

# Financials

## Operating Result

Overall 2004/05 was successful for Sydney Opera House with a positive operating result achieved for the year. The operating profit before depreciation and maintenance activities was \$2m, representing a 13% increase on last year.

Operating revenues grew by 8%, an increase of more than \$3m. Food and beverage increased revenues by 33%, following the restructuring and renegotiation of catering arrangements and the redevelopment of food and beverage offerings. Fundraising revenue increased by 25% boosted by newly negotiated contracts. Production revenue consolidated on last year's results with a range of successful co-productions between Sydney Opera House and the Sydney Symphony and Opera Australia, along with a range of other successful commercial performances.

A marketing campaign implemented in the second half of the year contributed to total tourism attendances of 246,953, a 1% increase on last year. Price point movement contributed to an overall 10% increase in tourism revenue.

	2005 \$000	2004 \$000
<b>Operating Activities</b>		
<i>Revenues</i>		
Operating revenues	41,533	38,496
Government endowment (inc security)	14,091	15,247
	55,624	53,743
<i>Expenses</i>		
Operating expenses	53,573	51,923
Depreciation	10,860	11,506
<b>Net profit/(loss) including depreciation</b>	(8,809)	(9,686)
<b>Other Activities</b>		
<i>Revenues</i>		
Strategic asset management grants	19,242	19,448
Other capital grants	18,313	18,511
Asset-related revenues & adjustments	1,112	939
Increase in prepaid superannuation	4,123	3,702
Appeal fund	10	36
	42,800	42,636
<i>Expenses</i>		
Building refurbishment & maintenance expenses	21,280	16,987
<b>Surplus/(Deficit) from ordinary activities</b>	12,711	15,963

## Supporting the Development of Artists and their Work

Sydney Opera House continued to play a key role supporting and participating in the development of new artists and diverse art forms through the Producers Unit and through support for a wide range of events. Expenditure on these activities was increased to \$5.8m, resulting in an investment of \$3m, net of related production income. Over 550 performances were presented to a total audience of more than 179,000.

## Building Management

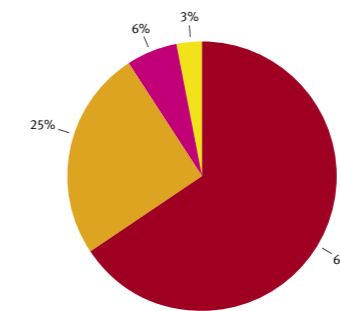
The overall surplus from ordinary activities, of \$12.7m resulted primarily from the recognition of \$19.2m of Strategic Asset Management grants received in 2004/05 and \$18.3m for the Venue Improvement Programme. The assessment of the funding position on defined benefit superannuation schemes also boosted the surplus by a further \$4.1m.

The \$18.3m Venue Improvement Programme capital funding in 2004/05 is part of a \$69m package of funding approved by NSW Government in 2001/02. VIP Project achievements for 2004/05 included:

- completion of the Utzon Room (previously known as the Reception Hall) and its official opening by the Premier, The Hon. Bob Carr in September 2004
- completion of the foundations for the Western Loggia and commencement of the construction of the main contract for the loggia and openings
- significant progress on the concept design for the proposed future Opera Theatre Renewal project
- tested a new orchestra layout, in collaboration with the Sydney Symphony to provide acoustic improvements in the Concert Hall.

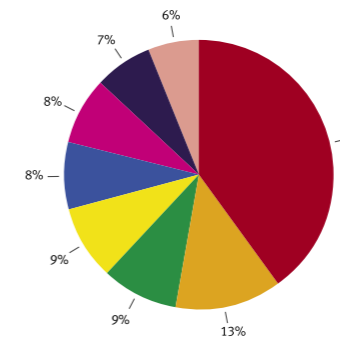
Strategic Asset Management grants of \$19.2m in 2004/05 funded the majority of ongoing building maintenance requirements. For 2004/05 maintenance expenditure totalled \$23.6m, with \$19.9m expensed and a further \$3.7m capitalised. Maintenance works were undertaken on all major systems including air conditioning, electrical services, theatre systems, building structure, roadways and paving.

## Sources of Funding for Operating Activities



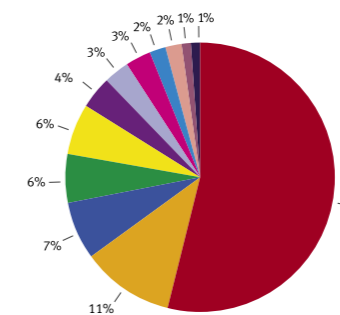
	\$000
Self-generated commercial & recoveries	36,053
Endowment	14,091
Self-generated fundraising	3,578
Interest	1,901

## Commercial Revenue Sources



	\$000
Venue rental & recoveries	15,061
Tourism services	5,038
Fundraising	3,578
Food & beverage	3,226
Box office	3,159
Programming	2,888
Business Development & Retail	2,604
Front of house	2,135

## Operating Expenses



	\$000
Salaries & related	28,974
Presentations	6,078
Administration	3,960
Facility	3,391
Marketing	3,320
Fees for service	1,894
Merchandising (incl. joint ventures)	1,526
Tourism	1,442
Consumables & minor equipment	1,101
Other	964
Repairs & maintenance	538
Training	386

**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 2005, 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.



KIM WILLIAMS  
CHAIRMAN



TIM MCFARLANE  
TRUSTEE

SYDNEY  
12 OCTOBER 2005



GPO BOX 12  
SYDNEY NSW 2001

**INDEPENDENT AUDIT REPORT  
SYDNEY OPERA HOUSE TRUST**

To Members of the New South Wales Parliament

**Audit Opinion**

In my opinion, the financial report of the Sydney Opera House Trust:

- (a) presents fairly the Trust's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

**The Trustees' Role**

The financial report is the responsibility of the Trustees of the Sydney Opera House Trust. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

**The Auditor's Role and the Audit Scope**

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Trustees in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Trustees had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

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

**Audit Independence**

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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



P Carr FCPA  
Director, Financial Audit Services

SYDNEY  
14 October 2005

**BEGINNING OF AUDITED FINANCIAL REPORT**

**STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 30 June 2005**

	NOTE	2005 \$000	2004 \$000
<b>Revenues from ordinary activities</b>			
Sale of goods and services	2(a)	33,934	31,724
Share of net profits for joint ventures accounted for using the equity method	13	656	639
Investment revenue	2(b)	3,275	2,767
Other revenue	2(c)	3,527	2,834
Superannuation-increase in prepaid position	11.2	4,123	3,702
Government Contributions	2(d)	51,646	53,206
<b>Total revenues from ordinary activities</b>		<b>97,161</b>	<b>94,872</b>
<b>Expenses from ordinary activities</b>			
Employee benefits	3(a)	29,540	27,069
Other	3(b)	23,251	24,165
Maintenance		20,889	16,170
Depreciation and amortisation	3(c)	10,860	11,505
<b>Total expenses from ordinary activities</b>		<b>84,450</b>	<b>78,909</b>
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>			
	14	<b>12,711</b>	<b>15,963</b>
Net increase in asset revaluation reserve	14	170,925	...
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>			
	14	<b>170,925</b>	...
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>			
	14	<b>183,636</b>	<b>15,963</b>

The accompanying notes form part of this financial report.

**STATEMENT OF FINANCIAL POSITION  
as at 30 June 2005**

	NOTE	2005 \$000	2004 \$000
<b>CURRENT ASSETS</b>			
Cash	5	61,881	46,279
Receivables	6	3,733	3,823
Other financial assets	8	...	10,466
<b>TOTAL CURRENT ASSETS</b>		<b>65,614</b>	<b>60,568</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	767,307	590,603
Other	11.2	19,376	15,810
Investment accounted for using equity method	13	144	127
<b>TOTAL NON-CURRENT ASSETS</b>		<b>786,827</b>	<b>606,540</b>
<b>TOTAL ASSETS</b>		<b>852,441</b>	<b>667,108</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	12,211	11,460
Provisions	11.1	2,385	2,478
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,596</b>	<b>13,938</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11.1	4,260	3,221
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,260</b>	<b>3,221</b>
<b>TOTAL LIABILITIES</b>		<b>18,856</b>	<b>17,159</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Accumulated funds	14	231,140	218,429
Reserve	14	602,445	431,520
<b>TOTAL EQUITY</b>		<b>833,585</b>	<b>649,949</b>

The accompanying notes form part of this financial report.

**STATEMENT OF CASH FLOWS  
for the year ended 30 June 2005**

	NOTE	2005 \$000	2004 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to suppliers and employees		(76,990)	(68,862)
<b>Total Payments</b>		(76,990)	(68,862)
<b>Receipts</b>			
Receipts from operations		43,713	39,724
Interest received		3,700	2,916
Cash flows from Government		51,646	53,206
<b>Total Receipts</b>		99,059	95,846
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	23.1	22,069	26,984
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(16,915)	(16,587)
Increase in Joint Venture investment		(17)	(17)
Payment for investments		...	(466)
Proceeds from sale of investments		10,466	...
NET CASH FLOWS FROM INVESTING ACTIVITIES		(6,467)	(17,070)
<b>NET INCREASE IN CASH HELD</b>		15,602	9,914
Cash at beginning of financial year		46,279	36,365
CASH AT END OF FINANCIAL YEAR	23.2	61,881	46,279

The accompanying notes form part of this financial report.

**SYDNEY OPERA HOUSE TRUST NOTES TO AND  
FORMING PART OF THE FINANCIAL REPORT  
for year ended 30 June 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

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

**(b) Basis of Accounting**

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with (i) applicable Australian Accounting Standards, (ii) other authoritative pronouncements of the Australian Accounting Standards Board (AASB), (iii) Urgent Issues Group (UIG) Consensus Views, (iv) the requirements of the Public Finance and Audit Act, 1983, and the Public Finance and Audit Regulation, 2000.

Except for the revalued Land, Buildings, Plant and Equipment and Works of Art, 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.

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 and are expressed in Australian currency.

**(c) Accounting for Goods & 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.

**(d) Receivables**

Receivables are recognised and carried at cost, based on the original amount less a provision for any doubtful debts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

**(e) Employee benefits and other provisions**

**i) Salaries and Wages, Annual Leave, Sick Leave and On-costs**

Liabilities for salaries and wages (including non-monetary benefits) and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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

The outstanding amounts of payroll tax, workers' compensation insurance premiums, fringe benefits tax and superannuation which are consequential to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**ii) Long Service Leave and Superannuation**

Long service leave is measured using the present value method. This method uses expected remuneration rates adjusted by factors (Treasury determined) to calculate long service leave benefits of employees with more than five years of service.

Superannuation liability in respect of the three defined benefits superannuation schemes is administered by Pillar Administration on behalf of SAS Trustee Corporation. The liability for employees' retirement benefits is based on actuarial assessment.

Prepaid superannuation contributions are recognised as non-current assets in the Statement of Financial Position as required by Treasury policy.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost is calculated using the first-in-first-out basis.

**(g) Other Financial Assets**

Other financial assets are generally recognised at cost with the exception of TCorp Hour-Glass investment facilities and managed fund investments, which are measured at market value. For current other financial assets, revaluation increments and decrements are recognised in the Statement of Financial Performance.

**(h) Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

**(i) Plant and Equipment**

Plant and equipment costing \$5,000 and above are capitalised as are individual items costing less than \$5,000 that form part of an asset network costing over \$5,000 in aggregate.

**(j) Revaluation of Physical Non-Current Assets**

Physical non-current assets are valued in accordance with Treasury policy "Guidelines for Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 1041 - Revaluation of Non-Current Assets.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price i.e. the replacement cost of the asset's remaining future economic benefits.

Each class of physical non-current assets is revalued no more than every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

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

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

**(k) Depreciation**

Depreciation is provided on a straight line basis for all depreciable assets in order to write off the carrying amounts of property, plant and equipment assets over their expected useful life to the Trust.

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	20.0
Theatrical equipment	20.0
Tools and test equipment	20.0
Computer software	20.0
Forklifts	10.0
Grand Organ	1.0
Amortisation of leasehold improvements	20 & 33.3

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

Depreciation for collection assets, comprising artwork, cannot be reliably measured because their useful life cannot be determined. In view of this depreciation is not recognised. The decision not to recognise depreciation is reviewed annually.

**(l) Maintenance and Repairs**

The cost of maintenance and repairs are charged as expenses as incurred, except where they relate to a major upgrade of an asset or the replacement of a significant component of an asset, in which case the costs are capitalised and depreciated.

**(m) Insurance**

The Trust's insurance activities are conducted through the New South Wales Treasury Managed Fund. The expense (premium) is determined by the fund manager based on past claims experience.

**(n) Revenue Recognition**

**i) Government contributions and contributions from other bodies**

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

**ii) Sale of goods and services**

Revenue from sale of goods and services is recognised when the Trust obtains control of the assets that result from them.

**iii) Investment Revenue**

Interest revenue is recognised as it accrues.

**iv) Shop and catering space revenue**

Rent revenue is recognised on a basis representative of the pattern of service rendered through the provision of leased assets.

**v) Sponsorship Revenue**

Sponsorship revenue, including in-kind sponsorship, is recognised when the Trust obtains control of the assets that result from the sponsorship.

**vi) Contributions of assets received at no cost**

Contributions of assets received at no cost are recognised when the Trust gains control of the assets with economic benefits and the amount of the contribution can be measured reliably.

## Financial Statements Continued

### (o) Sydney Opera House Appeal Fund

The transactions of the Sydney Opera House Appeal Fund are reported within 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.

### (p) Leased Assets

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

The Trust has no finance leases.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

The cost of improvement to or on leasehold property is capitalised and disclosed as leasehold improvements and amortised over the unexpired period of the lease term.

### (q) Payables

These amounts represent liabilities for goods and services received by the Trust. Advance ticket sales and revenues received in advance are also reported as payables.

### (r) Joint Ventures

The Trust's interests in joint ventures are determined as joint venture entities and accounted for using the equity method. The Trust's share of revenue, expenses, liabilities and assets of the joint ventures are disclosed in the notes. A joint venture entity is where entities separate from the ventures are established to undertake a joint activity.

### (s) AASB 1047 Disclosure – Impact of Adopting Australian Equivalents to IFRS

The Trust will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) from the reporting period beginning 1 July 2005.

The Trust has managed the transition to the new standards by identifying key areas regarding risk, policies, procedures, systems and financial impacts affected by the transition.

As a result, the Trust took the following steps to manage the transition to the new standards:

- attendance at relevant training and briefing sessions by key staff
- establishing key milestones for the implementation of AEIFRS
- identifying those standards that will impact on Trust operations, accounting and reporting.

The Trust's Risk Management Committee has overseen the transition.

The Trust has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the Trust's equity and surplus. The Trust does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to AEIFRS, including UIG interpretations and/or emerging accepted practice in their interpretation and application.

The Trust's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is currently uncertain, as it is dependant on when the standard is finalised and whether it can be adopted in 2005/06.

### i) Reconciliation of key aggregates

	Note	30 June 2005 \$000	1 July 2004 \$000
<b>Total equity under AGAAP</b>		833,585	649,949
<b>Adjustments to accumulated funds</b>			
Defined benefit superannuation adjustment for change in discount rate	1	(15,594)	(12,222)
Effect of discounting long-term annual leave	2	...	(345)
<b>Total equity under AEIFRS</b>		817,991	637,382
<b>Reconciliation of surplus under AGAAP to surplus under AEIFRS:</b>			
Year ended 30 June 2005	Note	\$000	
<b>Surplus under AGAAP</b>		183,636	
Defined Benefit Superannuation	1	(3,372)	
Effect of discounting long-term annual leave	2	345	
<b>Surplus under AEIFRS</b>		180,609	

Notes to tables above

1. AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will decrease the defined benefit superannuation asset and change the quantum of the superannuation expense/revenue.

2. AASB 119 *Employee Benefits* requires present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. The Trust has long-term annual leave benefits and accordingly will measure these benefits at present value, rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

### ii) Financial Instruments

In accordance with NSW Treasury's indicative mandates, the Trust will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on equity (on first adoption) and the amount and volatility of surplus/deficit. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

### iii) Grant recognition for not-for profit entities

The Trust will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There is no difference in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and/or expense recognition will not occur until either the Trust supplies related goods or services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

## 2. REVENUES

	2005 \$000	2004 \$000
<b>(a) Sales of goods and services</b>		
Theatre services	9,591	9,564
Venue rentals	6,687	6,359
Production revenue	5,735	5,182
Guided tours	3,530	2,939
Booking fees & charges	2,786	2,756
Outsourced Food and Beverage	2,394	2,194
Tourism packages and events	1,716	1,642
Miscellaneous revenue	570	591
Outsourced Merchandising, licensing & retail	385	375
Doubtful Debts recovered	...	122
	33,934	31,724
<b>(b) Investment revenue</b>		
Interest-Bank	77	77
Interest-Investment	3,198	2,690
	3,275	2,767
<b>(c) Other revenue</b>		
In-kind sponsorship	1,976	1,655
Cash sponsorship	1,551	1,179
	3,527	2,834
<b>(d) Government contributions</b>		
<b>Recurrent</b>		
Statutory endowment	10,620	15,247
Security grant	3,471	6,448
	14,091	21,695
<b>Capital</b>		
Strategic asset maintenance	19,242	13,000
Venue Improvement Program grant	18,313	9,780
Security capital	...	8,731
	37,555	31,511

There are no conditions on the above contributions. Unspent amounts are carried forward to the next year.

## 3. EXPENSES

	2005 \$000	2004 \$000
<b>(a) Employee related expenses</b>		
Salary, wages and allowances (including recreation leave)	24,651	22,241
Penalty rates	2,934	2,489
Superannuation	2,347	2,157
Payroll tax and fringe benefits tax	1,765	1,752
Overtime	1,245	1,087
Workers compensation insurance	1,303	1,065
Redundancies	98	810
Other Expenses	102	86
	34,445	31,687
Less charged to maintenance	4,995	4,618
	29,450	27,069
<b>(b) Other operating expenses</b>		
Artist fees & presentation expenses	6,078	5,671
Fees for services rendered	2,513	4,610
Publicity and advertising	3,189	2,932
Utilities & cleaning	2,866	2,745
Administration expenses	2,585	2,486
Consumables & minor equipment	1,905	1,791
Tourism packages and events	1,442	1,473
Building & general insurance	1,036	880
Bank & credit card charges	606	574
Training	389	493
Rent payments on operating leases	299	288
Carrying amount of assets disposed of	261	148
Bad and doubtful debt expense	32	30
Audit fee – audit of financial report	50	44
	23,251	24,165
<b>(c) Depreciation and amortisation</b>		
<b>Depreciation</b>		
Building and building services	5,960	6,042
Plant and equipment	4,744	5,307
	10,704	11,349
<b>Amortisation</b>		
Leasehold improvement	156	156
	156	156
	10,860	11,505

## Financial Statements Continued

### 4. TRUSTEES' REMUNERATION

Trustees' remuneration is based on the following rates:

	2005	
Chairman	\$2,465	
Trustees	\$1,460	

The rates of remuneration remain unchanged from 2004.

### 5. CASH

	2005 \$000	2004 \$000
Cash on hand	48	48
Cash at bank	174	441
Appeal Fund cash	7	36
Hour-Glass cash facilities	54,669	34,526
NSW Treasury Corporation short term investments	6,740	10,994
Appeal Fund Hour-Glass cash facility	133	126
Foster Bequest short term investment	110	108
	61,881	46,279

### 6. RECEIVABLES

Trade debtors	1,578	1,466
Provision for doubtful debts	(70)	(42)
Accrued revenue	804	1,241
Prepayments	454	249
GST input credits	753	706
Other receivables	214	203
	3,733	3,823

### 7. PROVISION FOR DOUBTFUL DEBTS

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

	2005 \$000	2004 \$000
Balance 1 July	42	142
Provision for year	32	30
	74	172
Less bad debts recovered	...	122
Less debts written off	4	8
Balance 30 June	70	42

### 8. OTHER FINANCIAL ASSETS

Fixed term deposit	...	10,466
--------------------	-----	--------

### 9. PROPERTY, PLANT AND EQUIPMENT

	2005 \$000	2004 \$000
Land - at fair value	75,000	68,000
Building, building services	702,773	531,937
Less accumulated depreciation/amortisation	55,289	49,173
At fair value	647,484	482,764
Total - Land and Buildings	722,484	550,764
Plant and equipment	66,491	65,188
Less accumulated depreciation	45,239	42,175
At fair value	21,252	23,013
Collections - works of art - at fair value	3,396	2,684
Work in progress - at fair value	20,175	14,142
Total	767,307	590,603

#### Reconciliations

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

2005	Land and Building \$000	Plant and Equipment \$000	Work in Progress \$000	Collections \$000	Total \$000
Carrying amount at start of year	550,764	23,013	14,142	2,684	590,603
Additions	2,138	3,110	11,652	...	16,900
Disposals	...	(261)	...	...	(261)
Reclassification	4,773	134	(6,619)	712	...
Revaluation	170,925	...	...	...	170,925
Depreciation	(6,116)	(4,744)	...	...	(10,860)
Carrying amount at end of year	722,484	21,252	20,175	3,396	767,307

The value of work in progress represents plant and equipment, roof lighting, security upgrade and the Venue Improvement Program capital works not completed at 30 June 2005.

Building, plant and equipment and works of art were revalued in 2001 by independent valuers.

Land was re-valued from \$68,000,000 to \$75,000,000 in 2005 by Property Valuation Services Department of Commerce on the existing use basis. Building fabric/structure and internal fit out were revalued by Hugh Parlane, FAIQS, of HP Consultants Pty Ltd, from \$475,831,315 to \$639,756,700 in 2005.

### 10. PAYABLES

	NOTE	2005 \$000	2004 \$000
Accrued salaries, wages and on-costs		414	1,540
Advance ticket sales		4,194	2,599
Hirers' deposits		560	349
Accrued expenses and other payables		6,353	6,457
Revenue in advance		690	515
		12,211	11,460

### 11. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

#### 11.1 Provisions

Annual leave and leave loading	2,159	1,770
Long service leave	4,460	3,471
Redundancy	26	458
	6,645	5,699
Leave Provisions - current	2,385	2,478
Leave Provisions - non-current	4,260	3,221
	6,645	5,699

#### 11.2 Superannuation

The funding position at 30 June 2005 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 Pillar Administration:

Fund	Estimated Reserve Account Funds		Accrued Liability		Prepaid Contributions	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
SASS	3,654	3,372	2,949	2,702	705	670
SSS	40,320	36,210	22,088	21,362	18,232	14,848
SANCS	1,700	1,487	1,261	1,195	439	292
	45,674	41,069	26,298	25,259	19,376	15,810

The financial assumptions that have been applied for the calculations are:

Discount rate	7%
Rate of salary increase	4%
Rate of increase in CPI	2.5%

Assumptions with regards to rates of mortality, resignation, retirement and other demographics are those that were used for the 2003 triennial valuation.

The assessment is based on membership data as at 31 March 2005.

The Trust was granted a contribution holiday in respect of SASS, SSS and SANCS employer contributions during 2004/05. After adjusting for the contribution holiday, the sum of \$4,123,132 was credited to revenue in the Statement of Financial Performance to reflect the assessment by Pillar Administration of the 2004/05 prepaid contribution amount. The 2003/04 recognition of the assessed prepayment resulted in credit to revenue of \$3,702,074 in the Statement of Financial Performance.

### 12. TRUST FUNDS - FOSTER BEQUEST

The Trust Deed relating to this bequest provides that revenue 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.

Movement in Trust Fund	2005 \$000	2004 \$000
At 1 July	108	108
Interest Revenue	7	5
Distribution	(5)	(5)
At 30 June	110	108

### 13. INTEREST IN JOINT VENTURES

The Trust holds an interest in two joint ventures. Each joint venture has the principal activity of operation of a souvenir merchandise shop.

Name of Joint Venture	Ownership Interest
Box Office Foyer Shop	65%
Lower Forecourt Shop	60%

	2005 \$000	2004 \$000
Trust share of revenue	2,179	2,294
Trust share of expenses	1,523	1,655
Trust share of profit	656	639

#### Movement in Investment in Joint Ventures

Carrying amount of investment at beginning of the financial year	127	110
Share of Profit	656	640
Distribution from joint venture entities	(639)	(623)
Carrying amount of investment at the end of the financial year	144	127

#### Share of Assets and Liabilities of Joint Venture Entities

Current Assets		
Cash	123	60
Receivables	9	3
Inventory	185	248
Non-current Assets	29	39
Current Liabilities	(202)	(223)
Net Assets	144	127

**14. CHANGES IN EQUITY - OTHER THAN TRANSACTIONS WITH OWNERS AS OWNERS**

	Accumulated Funds		Asset Revaluation Reserve		Total	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Balance 1 July	218,429	202,466	431,520	431,520	649,949	633,986
Surplus	12,711	15,963	...	...	12,711	15,963
Increments on revaluation	...	...	170,925	...	170,925	...
Balance 30 June	231,140	218,429	602,445	431,520	833,585	649,949

**15. SYDNEY OPERA HOUSE APPEAL FUND**

The balances of the Sydney Opera House Appeal Fund included with the Trust's financial report were:

	2005 \$000	2004 \$000
Revenue	10	37
Expenditure	31	...
Surplus/(deficit)	(21)	37
Cash	140	162
Equity	140	162

**16. COMMITMENTS**

**16.1 Goods and Services**

Goods and services contracted for at 30 June and not otherwise accounted for in the Statement of Financial Position are estimated.

Payable:	2005 \$000	2004 \$000
- not later than one year	12,976	8,989
- later than one year and not later than five years	...	1,390
Total including GST	12,976	10,379

The commitments include input tax credits of \$1,180,000 recoverable from the Australian Taxation Office (\$944,000 for 2004).

**16.2 Leases**

Leases contracted for at 30 June and not otherwise accounted for in the Statement of Financial Position are estimated.

Payable:	2005 \$000	2004 \$000
- not later than one year	339	412
- later than one year and not later than five years	644	429
Total including GST	983	841

The commitments include input tax credits of \$89,000 recoverable from the Australian Taxation Office (\$76,000 for 2004).

**17. CAPITAL COMMITMENTS**

Capital expenditures contracted for at 30 June and not otherwise accounted for in the Statement of Financial Position are estimated.

	2005 \$000	2004 \$000
Payable		
- not later than one year	9,678	9,265
- later than one year and not later than five years	1,203	...
Total including GST	10,881	9,265

The commitments include input tax credits of \$989,000 recoverable from the Australian Taxation Office (\$842,000 for 2004).

**18. CONTINGENT LIABILITIES**

A contingent liability in the sum of \$356,666 exists in relation to a claim by the NSW Department of Commerce (previously known as the 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 Commerce 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 was referred to the Crown Solicitor for advice. Negotiations between the Trust and NSW Department of Commerce are currently taking place. 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.

A further contingent liability, in the sum of \$228,238, exists in relation to a legal claim brought by an engineering firm, in the District Court, for consultancy fees. The Trust denies the claim and is defending the matter.

**19. CONTRIBUTION OF ASSETS RECEIVED AT NO COST OR AT NOMINAL COST**

All contributions have been accounted for in the financial report.

**20. PAYMENTS TO CONSULTANTS**

In the year ending 30 June 2005, consultants were paid a total of \$420,065 (2004 - \$333,885).

**21. FINANCIAL INSTRUMENTS**

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 as at 30 June 2005.

**21.1 Cash**

Cash is recorded at nominal values for cash on hand and cash held in bank accounts. Interest is earned on daily bank balances. The interest rate at year-end was 4.5% per annum (4.25% in 2004).

**Hour-Glass Investment Facilities**

The Trust has investments in TCorp's Hour-Glass investment facilities. The Trust's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Trust's investments are:

	2005 \$000	2004 \$000
Cash Facility	54,802	34,652

These Cash Facility investments are able to be redeemed on an at-call basis. The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Trust's share of the value of the underlying assets of the facility and is stated at net fair value.

The return for the year was 5.59% (5.11% in 2004).

**Authority Deposits**

The Trust has placed funds on deposit with TCorp, which has been rated "AAA" by Standard & Poors. These deposits are similar to money market or bank deposits and are placed for fixed terms. The interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit.

	2005 Carrying Amount \$000	2005 Net Fair Value \$000	2004 Carrying Amount \$000	2004 Net Fair Value \$000
Less than one year	6,850	6,850	11,102	11,102

The deposits at balance date were earning an average interest rate of 5.74% (5.44% in 2003/04), while over the year the average interest rate was 5.40% (5.08% in 2004).

**21.2 Receivables**

All trade debtors are recognised as amounts receivable at balance date. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Invoices are issued on 30 day terms.

**21.3 Other Financial Assets**

This comprised a one year fixed term investment with a commercial bank at a fixed rate of 5.06% in 2004. The investment was held to maturity at carrying amount.

	2005 Carrying Amount \$000	2004 Carrying Amount \$000
Less than one year	...	10,466

**21.4 Payables**

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 thirty days. 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.

**22. AFTER BALANCE DATE EVENTS**

Effective 1 July, 2005 a new joint venture partner, replacing the former joint venture partner, entered into a joint venture contractual agreement with the Trust in respect of the lower concourse shop and box office foyer shop. The transactions relating to the dissolution of the prior joint venture will be reflected in the 2006 financial statements.

**23. NOTES TO THE STATEMENT OF CASH FLOWS**

**23.1 Reconciliation of surplus from ordinary activities to net cash flows from operating activities.**

	2005 \$000	2004 \$000
Surplus from ordinary activities	12,711	15,963
Depreciation	10,860	11,505
Increase in provision - leave	946	1,208
Increase/(Decrease) in provision - doubtful debts	32	(92)
Increase/(Decrease) in payables	1,399	2,593
(Increase)/Decrease in receivables	(3,508)	(3,899)
Net loss on sale of plant and equipment	261	148
Capital in-kind sponsorship	(632)	(442)
NET CASH FROM OPERATING ACTIVITIES	22,069	26,984

**23.2 Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash comprises cash on hand and at bank, NSW Treasury Corporation Hour-Glass cash facility and fixed short term investments. 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 note 5)

Cash and cash equivalents	61,881	46,279
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END OF AUDITED FINANCIAL REPORT

**SYDNEY OPERA HOUSE APPEAL FUND**

**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 Appeal Fund, we being members of the Fund, 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 Appeal Fund as at 30 June 2005, 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.



KIM WILLIAMS  
MEMBER



TIM MCFARLANE  
MEMBER

SYDNEY  
12 OCTOBER 2005



GPO BOX 12  
SYDNEY NSW 2001

**INDEPENDENT AUDIT REPORT  
SYDNEY OPERA APPEAL FUND**

To Members of the New South Wales Parliament

**Audit Opinion**

In my opinion, the financial report of the Sydney Opera House Appeal Fund:

- (a) presents fairly the Fund's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

**The Members' Role**

The financial report is the responsibility of the members of the Sydney Opera House Appeal Fund. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

**The Auditor's Role and the Audit Scope**

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Fund in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

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

**Audit Independence**

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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



P Carr FCPA

Director, Financial Audit Services

SYDNEY  
14 October 2005

**BEGINNING OF AUDITED FINANCIAL REPORT  
SYDNEY OPERA HOUSE APPEAL FUND**

**STATEMENT OF FINANCIAL PERFORMANCE  
for year ended 30 June 2005**

	2005 \$	2004 \$
<b>Revenues from ordinary activities</b>		
Donations	1,381	30,000
Interest	8,194	6,950
	9,575	36,950
<b>Less:</b>		
<b>Expenses from ordinary activities</b>		
Donation	31,000	...
Bank charges	71	64
	31,071	64
<b>Surplus/(Deficit) from ordinary activities</b>	(21,496)	36,886
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	(21,496)	36,886

**STATEMENT OF FINANCIAL POSITION as at 30 June 2005**

	NOTE	2005 \$	2004 \$
<b>Current Assets</b>			
Cash	5	140,313	161,715
Receivables		27	121
<b>Total Current Assets</b>		140,340	161,836
<b>Equity</b>			
Accumulated Funds	7	140,340	161,836
<b>Total Equity</b>		140,340	161,836

**STATEMENT OF CASH FLOWS for the year ended 30 June 2005**

	2005 \$	2004 \$
<b>Cash flows from operating activities</b>		
Payment to suppliers and grants	(31,071)	(64)
interest received	8,288	6,861
Donations	1,381	30,000
<b>Net cash used in operating activities</b>	(21,402)	36,797
Cash at beginning of year	161,715	124,918
Cash at end of year	140,313	161,715
<b>Reconciliation of net cash used in operating activities to operating result:</b>		
Operating surplus	...	36,886
Operating deficit	(21,496)	...
Increase in receivables	...	(89)
Decrease in receivables	94	...
<b>Net cash used in operating activities</b>	(21,402)	36,797

The accompanying notes form part of this financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
for year ended 30 June 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The Sydney Opera House Appeal fund objectives, operations and activities 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 performing and other branches of the arts.

The Fund is managed by the Sydney Opera House Trust and, as such, the financial operations of the Fund are included in the financial report of the Sydney Opera House Trust.

**(b) 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 (AASB), Urgent Issues Group (UIG) Consensus Views, the requirements of the Public Finance and Audit Act, 1983, and the Public Finance and Audit Regulation, 2000.

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.

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

**(c) Revenue Recognition**

Contributions are recognised as revenues when the Fund obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Revenue is recognised when goods are sold and services rendered for cash. Interest is recognised as it accrues.

**(d) AASB 1047 Disclosure - Impact of Adopting Australian Equivalents to IFRS.**

The Australian Equivalents to International Financial Reporting Standards (AEIFRS) will be applied to the Fund from the reporting period beginning 1 July 2005. The Fund is a 'transitional entity' and is therefore required to apply the not for profit accounting standards to its financial reports.

The Fund has managed the transition to the new standards by identifying key areas regarding of risk, policies, procedures, systems and financial impacts affected by the transition.

As a result of this, the Fund has taken the following steps to manage the transition to the new standards:

- attendance at relevant training and briefing sessions by key staff
- establishing key milestones for the implementation of AEIFRS
- identifying those standards that will impact on Fund operations, accounting and reporting.

The adoption of AEIFRS is not expected to impact the Fund's equity, surplus/deficit and cash flows to any material extent.

## Financial Statements Continued

### 2. CASH

Cash at bank is stated at nominal value, whilst NSW Treasury Corporation Hour-Glass cash facility is shown at market value.

### 3. COMMITMENTS FOR GOODS AND SERVICES

There were no outstanding commitments as at 30 June 2005 (nil in 2004).

### 4. CONTINGENT LIABILITIES

There are no known contingent assets or liabilities (nil in 2004).

### 5. FINANCIAL INSTRUMENTS

The financial assets of the Appeal Fund at 30 June 2005 were:

	2005 \$	2004 \$
<b>Cash</b>		
Cash at Bank	7,453	35,865
Hour-Glass cash facility	132,860	125,850
	140,313	161,715
Receivables	27	121

Hour-Glass cash facility return was 5.59% per annum (4.7% in 2003/04). Cash at Bank return was 4.46% per annum (4.25% in 2003/04).

### 6. ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

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

### 7. CHANGES IN EQUITY

	Accumulated Funds		Regina Ridge Fund		Total	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Balance 1 July	147,993	111,438	13,843	13,512	161,836	124,950
Surplus/ (Deficit)	(22,268)	36,555	772	331	(21,496)	36,886
Balance 30 June	125,725	147,993	14,615	13,843	140,340	161,836

### 8. 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 Fund, the results of those operations or the state of affairs of the Fund in future financial years.

END OF AUDITED FINANCIAL REPORT

## BUDGET

### FIRST DETAILED BUDGET FOR THE YEAR ENDING 30 JUNE 2005

INCOME	\$000
Theatre services	9,324
Venue rentals	6,306
Production Income	4,689
Guided tours	3,299
Booking fees & charges	2,715
Food & Beverage	2,607
Tourism packages and events	1,616
Miscellaneous revenue	326
Merchandising, licensing & retail	381
Investment Revenue	2,776
In-kind sponsorship	1,770
Cash sponsorship	1,215
<b>Total from operations</b>	<b>37,023</b>
<b>Government grants</b>	
Endowment	10,647
Total Asset Management - recurrent/capital	19,242
Security recurrent grant	3,471
Venue Improvement Programme - capital	18,313
<b>Total government grants</b>	<b>51,673</b>
<b>TOTAL INCOME</b>	<b>88,696</b>

EXPENDITURE	\$000	\$000
Employee related	34,399	
Less charged to maintenance	5,276	
Sub total Employee Related		29,122
Artist Fees & presentation expenses		5,224
Fees for services rendered		2,389
Publicity and advertising		3,146
Utilities & cleaning		2,952
Administration expenses		2,887
Maintenance		27,792
Consumables & minor equipment		1,420
Tourism packages and events		1,417
Building & General insurance		1,193
Bank & credit card charges		474
Training		553
Rent payments on operating leases		375
Audit fee - audit of financial report		48
<b>TOTAL</b>		<b>78,990</b>
<b>Surplus/(Deficit) before depreciation</b>		<b>9,706</b>
Depreciation and amortisation		11,537
<b>Surplus/(Deficit) after depreciation</b>		<b>(1,831)</b>
Share of net profits from joint venture		1,040
<b>Deficit from ordinary activities</b>		<b>(791)</b>

### OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2006

INCOME	\$000
<b>Revenue from operations</b>	
Sale of goods and services	36,257
Investment Revenue	3,447
Other revenue	3,331
Sub total (excl Joint Venture)	43,035
<b>Government grants</b>	
Government Grants	
Endowment	10,902
Security	3,471
Total Asset Management Grants	19,627
Venue Improvement Programme - capital	7,108
Sub total	41,108
<b>TOTAL</b>	<b>84,143</b>

EXPENDITURE	\$000	\$000
Employee related	37,358	
Less charged to maintenance	5,387	
Sub total employee related		31,971
Other operating expenses		24,350
Maintenance		27,995
<b>TOTAL</b>		<b>84,316</b>
<b>Surplus/(Deficit) before depreciation</b>		<b>(173)</b>
Depreciation and amortisation		11,202
<b>Surplus/(Deficit) after depreciation</b>		<b>(11,375)</b>
Share of net profits from joint venture		701
<b>Surplus/(Deficit) from ordinary activities</b>		<b>(10,674)</b>