

We are committed to leveraging the Sydney Opera House brand, assets and business results to enable continued investment in the performing arts, cultural activities and audience reach.



# Financials

## FINANCIAL OVERVIEW

Overall 2002/03 was a successful year for Sydney Opera House. A modest profit of \$83,000 was achieved from operating activities.

Revenue from venue rentals increased by \$1m, to \$5.7m. The increased level of venue activity also saw an increase in technical and other support provided to presenters and a resulting higher level of cost recoveries from these activities. Audience attendance for performances increased by 13% and the Box Office turnover was the highest ever, resulting in increased booking fees.

There were 642 performances of Sydney Opera House presentations in 2002/2003 at a cost of \$5.5m, compared with 467 performances at a cost of \$5.7m in 2001/2002. The lower cost in 2002/2003 reflected an increase in the number of co-presentations, where revenue and expenses are shared. Overall the Sydney Opera House invested a net \$2.9m in presentations in 2002/2003, compared with \$2.7m in 2001/2002.

The increase in presentations and audience numbers was a significant achievement given the wider environmental factors in 2002/2003. A substantial downturn in international tourism, largely attributable to SARS, saw a sharp decline in guided tour and retail revenues during the last quarter of the year. Cost containment measures assisted in reducing the overall impact on the operating profit.

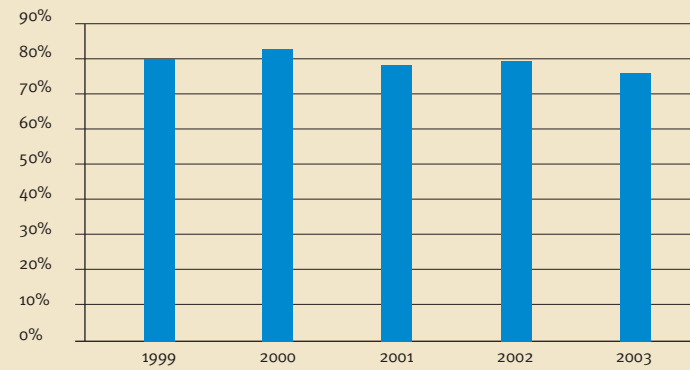
Changes in the international security environment resulted in the need to increase security personnel on the site. During 2002/2003 Sydney Opera House security was provided by a mix of in-house security staff, supplemented by external security resources. The Government provided additional endowment funding to ensure recommended security personnel levels could be implemented and maintained.

Significant progress was made on the Venue Improvement Programme, with design work completed for the Reception Hall.

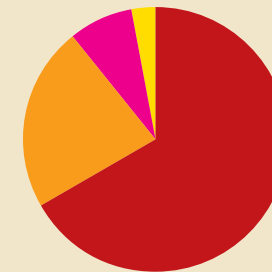
Building refurbishment and maintenance expenditure in 2002/2003 was \$16.4m. Major projects included refixing of precast façade cladding (\$1,546,300), air-conditioning scheduled maintenance (\$1,440,000), design and commencement of construction of the box office toilets (\$722,600), replacement of stage audio equipment (\$361,000), replacement of stage effects systems (\$217,500), upgrades of stage machinery and control systems (\$715,400) and Grand Organ electronic upgrade (\$140,000).

	2003 \$000	2002 \$000
<b>Operating activities</b>		
<i>Revenues</i>		
Operating Revenues	32,736	32,139
Government Endowment	11,572	9,683
	<u>44,308</u>	<u>41,822</u>
<i>Expenses</i>		
Operating Expenses	44,225	42,146
<b>Operating Profit/Loss</b>	<b>83</b>	<b>(324)</b>
<b>Other Activities</b>		
<i>Revenues</i>		
Total Asset Management Grants	19,293	19,152
Other Capital Grants	718	30,333
Asset-related Revenues & Adjustments	1,043	1,235
	<u>21,054</u>	<u>50,720</u>
<i>Expenses</i>		
Building Refurbishment & Maintenance Expenses	16,414	15,471
Depreciation	12,390	12,345
Prepaid Superannuation	1,599	4,816
	<u>30,403</u>	<u>32,632</u>
<b>Surplus/(Deficit) from Ordinary Activities</b>	<b>(9,266)</b>	<b>17,764</b>

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

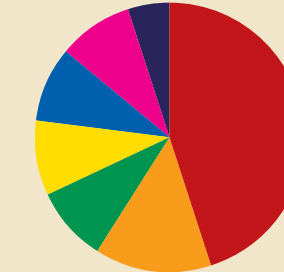


**Sources of Funding for Operating Activities**



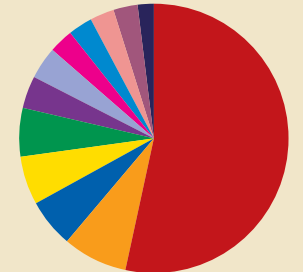
Self-Generated Commercial	68%
Endowment	23%
Self-Generated Fundraising	6%
Interest	3%

**Commercial Revenue Sources**



Venue Rental & Recoveries	45%
Tourism Services	14%
Trust Presentations	9%
Fundraising	9%
Box Office	9%
Retail and Merchandise	9%
Food and Beverage	5%

**Operating Expenses**



Salaries and Related	55%
Trust Presentations	8%
Marketing	6%
Facility	6%
Fees for Service	6%
Administration	4%
Other	4%
Tourism	3%
Incremental Security	3%
Merchandising (incl. Joint Ventures)	3%
Consumables & Minor Equipment	2%

**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 2003, and transactions for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation, 2000, and the Treasurer's Directions.

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

JOSEPH SKRZYŃSKI AM  
CHAIRMAN

TIM MCFARLANE  
TRUSTEE

SYDNEY, 3 OCTOBER 2003



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 2003 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).

The 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 failed in 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, 14 OCTOBER 2003

**BEGINNING OF AUDITED FINANCIAL REPORT**

**Sydney Opera House Trust  
Statement of Financial Performance  
for the year ended 30 June 2003**

	NOTE	2003 \$000	2002 \$000
<b>Revenues from ordinary activities</b>			
State Government grants - recurrent	3 4	17,865	15,835
State Government grants - capital	3 4	13,718	43,333
Other revenues	3	31,569	31,293
<b>Total Revenue</b>		<b>63,152</b>	<b>90,461</b>
<b>Expenses from ordinary activities</b>			
Depreciation	3 17	(12,390)	(12,345)
Other expenses	3	(60,698)	(61,074)
<b>Total Expenses</b>		<b>(73,088)</b>	<b>(73,419)</b>
Share of net profits for joint ventures accounted for using the equity method	3 22	670	722
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	3	<b>(9,266)</b>	<b>17,764</b>
Net increase in Trust funds	23	1	...
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>		<b>1</b>	<b>...</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	23	<b>(9,265)</b>	<b>17,764</b>

The accompanying notes form part of this financial report.

**Statement of Financial Position  
as at 30 June 2003**

	NOTE	2003 \$000	2002 \$000
<b>CURRENT ASSETS</b>			
Cash	13	36,415	33,349
Receivables	14	3,035	3,159
Other financial assets	15	10,000	15,000
Inventories	16	249	257
<b>TOTAL CURRENT ASSETS</b>		<b>49,699</b>	<b>51,765</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	583,643	588,766
Superannuation	20	12,663	14,871
<b>TOTAL NON-CURRENT ASSETS</b>		<b>596,306</b>	<b>603,637</b>
<b>TOTAL ASSETS</b>		<b>646,005</b>	<b>655,402</b>
<b>CURRENT LIABILITIES</b>			
Payables	19	7,528	8,039
Provisions	20	1,694	1,641
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,222</b>	<b>9,680</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	20	2,797	2,471
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,797</b>	<b>2,471</b>
<b>TOTAL LIABILITIES</b>		<b>12,019</b>	<b>12,151</b>
<b>NET ASSETS</b>		<b>633,986</b>	<b>643,251</b>
<b>EQUITY</b>			
Trust funds	23	108	107
Accumulated funds	23	202,358	211,624
Asset revaluation reserve	23	431,520	431,520
<b>TOTAL EQUITY</b>		<b>633,986</b>	<b>643,251</b>

The accompanying notes form part of this financial report.

**Statement of Cash Flows  
for the year ended 30 June 2003**

	NOTE	2003 \$000	\$000	2002 \$000	\$000
		INFLOWS/ (OUTFLOWS)		INFLOWS/ (OUTFLOWS)	
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees		(61,789)		(57,718)	
Receipts from operations		32,826		33,326	
Interest received		1,830		952	
Cash flows from Government grants		31,583		59,168	
Net cash flows from operating activities	32.1	4,450		35,728	
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(6,405)		(3,411)	
Proceeds from sale of plant and equipment	17	21		81	
Purchase of investments		...		(15,000)	
Proceeds from sale of investments		5,000		...	
Net cash flows from investing activities		(1,384)		(18,330)	
Net increase in cash held		3,066		17,389	
Cash and cash equivalents at beginning of year		33,349		15,951	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	13 32.2	<b>36,415</b>		<b>33,349</b>	

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 2003**
**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**1.1.1 Reporting Entity**

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

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

**1.1.2 Basis of Accounting**

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

**1.1.3 Changes in Accounting Policy**

The following changes in reporting have been made in the 2002/03 financial statements.

**Cash and Other Financial assets**

The market value of the Trust's Hour-Glass cash facilities and T-Corp investments (<90 days) have been included within Cash in the Statement of Financial Position due to the highly liquid nature of that type of investment. This change is necessary to fully comply with Australian Accounting Standard AAS36 –Statement of Financial Position. The amount of Hour-Glass facilities at 30 June 2003 is \$13,891,874 (\$19,802,006 at 30 June 2002). The amount of T-Corp investments (>90 days) at 30 June 2003 is \$10,000,000 (\$15,000,000 at June 2002). The 2001/02 comparative figures have been amended to reflect the new policy. (See note 13).

**Internal Recoveries related to employee related maintenance expenditure and publicity and advertising expenditure.**

Internal recoveries for employee related maintenance expenditure and advertising expenditure for Trust presentations were previously reported in the Statement of Financial Performance on a grossed up basis. Employee related expenses and publicity and advertising expenditure were grossed up with an equal and offsetting amount reported against the revenue item costs recovered. Commencing the 2002/03 financial year, internal recoveries of employee related expenses and publicity and advertising expenditure will be reported on a net basis.

This change in accounting policy has been made to improve the relevance and reliability of the Trust's financial information and has no effect on the Statement of Financial Performance surplus or deficit for the 2002/03 and previous financial years. The effect on employee related expenditure is to reduce that reported expenditure by \$4,268,011 for the 2002/03 financial year (\$3,493,911 for 2001/02), whilst the effect on publicity and

advertising expenditure is to reduce that expenditure by \$725,912 for the 2002/03 financial year (\$768,390 for 2001/02). The effect of these changes on costs recovered is to reduce that revenue by \$4,993,923 (\$4,262,301 for 2001/02). The 2001/02 comparative figures have been amended to reflect the new policy (See notes 3 & 8).

**1.1.4 Accounting for Good & Services Tax (GST)**

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

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

**1.2 DOUBTFUL DEBTS**

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

**1.3 EMPLOYEE BENEFITS AND OTHER PROVISIONS**
**1.3.1 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.

**1.3.2 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.

**1.4 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.

**1.5 Other Financial Assets**

Other financial assets comprising fixed term deposits with NSW Treasury Corporation are shown at cost value whilst Hour-Glass investments in the cash facilities are shown at market value.

**1.6 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.

**1.7 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 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 recoverable amount test has not been applied to non-current assets as the Trust is a not-for-profit entity where the future economic benefits comprising those assets are not primarily dependent on the assets' ability to generate net cash inflows.

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.

**1.8 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	33.3
Theatrical equipment	20.0
Tools and test equipment	20.0
Safety equipment	33.3
Computer software	20.0
Motor vehicles	20.0
Forklifts	10.0
Grand Organ	1.0
Amortisation of leasehold improvements	20.0 & 33.3

Collections, comprising original works of art, are expected to appreciate in value and accordingly are not depreciated.

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

**1.9 INSURANCE**

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

**1.10 RECOGNITION OF REVENUES**
**1.10.1 Government Grants and contributions from other bodies**

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

**1.10.2 Other Revenues**

Revenues from Trust operations as a performing arts centre comprises 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.

**2. SYDNEY OPERA HOUSE APPEAL FUND**

As the Sydney Opera House Appeal Fund is a controlled entity of the Trust, the operations of the Appeal Fund are incorporated into the Trust's financial report. The objectives, operations and activities of the Fund relate to the appeal for, and receipt of, gifts of money or other property to be used for works and acquisitions of items related to the performing arts and to the production, presentation, publication, promotion, preservation or housing of, or training in the performing and other branches of the arts. (See note 24).

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

	NOTE	2003 \$000	2002 \$000
<b>Revenues from ordinary activities</b>			
State Government grants - recurrent	4	17,865	15,835
State Government grants - capital	4	13,718	43,333
		<u>31,583</u>	<u>59,168</u>
Catering		1,355	2,038
Rentals	5	5,662	4,660
Costs recovered	6	9,723	8,526
Trust presentations	9	2,567	2,996
Guided tours		2,480	2,633
Tourism packages and events		1,657	2,352
Booking fees		2,088	1,658
Merchandising, licensing & shop rental	22	260	320
Interest		2,381	1,021
Miscellaneous revenue	7	1,861	3,338
In-kind benefits	10	1,535	1,751
		<u>31,569</u>	<u>31,293</u>
		63,152	90,461
Joint ventures	22	2,250	2,417
		<u>65,402</u>	<u>92,878</u>
	NOTE	2003 \$000	2002 \$000
<b>Expenses from ordinary activities</b>			
Employee related	8	21,983	21,020
Trust presentations	9	5,506	5,696
Electricity		922	819
Administrative expenses		2,616	2,326
Repairs and maintenance		15,109	15,310
Cleaning		1,334	1,204
Publicity and advertising		2,005	2,006
Minor stores		902	648
Merchandising and licensing		18	8
Tourism packages and events		1,340	2,065
Telephone and postage		352	343
General insurance		656	550
Fees for services rendered		6,151	3,397
Audit fees	11	38	34
Doubtful debts	14	126	...
Upgrade program		...	496
Loss on disposal of assets	17	41	336
Superannuation	20	1,599	4,816
		<u>60,698</u>	<u>61,074</u>
Depreciation	17	12,390	12,345
		<u>73,088</u>	<u>73,419</u>
Joint ventures	22	1,580	1,695
		<u>74,668</u>	<u>75,114</u>
Surplus/(Deficit) from ordinary activities		<u>(9,266)</u>	<u>17,764</u>

**4. STATE GOVERNMENT GRANTS**

	2003 \$000	2002 \$000
<b>Recurrent</b>		
Statutory endowment	11,572	9,683
Maintenance endowment	6,293	6,152
	<u>17,865</u>	<u>15,835</u>
<b>Capital</b>		
Total asset management	13,000	13,000
Other Capital	718	30,333
	<u>13,718</u>	<u>49,333</u>
	<u>31,583</u>	<u>59,168</u>

**5. RENTALS**

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

	2003 \$000	2002 \$000
Opera Theatre	2,029	1,921
Concert Hall	2,307	1,657
Drama Theatre	545	507
Playhouse	250	309
The Studio	94	82
Other	437	184
	<u>5,662</u>	<u>4,660</u>

**6. COSTS RECOVERED**

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

	2003 \$000	2002 \$000
Employee related	7,178	6,491
General recoveries	2,545	2,035
	<u>9,723</u>	<u>8,526</u>

See note 1.1.3 regarding change in accounting policy in relation to internal recoveries.

**7. MISCELLANEOUS REVENUE**

	2003 \$000	2002 \$000
Sponsorship expenses recouped	7	194
Ticket printing	116	93
General sponsorship revenue	1,040	857
Asset recognition	...	1,552
Publicity revenue	50	33
Program sales commission	201	171
Other	447	438
	<u>1,861</u>	<u>3,338</u>

**8. EMPLOYEE RELATED EXPENSES**

	2003 \$000	2002 \$000
Salaries, wages and allowances (including recreation leave)	18,775	17,333
Penalty rates	2,347	2,225
Overtime	985	870
Meal money	51	49
Workers' compensation insurance	753	933
Payroll tax	1,357	1,299
Employer superannuation contribution	1,955	1,678
Parking reimbursement	28	21
Redundancy costs	...	106
	26,251	24,514
Charged to maintenance expense	(4,268)	(3,494)
	21,983	21,020

**9. TRUST PRESENTATIONS**

Financial operations were:

	2003 \$000	2002 \$000
Revenue	2,567	2,996
Expenses	(5,506)	(5,696)
(Deficit)	(2,939)	(2,700)

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

	2003 \$000	2002 \$000
In-kind donations	286	282
In-kind contra benefits	1,249	1,469
	1,535	1,751

In-kind contra benefits and donations are expensed to appropriate items in the Statement of Financial Performance, or in the case of capital items, capitalised to appropriate asset classes.

**11. AUDIT FEES**

The fee payable to the Auditor-General's Office for the 2002/03 audit of the financial report was \$38,000 (\$33,800 in 2001/02).

**12. TRUSTEES' REMUNERATION**

Trustees' remuneration is based on the following rates:

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

**13. CASH AND BANK**

	2003 \$000	2002 \$000
Cash on hand	48	42
Cash at bank	539	252
Joint venture cash	50	30
Appeal Fund cash	5	5
Hour-Glass cash facilities	13,892	19,802
T-Corp short term investments	21,653	12,997
Appeal Fund short term investment	120	114
Foster Bequest short term investment	108	107
	36,415	33,349

**14. RECEIVABLES**

	2003 \$000	2002 \$000
Trade debtors, less provision for doubtful debts	1,039	1,200
Accrued revenue	1,242	776
Prepayments	155	418
Joint venture	56	46
GST input credits	345	394
Other receivables	198	325
	3,035	3,159

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

	2003 \$000	2002 \$000
Balance 1 July	17	60
Provision for year	126	...
	143	60
Debts written off	(1)	(43)
Balance 30 June	142	17

**15. OTHER FINANCIAL ASSETS**

	2003 \$000	2002 \$000
NSW Treasury Corporation fixed term deposit	10,000	15,000
	10,000	15,000

**16. INVENTORIES**

	2003 \$000	2002 \$000
Finished goods – joint ventures – at cost	249	257
	249	257

**17. PROPERTY, PLANT AND EQUIPMENT**

	2003 \$000	2002 \$000
Land – at fair value	68,000	68,000
Building, building services – at fair value	529,241	527,699
Less accumulated depreciation/amortisation	(42,975)	(36,972)
	486,266	490,727
Total – Land and Buildings	554,266	558,727
Plant and equipment – at fair value	59,642	57,191
Less accumulated depreciation	(37,940)	(31,658)
Total – Plant and Equipment	21,702	25,533
Collections – works of art – at fair value	2,669	2,669
Work in progress – at fair value	5,006	1,837
	583,643	588,766

**Depreciation and amortisation expense**

	2003 \$000	2002 \$000
Depreciation		
Building & building services	5,958	5,897
Plant and equipment	6,387	6,448
Amortisation		
Leasehold improvement	45	...
	12,390	12,345

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

	2003 \$000	2002 \$000
Proceeds from disposal of property, plant and equipment	21	81
Written down value of assets disposed	(62)	(417)
Net (loss) on disposal of property, plant and equipment	(41)	(336)

**Reconciliations**

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

2003	Land and Building \$000	Plant and Equipment \$000	Work in Progress \$000	Collections \$000	Total \$000
Carrying amount at start of year	558,727	25,533	1,837	2,669	588,766
Additions	1,542	1,710	4,077	...	7,329
Disposals	...	(62)	...	...	(62)
Reclassification	...	908	(908)	...	...
Depreciation	(6,003)	(6,387)	...	...	(12,390)
Carrying amount at end of year	554,266	21,702	5,006	2,669	583,643

The value of work in progress represents plant and equipment, roof lighting and the Venue Improvement Plan capital works not completed at 30 June 2003.

**18. LEASES**

The Trust's leases are all operating leases where the lessor effectively retains all risks and benefits incidental to the ownership of the leased asset. Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred. Operating lease expenses in 2002/03 were \$259,258 (\$150,946 in 2001/02).

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.

**19. PAYABLES**

	2003 \$000	2002 \$000
Accrued salaries, wages and on-costs	717	574
Advance ticket sales	2,070	2,757
Hirers' deposits	160	76
Accrued expenses	1,426	1,674
Revenue in advance	40	150
Trade and other payables	2,821	2,590
Joint ventures	294	218
	7,528	8,039

**20. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS**

**20.1 Employee benefits and related on-costs**

	2003 \$000	2002 \$000
Annual leave and leave loading	1,594	1,536
Long service leave	2,897	2,576
	<u>4,491</u>	<u>4,112</u>

**Aggregate employee benefits and related on-costs**

	NOTE	2003 \$000	2002 \$000
Leave Provisions - current		1,694	1,641
Leave Provisions – non-current		2,797	2,471
Accrued salaries, wages and on-costs	19	717	574
		<u>5,208</u>	<u>4,686</u>

**20.2 Superannuation**

The funding position at 30 June 2003 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/(Liability) Contributions	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
SASS	3,480	1,930	2,708	2,212	772	(282)
SSS	32,397	35,862	20,873	20,730	11,524	15,132
SANCS	1,513	1,046	1,146	1,025	367	21
	<u>37,390</u>	<u>38,838</u>	<u>24,727</u>	<u>23,967</u>	<u>12,663</u>	<u>14,871</u>

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:

	2003/04	2004/05	2005/06
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 to be used for the 2003 triennial valuation.

The assessment is based on membership data as at 31 March 2003.

The Trust was granted a contribution holiday in respect of SASS, SSS and SANCS employer contributions during 2002/03. After adjusting for the contribution holiday, the sum of \$1,599,383 was charged to expenses in the Statement of Financial Performance to reflect the assessment by Pillar Administration of the 2002/03 prepaid contribution amount. The 2001/02 recognition of the assessed prepayment resulted in an expense of \$4,816,376 in the Statement of Financial Performance.

**21. 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 \$4,500 was made in 2002/03 (\$5,000 in 2001/02).

**22. MERCHANDISING AND LICENSING**

**22.1 Interest in Joint Ventures**

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

The Trust's share of the operating profits in 2002/03 was \$669,695 (\$722,626 in 2001/02). At 30 June 2003 the Trust's 60% and 65% equity in the joint ventures was:

	2003 \$000	2002 \$000
Furniture fittings and equipment (less depreciation)	49	56
Inventory	249	256
Receivables	56	6
Cash	50	30
	<u>404</u>	<u>348</u>
Less payables	294	218
	<u>110</u>	<u>130</u>

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

**22.2 Licence Agreement**

Licences have been granted to a number of organisations for the use of the registered Sydney Opera House trademark and designs. The Trust's share of earnings in 2002/03 was \$61,530 (\$67,588 in 2001/02).

**22.3 Shop Rental**

Shop rental received during the financial year amounted to \$171,760 (\$205,401 in 2001/02).

**22.4 Other Merchandising**

Sales of CD-ROMS, books and various items totalled \$27,036 in 2002/03 (\$47,201 in 2001/02).

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

	Accumulated Funds		Asset Revaluation Reserve		Trust Funds		Total	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Balance 1 July	211,624	193,860	431,520	431,520	107	107	643,251	625,487
Surplus/(Deficit)	(9,266)	17,764	...	...	1	...	(9,265)	17,764
Balance 30 June	<u>202,358</u>	<u>211,624</u>	<u>431,520</u>	<u>431,520</u>	<u>108</u>	<u>107</u>	<u>633,986</u>	<u>643,251</u>

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

**24. SYDNEY OPERA HOUSE APPEAL FUND**

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

Financial operations were:

	2003 \$000	2002 \$000
Revenue	6	5
The assets and liabilities of the Appeal Fund as at 30 June were as follows:		
	2003 \$000	2002 \$000
Cash	125	119
Accumulated Funds	<u>125</u>	<u>119</u>

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

**25. COMMITMENTS FOR GOODS AND SERVICES**

	2003 \$000	2002 \$000
Goods and services contracted for at 30 June and not otherwise accounted for in the Statement of Financial Position are estimated.		
Payable:		
- not later than one year	12,890	9,730
- later than one year and not later than five years	6,507	1,311
Total including GST	<u>19,397</u>	<u>11,041</u>

The commitments are inclusive of the Goods and Services Tax for which input tax credits of \$1,763,364 are expected to be recoverable for the Australian Taxation Office in respect of 2002/03 commitments (\$1,003,727 for 2001/02).

**26. CAPITAL COMMITMENTS**

	2003 \$000	2002 \$000
Capital expenditures contracted for at 30 June and not otherwise accounted for in the Statement of Financial Position are estimated.		
Payable not later than one year (including GST)	264	334

The commitments above are inclusive of the Goods and Service Tax for which input tax credits of \$24,000 are expected to be recoverable from the Australian Taxation Office in respect of 2002/03 commitments (\$30,363 for 2001/02).

**27. CONTINGENT LIABILITIES**

As in 2001/02, 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 has been referred to the Crown Solicitor for advice. 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 contingent liability in the sum of \$155,119 exists in relation to a Statement of Claim lodged by a shop licensee in connection with certain commercial matters relating to the operations of a concourse shop licence. Any legal settlement in relation to this contingent liability would not be subject to the Goods and Services Tax.

**28. MATERIAL ASSISTANCE PROVIDED AT NO COST OR AT NOMINAL COST**

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

**29. PAYMENTS TO CONSULTANTS**

In the year ending 30 June 2003, consultants were paid a total of \$230,910 (2001/02 - \$933,642).



**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 2003 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).

The 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 failed in 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, 14 OCTOBER 2003

**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 2003, 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 SKRZYNSKI AM  
MEMBER

TIM McFARLANE  
MEMBER

SYDNEY, 3 OCTOBER 2003

**31. 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.

**32 NOTES TO THE STATEMENT OF CASH FLOWS**

**32.1 Reconciliation of surplus/(deficit) from ordinary activities to net cash flows from operating activities**

	2003 \$000	2002 \$000
Surplus/(deficit) from ordinary activities	(9,266)	17,764
Depreciation	12,390	12,344
Increase in provision - leave	379	422
Increase in provision - doubtful debts	125	...
Increase in payables	...	2,658
Decrease in payables	(881)	...
Decrease in receivables	2,207	4,290
Reduction in inventories	8	140
Net loss on sale of plant and equipment	41	336
Decrease in joint venture capital assets	7	...
Assets recognised	...	(1,552)
Increase in trust funds	1	...
Capital in-kind sponsorship	(561)	(674)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4,450</b>	<b>35,728</b>

**32.2 Reconciliation of Cash**

For the purpose of the statement of cash flows, cash comprises cash on hand, at bank and Hour-Glass cash facilities and fixed term deposits. Cash at 30 June as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position (see note 13)

	2003 \$000	2002 \$000
Cash and cash equivalents	36,415	33,349

**END OF AUDITED FINANCIAL REPORT**

**30. FINANCIAL INSTRUMENTS**

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

The classes of instruments included in the Trust's financial report is set out below along with the terms, conditions and accounting policies applicable to these instruments as at 30 June 2003 (balance date).

**Cash**

Cash is recorded at nominal values for cash on hand and cash held in bank accounts. Interest is earned on daily bank balances. T-Corp Hour-Glass cash facilities are valued at market value.

**Receivables**

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

**Other Financial Assets**

The Trust's other financial assets are restricted to fixed term deposits with NSW Treasury Corporation. Fixed term investments were predominantly for periods between 30-90 days during 2002/03 (30-90 days in 2001/02). The investments were earning an average interest rate of 4.91% per annum at 30 June 2003 (5.02% at 30 June 2002).

**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.

**Credit Risk Exposures**

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

**Interest Rate Risk**

All Trust investments, totalling \$45,772,960 at balance date (\$48,019,665 at 30 June 2002), are for fixed specified periods and interest rates, or are invested in the NSW Treasury Corporation Hour-Glass cash facility.

Cash at bank, totalling \$538,427 at balance date (\$251,951 at 30 June 2002), is subject to an arrangement with the Trust's banker whereby interest rates paid are tied to the Reserve Bank cash rate less 1%.

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

**Net Fair Value**

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

**BEGINNING OF AUDITED FINANCIAL REPORT  
SYDNEY OPERA HOUSE APPEAL FUND**
**Statement of Financial Performance  
for the year ended 30 June 2003**

	2003 \$000	2002 \$000
<b>Revenues from ordinary activities</b>		
Interest	5,884	5,200
	5,884	5,200
<b>Expenses from ordinary activities</b>		
Bank charges	60	58
	60	58
<b>Surplus from ordinary activities</b>	5824	5,142
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	5824	5,142

**Statement of Financial Position as at 30 June 2003**

	NOTE	2003 \$000	2002 \$000
<b>Current Assets</b>			
Cash	6	124,918	119,064
Receivables		32	62
<b>Total Current Assets</b>		124,950	119,126
<b>Equity</b>			
Accumulated Funds	8	111,438	106,257
Regina Ridge Fund	8	13,512	12,869
<b>Total Equity</b>		124,950	119,126

**Statement of Cash Flows for the year ended 30 June 2003**

	2003		2002	
	\$	\$	\$	\$
	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
Cash flows from operating activities				
Payment to suppliers	(60)		(58)	
Receipts from interest	5,914		6,413	
Net cash used in operating activities	5,854		6,355	
Cash at beginning of year	119,064		112,709	
Cash at end of year	124,918		119,064	
Represented by - Cash	124,918		119,064	

Reconciliation of net cash used in operating activities to operating result:

	2003 \$000	2002 \$000
Operating surplus	5,824	5,142
Decrease in receivables	30	1,213
Net cash used in operating activities	5,854	6,355

The accompanying notes form part of this financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR YEAR ENDED 30 JUNE 2003**
**1. Summary of Significant Accounting Policies**

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

**1.1 Change in Accounting Policy**

The Fund's short term fixed investment with NSW Treasury Corporation has been reclassified from Other financial assets to Cash in the Statement of Financial Position. This change is necessary due to the highly liquid nature of the investment which was for a period of 91 and 90 days at June 2003 and June 2002 respectively, and to fully comply with Australian Accounting Standard AAS36 – Statement of Financial Position. The 2001/2002 comparative figure has been amended.

**2. Revenue Recognition**

Government grants and contributions from other bodies are recognised as revenues when the Fund obtains control over the assets comprising the grants and contributions. Control over grants and contributions are 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.

**3. Cash**

Cash at bank is stated at nominal value, whilst NSW Treasury Corporation fixed term investment is shown at cost.

**4. Commitments for Goods and Services**

There were no outstanding commitments as at 30 June 2003.

**5. Contingent Assets and Liabilities**

There are no known contingent assets or liabilities.

**6. Financial Instruments**

Australian Accounting Standard AAS33 - Presentation and Disclosure of Financial Instruments has application to the Appeal Fund financial report.

The financial assets of the Appeal Fund at 30 June 2003 are:

Cash	2003 \$	2002 \$
Cash at Bank	5,361	5,224
Fixed term investment	119,557	113,840
	124,918	119,064
Receivables	32	62

Fixed term investment interest rates varied between 4.70% per annum and 5.10% per annum during 2002/03 (4.20% and 5.10% in 2001/02).

**7. Accounting for the Goods and Services Tax (GST)**

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

**8. Changes in Equity**

	Accumulated Funds		Regina Ridge Fund		Total	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Balance						
1 July	106,257	101,681	12,869	12,303	119,126	113,984
Surplus	5,181	4,576	643	566	5,824	5,142
Balance						
30 June	111,438	106,257	13,512	12,869	124,950	119,126

**9. 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 2003**

INCOME	\$000
Endowment and capital grants	29,243
Catering	2,212
Rentals	5,362
Costs Recovered	8,812
Trust presentations	3,169
Guided tours	3,336
Tourism packages and events	1,862
Booking fees	1,740
Merchandising and licensing and shop commission	136
Interest	885
Miscellaneous revenue	1,974
In-kind benefits	2,256
	60,987
Joint Venture	2,751
<b>TOTAL</b>	<b>63,738</b>

EXPENDITURE	\$000
Employee related	21,086
Trust presentations	6,008
Electricity	910
Administrative expenses	3,622
Repairs and maintenance	25,342
Cleaning	1,340
Publicity and advertising	2,708
Minor stores	816
Merchandising and licensing	110
Tourism packages and events	1,337
Fees for services rendered	3,376
Audit fees	34
Joint Ventures	1,740
<b>TOTAL</b>	<b>68,429</b>
(Deficit) before depreciation	(4,691)
Depreciation	12,300
<b>(Deficit) after depreciation</b>	<b>(16,991)</b>

**OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2004**

INCOME	\$000	\$000
Government grants		
Endowment	13,348	
Maintenance	6,448	
Total Asset	13,000	
VIP	9,780	
		42,576
Revenue from operations		33,292
<b>TOTAL</b>		<b>75,868</b>
<b>EXPENDITURE</b>	<b>\$000</b>	<b>\$000</b>
Salaries and related expenditure		23,493
Other operating expenditure		24,042
Maintenance and Capital grants expenditure		25,521
<b>TOTAL</b>		<b>73,056</b>
Surplus before depreciation		2,812
Depreciation		12,464
<b>(Deficit) after depreciation</b>		<b>(9,652)</b>