          |               |               |
| <b>Financial Assets</b>                                       |               |               |
| <b>Held-to-maturity investments</b>                           |               |               |
| Term Deposits   | 40,000        | 39,000        |
| <b>Total held-to-maturity investments</b>                     | <b>40,000</b> | <b>39,000</b> |
| <b>Loans and receivables</b>                                  |               |               |
| Cash and cash equivalents                                     | 2,439         | 1,322         |
| Trade and other receivables                                   | 93            | 128           |
| Interest receivable   | 533           | 516           |
| <b>Total loans and receivables</b>                            | <b>3,065</b>  | <b>1,966</b>  |
| <b>Total financial assets</b>                                 | <b>43,065</b> | <b>40,966</b> |
| <b>Financial Liabilities</b>                                  |               |               |
| <b>Financial liabilities measured at amortised cost</b>       |               |               |
| Supplier payables   | 2,068         | 2,059         |
| <b>Total financial liabilities measured at amortised cost</b> | <b>2,068</b>  | <b>2,059</b>  |
| <b>Total financial liabilities</b>                            | <b>2,068</b>  | <b>2,059</b>  |
| <b>Note 14B: Net Gains or Losses on Financial Assets</b>      |               |               |
| <b>Held-to-maturity investments</b>                           |               |               |
| Interest revenue  | 1,458         | 1,482         |
| <b>Net gains on held-to-maturity investments</b>              | <b>1,458</b>  | <b>1,482</b>  |
| <b>Loans and receivables</b>                                  |               |               |
| Interest revenue  | 136           | 118           |
| <b>Net gains on loans and receivables</b>                     | <b>136</b>    | <b>118</b>    |
| <b>Net gains on financial assets</b>                          | <b>1,594</b>  | <b>1,600</b>  |
| <b>Note 14C: Fair Value of Financial Instruments</b>          |               |               |

The carrying value of the financial instruments approximate their fair values.



**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 14D: Credit Risk**

The Museum is exposed to minimal credit risk as the majority of loans and receivables and held-to-maturity are cash deposits held with financial institutions. The maximum exposure to credit risk is the risk that arises from potential default of a trade debtor.

**Credit quality of financial assets not past due or individually determined as impaired**

|                             | Not past due<br>nor<br>impaired | Not past due<br>nor impaired | Past due or<br>impaired | Past due or<br>impaired |
|-----------------------------|---------------------------------|------------------------------|-------------------------|-------------------------|
|                             | 2015                            | 2014                         | 2015                    | 2014                    |
|                             | \$'000                          | \$'000                       | \$'000                  | \$'000                  |
| Cash and cash equivalents   | 2,439                           | 1,322                        | -                       | -                       |
| Investments                 | 40,000                          | 39,000                       | -                       | -                       |
| Trade and other receivables | 87                              | 122                          | 6                       | 6                       |
| Interest receivables        | 533                             | 516                          | -                       | -                       |
| <b>Total</b>                | <b>43,059</b>                   | <b>40,960</b>                | <b>6</b>                | <b>6</b>                |

The National Museum of Australia has no significant exposures to any concentrations of credit risk and has policies and procedures which outline investment of surplus cash and debt recovery techniques.

The ageing of financial assets that are past due but not impaired is equal to the ageing of receivable and is stated in Note 7B.

**Note 14E: Liquidity Risk**

The National Museum of Australia's financial liabilities are trade creditors. The exposure to liquidity risk is based on the probability that the National Museum of Australia will encounter difficulty in meeting its obligations associated with financial liabilities. This risk is minimal due to appropriation funding and continuous monitoring of cash flows.

**Maturities for non-derivative financial liabilities in 2015**

|                 | On demand    | within 1<br>year | between 1 to<br>2 years | between 2 to<br>5 years | more than<br>5 years | Total        |
|-----------------|--------------|------------------|-------------------------|-------------------------|----------------------|--------------|
|                 | \$'000       | \$'000           | \$'000                  | \$'000                  | \$'000               | \$'000       |
| Trade creditors | 2,068        | -                | -                       | -                       | -                    | 2,068        |
| <b>Total</b>    | <b>2,068</b> | <b>-</b>         | <b>-</b>                | <b>-</b>                | <b>-</b>             | <b>2,068</b> |

**Maturities for non-derivative financial liabilities in 2014**

|                 | On demand    | within 1 year | between 1 to<br>2 years | between 2 to<br>5 years | more than 5<br>years | Total        |
|-----------------|--------------|---------------|-------------------------|-------------------------|----------------------|--------------|
|                 | \$'000       | \$'000        | \$'000                  | \$'000                  | \$'000               | \$'000       |
| Trade creditors | 2,059        | -             | -                       | -                       | -                    | 2,059        |
| <b>Total</b>    | <b>2,059</b> | <b>-</b>      | <b>-</b>                | <b>-</b>                | <b>-</b>             | <b>2,059</b> |

The National Museum of Australia had no derivative financial liabilities in either 2015 or 2014.

**Note 14F: Market Risk**

The table below details the interest rate sensitivity analysis of the Museum at the reporting date, holding other variables constant. A 40 basis point change is deemed to be reasonably possible and is used when reporting interest risk.

**Sensitivity analysis of the risk that the entity is exposed to for 2015**

| Risk<br>variable   | Change in<br>risk<br>variable<br>% | Effect on                         |                  |
|--------------------|------------------------------------|-----------------------------------|------------------|
|                    |                                    | Net cost of<br>services<br>\$'000 | Equity<br>\$'000 |
| Interest rate risk | Interest                           | 0.40                              | 160              |
| Interest rate risk | Interest                           | (0.40)                            | (160)            |

**Sensitivity analysis of the risk that the entity is exposed to for 2014**

| Risk<br>variable   | Change in<br>risk<br>variable<br>% | Effect on                         |                  |
|--------------------|------------------------------------|-----------------------------------|------------------|
|                    |                                    | Net cost of<br>services<br>\$'000 | Equity<br>\$'000 |
| Interest rate risk | Interest                           | 0.60                              | 234              |
| Interest rate risk | Interest                           | (0.60)                            | (234)            |

The method used to arrive at the possible change of 40 basis points was based on cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 15: Financial Assets Reconciliation**

|  | Notes     | 2015<br>\$'000       | 2014<br>\$'000 |
|--|-----------|----------------------|----------------|
| <b>Total financial assets as per statement of financial position</b> |           | <b>43,539</b>        | 41,302         |
| <b>Less: Non-financial instrument components</b>                     |           |                      |                |
| GST Receivable from the Australian Taxation Office                   | <u>7B</u> | <u>474</u>           | <u>336</u>     |
| <b>Total non-financial instrument components</b>                     |           | <u><b>43,065</b></u> | <u>40,966</u>  |
| <b>Total financial assets as per financial instruments note</b>      |           | <u><b>43,065</b></u> | <u>40,966</u>  |

**Note 16: Assets Held in the National Museum of Australia Fund**

Purpose - the Fund, set up under section 34 of the *National Museum of Australia Act 1980*, is for the receipt of gifts and bequests (otherwise than on trust) of monies, or monies received from the disposal of property given, devised, bequeathed or assigned to the Museum. These monies are recognised as revenue and expenses in the Statement of Comprehensive Income.

|   |                   |             |
|---|-------------------|-------------|
| Total amount held at the beginning of the reporting period  | <b>208</b>        | 17          |
| Receipts  | <b>52</b>         | 262         |
| Payments  | <u>(5)</u>        | <u>(71)</u> |
| <b>Total amount held at the end of the reporting period</b> | <u><b>255</b></u> | <u>208</u>  |

**Note 17: Reporting of Outcomes**

The National Museum of Australia has a single Outcome which is reported in Note 1.1.

**Note 17: Net Cost of Outcome Delivery**

|                                     | Outcome 1            |                |
|-------------------------------------|----------------------|----------------|
|                                     | 2015<br>\$'000       | 2014<br>\$'000 |
| <b>Departmental</b>                 |                      |                |
| Expenses                            | <b>48,198</b>        | 48,085         |
| Own-source income                   | <b>5,166</b>         | 5,177          |
| <b>Net cost of outcome delivery</b> | <u><b>43,032</b></u> | <u>42,908</u>  |

Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 18: Budgetary Reports and Explanations of Major Variances**

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

**Note 18: Departmental Budgetary Reports**

**Statement of Comprehensive Income for the National Museum of Australia**  
*or the period ended 30 June 2015*

|   | Actual         | Budget estimate       |                       |
|---|----------------|-----------------------|-----------------------|
|   | 2015           | Original <sup>1</sup> | Variance <sup>2</sup> |
|   | \$'000         | \$'000                | \$'000                |
| <b>NET COST OF SERVICES</b>   |                |                       |                       |
| <b>Expenses</b>   |                |                       |                       |
| Employee benefits   | 21,576         | 21,215                | 361                   |
| Suppliers   | 17,993         | 17,358                | 635                   |
| Depreciation and amortisation   | 8,320          | 8,344                 | (24)                  |
| Write-down and impairment of assets   | 94             | -                     | 94                    |
| Other expenses  | 221            | -                     | 221                   |
| <b>Total expenses</b>   | <b>48,204</b>  | <b>46,917</b>         | <b>1,287</b>          |
| <b>Own-Source Income</b>  |                |                       |                       |
| <b>Own-source revenue</b>   |                |                       |                       |
| Sale of goods and rendering of services   | 2,906          | 2,479                 | 427                   |
| Interest  | 1,594          | 1,654                 | (60)                  |
| Other revenue   | 395            | 100                   | 295                   |
| <b>Total own-source revenue</b>   | <b>4,895</b>   | <b>4,233</b>          | <b>662</b>            |
| <b>Gains</b>  |                |                       |                       |
| Gains (Loss) from sale of assets  | 6              | -                     | 6                     |
| Donated assets  | 271            | -                     | 271                   |
| <b>Total gains (loss)</b>   | <b>277</b>     | <b>-</b>              | <b>277</b>            |
| <b>Total own-source income</b>  | <b>5,172</b>   | <b>4,233</b>          | <b>939</b>            |
| <b>Net cost of services</b>   | <b>43,032</b>  | <b>42,684</b>         | <b>348</b>            |
| Revenue from Government   | 41,590         | 41,590                | -                     |
| <b>Surplus/(Deficit) attributable to the Australian Government</b>              | <b>(1,442)</b> | <b>(1,094)</b>        | <b>(348)</b>          |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                |                       |                       |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |                |                       |                       |
| Changes in asset revaluation surplus  | 7,606          | -                     | 7,606                 |
| <b>Total other comprehensive income after income tax</b>                        | <b>7,606</b>   | <b>-</b>              | <b>7,606</b>          |
| <b>Total comprehensive income/(loss)</b>  | <b>6,164</b>   | <b>(1,094)</b>        | <b>7,258</b>          |

1. The National Museum of Australia's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Statement of Financial Position for the National Museum of Australia**  
*as at 30 June 2015*

|                                   | Actual         | Budget estimate       |                       |
|-----------------------------------|----------------|-----------------------|-----------------------|
|                                   |                | Original <sup>1</sup> | Variance <sup>2</sup> |
|                                   | 2015           | 2015                  | 2015                  |
|                                   | \$'000         | \$'000                | \$'000                |
| <b>ASSETS</b>                     |                |                       |                       |
| <b>Financial assets</b>           |                |                       |                       |
| Cash and cash equivalents         | 2,439          | 3,496                 | (1,057)               |
| Trade and other receivables       | 1,100          | 854                   | 246                   |
| Investments                       | 40,000         | 33,200                | 6,800                 |
| <b>Total financial assets</b>     | <b>43,539</b>  | <b>37,550</b>         | <b>5,989</b>          |
| <b>Non-financial assets</b>       |                |                       |                       |
| Land and buildings                | 106,772        | 104,422               | 2,350                 |
| Property, plant and equipment     | 322,512        | 309,737               | 12,775                |
| Intangibles                       | 1,382          | 1,574                 | (192)                 |
| Inventories                       | 471            | 556                   | (85)                  |
| Other non-financial assets        | 621            | 493                   | 128                   |
| <b>Total non-financial assets</b> | <b>431,758</b> | <b>416,782</b>        | <b>14,976</b>         |
| <b>Total assets</b>               | <b>475,297</b> | <b>454,332</b>        | <b>20,965</b>         |
| <b>LIABILITIES</b>                |                |                       |                       |
| <b>Payables</b>                   |                |                       |                       |
| Suppliers                         | 2,068          | 3,649                 | (1,581)               |
| Other payables                    | 919            | 227                   | 692                   |
| <b>Total payables</b>             | <b>2,987</b>   | <b>3,876</b>          | <b>(889)</b>          |
| <b>Provisions</b>                 |                |                       |                       |
| Employee provisions               | 5,751          | 6,705                 | (954)                 |
| <b>Total provisions</b>           | <b>5,751</b>   | <b>6,705</b>          | <b>(954)</b>          |
| <b>Total liabilities</b>          | <b>8,738</b>   | <b>10,581</b>         | <b>(1,843)</b>        |
| <b>Net assets</b>                 | <b>466,559</b> | <b>443,751</b>        | <b>22,808</b>         |
| <b>EQUITY</b>                     |                |                       |                       |
| Contributed equity                | 25,408         | 25,408                | -                     |
| Reserves                          | 180,271        | 157,182               | 23,089                |
| Accumulated deficit               | 260,880        | 261,161               | (281)                 |
| <b>Total equity</b>               | <b>466,559</b> | <b>443,751</b>        | <b>22,808</b>         |

1. The National Museum of Australia's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

National Museum of Australia  
Notes to and forming part of the financial statements

Statement of Changes in Equity for the National Museum of Australia  
for the period ended 30 June 2015

|   | Retained earnings     |                       | Asset revaluation     |                       | Contributed equity/capital |                       | Total equity          |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
|   | Actual                | Budget estimate       | Actual                | Budget estimate       | Actual                     | Budget estimate       | Actual                | Budget estimate       |
|   | Original <sup>1</sup> | Variance <sup>2</sup> | Original <sup>1</sup> | Variance <sup>2</sup> | Original <sup>1</sup>      | Variance <sup>2</sup> | Original <sup>1</sup> | Variance <sup>2</sup> |
|   | 2015                  | 2015                  | 2015                  | 2015                  | 2015                       | 2015                  | 2015                  | 2015                  |
|   | \$'000                | \$'000                | \$'000                | \$'000                | \$'000                     | \$'000                | \$'000                | \$'000                |
| <b>Opening balance</b>                        |                       |                       |                       |                       |                            |                       |                       |                       |
| Balance carried forward from previous period  | 262,322               | 262,255               | 172,665               | 157,182               | 23,444                     | 23,444                | 442,881               | 15,550                |
| Adjustment for errors                         | -                     | -                     | -                     | -                     | -                          | -                     | -                     | -                     |
| Adjustment for changes in accounting policies | -                     | -                     | -                     | -                     | -                          | -                     | -                     | -                     |
| <b>Adjusted opening balance</b>               | <b>262,322</b>        | <b>262,255</b>        | <b>172,665</b>        | <b>157,182</b>        | <b>23,444</b>              | <b>23,444</b>         | <b>442,881</b>        | <b>15,550</b>         |
| <b>Comprehensive income</b>                   |                       |                       |                       |                       |                            |                       |                       |                       |
| Surplus (deficit) for the period              | (1,442)               | (1,094)               | (348)                 | -                     | -                          | -                     | (1,442)               | (348)                 |
| Other comprehensive income                    | -                     | -                     | 7,606                 | -                     | -                          | -                     | 7,606                 | 7,606                 |
| <b>Total comprehensive income</b>             | <b>(1,442)</b>        | <b>(1,094)</b>        | <b>7,606</b>          | <b>-</b>              | <b>-</b>                   | <b>-</b>              | <b>6,164</b>          | <b>7,258</b>          |
| <b>Transactions with owners</b>               |                       |                       |                       |                       |                            |                       |                       |                       |
| Contributions by owners                       | -                     | -                     | -                     | -                     | 1,964                      | 1,964                 | 1,964                 | -                     |
| Equity injection                              | -                     | -                     | -                     | -                     | -                          | -                     | -                     | -                     |
| <b>Total transactions with owners</b>         | <b>-</b>              | <b>-</b>              | <b>-</b>              | <b>-</b>              | <b>1,964</b>               | <b>1,964</b>          | <b>1,964</b>          | <b>-</b>              |
| <b>Closing balance as at 30 June</b>          | <b>260,880</b>        | <b>261,161</b>        | <b>180,271</b>        | <b>157,182</b>        | <b>25,408</b>              | <b>25,408</b>         | <b>443,751</b>        | <b>22,808</b>         |

1. The National Museum of Australia's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Cash Flow Statement for the National Museum of Australia**  
*for the period ended 30 June 2015*

|   | Actual          | Budget estimate       |                       |
|---|-----------------|-----------------------|-----------------------|
|   | 2015            | Original <sup>1</sup> | Variance <sup>2</sup> |
|   | \$'000          | 2015                  | 2015                  |
|   |                 | \$'000                | \$'000                |
| <b>OPERATING ACTIVITIES</b>   |                 |                       |                       |
| <b>Cash received</b>  |                 |                       |                       |
| Receipts from Government  | 41,590          | 41,590                | -                     |
| Sale of goods and rendering of services                             | 2,938           | 2,479                 | 459                   |
| Interest  | 1,578           | 1,654                 | (76)                  |
| GST received from customers   | 262             | -                     | 262                   |
| GST from Australian Taxation Office                                 | 1,888           | -                     | 1,888                 |
| Net GST received  | -               | 2,884                 | (2,884)               |
| Other   | 369             | 100                   | 269                   |
| <b>Total cash received</b>  | <b>48,625</b>   | <b>48,707</b>         | <b>(82)</b>           |
| <b>Cash used</b>  |                 |                       |                       |
| Employees   | (21,106)        | (21,039)              | (67)                  |
| Suppliers   | (18,145)        | (17,370)              | (775)                 |
| GST paid to suppliers   | (2,274)         | -                     | (2,274)               |
| Other   | (221)           | (2,884)               | 2,663                 |
| <b>Total cash used</b>  | <b>(41,746)</b> | <b>(41,293)</b>       | <b>(453)</b>          |
| <b>Net cash from/(used by) operating activities</b>                 | <b>6,879</b>    | <b>7,414</b>          | <b>(535)</b>          |
| <b>INVESTING ACTIVITIES</b>   |                 |                       |                       |
| <b>Cash received</b>  |                 |                       |                       |
| Proceeds from sales of property, plant and equipment                | 9               | -                     | 9                     |
| Investments   | 50,000          | 2,300                 | 47,700                |
| <b>Total cash received</b>  | <b>50,009</b>   | <b>2,300</b>          | <b>47,709</b>         |
| <b>Cash used</b>  |                 |                       |                       |
| Purchase of property, plant and equipment                           | (6,735)         | (11,662)              | 4,927                 |
| Investments   | (51,000)        | -                     | (51,000)              |
| <b>Total cash used</b>  | <b>(57,735)</b> | <b>(11,662)</b>       | <b>(46,073)</b>       |
| <b>Net cash from investing activities</b>                           | <b>(7,726)</b>  | <b>(9,362)</b>        | <b>1,636</b>          |
| <b>FINANCING ACTIVITIES</b>   |                 |                       |                       |
| <b>Cash received</b>  |                 |                       |                       |
| Contributed equity  | 1,964           | 1,964                 | -                     |
| <b>Total cash received</b>  | <b>1,964</b>    | <b>1,964</b>          | <b>-</b>              |
| <b>Net cash from/(used by) financing activities</b>                 | <b>1,964</b>    | <b>1,964</b>          | <b>-</b>              |
| <b>Net increase in cash held</b>                                    | <b>1,117</b>    | <b>16</b>             | <b>1,101</b>          |
| Cash and cash equivalents at the beginning of the reporting period  | 1,322           | 3,480                 | (2,158)               |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>2,439</b>    | <b>3,496</b>          | <b>(1,057)</b>        |

1. The National Museum of Australia's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

**National Museum of Australia**  
**Notes to and forming part of the financial statements**

**Note 18B: Departmental Major Budget Variances for 2015**

| <b>Explanations of major variances</b>   | <b>Affected line items (and statement)</b>   |
|--|--|
| <b>Other comprehensive income</b>  |  |
| Revaluation adjustments for heritage and cultural assets were not budgeted.  | <i>Other comprehensive income (Statement of Comprehensive Income)</i>  |
| <b>Gains</b>   |  |
| Gains (loss) from sale of assets and donated assets were not budgeted.   | <i>Gains (loss) from sale of assets (Statement of Comprehensive Income), Donated assets (Statement of Comprehensive Income)</i>                                    |
| <b>Financial assets</b>  |  |
| Cash balances decreased as funds deemed in excess of operating requirements are invested in term deposits.   | <i>Cash and cash equivalents (Statement of Financial Position)</i>   |
| Investments increased from a combination of investing funds deemed in excess of operating requirements at the end of the reporting period and delays in expenditure on capital projects.   | <i>Investments (Statement of Financial Position)</i>   |
| <b>Non-financial assets</b>  |  |
| Property, plant and equipment values increased due to non-budgeted revaluation for heritage and cultural assets and higher than anticipated expenditure on asset replacements due to delays in projects approved in prior periods.   | <i>Property, plant and equipment (Statement of Financial Position)</i>   |
| <b>Payables</b>  |  |
| Suppliers payables are decreased due to lower than anticipated outstanding invoices at the end of the financial year.  | <i>Suppliers payable (Statement of Financial Position)</i>   |
| Budgeted other payables does not include accrued salaries and wages.   | <i>Other payables (Statement of Financial Position)</i>  |
| <b>Provisions</b>  |  |
| The variances in employee provisions were caused by a multitude of factors, including differences in the discount rates used between budget and actual, reduced staffing numbers, improved management of leave and higher than anticipated separations of staff with large leave balances. | <i>Employee provisions (Statement of Financial Position)</i>   |
| <b>Reserves</b>  |  |
| Fair value adjustments from revaluation of heritage and cultural assets in the current period and property, plant and equipment in the prior period were not budgeted.   | <i>Reserves (Statement of Financial Position), Balance carried forward from previous period (Statement of Changes in Equity)</i>                                   |
| <b>Operating Activities Cash received</b>  |  |
| GST cash received is budgeted on net basis. Net GST cash received for 2014-15 is \$734 lower than budget due to lower than anticipated refund from the Australian Taxation Office on outstanding invoices carried over from prior periods.   | <i>GST received from customers (Cash Flow Statement), GST refund from Australian Taxation Office (Cash Flow Statement), Net GST received (Cash Flow Statement)</i> |
| <b>Operating Activities Cash used</b>  |  |
| Supplier payment are above budget due to lower than anticipated invoices at the end of the financial year.   | <i>Suppliers (Cash Flow Statement)</i>   |
| GST cash used is budgeted on a net basis and recorded in 'Other'. Gross GST used is \$610 lower than budget due to delays in expenditure on capital projects.  | <i>GST paid to suppliers (Cash Flow Statement), Other (Cash Flow)</i>  |
| <b>Investing Activities</b>  |  |
| Investments are budgeted on a net basis. Net investments are \$3.300 million lower than budget estimates as less cash required due to delays in some capital projects.   | <i>Investing activities - Investments cash received (Cash Flow Statement), Investments cash used (Cash Flow Statement)</i>   |
| Purchase of property, plant and equipment is lower due to delays in some capital projects  | <i>Investing activities - Purchase of property, plant and equipment (Cash Flow Statement)</i>  |