

Financials

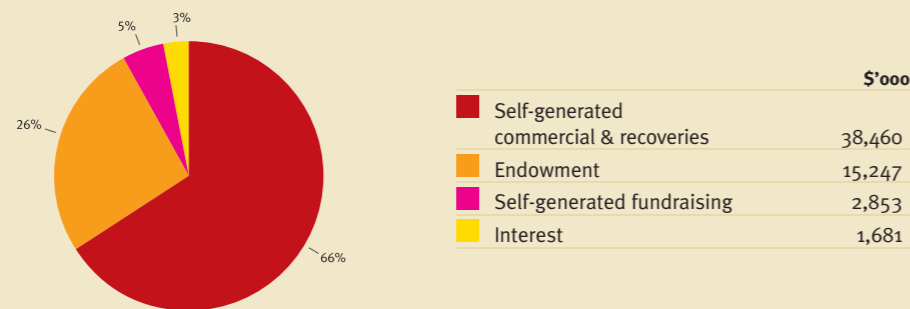
OUR OBJECTIVES: Invest in the performing arts, cultural activities and audience development by maximising business results; develop and support a financially sustainable environment.

1957 Sydney Opera House Lottery goes on sale to finance the building. Tickets are £5 (\$10) each for a first prize of £100,000 (\$200,000).

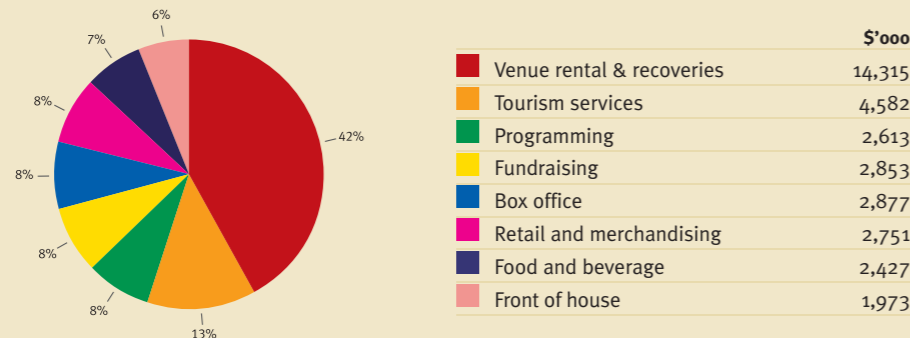
1973 Sydney Opera House opens at a final building cost of \$102 million to build.

2001 NSW Government provides \$69.3 million for the Venue Improvement Plan designed to improve facilities in accordance with Jørn Utzon's Design Principles.

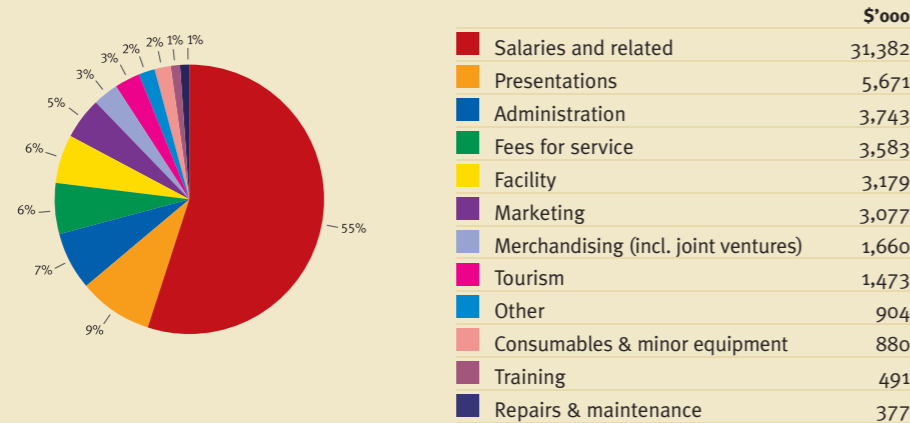
Sources of Funding for Operating Activities



Commercial Revenue Sources



Operating Expenses



Overall 2003/04 was a successful year for Sydney Opera House with a positive operating result achieved. The operating profit before depreciation and maintenance activities was \$1.82 million, representing 3% of operating revenues.

Operating revenues grew by 18%, an increase of more than \$5m. Production revenue more than doubled, boosted by a range of business opportunities and a new era of co-production between Sydney Opera House and Sydney Symphony, which resulted in a number of commercial successes. This new activity saw a corresponding increase in presentation, publicity and other expenses.

Revenue from venue rentals increased by 12% to exceed \$6m, and the increased level of venue activity saw a rise in revenue from technical and other support services provided to presenters.

Increased attendances on tours in the final quarter of the year were a significant contributor to revenue growth and the positive financial result. At 244,890 for 2003/04, guided tour numbers were almost 7% higher than in 2002/03 and reflected the first year-on-year increase in 8 years. Food and beverage recorded increased revenues, following a restructure of catering arrangements and redevelopment of food and beverage offerings in prior years.

Sydney Opera House continued to play a key role supporting and participating in the development of new artists, diverse arts forms and support for events including the 30th birthday. Expenditure on these activities was maintained at \$5.5m, resulting in an investment of \$2.9m, net of related production income. Over 550 performances were presented to a total audience of more than 150,000.

Changes in the international security environment resulted in the need to increase security personnel and infrastructure on the site. NSW Government provided additional funding to ensure recommended security changes could be implemented and to meet the increased personnel and associated costs.

The overall surplus from ordinary activities of \$16m largely results from the recognition of over \$18m of other capital grants received in 2003/04 - \$9.8m for the Venue Improvement Programme and \$8.7m for the implementation of security infrastructure, which formed part of total security funding of over \$13m received this year. The assessment of the funding position on defined benefit superannuation schemes also boosted the surplus by a further \$3.7m.

The \$9.8m Venue Improvement Programme capital funding in 2003/04 is part of a \$69m package of funding approved by NSW Government in 2001/02. Significant progress was made on the building projects, which fall under the umbrella of the Venue Improvement Programme. These included:

- refurbishment of the Reception Hall, based on designs by the original architect Jørn Utzon
- completion of detailed designs for the Western Foyer Loggia
- completion of a pre-concept design study and commencement of concept designs for renewal of the Opera Theatre, under the direction of Jørn Utzon.

Total asset management grants fund the majority of ongoing building maintenance requirements. Building refurbishment and maintenance costs totalled \$23m, with \$17m expensed and a further \$6m of maintenance expenditure capitalised. Major maintenance works focused on renovation of the Box Office foyer toilets, air-conditioning systems and fire safety equipment projects, in addition to the continued maintenance and upkeep of roadway and paving, lighting and audio equipment and electrical services.

	2004 \$000	2003 \$000
Operating activities		
<i>Revenues</i>		
Operating revenues	38,496	32,736
Government endowment	10,685	9,972
Security funding	4,562	1,600
	53,743	44,308
<i>Expenses</i>		
Operating expenses	48,131	42,718
Security expenses	3,791	1,506
	51,922	44,224
Depreciation	11,506	12,390
Operating profit/(loss) including depreciation	(9,685)	(12,305)
Other Activities		
<i>Revenue</i>		
Total asset management grants	19,448	19,293
Other Capital Grants	18,511	718
Asset-related revenues & adjustments	939	1,043
Increase in prepaid superannuation	3,702	-
Appeal fund	36	6
	42,635	21,060
<i>Expenses</i>		
Building refurbishment & maintenance expenses	16,987	16,420
Decrease in prepaid superannuation	-	1,599
	16,987	18,020
Surplus/(Deficit) from Ordinary Activities	15,963	(9,265)

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 2004, 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

BARBARA WARD
TRUSTEE

SYDNEY
13 OCTOBER 2004



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 2004 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 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.

G J Gibson FCPA
DIRECTOR OF AUDIT

SYDNEY
19 OCTOBER 2004

BEGINNING OF AUDITED FINANCIAL REPORT

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004**

	NOTE	2004 \$000	2003 \$000
Revenues from ordinary activities			
Sale of goods and services	2(a)	31,724	26,613
Investment revenue	2(b)	2,767	2,381
Other revenue	2(c)	2,834	2,575
Superannuation-increase in prepaid position	11.2	3,702	.. .
		41,027	31,569
Government contributions			
State Government grants - Recurrent	2(d)	21,695	17,865
State Government grants - Capital	2(d)	31,511	13,718
		53,206	31,583
Total revenues from ordinary activities		94,233	63,152
Less:			
Expenses from ordinary activities			
Employee related	3(a)	27,069	23,073
Other operating	3(b)	24,165	20,917
Maintenance		16,170	15,109
Depreciation and amortisation	3(c)	11,505	12,390
Superannuation-decrease in prepaid position	11.2	.. .	1,599
Total expenses from ordinary activities		78,909	73,088
Add:			
Share of net profits for joint ventures accounted for using the equity method	13	639	670
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	14	15,963	(9,266)
Net increase in Trust funds	14	.. .	1
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY	14	.. .	1
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	14	15,963	(9,265)

The accompanying notes form part of this financial report.

**STATEMENT OF FINANCIAL POSITION
as at 30 June 2004**

	NOTE	2004 \$000	2003 \$000
CURRENT ASSETS			
Cash	5	46,339	36,415
Receivables	6	3,826	3,035
Other financial assets	7	10,466	10,000
Inventories	8	248	249
TOTAL CURRENT ASSETS		60,879	49,699
NON-CURRENT ASSETS			
Property, plant and equipment	9	590,642	583,643
Superannuation	11.2	15,810	12,663
TOTAL NON-CURRENT ASSETS		606,452	596,306
TOTAL ASSETS		667,331	646,005
CURRENT LIABILITIES			
Payables	10	11,683	7,528
Provisions	11.1	2,478	1,694
TOTAL CURRENT LIABILITIES		14,161	9,222
NON-CURRENT LIABILITIES			
Provisions	11.1	3,221	2,797
TOTAL NON-CURRENT LIABILITIES		3,221	2,797
TOTAL LIABILITIES		17,382	12,019
NET ASSETS		649,949	633,986
EQUITY			
Trust funds	14	108	108
Accumulated funds	14	218,321	202,358
Asset revaluation reserve	14	431,520	431,520
TOTAL EQUITY		649,949	633,986

The accompanying notes form part of this financial report.

**STATEMENT OF CASH FLOWS
for the year ended 30 June 2004**

	NOTE	2004 \$000	2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers and employees		(68,932)	(61,789)
Total Payments		(68,932)	(61,789)
Receipts			
Receipts from operations		39,787	32,826
Interest received		2,916	1,830
Total Receipts		42,703	34,656
Cash flows from Government			
State Government grants - Recurrent		21,695	17,865
State Government grants - Capital		31,511	13,718
Net Cash Flows from Government		53,206	31,583
NET CASH FLOWS FROM OPERATING ACTIVITIES	23.1	26,977	4,450
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(16,587)	(6,405)
Proceeds from sale of plant and equipment	9	...	21
Purchase of investments		(466)	...
Proceeds from sale of investments		...	5,000
NET CASH FLOWS FROM INVESTING ACTIVITIES		(17,053)	(1,384)
NET INCREASE IN CASH HELD			
		9,924	3,066
Opening Cash and cash equivalents		36,415	33,349
CLOSING CASH AND CASH EQUIVALENTS			
	5	46,339	36,415
	23.2		

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 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(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 (General) Regulation, 2000, and Treasurer's Directions.

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 Public Finance and Audit 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.

(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 of 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 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 on a short-hand basis. The short-hand method is based on the remuneration rates expected to be paid at reporting date for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

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

(f) Joint Venture Inventories

Trust share of joint venture 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 comprise a fixed term deposit with a bank, shown at cost value.

(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 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

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. The Trust is a not for profit entity in terms of AASB 1010 - Recoverable Amount of Non-Current Assets.

Each class of physical non-current assets is revalued 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. Land was revalued in 1999/00, building, plant and equipment and works of art in 2000/01, by independent valuers.

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 calculated on a straight line basis in order to write off the carrying amounts of property, plant and equipment 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	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.

Collection assets, comprising artwork, are not considered to decrease in value and have a very long useful life and as such depreciation has not been charged.

(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 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) Other Revenues

Revenues from Trust operations as a performing arts centre comprise revenue from the provision of goods 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.

Rent revenue is recognised in accordance with AAS17 - Accounting for Leases.

(o) 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 consolidated 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. (See note 15).

(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 provided to the Trust.

(r) Interest in Joint Ventures

The Trust's interests in joint ventures are accounted for using the equity method. The Trust's share of revenue, expenses, liabilities and assets of the joint ventures are included in the financial report within relevant classifications.

(s) Adopting AASB 1047 Disclosure

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

The Trust is managing the transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. The Trust is also assessing the need to engage external contractors to assist in this process.

As a result of this exercise, the agency 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 IFRS
- identifying those standards that will impact on Trust operations, accounting and reporting

The Trust's Risk Management Committee will oversee the transition. The Committee will receive regular reports from management on the progress against the plan.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

The Trust has identified a number of differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury is likely to mandate a number of options, and will confirm these during 2004-05.

The Trust's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. 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.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 116 *Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.
- AASB 119 *Employee Benefits* requires the defined benefit 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. This will increase the amount and future volatility of the superannuation asset/liability and the volatility of the employee benefit expense.
- AASB 131 *Interests in Joint Ventures* has application to the Trust's joint ventures. As a consequence of first time adoption of this standard, AASB 1 provides for retrospective application, upon election to do so, to past acquisitions of interests in joint ventures. The Treasury is likely to mandate that retrospective application not apply.
- AASB 136 *Impairment of Assets* requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy *Valuation of Physical Non-Current Assets at Fair Value*.
- AASB 1004 *Contributions* applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

2 REVENUES

	2004 \$000	2003 \$000
(a) Sales of goods and services		
Theatre services	9,564	9,225
Venue rentals	6,359	5,662
Production revenue	5,182	2,504
Guided tours	2,939	2,480
Booking fees & charges	2,756	2,628
Food and beverage	2,194	1,355
Tourism packages and events	1,642	1,657
Miscellaneous revenue	591	832
Merchandising, licensing & retail	375	270
Doubtful Debts recovered	122	...
	31,724	26,613
(b) Investment Revenue		
Interest	2,767	2,381
	2,767	2,381
(c) Other Revenue		
In-kind sponsorship	1,655	1,535
Cash sponsorship	1,179	1,040
	2,834	2,575
(d) Government contributions		
Recurrent		
Statutory endowment	10,685	9,972
Total asset management recurrent grant	6,448	6,293
Security grant	4,562	1,600
	21,695	17,865
Capital		
Total asset management capital grant	13,000	13,000
Venue Improvement program grant	9,780	(22)
Security capital grants	8,731	740
	31,511	13,718

3. EXPENSES

	2004 \$000	2003 \$000
(a) Employee related expenses		
Salary, wages and allowances (including recreation leave)	22,241	19,599
Penalty rates	2,489	2,349
Overtime	1,087	985
Superannuation	2,157	2,020
Payroll tax and fringe benefits tax	1,752	1,523
Workers compensation insurance	1,065	775
Redundancies	810	...
Other Expenses	86	90
	31,687	27,341
Less charged to maintenance	4,618	4,268
	27,069	23,073
(b) Other operating expenses		
Artist fees & presentation expenses	5,671	3,797
Fees for services rendered	4,610	5,859
Publicity and advertising	2,932	2,458
Utilities & cleaning	2,745	2,415
Administration expenses	2,486	1,957
Consumables & minor equipment	1,791	1,475
Tourism packages and events	1,473	1,429
Building & general insurance	880	656
Bank & credit card charges	574	398
Training	493	170
Rent payments on operating leases	288	98
Loss on disposal of assets	148	41
Doubtful debt expense	30	126
Audit fee – audit of financial report	44	38
	24,165	20,917
(c) Depreciation and amortisation		
Depreciation		
Building and building services	6,042	5,958
Plant and equipment	5,307	6,387
	11,349	12,345
Amortisation		
Leasehold improvement	156	45
	156	45
	11,505	12,390

4. TRUSTEES' REMUNERATION

Trustees' remuneration is based on the following rates:

	Per Annum	
Chairman	\$2,465	
Trustees	\$1,460	

5. CASH AND BANK

	2004 \$000	2003 \$000
Cash on hand	48	48
Cash at bank	441	539
Joint venture cash	60	50
Appeal Fund cash	36	5
Hour-Glass cash facilities	34,526	13,892
NSW Treasury Corporation short term investments	10,994	21,653
Appeal Fund Hour-Glass cash facility	126	...
Appeal Fund short term investment	...	120
Foster Bequest short term investment	108	108
	46,339	36,415

6. RECEIVABLES

Trade debtors	1,466	1,181
Provision for doubtful debts	(42)	(142)
Accrued revenue	1,241	1,242
Prepayments	249	155
Joint venture	3	56
GST input credits	706	345
Other receivables	203	198
	3,826	3,035

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

Balance 1 July	142	17
Provision for year	30	126
	172	143
Less bad debts recovered	122	...
Less debts written off	8	1
Balance 30 June	42	142

7. OTHER FINANCIAL ASSETS

Fixed term deposit	10,466	10,000
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8. INVENTORIES

Finished goods – joint ventures – at cost	248	249
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9. PROPERTY, PLANT AND EQUIPMENT

	2004 \$000	2003 \$000
Land – at fair value	68,000	68,000
Building, building services – at fair value	531,937	529,241
Less accumulated depreciation/amortisation	49,173	42,975
	482,764	486,266
Total – Land and Buildings	550,764	554,266
Plant and equipment – at fair value	65,258	59,642
Less accumulated depreciation	42,206	37,940
Total – Plant and Equipment	23,052	21,702
Collections – works of art – at fair value	2,684	2,669
Work in progress – at fair value	14,142	5,006
	590,642	583,643
Loss on Disposal of Non-Current Assets		
Proceeds from disposal of property, plant and equipment	...	21
Less written down value of assets disposed	148	62
Net loss on disposal of property, plant and equipment	148	41

Reconciliations

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

2004	Land and Building \$000	Plant and Equipment \$000	Work in Progress \$000	Collections \$000	Total \$000
Carrying amount at start of year	554,266	21,702	5,006	2,669	583,643
Additions	2,696	6,016	9,932	18	18,662
Disposals	...	(145)	...	(3)	(148)
Reclassification	...	796	(796)	...	...
Decrease in joint venture	...	(10)	...	...	(10)
Depreciation	(6,198)	(5,307)	...	...	(11,505)
Carrying amount at end of year	550,764	23,052	14,142	2,684	590,642

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 2004.

10. PAYABLES

	NOTE	2004 \$000	2003 \$000
Accrued salaries, wages and on-costs		1,540	717
Advance ticket sales		2,599	2,070
Hirers' deposits		349	160
Accrued expenses		3,704	1,426
Revenue in advance		515	40
Trade and other payables		2,837	2,821
Joint venture		139	294
		11,683	7,528

11. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

11.1 Employee benefits and related on-costs

Annual leave and leave loading	1,770	1,594
Long service leave	3,471	2,897
Redundancy	458	...
	5,699	4,491

Aggregate employee benefits and related on-costs

Leave Provisions - current	2,478	1,694
Leave Provisions – non-current	3,221	2,797
Accrued salaries, wages and on-costs	10	1,540
	7,239	5,208

11.2 Superannuation

The funding position at 30 June 2004 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	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
SASS	3,372	3,480	2,702	2,708	670	772
SSS	36,210	32,397	21,362	20,873	14,848	11,524
SANCS	1,487	1,513	1,195	1,146	292	367
	41,069	37,390	25,259	24,727	15,810	12,663

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

	2004/05	2005/06	2006/07
Rate of investment return	7.0	7.0	7.0
Rate of salary increase	4.0	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 that were used for the 2003 triennial valuation.

The assessment is based on membership data as at 31 March 2004.

The Trust was granted a contribution holiday in respect of SASS, SSS and SANCS employer contributions during 2003/04. After adjusting for the contribution holiday, the sum of \$3,702,074 was credited to revenue in the Statement of Financial Performance to reflect the assessment by Pillar Administration of the 2003/04 prepaid contribution amount. The 2002/03 recognition of the assessed prepayment resulted in an expense of \$1,599,383 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.

An award of \$5,000 was made in 2003/04 (\$4,500 in 2002/03).

13. 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 2003/04 was \$639,664 (\$669,695 in 2002/03). At 30 June 2004 the Trust's equity in the joint ventures was:

	2004 \$000	2003 \$000
Furniture fittings and equipment (less depreciation)	39	49
Inventory	248	249
Receivables	3	56
Cash	60	50
	350	404
Less payables	223	294
Net Assets	127	110

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

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

	Accumulated Funds		Asset Revaluation Reserve		Trust Funds		Total	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Balance 1 July	202,358	211,624	431,520	431,520	108	107	633,986	643,251
Surplus/(Deficit)	15,963	(9,266)	...	...	...	1	15,963	(9,265)
Balance 30 June	218,321	202,358	431,520	431,520	108	108	649,949	633,986

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

15. SYDNEY OPERA HOUSE APPEAL FUND

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

Financial operations were:

	2004 \$000	2003 \$000
Revenue	37	6
The assets and liabilities of the Appeal Fund as at 30 June were as follows:		
Cash	162	125
Equity	162	125

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

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:	2004 \$000	2003 \$000
- not later than one year	8,989	12,485
- later than one year and not later than five years	1,390	5,666
Total including GST	10,379	18,151

The commitments are inclusive of the Goods and Services Tax for which input tax credits of \$944,000 are expected to be recoverable from the Australian Taxation Office in respect of 2003/04 commitments (\$1,650,000 for 2002/03).

16.2 Leases

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

	2004 \$000	2003 \$000
Payable:		
- not later than one year	412	405
- later than one year and not later than five years	429	841
Total including GST	841	1,246

The commitments are inclusive of the Goods and Services Tax for which input tax credits of \$76,000 are expected to be recoverable from the Australian Taxation Office in respect of 2003/04 commitments (\$113,000 for 2002/03).

17. CAPITAL COMMITMENTS

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 (including GST)	2004 \$000	2003 \$000
	9,265	264

The commitments above are inclusive of the Goods and Services Tax for which input tax credits of \$842,000 are expected to be recoverable from the Australian Taxation Office in respect of 2003/04 commitments (\$24,000 for 2002/03).

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 \$162,814, exists in relation to a legal claim lodged by an engineering firm for consultancy fees. The Trust denies the claim and is defending the matter.

19. MATERIAL ASSISTANCE PROVIDED AT NO COST OR AT NOMINAL COST

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

20. PAYMENTS TO CONSULTANTS

In the year ending 30 June 2004, consultants were paid a total of \$333,885 (2002/03 - \$230,910).

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 2004.

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 4.25% per annum (3.75% in 2002/03).

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:

	2004 \$000	2003 \$000
Cash Facility	34,652	13,892

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 5.11% (4.52% in 2002/03).

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.

	2004 Carrying Amount \$000	2004 Net Fair Value \$000	2003 Carrying Amount \$000	2003 Net Fair Value \$000
Less than one year	11,102	11,102	21,881	21,881

The deposits at balance date were earning an average interest rate of 5.44% (4.81% in 2002/03), while over the year the average interest rate was 5.08% (4.91% in 2002/03).

21.2 Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. 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). No interest is earned on trade debtors. The carrying amount approximates next fair value. Invoices are issued on 30 day terms.

21.3 Other Financial Assets

This comprises a one year fixed term investment with a commercial bank at an interest rate of 5.06% per annum. The interest rate is fixed for the term of the investment and investments are held to maturity.

	2004 Carrying Amount \$000	2003 Carrying Amount \$000
Less than one year	10,466	10,000

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 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.

22. 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.

23. NOTES TO THE STATEMENT OF CASH FLOWS

23.1 Reconciliation of surplus/(deficit) from ordinary activities to net cash flows from operating activities.

	2004 \$000	2003 \$000
Surplus/(deficit) from ordinary activities	15,963	(9,266)
Depreciation	11,505	12,390
Increase in provision - leave	1,208	379
Increase/(Decrease) in provision - doubtful debts	(92)	125
Increase/(Decrease) in payables	2,522	(881)
(Increase)/Decrease in receivables	(3,846)	2,207
Reduction in inventories	1	8
Net loss on sale of plant and equipment	148	41
Decrease in joint venture capital assets	10	7
Increase in trust funds	...	1
Capital in-kind sponsorship	(442)	(561)
NET CASH FROM OPERATING ACTIVITIES	26,977	4,450

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	46,339	36,415
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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 2004, 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
MEMBER



BARBARA WARD
MEMBER

SYDNEY
13 OCTOBER 2004



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 2004 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.



G J Gibson FCPA
DIRECTOR OF AUDIT

SYDNEY
19 OCTOBER 2004

BEGINNING OF AUDITED FINANCIAL REPORT

SYDNEY OPERA HOUSE APPEAL FUND

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004**

	2004 \$	2003 \$
Revenues from ordinary activities		
Donations	30,000	...
Interest	6,950	5,884
	36,950	5,884
Less:		
Expenses from ordinary activities		
Bank charges	64	60
	64	60
Surplus from ordinary activities	36,886	5,824
Total changes in equity other than those resulting from transactions with owners as owners	36,886	5,824

STATEMENT OF FINANCIAL POSITION as at 30 June 2004

	NOTE	2004 \$	2003 \$
Current Assets			
Cash	5	161,715	124,918
Receivables		121	32
Total Current Assets		161,836	124,950
Equity			
Accumulated Funds	7	147,993	111,438
Regina Ridge Fund	7	13,843	13,512
Total Equity		161,836	124,950

STATEMENT OF CASH FLOWS for the year ended 30 June 2004

	\$ 2004	\$ 2003
	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Payment to suppliers	(64)	(60)
Receipts from interest	6,861	5,914
Receipts from donations	30,000	...
Net cash used in operating activities	36,797	5,854
Cash at beginning of year	124,918	119,064
Cash at end of year	161,715	124,918
Represented by - Cash	161,715	124,918
Reconciliation of net cash used in operating activities to operating result:		
Operating surplus	36,886	5,824
Increase in receivables	(89)	...
Decrease in receivables	...	30
Net cash used in operating activities	36,797	5,854

The accompanying notes form part of this financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
for year ended 30 June 2004**

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 a controlled entity of the Sydney Opera House Trust and, as such, the financial operations of the Fund are included in the consolidated 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 (General) Regulation, 2000, and Treasurer's Directions.

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 Fund has kept proper accounts and records in relation to all of its operations in accordance with Section 41(1) of the Public Finance and Audit Act, 1983.

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

(c) Revenue Recognition

Government contributions and contributions from other bodies 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.

Revenues from Fund activities are recognised on provision of goods sold and services rendered.

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

(d) Adopting AASB 1047 Disclosure

The Australian Equivalents to International Financial Reporting Standards (AIFRS) will be applied to the Fund from the reporting period beginning 1 July 2005.

The transition to the new standards is being managed by allocating internal Sydney Opera House resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the agency 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 IFRS
- identifying those standards that will impact on Trust operations, accounting and reporting

The impact of the adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS) is not expected to be significant for the Fund.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

Based on current information, the following key difference in accounting policies is expected to arise from adopting AIFRS:

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

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 2004 (nil in 30 June 2003).

4. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets or liabilities.

5. FINANCIAL INSTRUMENTS

The financial assets of the Appeal Fund at 30 June 2004 were:

	2004 \$	2003 \$
Cash		
Cash at Bank	35,865	5,361
Hour-Glass cash facility	125,850	...
Fixed term investment	...	119,557
	161,715	124,918
Receivables	121	32

Hour-Glass cash facility and fixed term investment return was 4.7% (5.1% in 2002/03). Cash at Bank return was 4.25% (3.75% in 2002/03).

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	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Balance 1 July	111,438	106,257	13,512	12,869	124,950	119,126
Surplus	36,555	5,181	331	643	36,886	5,824
Balance 30 June	147,993	111,438	13,843	13,512	161,836	124,950

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 2004

INCOME	\$'000
Theatre services	8,804
Venue rentals	5,457
Production income	2,110
Guided tours	2,596
Booking fees & charges	2,531
Food & beverage	2,330
Tourism packages and events	1,730
Miscellaneous revenue	276
Merchandising, licensing & retail	260
Investment revenue	2,334
In-kind sponsorship	2,230
Cash sponsorship	1,310
Total from operations (excl JV)	31,969
Government grants	
Endowment	10,685
Total asset management - recurrent	6,448
Security recurrent grant	2,663
Total asset management - capital	13,000
Venue improvement programme - capital	9,780
Total government grants	42,576
TOTAL	74,545

EXPENDITURE	\$'000	\$'000
Employee related	29,476	
Less charged to maintenance	4,805	
Sub total employee related		24,671
Artist fees & presentation expenses		3,098
Fees for services rendered		6,289
Publicity and advertising		2,712
Utilities & cleaning		3,063
Administration expenses		2,538
Maintenance		28,914
Consumables & minor equipment		1,319
Tourism packages and events		1,482
Building & general insurance		1,080
Bank & credit card charges		436
Training		364
Rent payments on operating leases		151
Audit fee – audit of financial report		44
TOTAL		76,159
Deficit before depreciation		(1,614)
Depreciation and amortisation		12,464
Deficit after depreciation		(14,078)
Share of net profits from joint venture		1,184
Deficit from ordinary activities		(12,894)

OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2005

INCOME	\$'000
Revenue from operations	
Sale of goods and services	31,261
Investment revenue	2,626
Other revenue	2,985
Sub total (excl JV)	36,873
Government grants	
Endowment	10,647
Security	3,471
Total asset management grants	19,242
Venue improvement programme - capital	18,313
Sub total	51,673
TOTAL	88,546

EXPENDITURE	\$'000	\$'000
Employee related	34,399	
Less charged to maintenance	5,276	
Sub total employee related		29,122
Other operating expenses		23,010
Maintenance		23,319
TOTAL		75,451
Surplus before depreciation		13,095
Depreciation and amortisation		11,537
Surplus after depreciation		1,558
Share of net profits from joint venture		1,040
Surplus from ordinary activities		2,598