

# Financial Statements

Overall 2001/02 has been another successful year for the Sydney Opera House and its major presenters. In 2001/02, the Sydney Opera House delivered an increase in presentations with broader audience reach and greater cultural diversity in programming content, supporting our objective to be a showcase for the performing arts. Expenditure on Sydney Opera House presentations for 2001/02 was \$5.7 million on a total of 467 performances versus \$4.0 million on 255 performances in 2000/01. The expanded cultural and artistic program included the promotion of new contemporary performing arts in The Studio with 170 performances in 2001/02 versus 97 performances in 2000/01.

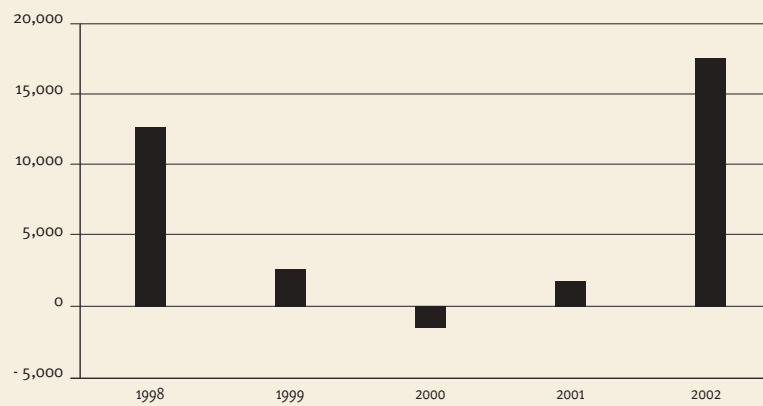
The operating surplus for the year was \$17.8 million versus \$1.4 million in 2000/01. This included the initial grant from the New South Wales Government of \$24.1 million for the Venue Improvement Plan, a five year program of works that includes the refurbishment of the Opera Theatre.

Revenue from rentals and recoveries for the year amounted to \$17.4 million. This exceeded budget by \$112,000 (1%) and the 2000/01 result by \$1.5 million (9%). The income for 2001/02 from the commercial areas of guided tours, tourism packages and events, box office operations, food and beverage and the retailing and licencing program increased by \$98,000 to \$11.4 million. It was a commendable result in view of the detrimental impact of the September 11 terrorist attack on international tourist numbers. This impact was reflected in the \$2.6 million in revenue earned from guided tours and \$2.4 million in tourism packages and events, a decline of \$0.9 million (15%) from 2000/01. During 2001/02 the Sydney Opera House completed the changeover and revitalisation of its food and beverage offers, with six new specialist operators to service patrons, visitors and hirers' food and beverage requirements. Catering revenue for 2001/02 of \$2.0 million included contract termination payments from the previous operator.

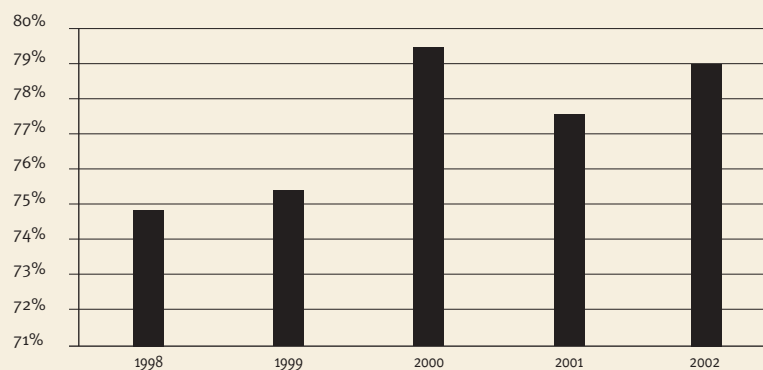
The cost of salaries and related expenses for 2001/02 was \$24.5 million, an increase of 3.8% on 2000/01, which reflects the 4% increase in salary award rates under the Sydney Opera House's enterprise development agreement. The increase of depreciation costs to \$12.3 million in 2001/02 resulted from the asset revaluation and building asset componentisation at the end of 2000/01, \$5.9 million of this total encompassed building services components, which were depreciated for the first time in 2001/02.

Building refurbishment and maintenance expenditure in 2001/02 was \$15.8 million, with works scheduled under the Sydney Opera House's Strategic Asset Maintenance Program. Some of the major projects included: refixing of precast façade cladding (\$1,351,000), installation of new Concert Hall stage control systems (\$911,000), Grand Organ electronics replacement (\$419,000), Opera Theatre sound console replacement (\$816,000), The Studio infrastructure upgrade (\$502,000) and fire dampers replacement (\$419,000).

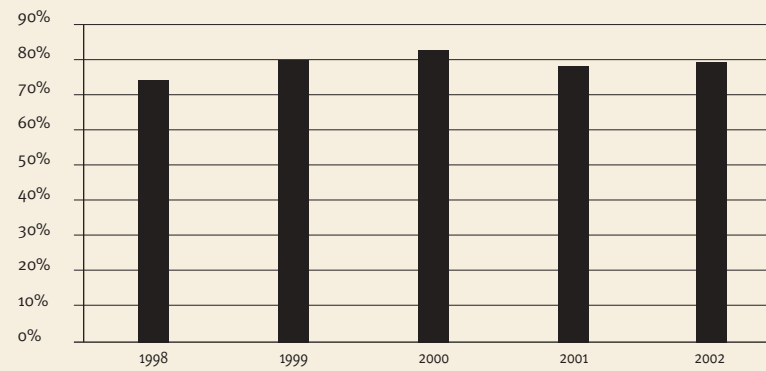
Five Year Comparison - Surplus/Deficiency \$'000



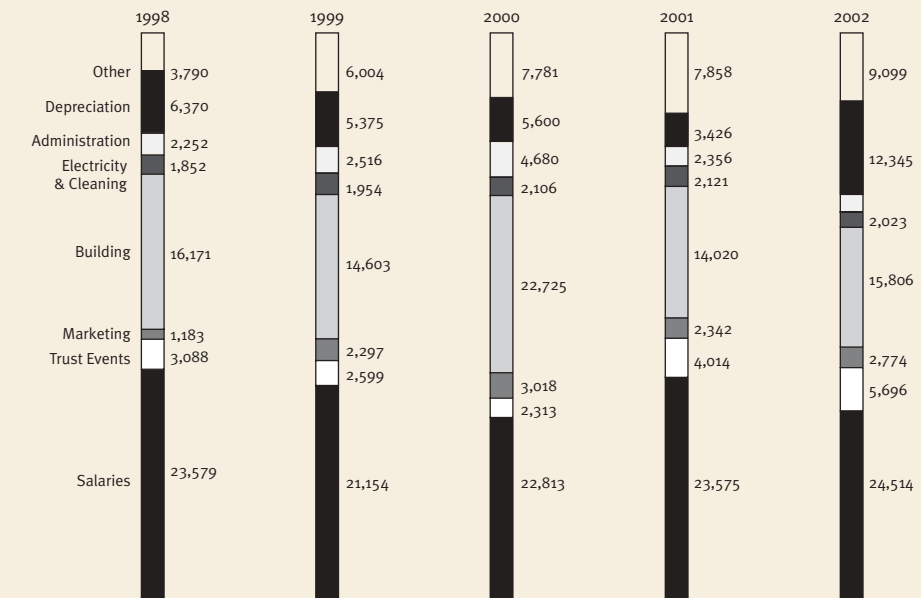
Earned Income to Total Income % (excluding capital grants and abnormal items)



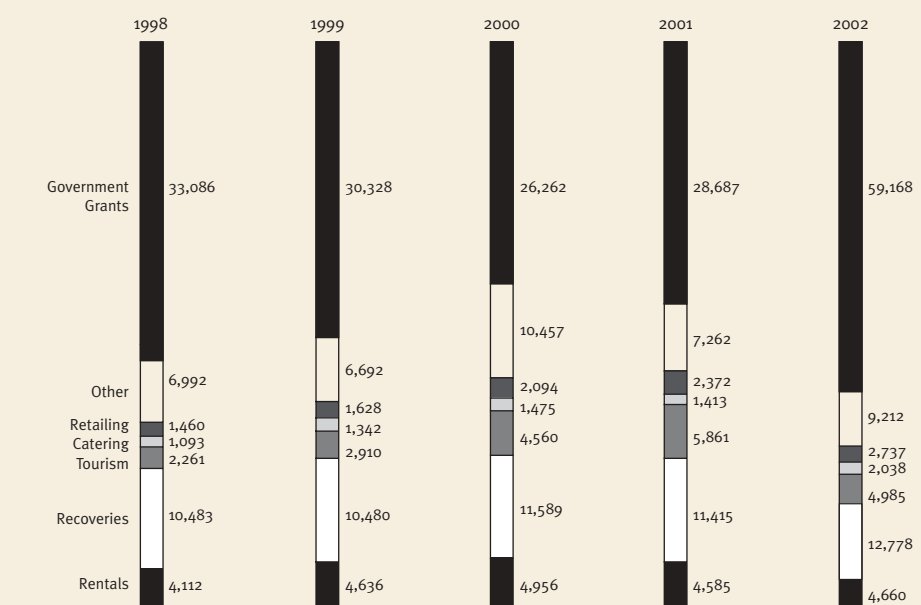
Earned Income to Total Expenditure % (excluding building maintenance and capital payments)



Five Year Comparison (excluding abnormals) - Expenditure \$'000



Five Year Comparison (excluding abnormals) - Revenue \$'000



## Financial Statements

### SYDNEY OPERA HOUSE TRUST

#### STATEMENT IN ACCORDANCE WITH SECTION 41C (1C) OF THE PUBLIC FINANCE AND AUDIT ACT, 1983

Pursuant to Section 41C (1C) of the Public Finance and Audit Act, 1983, and in accordance with a resolution of the Sydney Opera House Trust, we being members of the Trust, state that:

1. In our opinion, the accompanying financial statements exhibit a true and fair view of the financial position of the Sydney Opera House Trust as at 30 June 2002, and transactions for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation, 2000, and the Treasurer's Directions.

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

JOSEPH SKRZYŃSKI AM  
CHAIRMAN

TIM MCFARLANE  
TRUSTEE

SYDNEY, 15 OCTOBER 2002



GPO BOX 12  
SYDNEY NSW 2001

### INDEPENDENT AUDIT REPORT SYDNEY OPERA HOUSE TRUST

To Members of the New South Wales Parliament

#### Scope

I have audited the accounts of the Sydney Opera House Trust for the year ended 30 June 2002. The Members of the Sydney Opera House Trust are responsible for the financial report consisting of the statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Trust's financial position, the results of its operations and its cash flows.

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

#### Audit Opinion

In my opinion, the financial report of the Sydney Opera House Trust complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Sydney Opera House Trust as at 30 June 2002 and the results of its operations and its cash flows for the year ended.

G J Gibson FCPA  
DIRECTOR OF AUDIT

SYDNEY, 18 OCTOBER 2002

### BEGINNING OF AUDITED FINANCIAL REPORT

#### Sydney Opera House Trust Statement of Financial Performance for the year ended 30 June 2002

	NOTE	2002 \$000	2001 \$000
Revenues from ordinary activities	3	94,723	59,648
Expenses from ordinary activities	3	(77,681)	(58,788)
Share of net profits for joint ventures accounted for using the equity method	3 24	722	548
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>	3	17,764	1,408
Net increase in Asset Revaluation Reserve	25	...	36,171
Net increase Trust funds	23 25	...	3
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>		...	36,174
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	25	17,764	37,582

#### Statement of Financial Position as at 30 June 2002

	NOTE	2002 \$000	2001 \$000
<b>CURRENT ASSETS</b>			
Cash	15	329	743
Receivables	16	3,159	2,034
Other financial assets	17	48,020	15,208
Inventories	18	257	397
<b>TOTAL CURRENT ASSETS</b>		51,765	18,382
<b>NON-CURRENT ASSETS</b>			
Receivables	16	14,871	20,286
Property, plant and equipment	19	588,766	596,275
<b>TOTAL NON-CURRENT ASSETS</b>		603,637	616,561
<b>TOTAL ASSETS</b>		655,402	634,943
<b>CURRENT LIABILITIES</b>			
Payables	21	8,039	5,766
Provisions	22	1,641	1,628
<b>TOTAL CURRENT LIABILITIES</b>		9,680	7,394
<b>NON-CURRENT LIABILITIES</b>			
Provisions	22	2,471	2,062
<b>TOTAL NON-CURRENT LIABILITIES</b>		2,471	2,062
<b>TOTAL LIABILITIES</b>		12,151	9,456
<b>NET ASSETS</b>		643,251	625,487
<b>EQUITY</b>			
Trust funds	23 25	107	107
Accumulated funds	25	211,624	193,860
Asset revaluation reserve	25	431,520	431,520
<b>TOTAL EQUITY</b>		643,251	625,487

The accompanying notes form part of this financial report.

Statement of Cash Flows for the year ended 30 June 2002

NOTE	2002 \$000	\$000	2001 \$000	\$000
	INFLOWS/ (OUTFLOWS)		INFLOWS/ (OUTFLOWS)	
<b>Cash flows from operating activities</b>				
Payments to suppliers and employees	(61,980)		(56,951)	
Receipts from operations	37,588		32,608	
Interest received	952		842	
Cash flows from Government grants	59,168		28,687	
Net cash flows from operating activities	34.1	35,728		5,186
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(3,411)		(1,631)	
Proceeds from sale of plant and equipment	19	81		19
Net cash flows from investing activities		(3,330)		(1,612)
Net increase in cash held		32,398		3,574
Cash at beginning of year		15,951		12,377
CASH AT END OF YEAR	34.2	48,349		15,951

SYDNEY OPERA HOUSE TRUST NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS

1.1.1 Reporting Entity

The Sydney Opera House Trust, as a reporting entity, is responsible for the Sydney Opera House Appeal Fund as a controlled entity.

The Sydney Opera House Trust is constituted as a body corporate by the Sydney Opera House Trust Act, 1961.

1.1.2 Basis of Accounting

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the Public Finance and Audit Act and Regulation and Treasurer's Direction.

The financial report has been prepared on the basis of historical cost and, unless otherwise stated, does not take into account changing money values or current valuation of non-current assets.

The Trust has kept proper accounts and records in relation to all of its operations in accordance with Section 41(1) of the aforementioned Act.

Unless otherwise specified the accounting policies are consistent with those of the previous year.

Figures shown in the financial report have been rounded to the nearest \$1,000.

1.1.3 Accounting for Good & Services Tax (GST)

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

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

1.2 DOUBTFUL DEBTS

Following a review of debtors accounts, it is considered that adequate provision has been made for doubtful debts.

1.3 EMPLOYEE ENTITLEMENTS

The balance of these provisions at 30 June 2002 is categorised for the statement of financial position purposes as either non-current or current liabilities, the latter component representing an estimate of the extent to which payment is likely to be made within the next 12 months.

1.3.1 Annual Leave, Annual Leave Loading and Long Service Leave Provisions

Full provision has been made for the Trust's employees in respect of annual leave, annual leave loading and long service leave in terms of Australian Accounting Standard AAS30.

1.3.2 Superannuation Prepayment

Prepaid superannuation contributions are recognised in the statement of financial position as required by Treasury policy.

The funding position at 30 June 2002 in respect of the three defined benefits schemes, namely the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS) and the State Authorities Non-Contributory Superannuation Scheme (SANCS) has been advised by the Superannuation Administration Corporation:

Fund	Estimated Reserve Account Funds		Accrued Liability		Prepaid (Liability) Contributions	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
SASS	1,930	2,179	2,212	2,036	(282)	143
SSS	35,862	39,355	20,730	19,442	15,132	19,913
SANCS	1,046	1,184	1,025	954	21	230
	38,838	42,718	23,967	22,432	14,871	20,286

The calculation of SASS, SSS and SANCS liabilities is based on the full requirements of AAS25. The financial assumptions that have been applied for the calculations are:

	2002/03	2003/04	2004/05
Rate of investment return	7.0	7.0	7.0
Rate of salary increase	6.5	4.0	4.0
Rate of increase in CPI	2.5	2.5	2.5

Assumptions with regards to rates of mortality, resignation, retirement and other demographics are those used for the 2000 triennial valuation.

The assessment is based on membership data as at 31 January 2002.

The Trust was granted a contribution holiday in respect of SASS, SSS and SANCS employer contributions during 2001/02. After adjusting for the contribution holiday, the sum of \$4,816,376 was charged to expenses in the statement of financial performance to reflect the assessment by the Superannuation Administration Corporation of the 2001/02 prepaid contribution amount. The 2000/01 recognition of the assessed prepayment resulted in an expense of \$475,179 in the statement of financial performance.

1.4 VALUATION OF ASSETS

1.4.1 Inventories

Main store inventory was in previous years valued at the lower of cost or net realisable value. Due to a change in accounting treatment the 30 June 2002 value of main store inventory, in the sum of \$114,813, was expensed in 2001/02. The accounting treatment was amended due to inventory being in the nature of consumable stores and not goods for resale. A similar accounting treatment, if adopted in 2000/01, would have resulted in the expensing of \$102,366.

Joint venture inventories are valued using the first-in-first-out basis.

1.4.2 Investments

Investments comprising short term deposits and NSW Treasury Corporation Hour-Glass deposits are shown at cost value which is also deemed to be market value.

1.4.3 Property, Plant and Equipment

Land was revalued in 1999/00 by the State Valuation Office. A revaluation of most classes of non-current assets was undertaken by Hugh Parlane, FAIQS ICECA, of HP Consultants Pty Ltd as at 30 June 2001. The basis of valuation was written down replacement cost. Works of art collection was revalued by Sue Hewitt, fine art consultant and valuer, as at 30 June, 2001.

1.5 INSURANCE

The Trust's insurance activities are conducted through the New South Wales Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the fund manager based on past experience.

1.6 DEPRECIATION

Depreciation is calculated on a straight line basis in order to write off the carrying amounts of fixed assets over their expected useful life.

Depreciation rates are shown hereunder:

Category of Assets	Rate of Depreciation %
Building Services	10.0
Computer hardware	33.3
Plant and equipment	10.0
Office machines	20.0
Photographic equipment	33.3
Communications equipment	33.3
Theatrical equipment	20.0
Tools and test equipment	20.0
Safety equipment	33.3
Computer software	20.0
Motor vehicles	20.0
Forklifts	10.0
Grand Organ	1.0

As the Sydney Opera House building is considered to be a very long-lived asset, depreciation has not been charged on the building fabric.

1.7 RECOGNITION OF REVENUES

1.7.1 Government Grants and Contributions from Other Bodies

Government grants and contributions from other bodies are recognised as revenues when the Trust obtains control over the assets comprising the grants and contributions. Control over grants and contributions are normally obtained upon the receipt of cash.

1.7.2 Other Revenues

Revenues from Trust operations as a performing arts centre comprises revenue from the provision of good and services. Revenue is recognised when the Trust obtains control of the assets that result from them.

Interest (investment and bank) is recognised as it accrues.

**2. SYDNEY OPERA HOUSE APPEAL FUND**

As the Sydney Opera House Appeal Fund is a controlled entity of the Trust, the operations of the Appeal Fund are incorporated into the Trust's financial report. The objectives, operations and activities of the Fund relate to the appeal for, and receipt of, gifts of money or other property to be used for works and acquisitions of items related to the performing arts and to the production, presentation, publication, promotion, preservation or housing of, or training in the performing and other branches of the arts. See note 26.

**3. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES**

Surplus is arrived at after charging and crediting the following items:

	NOTE	2002 \$000	2001 \$000
<b>Revenues from ordinary activities</b>			
State Government grants	4	59,168	28,687
Catering	7	2,038	1,413
Rentals	5	4,660	4,579
Costs recovered	6	12,788	11,414
Trust presentations	10	2,996	2,498
Guided tours		2,633	2,816
Tourism packages and events		2,352	3,045
Booking fees		1,658	1,642
Merchandising, licensing & shop rental	24	320	425
Interest		1,021	822
Miscellaneous income	8	3,338	1,486
In-kind benefits	11	1,751	821
		94,723	59,648
Joint ventures	24	2,417	1,947
		97,140	61,595

	NOTE	2002 \$000	2001 \$000
<b>Expenses from ordinary activities</b>			
Salaries and related expenses	9	24,514	23,575
Trust presentations	10	5,696	4,014
Electricity		819	934
Depreciation	19	12,345	3,426
Administrative expenses		2,326	2,363
Repairs and maintenance		15,310	13,493
Cleaning		1,204	1,187
Publicity and advertising		2,774	2,342
Minor stores		648	744
Merchandising and licensing		8	87
Tourism packages and events		2,065	2,628
Telephone and postage		343	471
General insurance		550	493
Fees for services rendered		3,285	1,774
Audit fees	12	146	153
Doubtful debts	16	...	12
Upgrade program	13	496	527
Loss on disposal of assets		336	90
Superannuation	1.3.2	4,816	475
		77,681	58,788
Joint ventures	24	1,695	1,399
		79,376	60,187
Surplus from ordinary activities		17,764	1,408

**4. STATE GOVERNMENT GRANTS**

Grants credited to income were:

	2002 \$000	2001 \$000
Statutory endowment	9,683	9,513
Maintenance endowment	6,152	6,067
Total asset management	13,000	13,000
Capital	30,333	...
Other	...	107
	59,168	28,687

The capital grants figure includes the initial grant of \$24,143,000 in respect of the venue improvement program, a five year program of works.

**5. RENTALS**

This item represents earnings derived from the hire of the Concert Hall, Opera Theatre, Drama Theatre, Playhouse, The Studio, Reception Hall, foyers, rehearsal rooms, outdoor facilities and office areas.

The sources of income were:

	2002 \$000	2001 \$000
Opera Theatre	1,921	1,627
Concert Hall	1,657	1,757
Drama Theatre	507	478
Playhouse	309	333
The Studio	82	73
Other	184	311
	4,660	4,579

**6. COSTS RECOVERED**

Hiring agreements provide that the Trust be reimbursed for technical and other costs incurred in relation to performances.

Recoveries comprise:

	2002 \$000	2001 \$000
Salaries and related costs	6,491	6,013
General recoveries	2,035	2,162
Internal recoveries:		
Total Asset Management (TAM)	3,494	2,490
Trust presentations	768	749
	12,788	11,414

Recoveries for TAM projects represent the internal charges that were attributable to that area of activity.

**7. CATERING INCOME**

Results, excluding the Green Room operations, were as follows:

	2002 \$000	2001 \$000
	2,038	1,413

Catering venue operations were varied from a single contractor, Sodexho, to a number of discrete venue contractors during 2001/02. The 2001/02 catering income includes the amount of contract termination payments received from Sodexho.

**8. MISCELLANEOUS INCOME**

This item comprises:

	2002 \$000	2001 \$000
Sponsorship expenses recouped	194	206
Ticket printing	93	96
General sponsorship income	857	567
Asset recognition	1,552	...
Publicity income	33	169
Program sales commission	171	178
Other	438	270
	3,338	1,486

The amount of \$1,552,000 represents the value of assets recognised subsequent to the 2000/01 asset revaluation.

**9. SALARIES AND RELATED EXPENSES**

This item comprises:

	2002 \$000	2001 \$000
Salaries, wages and allowances	18,838	18,252
Penalty rates	1,067	1,102
Overtime	523	608
Meal money	49	43
Workers' compensation insurance	933	586
Payroll tax	1,299	1,271
Employer superannuation contribution	1,678	1,638
Parking reimbursement	21	23
Redundancy costs	106	52
	24,514	23,575

**10. TRUST PRESENTATIONS**

Financial operations were:

	2002 \$000	2001 \$000
Income	2,996	2,498
Expenditure	(5,696)	(4,014)
(Deficiency)	(2,700)	(1,516)

**11. IN-KIND BENEFITS AND DONATIONS**

	2002 \$000	2001 \$000
In-kind donations	282	...
In-kind contra benefits	1,469	821
	1,751	821

In-kind contra benefits and donations are expensed to appropriate items in the statement of financial performance, or in the case of capital items, capitalised to appropriate asset classes.

## Financial Statements

### 12. AUDIT FEES

The fee payable to the Auditor-General's Office for the 2001/02 audit of the financial report was \$33,800 (\$32,500 in 2000/01). Internal audit fees payable to the Internal Audit Bureau were \$112,085 (\$120,430 in 2000/01).

### 13. UPGRADE PROGRAM

The sum of \$495,931 has been expensed in the 2001/02 statement of financial performance to provide for a payment to NSW Department of Public Works and Services, in their former capacity of Project Manager, Sydney Opera House Upgrade Program. The amount relates to a legal claim settlement for the edge tile contract. The edge tile contract was funded by the Upgrade Program in prior financial years. Upgrade Program expenditure in 2000/01 was \$526,781. (See note 29).

### 14. TRUSTEES' REMUNERATION

Trustees' remuneration is based on the following rates:

	Per Annum	
	2002	2001
	\$000	\$000
Chairman	\$2,465	
Trustees	\$1,460	

### 15. CASH AND BANK

This item comprises:

	2002	2001
	\$000	\$000
Cash on hand	42	56
Joint venture cash	30	37
Appeal Fund cash	5	5
Sydney Opera House management account	252	645
	329	743

### 16. RECEIVABLES

This item comprises:

	2002	2001
	\$000	\$000
Trade debtors, less provision for doubtful debts	1,200	1,206
Accrued income	776	301
Prepayments	418	92
Joint venture	46	71
GST input credits	394	203
Other receivables	325	161
Prepaid superannuation	14,871	20,286
	18,030	22,320

Receivables are classified in the statement of financial position as:

	2002	2001
	\$000	\$000
Current assets	3,159	2,034
Non-current assets	14,871	20,286

Transactions on the Provision for Doubtful Debts account for the past two years were:

	2002	2001
	\$000	\$000
Balance 1 July	60	57
Provision for year	..	12
	60	69
Debts written off	43	9
Balance 30 June	17	60

### 17. OTHER FINANCIAL ASSETS

This item comprises short term interest bearing and NSW Treasury Corporation Hour-Glass deposits:

	2002	2001
	\$000	\$000
Sydney Opera House Trust	47,799	14,993
Foster Bequest	107	107
Appeal Fund	114	108
	48,020	15,208

### 18. INVENTORIES

	2002	2001
	\$000	\$000
Main store	..	103
Finished goods – joint ventures	257	294
	257	397

### 19. PROPERTY, PLANT AND EQUIPMENT

	2002	2001
	\$000	\$000
Land – valuation	68,000	68,000
Building, building services – cost and valuation	527,699	526,357
Depreciation – cost and valuation	(36,972)	(30,997)
	490,727	495,360
Total – Land and Buildings	558,727	563,360
Motor vehicles – cost and valuation	214	210
Depreciation – cost and valuation	(105)	(68)
	109	142
Computer software – cost and valuation	1,248	1,022
Depreciation – cost and valuation	(939)	(819)
	309	203
Computer hardware – cost and valuation	2,107	1,217
Depreciation – cost and valuation	(1,091)	(486)
	1,016	731
Plant and equipment – cost and valuation	27,482	23,956
Depreciation – cost and valuation	(18,054)	(12,439)
	9,428	11,517
Office machines – cost and valuation	337	292
Depreciation – cost and valuation	(177)	(117)
	160	175
Photographic equipment – valuation	211	211
Depreciation – valuation	(176)	(106)
	35	105
Communications equipment – valuation	1,274	1,274
Depreciation – valuation	(1,105)	(689)
	169	585
Theatrical items – cost and valuation	22,867	20,890
Depreciation – cost and valuation	(9,897)	(7,361)
	12,970	13,529
Tools and equipment – cost and valuation	189	183
Depreciation – cost and valuation	(114)	(88)
	75	95
Capital stocks – valuation	1,262	1,262
Total – Plant and equipment	25,533	28,344
Collections – works of art – cost and valuation	2,669	2,474
Work in progress – cost	1,837	2,097
	588,766	596,275

The increased 2001/02 depreciation cost reflects the asset revaluation increments and building asset componentisation and depreciation from 1 July 2001. The componentisation of the Building was mandated by Treasury Circular TCoo/13 "Guidelines for Capitalisation of Expenditure in the NSW Public Sector".

Title to the Sydney Opera House site was transferred from the Minister for Public Works to the Minister for the Arts, being the Minister administering the Sydney Opera House Trust Act, 1961, on 19 June 2002.

#### Loss on Disposal of Non-Current Assets

	2002	2001
	\$000	\$000
Proceeds from disposal of property, plant and equipment	81	19
Written down value of assets disposed	(417)	(109)
Net (loss) on disposal of property, plant and equipment	(336)	(90)

#### Reconciliations

Reconciliation of carrying amounts of Property, Plant and Equipment are set out below:

2002	Land and Building	Plant and Equipment	Work in Progress	Collections	Total
	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	563,360	28,344	2,097	2,474	596,275
Additions	83	1,651	1,780	186	3,700
Adjustment for acquisition not previously recognised	77	1,457	..	18	1,552
Disposals	..	(408)	..	(9)	(417)
Reclassification	1,104	936	(2,040)	..	..
Depreciation	(5,897)	(6,447)	..	..	(12,344)
Carrying amount at end of year	558,727	25,533	1,837	2,669	588,766

The sum of \$1,837,046 in respect of work in progress represents plant and equipment, roof lighting and the Opera Pit capital works not completed at 30 June 2002.

The Trust holds assets which have been fully depreciated but which still provide service potential and economic benefits. The nature and quantum of these fully depreciated assets is as follows:

	2002	2001
	\$000	\$000
Computer software	713	624
Computer hardware	48	48
Plant & equipment	2,500	..
Communications equipment	260	..
	3,521	672

## Financial Statements

### 20. LEASED ASSETS

The Trust's leases are all operating leases where the lessor effectively retains all risks and benefits incidental to the ownership of the leased asset. Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred. Operating lease expenses in 2001/02 were \$150,946 (\$151,801 in 2000/01).

### 21. PAYABLES

This item comprises:

	2002 \$000	2001 \$000
Advance ticket sales	2,757	1,593
Hirers' deposits	76	155
Accrued expenses	2,248	1,205
Income in advance	150	327
Trade and other payables	2,590	2,224
Joint ventures	218	262
	8,039	5,766

### 22. PROVISIONS

This item represents the amount available to meet the Trust's accrued liability in respect of employees' accrued leave entitlements and leave loading comprising:

	2002 \$000	2001 \$000
Annual leave and leave loading	1,536	1,448
Long service leave	2,576	2,242
	4,112	3,690

Classified in the statement of financial position as:

	2002 \$000	2001 \$000
Current liabilities	1,641	1,628
Non-current liabilities	2,471	2,062

In applying Australian Accounting Standard AAS30, Accounting for Employee Entitlements, the Trust has continued to use the nominal method in calculating the liability and expense for employee leave entitlements. This practice has been adopted because the difference arising from using the nominal method compared to the present value method would not result in a material difference in the financial report.

The long service leave provision has been calculated on the basis of entitlements of all employees who have completed five or more years of service. To comply with AAS30, an estimate was made of the liability for employees with less than five years service. The estimate was based on the proportion of those employees who are expected to remain employed by the Trust long enough to be entitled to long service leave. As the liability was not of material amount it has not been brought to account.

Payroll tax payable on employee entitlements has been estimated and the liability recognised. Workers' compensation has not been recognised as this expense is based on actual premiums paid, determined from past claims history, and not as a general percentage raised on salaries and wages.

Sick leave accrued by employees of the Trust is all non-vesting, and as the total amount of sick leave taken in any year has been less than the annual entitlement, no past service liability for sick leave has been recognised.

### 23. TRUST FUNDS - FOSTER BEQUEST

The Trust Deed relating to this bequest provides that income derived from investment of the funds may be applied to an award for study in fields relating to the training for, and performances of, the art of opera.

An award of \$5,000 was made in 2001/02 (\$6,000 in 2000/01).

### 24. MERCHANDISING AND LICENSING

#### 24.1 Interest in Joint Ventures

The Trust holds an interest in two joint ventures with International Management Group of America Pty Ltd in the operation of souvenir merchandise shops located in the box office foyer and in the lower forecourt.

The Trust's share of the operating profits in 2001/02 was \$722,626 (\$548,173 in 2000/01). At 30 June 2002 the Trust's 60% and 65% equity in the joint ventures was:

	2002 \$000	2001 \$000
Furniture fittings and equipment (less depreciation)	56	113
Inventory	256	294
Receivables	6	40
Cash	30	37
	348	484
Less creditors	218	262
	130	222

These amounts have been included with the assets and liabilities of the Trust within the appropriate classification.

#### 24.2 Licence Agreement

Licences have been granted to a number of organisations for the use of the registered Sydney Opera House trademark and designs. The Trust's share of earnings in 2001/02 was \$67,588 (\$76,280 in 2000/01).

#### 24.3 Shop Rental

Shop rental received during the financial year amounted to \$205,401 (\$316,175 in 2000/01).

#### 24.4 Other Merchandising

Sales of CD-ROMS, books and various items totalled \$47,201 in 2001/02 (\$33,446 in 2000/01).

### 25. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Trust Funds		Total	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Balance 1 July	193,860	192,452	431,520	395,349	107	104	625,487	587,905
Surplus	17,764	1,408	...	...	...	3	17,764	1,411
Revaluation increments	...	...	...	36,171	...	...	...	36,171
Balance 30 June	211,624	193,860	431,520	431,520	107	107	643,251	625,487

The asset revaluation reserve represents the value of increments credited to the reserve on the revaluation of non-current assets.

### 26. SYDNEY OPERA HOUSE APPEAL FUND

As a controlled entity the financial report of the Sydney Opera House Appeal Fund has been incorporated into the Trust's financial report.

Financial operations were:

	2002 \$000	2001 \$000
Income	5	6

The assets and liabilities of the Appeal Fund as at 30 June were as follows:

	2002 \$000	2001 \$000
Cash	5	5
Receivables	...	1
Investments	114	108
Accumulated Funds	119	114

These amounts have been included within the assets and liabilities of the Trust under appropriate classifications.

### 27. COMMITMENTS FOR GOODS AND SERVICES

	2002 \$000	2001 \$000
Goods and services contracted for at 30 June and not otherwise accounted for in the statement of financial position are estimated.		
Payable:		
- not later than one year	9,730	9,485
- later than one year and not later than five years	1,311	1,573
	11,041	11,058

The commitments are inclusive of the Goods and Services Tax.

### 28. CAPITAL COMMITMENTS

	2002 \$000	2001 \$000
Capital expenditures contracted for at 30 June and not otherwise accounted for in the statement of financial position are estimated.		
Payable not later than one year	334	140

The commitments are inclusive of the Goods and Services Tax.

The commitments are inclusive of the Goods and Services Tax.

### 29. CONTINGENT ASSETS AND LIABILITIES

A contingent asset of \$1,034,000 exists in respect of 2001/02 commitments (\$1,018,000 in 2000/01) shown at notes 27 and 28 representing input tax credits expected to be recovered from the Australian Taxation Office.

A contingent liability in the sum of \$356,666 exists in relation to a claim by NSW Department of Public Works and Services. The sum claimed represents legal costs related to settlement of the edge tile contract legal action. The NSW Department of Public Works and Services is the former Project Manager of the Sydney Opera House Upgrade Program, under which the edge tile contract took place. The Trust does not accept the claim and the matter remains unresolved. A Goods and Services Tax input credit of \$32,424 would be available to the Trust should payment of the sum of \$356,666 eventuate (see note 13).

### 30. MATERIAL ASSISTANCE PROVIDED AT NO COST OR AT NOMINAL COST

All material assistance has been accounted for in the financial report.

### 31. PAYMENTS TO CONSULTANTS

In the year ending 30 June 2002, consultants were paid a total of \$933,642 (2000/01 - \$472,745).

32. FINANCIAL INSTRUMENTS

Australian Accounting Standard AAS33, Presentation and Disclosure of Financial Instruments, has application to the Trust's financial report.

The classes of instruments included in the Trust's financial report is set out below along with the terms, conditions and accounting policies applicable to these instruments which are recorded at cost as at 30 June 2002 (balance date).

Cash

Cash is recorded at nominal values and consists of cash on hand and cash held in bank accounts. Interest is earned on daily bank balances.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Receivables are carried at the nominal value of amounts due, less a provision for doubtful debts. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). Invoices are issued on 30 day terms.

Investments

The Trust's investments are restricted to short term fixed deposits and Hour-Glass investments with NSW Treasury Corporation. Fixed term investments were predominantly for periods between 30-90 days during 2001/02 (30-40 days in 2000/01). The investments were earning an average interest rate of 5.02% per annum at 30 June 2002 (5.11% at 30 June 2001).

Accounts Payable and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers are settled in accordance with the policy set out in Treasurer's Direction 219.01. If payment terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

Credit Risk Exposures

The credit risk on financial assets of the Trust is represented by the carrying amounts of the financial assets recognised on the statement of financial position net of any provision for doubtful debts, at balance date.

Interest Rate Risk

All Trust investments, totalling \$48,019,665 at balance date (\$15,207,953 at 30 June 2001), are for fixed specified periods and interest rates, or are invested in the NSW Treasury Corporation Hour-Glass facility.

Cash at bank, totalling \$251,951 at balance date (\$644,409 at 30 June 2001), is subject to an arrangement with the Trust's banker whereby interest rates paid are tied to the Reserve Bank cash rate less 1%.

Interest rate risk exposure on other financial assets and liabilities is not considered applicable.

Net Fair Value

The net fair value of all financial assets and liabilities of the Trust approximates their carrying value.

33. AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely to significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

34. NOTES TO THE STATEMENT OF CASH FLOWS

34.1 Reconciliation of surplus from ordinary activities to net cash flows from operating activities

	2002 \$000	2001 \$000
Surplus from ordinary activities	17,764	1,408
Depreciation	12,344	3,426
Increase in provision - leave	422	319
Increase in provision - doubtful debts	...	12
Increase in payables	2,658	...
Decrease in payables	...	(337)
Decrease in receivables	4,290	1,142
Increase in inventories	...	(132)
Reduction in inventories	140	...
Net loss on sale of plant and equipment	336	90
Increase in joint venture capital assets	...	(102)
Assets recognised	(1,552)	...
Increase in trust funds	...	3
Capital in-kind sponsorship	(674)	(643)
NET CASH FROM OPERATING ACTIVITIES	35,728	5,186

34.2 Reconciliation of Cash

For the purpose of the statement of cash flows, cash comprises cash on hand, at bank and at call deposits. Cash at 30 June as shown in the statement of cash flows is reconciled to the related items in the statement of financial position (see notes 15 and 17).

	2002 \$000	2001 \$000
Cash	329	743
Investments	48,020	15,208
	48,349	15,951

END OF AUDITED FINANCIAL REPORT

BUDGET

FIRST DETAILED BUDGET FOR THE YEAR ENDING 30 JUNE 2002

INCOME	\$000
Rentals and recoveries	17,336
Trust presentations	2,932
Guided tours	3,020
Tourism packages and events	3,350
Booking fees	2,012
Catering income	1,800
Merchandising and licensing	2,691
Interest	717
Rental of shops	169
Miscellaneous	4,054
Endowment and capital grants	32,035
TOTAL	70,116
EXPENDITURE	\$000
Salaries and related expenditure	25,882
Repairs and maintenance	23,561
Trust presentations	5,455
Administrative and other expenses	4,673
Minor stores	863
Electricity	1,019
Fees for services rendered	2,177
Publicity and advertising	1,957
Cleaning	1,246
Merchandising and licensing	1,524
Tourism expenses	2,800
Upgrade program	573
TOTAL	71,730
Deficit before depreciation	1,614
Depreciation	5,200
Deficit after depreciation	6,814

OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2003

INCOME	\$000	\$000
Government grants		
Endowment	9,972	
Maintenance	6,293	
Total Asset Management	12,978	
		29,243
Revenue from operations		38,449
TOTAL		67,692
EXPENDITURE	\$000	\$000
Salaries and related expenditure		26,191
Other operating expenditure		21,243
Maintenance and Capital grants expenditure		25,131
TOTAL		72,565
Surplus before depreciation		4,873
Depreciation		12,500
Deficit after depreciation		17,373

Note: Towards the end of 2001/02 the Sydney Opera House received additional capital grants for venue improvements (\$24.1m) and maintenance works (\$2.99m). The program of works relating to the projects will commence in 2002/03 with the majority of payments to be capitalised as new building enhancements.