

FINANCIALS

OPERATING RESULT

Sydney Opera House actively prioritises activities to maintain and grow reserves. The 2006/7 operating results was \$2.16m before depreciation and other building and maintenance activities. After allowing for \$1.85m investment in capital assets the operating cashflow was \$0.3m. Increased interest earnings and a promising start to philanthropy activities were key contributors to the profit and cashflow result.

Operating revenues grew by 31%, an increase of more than \$13.5m on the prior year:

- Commercial Programming activity increased substantially with a 150% increase in revenue to over \$9m
- Food and beverage revenues increased by 17%, following the continued popularity of offerings on site
- Tourism revenues grew by 24% due to a range of initiatives that saw total tour numbers increase to 328,224
- Venue based rentals and recoveries increased by 6%.

Sydney Opera House continued to play a key role in the support and development of new artists and diverse art forms:

- Over 600 performances were presented by the Producers Unit to an audience of more than 166,000
- Support was provided to a wide range of community events, including over 40 performances reaching an audience of more than 17,500.

Expenditure on these supported programming activities increased to \$7.4m, resulting in an overall investment of \$2.9m, net of related production income.

BUILDING MANAGEMENT

The overall surplus from ordinary activities set out in the table below includes recognition of \$35.4m of Building Maintenance & Development Government grants - Strategic Asset maintenance \$20m, Smoke Management \$6m (both received in advance in 2005/06) and Venue Improvement \$9.4m.

The \$9.4m Venue Improvement Programme (VIP) capital funding is part of a \$69m package of funding approved by NSW Government in 2001/02. VIP Project achievements for 2006/07 included:

- Completion of upgrade to the Forecourt Infrastructure for external events
- Commencement of the construction of the Western Foyers Upgrade and Accessibility Project, which will result in lift access at the lower concourse, main arrivals concourse and Box Office levels, with escalators then carrying patrons up to the southern foyer level of the Concert Hall and Opera Theatre.

The 2006/07 Strategic Asset Maintenance grant of \$20m (received in 2005/06) funded the ongoing building maintenance requirements. 2006/07 maintenance expenditure totalled \$20.3m - of which \$6.4m was capitalised. Major works included the replacement of fire dampers, fire services upgrade and procurement of machinery used for moving stage equipment.

\$41.1m of Grants received in advance in 2006/07 are for 2007/08 Strategic Asset Maintenance (\$16.1m) and for major maintenance project (\$25m) for the upgrade of fire systems (\$8.5m) and refurbishment of the Parapet Wall, handrail, waterproof membrane and roadway (\$16.5m) from 2007/08.

The table below sets out the Operating and other activities of Sydney Opera House for 2006/07, assuming the early receipt of \$27.5m of 2006/07 Government Grants, and \$41.1m of 2007/08 Government Grants had not occurred.

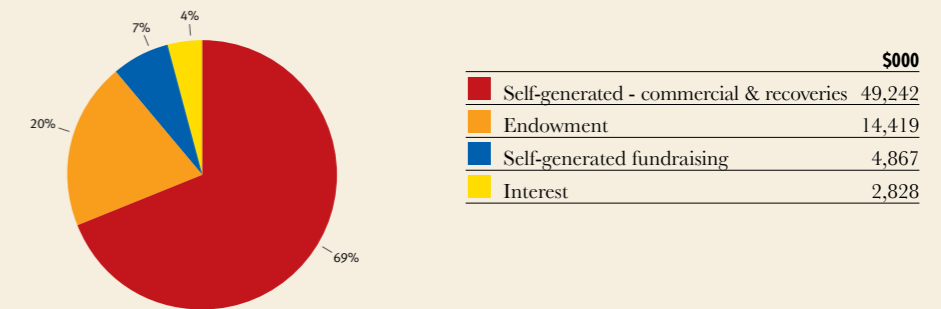
	2007 \$000	2006 \$000
Operating Activities		
<i>Revenues</i>		
Operating revenues	56,937	43,351
Government endowment	14,419	14,294
	71,356	57,645
<i>Expenses</i>		
Operating expenses	69,191	56,433
Operating profit before depreciation and other activities	2,165	1,212
Depreciation	18,395	9,798
Net profit/(loss) including depreciation	(16,230)	(8,586)
Other Activities		
<i>Revenues</i>		
Strategic asset management grants	19,979	19,627
Other capital grants	15,424	7,108
Asset-related revenues & adjustments	1,962	1,644
Appeal fund	10	8
	37,375	28,387
<i>Expenses</i>		
Decrease in prepaid superannuation	6	293
Building refurbishment & maintenance expenses	14,821	18,344
	14,827	18,637
Surplus/(Deficit) from ordinary activities	6,318	1,164

The significant increase in surplus from 2005/06 reflects early receipt of Government grants

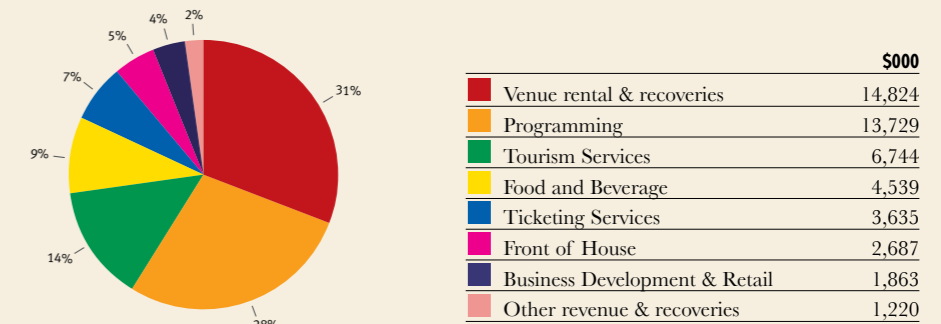
RECONCILIATION OF ABOVE OPERATING RESULT TO THE AUDITED FINANCIAL REPORT

	2007 \$000	2006 \$000
Surplus/(Deficit) from ordinary activities	6,318	1,164
Advanced receipt of 06/07 Government Grants in 05/06	(27,250)	27,250
Advanced receipt of 07/08 Government Grants in 06/07	41,100	-
Surplus for the year, as per Audited Financial Report Income Statement	20,168	28,414

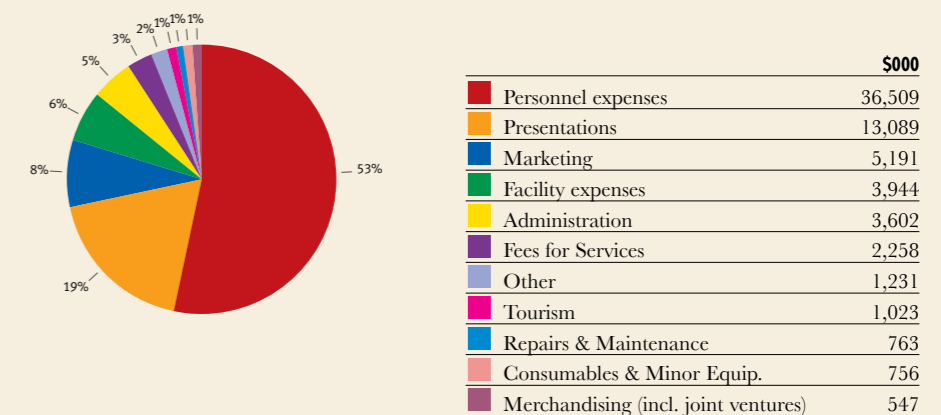
SOURCES OF FUNDING FOR OPERATING ACTIVITIES



COMMERCIAL REVENUE SOURCES



OPERATING EXPENSES



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SYDNEY OPERA HOUSE TRUST

STATEMENT IN ACCORDANCE WITH SECTION 41C (1C) OF THE PUBLIC FINANCE AND AUDIT ACT, 1983 AND CHARITABLE FUNDRAISING ACT 1991

Pursuant to Section 41C of the Public Finance and Audit Act, 1983, and the Charitable Fundraising Act 1991, 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 report exhibit a true and fair view of the financial position of the Sydney Opera House Trust as at 30 June 2007, and financial performance 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 2005 and the Treasurer's Directions.
3. The provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the Trust have been complied with by the Trust.
4. The financial report gives a true and fair view of all income and expenditure with respect to fundraising appeals.
5. The balance sheet gives a true and fair view of the state of affairs of the Trust with respect to fundraising appeals.
6. The internal controls exercised by the Trust are appropriate and effective in accounting for all income received and applied by the Trust from any of its fundraising appeals.

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



KIM WILLIAMS AM
CHAIRMAN



BARBARA WARD
CHAIR, RISK MANAGEMENT COMMITTEE

SYDNEY
3 OCTOBER 2007



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT SYDNEY OPERA HOUSE TRUST

To Members of the New South Wales Parliament

Report on the Financial Report

I have audited the accompanying financial report of the Sydney Opera House Trust (the Trust), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Trustees' statement.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Trust as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005
- is in accordance with the Charitable Fundraising Act 1991 (CF Act), including showing a true and fair view of the Trust's financial result of fundraising appeals for the year ended 30 June 2007

The Trustees' Responsibility for the Financial Report

The members of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the CF Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

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

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.

Report on Other Aspects of the Charitable Fundraising Act 1991

I have audited the Trust's operations in order to express an opinion on the matters specified at sections 24(2)(b), 24(2)(c) and 24(2)(d) of the CF Act for the year ended 30 June 2007.

Auditor's Opinion

In my opinion:

- the ledgers and associated records of the Trust have been properly kept during the year in accordance with the CF Act and the Charitable Fundraising Regulation 2003 (the CF Regulation) [section 24(2)(b)],
- money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation [section 24(2)(c)], and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due [section 24(2)(d)].

The Trustees' Responsibility for Compliance

The members of the Trust are responsible for ensuring compliance with the CF Act and the CF Regulation. This responsibility includes:

- establishing and maintaining internal control relevant to compliance with the CF Act and CF Regulation
- ensuring that all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for, and
- maintaining proper books of account and records.

Auditor's Responsibility

My responsibility is to express an opinion on the matters specified at sections 24 (2)(b), 24 (2)(c), and 24 (2)(d) of the CF Act. I conducted my audit in accordance Australian Auditing Standards applicable to assurance engagements. These Auditing Standards require that I comply with relevant ethical requirements relating to assurance engagements and plan and perform the audit to obtain reasonable assurance whether there were any material breaches of compliance by the Trust.

An audit involves performing procedures to obtain audit evidence about the entity's compliance with the CF Act and CF Regulation and about its solvency. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material breaches of compliance. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

My procedures included examination, on a test basis, of evidence supporting the entity's solvency and its compliance with the CF Act and CF Regulation. These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the CF Act and CF Regulation apart from those specified.

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

Independence

In conducting these audits, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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.

Peter Carr FCPA
Director, Financial Audit Services

5 October 2007
SYDNEY

BEGINNING OF AUDITED FINANCIAL REPORT

**INCOME STATEMENT
for the year ended 30 June 2007**

	NOTE	2007 \$000	2006 \$000
Income			
Sale of goods and services income	2(a)	44,702	35,091
Share of net profits for joint ventures accounted for using the equity method	14	704	596
Investment income	2(b)	4,849	3,408
Grants and contributions	2(c)	5,312	3,359
Government contributions income	2(d)	63,672	68,279
Total Income		119,239	110,733
Expenses			
Personnel services expense	3(a)	37,213	32,757
Other expenses	3(b)	28,696	22,536
Maintenance expense	3(c)	14,701	17,126
Depreciation and amortisation expense	3(d)	18,461	9,900
Total Expenses		99,071	82,319
Surplus for the Year	15	20,168	28,414

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2007**

	NOTE	2007 \$000	2006 \$000
Gain on revaluation of property, plant and equipment	15	-	1,047,713
Hedging reserve	21	-	63
Net income recognised directly in equity		-	1,047,776
Surplus for the period	15	20,168	28,414
Total Recognised income and expense for the year		20,168	1,076,190

The accompanying notes form part of this financial report.

**BALANCE SHEET
as at 30 June 2007**

	NOTE	2007 \$000	2006 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	5	104,945	86,623
Trade and other receivables	6	6,397	3,826
Derivative financial instruments	21	-	1,183
Inventory	8	64	-
Total Current Assets		111,406	91,632
Non-current Assets			
Property, plant and equipment	9	1,823,465	1,821,127
Intangible assets	10	1,472	1,406
Investment accounted for using equity method	14	221	221
Total Non-current Assets		1,825,158	1,822,754
Total Assets		1,936,564	1,914,386
LIABILITIES			
Current Liabilities			
Trade and other payables	11	21,282	18,180
Derivative financial instruments	21	-	1,120
Total Current Liabilities		21,282	19,300
Non-current Liabilities			
Trade and Other Payables	11	658	688
Provisions	12	338	217
Total Non-Current Liabilities		996	905
Total Liabilities		22,278	20,205
Net Assets		1,914,286	1,894,181
EQUITY			
Accumulated funds	15	264,128	243,960
Reserve	15	1,650,158	1,650,221
Total Equity		1,914,286	1,894,181

The accompanying notes form part of this financial report.

**CASH FLOW STATEMENT
for the year ended 30 June 2007**

	NOTE	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from operations		55,881	45,260
Interest received		4,868	3,443
Cash flows from Government		63,672	68,279
Total Receipts		124,421	116,982
Payments			
Payments to suppliers and personnel service providers		(88,952)	(74,891)
Total Payments		(88,952)	(74,891)
NET CASH INFLOWS PROVIDED BY OPERATING ACTIVITIES	23(a)	35,469	42,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(17,147)	(17,272)
Increase in joint venture investment			(77)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(17,147)	(17,349)
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,322	24,742
Cash and cash equivalents at the beginning of the financial year		86,623	61,881
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23(b)	104,945	86,623

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 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Sydney Opera House Trust is constituted as a body corporate by the Sydney Opera House Trust Act, 1961. It is designated as a transitional entity by the NSW Treasury and are required to use the not for profit accounting standards.

This financial report for the year ended 30 June 2007 has been authorised for issue by the Sydney Opera House Trust on 3 October 2007.

(b) Basis of Preparation

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Equivalents to International Financial Reporting Standards (AEIFRS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the Public Finance and Audit Act, 1983, and the Public Finance and Audit (General) Regulation, 2005, and Treasurer's Directions.

Property, plant and equipment, collection assets and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial report items are prepared on an accrual basis and based on historical costs.

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.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

Figures shown in the financial report have been rounded to the nearest \$1,000 and expressed in Australian currency, except in note 4 where amounts are stated in whole dollars.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include AEIFRS.

(d) Designation of TCorp Hour-Glass Investment Facilities

Any Hour Glass Investment facilities held by the Trust are short term unit trust investment funds managed by the NSW Treasury Corporation. The agency has been issued with a number of units in TCorp's Hour Glass Cash Facility Trust, based on the amount of the deposit and the unit value for the day.

Hour-Glass Investment facilities are designated at "fair value through profit or loss" using the second leg of the fair value option i.e. these cash equivalents are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about those assets is provided internally on that basis to the Sydney Opera House key management personnel.

(e) 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; and
- receivables and payables are stated with the amount of GST included.

(f) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Government Contributions

Government contributions (including grants and donations) are recognised as income when the Trust obtains control over the assets. Control over Government contributions is obtained upon the receipt of cash.

(ii) Sale of Goods

Income from the sale of goods is recognised as income when the Trust transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Service

Income is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Income

Interest income and T Corp Hour Glass Returns are recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. TCorp Hour Glass distributions are recognised in accordance with AASB 118 when the Trust's right to receive payment is established. Rental income is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term. Royalty income is recognised in accordance with AASB 118 Revenue on an accrual basis in accordance with the substance of the relevant agreement.

(v) Grants and Contributions

Grants and contributions (including donations) are generally recognised as income, when the Trust obtains control over the assets comprising the grants and contributions. Control over grants and contributions is normally obtained when the obligations relating to the receipt have been met and in the case of donations on receipt of cash.

(g) Loans and Receivables

Loans and receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(h) Personnel Services and Other Provisions

i) Personnel Services Arrangements

The Trust and the Department of the Arts, Sport and Recreation (DASR), entered into a Memorandum of Understanding effective from 1 July 2006 which sets out the arrangements for employment and payment of staff working at the Sydney Opera House which are considered employees of DASR. All payments to personnel and related obligations are done in DASR name and ABN and are classified as "Personnel Services" costs in these financial statements.

ii) Personnel Services, Annual Leave, Sick Leave and On-costs

Based on the memorandum and employment agreement with the Department of the Arts, Sport and Recreation, provisions are calculated as part of the personnel services and stated as a liability to the service provider, the Department of the Arts, Sport and Recreation. Provision is made for benefits accrued for personnel services (including non-monetary benefits), and annual leave that fall due wholly within 12 months of the reporting date are recognised and measured on a nominal basis.

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 and fringe benefits tax, which are consequential to the provision of personnel services by the Department of the Arts, Sport and Recreation, are recognised as liabilities and expenses where the personnel services to which they relate, have been recognised.

iii) Personnel Services, Annual Leave, Sick Leave and On-costs

In the financial statements of the Department of the Arts, Sport and Recreation, long service leave is calculated in accordance with AASB 119 Employee Benefits for employees with 5 or more years of service, using current rates of pay. It is measured using an actuarial assessment with reference to the government bond rate of 6.25% to arrive at the reported value and a current liability. The Sydney Opera House Trust reports the equivalent expense and liability in its financial statements to reflect this provision of personnel services.

The superannuation expense for the financial year is determined by using the formulae specified in AASB 119. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the equivalent of employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the equivalent of employees' superannuation contributions.

Prepaid superannuation contributions are recognised as non-current assets in the Balance Sheet of the Department of the Arts, Sport and Recreation as required by AASB 119. Sydney Opera House Trust offsets the same value against the Personnel Services payable to the Department of the Arts, Sport and Recreation provided for under current liabilities.

iv) Other Provisions

Provisions for make good obligations are recognised when the Trust has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measure at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risk specific to the liability.

(i) 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 the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Threshold

Property, plant and equipment costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(k) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Trust revalues each class of property, plant and equipment at least every five years or 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. The last revaluation was completed on 30 June 2006 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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 are separately restated.

For other assets, any balances of accumulated depreciation 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 Income in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus, 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.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(l) Impairment of Property, Plant and Equipment

As a transitional entity, reporting under the not-for-profit guidelines, the impairment testing requirements are modified under AASB 136. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are deemed immaterial.

(m) Intangible Assets

The intangible assets held by Sydney Opera House Trust comprise software for internal use and is recognised at cost.

All intangible assets were assessed for impairment as at 30 June 2007. No intangible assets were found to be impaired.

(n) Depreciation and Amortisation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Software is recognised as an intangible asset having a finite useful life and amortised on a straight line basis over 5 years.

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

(o) Maintenance

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(p) Investments

Financial assets are initially recognised at fair value and the carrying expenses are recorded on the profit or loss, through transaction costs.

The Trust subsequently measures financial assets classified as held for trading at fair value through profit or loss. Gains or losses on these assets are recognised in the Income Statement. Assets intended to be held to maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses on impairment or disposal of these assets are recognised in the Income Statement. Any residual investments that do not fall into any other category are accounted for as available for sale financial assets and measured at fair value directly in equity until disposed or impaired. All financial assets (except those measured at fair value through profit or loss) are subject to annual review for impairment.

Purchases or sales of financial assets under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

(q) Sydney Opera House Appeal Fund

The transactions of the Sydney Opera House Appeal Fund are reported within the Trust's financial report. The objectives, operations and activities of the Fund relate to the appeal for, and receipt of, gifts of money or other property to be used for works and acquisitions of items related to the performing arts and to the production, presentation, publication, promotion, preservation or housing of, or training in the performing and other branches of the arts.

(r) 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 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 Income Statement 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.

Leasehold decommissioning costs have been capitalised and expensed where the Sydney Opera House Trust are contractually bound to restore the leased premises upon lease expiry. The asset and provision for decommissioning costs represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required to restore the leased premises to their original condition. The estimate has been made on the basis of market value on commercially leased property. The unexpired terms of the premises lease range from 2 to 3 years.

(s) **Other Assets**

Other assets are recognised on a cost basis.

(t) **Payables**

These amounts represent liabilities for goods and services provided to the Trust and other amounts, including interest, advance ticket sales and other income in advance. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(u) **Joint Ventures**

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

(v) **Bequests and Special Funds**

The Trust receives donations, the aggregate of these contributions received for the year has been stated as income in the Trust Funds income and expenditure statement in note 13. These incomes provide for expenditure in the current year and in future years. Any incomes unspent in the current year have been carried forward for appropriate expenditure in future years.

(w) **Inventories**

Stores and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business.

(x) **New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective. The impact is not fully known or reasonably estimable.

- AASB 7 Financial Instruments: Disclosure (1 January 2007) and AASB 2005-10 Amendments to Australian Accounting Standards (1 January 2007)
- AASB 8 Operating Segments (1 January 2009) and AASB 2007-3 Amendments to Australian Accounting Standards from AASB 8 (1 January 2009)
- AASB 101 Presentation of Financial Statements (1 January 2007)
- AASB 123 Borrowing Costs (1 January 2009) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
- AASB 1049 Financial Reporting of General Government Sectors by Government (1 July 2008)
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (1 July 2007)
- AASB 2007-5 Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities (1 July 2007)
- Interpretation 4 Determining whether an Arrangement contains a Lease (1 January 2008)

2. INCOME

	2007 \$000	2006 \$000
(a) Sales of goods and services		
Theatre services	8,956	8,326
Venue rentals	6,446	6,713
Production income	13,571	6,315
Guided tours	5,685	4,012
Booking fees and charges	3,383	2,897
Outsourced food and beverage	4,083	3,438
Tourism packages and events	1,223	1,575
Miscellaneous income	1,039	1,499
Outsourced merchandising, licensing & retail	316	316
	44,702	35,091
(b) Investment income		
Interest-Bank	118	85
Interest-Investment	4,731	3,323
	4,849	3,408
(c) Grants and Contributions		
In-kind sponsorship	2,077	1,338
Cash sponsorship	2,202	1,539
Work of art contribution	-	65
Fixed assets contribution	269	-
Cash Donations	474	18
In-kind donations	250	310
Grants other	40	89
	5,312	3,359
(d) Government Contributions Income		
Recurrent		
Annual endowment	13,148	15,565
	13,148	15,565
Capital and Maintenance		
Strategic Asset Maintenance	16,100	39,606
Other Major Projects	9,424	13,108
Major Maintenance Work	25,000	-
	50,524	52,714
	63,672	68,279

Government contributions income received in 2007 includes grants for 2006/07 and the advance receipt of \$41.1m of 2007/08 grants, as follows:

FY 2007	2007 Govt Contributions \$000	2008 Govt Contributions \$000	Total Govt Contributions \$000
Recurrent - Annual Endowment	13,148*	-	13,148
Capital - Strategic Asset Maintenance	-	16,100	16,100
Capital - Other Major Projects	9,424	-	9,424
Capital - Major Maintenance Work	-	25,000	25,000
	22,572	41,100	63,672

* A total endowment grant for 2006/07 of \$14.419m was paid \$1.271m in 2005/06 and \$13.148m in 2006/07.

Government contributions income received in 2006 includes grants for 2005/06 and the advance receipt of \$27.2m of 2006/07 grants, as follows:

FY 2006	2006 Govt Contributions \$000	2007 Govt Contributions \$000	Total Govt Contributions \$000
Recurrent - Annual Endowment	14,294	1,271	15,565
Capital - Strategic Asset Maintenance	19,627	19,979	39,606
Capital - Other Major Projects	7,108	-	7,108
Capital - Western Theatres			
Smoke Management	-	6,000	6,000
	41,029	27,250	68,279

3. EXPENSES

	2007 \$000	2006 \$000
(a) Personnel Services Expenses		
All of the Sydney Opera House's personnel services are provided by the Department of the Arts, Sport and Recreation except for temporary assistance which is included below:		
Salary, wages and allowances (including recreation leave)	29,986	26,092
Penalty rates	3,281	3,134
Superannuation-Defined Benefits	447	539
Superannuation-Defined Contribution	2,291	2,055
Superannuation-Decrease/(Increase) in Prepaid Position	6	293
Payroll tax and fringe benefits tax	2,307	2,011
Overtime	1,104	1,225
Workers compensation insurance	1,412	757
Redundancies	799	1,197
Other Expenses	97	97
	41,730	37,400
Less charged to maintenance	4,517	4,643
	37,213	32,757
(b) Other Expenses		
Artist fees and presentation expenses	9,413	4,386
Fees for services rendered	2,535	3,324
Publicity and advertising	4,970	3,583
Utilities and cleaning	3,544	3,219
Administration expenses	3,542	2,627
Consumables and minor equipment	1,385	1,666
Tourism packages and events	1,023	1,216
Building and general insurance	803	888
Bank and credit card charges	540	508
Training	216	646
Rent payments on operating leases	464	284
Gain/Loss on disposal of fixed assets	180	125
Bad and doubtful debt expense	21	12
Audit fee – audit of financial report	60	52
	28,696	22,536
(c) Maintenance		
Computer hardware maintenance	141	187
Software and network maintenance	330	347
Personnel services maintenance charge	4,517	4,643
Building and equipment repairs and maintenance	9,713	11,949
	14,701	17,126
(d) Depreciation and Amortisation		
Depreciation		
Building and building services	8,945	4,423
Plant and equipment	8,938	5,057
	17,883	9,480
Amortisation		
Intangible Assets	511	318
Provision		
Lease Make Good Expense	67	102
	18,461	9,900

4. TRUSTEES' REMUNERATION

Trustees' remuneration is based on the following rates:

	2007 \$	2006 \$
Chairman	2,465	2,465
Trustees	1,460	1,460

The emoluments paid to the Trustees during the year totalled \$5,919 (\$15,605 in 2005/06). The Trustees resolved to cease being remunerated from 1 January 2007.

5. CASH AND CASH EQUIVALENTS

	2007 \$000	2006 \$000
Cash on hand	42	42
Cash at bank	1,758	365
Hour-Glass cash facilities	57,473	80,406
Short term money market deposits	45,559	-
NSW Treasury Corporation short term investments	113	5,810
	104,945	86,623

6. TRADE AND OTHER RECEIVABLES

Trade receivables	3,478	1,737
Allowance for impairment of receivables	(91)	(70)
Accrued revenue	944	786
Prepayments	436	743
GST input credits	1,312	459
Other receivables	318	171
	6,397	3,826

7. ALLOWANCE FOR IMPAIRMENT OF RECEIVABLES

Transactions on the allowance for impairment of receivables account for the past two years were:

	2007 \$000	2006 \$000
Balance 1 July	(70)	(70)
Allowance for year	(21)	(12)
	(91)	(82)
Less: debts written off	-	12
Balance at 30 June	(91)	(70)

8. INVENTORY

Finished goods - at net realisable	64	-
Total inventory	64	-

9. PROPERTY, PLANT AND EQUIPMENT

	2007 \$000	2006 \$000
Land		
At fair value	75,000	75,000
Land - at fair value	75,000	75,000
Building and building services		
At fair value	1,725,566	1,721,776
Less accumulated depreciation/amortisation	50,285	41,287
Buildings and building services - at fair value	1,675,281	1,680,489
Land and Buildings - at fair value	1,750,281	1,755,489
Plant and Equipment		
At fair value	77,874	75,848
Less accumulated depreciation	39,199	30,679
Plant and equipment - at fair value	38,675	45,169
Collections - works of art - at fair value	4,765	4,765
Work in progress - at fair value	29,744	15,704
Property, plant and equipment - at fair value	1,823,465	1,821,127

Reconciliations

Reconciliation of the fair value of Property, Plant and Equipment are set out below:

2007	Land and Building \$000	Plant and Equipment \$000	Work in Progress \$000	Collections \$000	Total \$000
Fair value at start of year	1,755,489	45,169	15,704	4,765	1,821,127
Additions	1,639	1,801	17,382	-	20,822
Disposals	(21)	(156)	-	-	(177)
Reclassification	2,186	799	(3,342)	-	(357)
Make good	(67)	-	-	-	(67)
Depreciation	(8,945)	(8,938)	-	-	(17,883)
Fair value at end of year	1,750,281	38,675	29,744	4,765	1,823,465

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 2007.

The comparative reconciliation for the year ended 30 June 2006 is set out below:

2006	Land and Building \$000	Plant and Equipment \$000	Work in Progress \$000	Collections \$000	Total \$000
Fair value at start of year	722,484	20,795	20,176	3,396	766,851
Additions	6,778	5,158	4,037	80	16,053
Disposals	(6)	(111)	-	(8)	(125)
Reclassification	7,501	1,008	(8,509)	-	-
Revaluation	1,023,040	23,376	-	1,297	1,047,713
Make good	115	-	-	-	115
Depreciation	(4,423)	(5,057)	-	-	(9,480)
Fair value at end of year	1,755,489	45,169	15,704	4,765	1,821,127

The Building was revalued in 2006 by independent valuers as was plant and equipment and works of art.

Building fabric/structure and internal fit out were revalued by Rider Hunt Pty Ltd in 2006. An independent review of this valuation was completed by the Department of Commerce. The review supported the revaluation amounts.

Plant and equipment and building services were revalued by Hugh Parlane Consulting Pty Ltd in 2006. Collections were revalued by Sue Hewitt in 2006. Land was revalued in 2005 by Property Valuation Services Department of Commerce on the existing use basis.

10. INTANGIBLE ASSETS

	2007 \$000	2006 \$000
Software		
At cost	3,090	2,520
Less accumulated amortisation	1,618	1,114
Total Intangible Assets	1,472	1,406
Reconciliation of the fair value of Intangibles is set out below:		
Intangibles - fair value at start of year	1,406	456
Additions	223	1,268
Reclassification	357	-
Disposals	(3)	-
Depreciation	(511)	(318)
Intangibles - fair value at end of year	1,472	1,406

11. TRADE AND OTHER PAYABLES

	2007 \$000	2006 \$000
CURRENT		
Advance ticket sales	5,213	5,310
Hirers' deposits	318	409
Accrued expenses and other payables	9,220	5,647
Revenue in advance	855	1,199
Owing to personnel service providers	5,676	5,615
	21,282	18,180
NON-CURRENT		
Owing to personnel service providers	658	688
	658	688
Owing to personnel service providers		
Annual leave and leave loading	2,792	2,575
Long service leave - current	3,498	3,853
Redundancy	911	1,495
Prepaid Superannuation	(2,371)	(2,908)
Accrued salaries and wages	611	93
Fringe benefit tax payable	98	1
PAYG Withholding Payable	-	296
Payroll tax payable	137	210
Current - Owing to personnel service providers	5,676	5,615
Long service leave - non current	658	688
Non - Current - Owing to personnel service providers	658	688

Prepaid Superannuation

The funding position at 30 June 2007 in respect of the three defined benefits schemes related to personnel services received, 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	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
SASS	7,340	7,335	7,196	7,109	143	226
SSS	55,517	48,776	53,346	46,180	2,171	2,596
SANCS	1,905	2,014	1,849	1,928	57	86
	64,762	58,125	62,391	55,217	2,371	2,908

Prepaid Superannuation Disclosure Items 30 June 2007

All references are to the July 2006 version of AASB 119.

Accounting policy for recognising actuarial gains/losses - Paragraph 120A (a)

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan - Paragraph 120A (b)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet - Paragraph 120A (c)

Financial Year to 30 June 2007	SASS 2007 \$000	SANCS 2007 \$000	SSS 2007 \$000
Present value of defined benefit obligations	5,525	1,185	28,054
Fair value of plan assets	(7,339)	(1,905)	(55,517)
	(1,814)	(720)	(27,463)
Surplus in excess of recovery available from schemes	1,671	663	25,292
Unrecognised past service cost			
Net (asset)/liability to be disclosed in balance sheet	(143)	(57)	(2,171)

Assets invested in entity or in property occupied by the entity – Paragraph 120A (d) and (f)

All fund assets are invested by STC at arm's length through independent fund managers.

Movement in net asset recognised in balance sheet

Financial Year to 30 June 2007	SASS 2007 \$000	SANCS 2007 \$000	SSS 2007 \$000
Net asset at start of year	(226)	(86)	(2,596)
Net expense recognised in the income statement	83	29	425
Contributions	-	-	-
Net asset to be disclosed in balance sheet	(143)	(57)	(2,171)

Total expense recognised in income statement – Paragraph 120A (g)

Financial Year to 30 June 2007	SASS 2007 \$000	SANCS 2007 \$000	SSS 2007 \$000
Current service cost	231	77	123
Interest on obligation	316	75	1,633
Expected return on plan assets	(543)	(148)	(3,663)
Net actuarial losses (gains) recognised in year	(34)	(45)	(5,042)
Change in surplus in excess of recovery available from scheme	112	70	7,373
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
Total included in "personnel services expense"	82	29	424

Actual return on plan assets – Paragraph 120A (m)

Financial Year to 30 June 2007	SASS 2007 \$000	SANCS 2007 \$000	SSS 2007 \$000
Actual return on plan assets	1,040	271	6,936

Valuation method and principal actuarial assumptions at the reporting date – Paragraph 120A (n)

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2007
Discount rate at 30 June	6.4% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to June 2008; 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

Arrangements for employer contributions for funding – Paragraph AUS 121.1

The following is a summary of the 30 June 2007 financial position of the Fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans.

Financial Year to 30 June 2007	SASS 2007 \$000	SANCS 2007 \$000	SSS 2007 \$000
Accrued benefits	5,474	1,173	25,170
Net market value of fund assets	(7,340)	(1,905)	(55,517)
Net surplus	(1,866)	(732)	(30,347)
Recommended contribution rates for the entity are:	SASS	SANCS	SSS
	Multiple of member contributions	% member salary	Multiple of member contributions
	0.00	0.00	0.00

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted-average assumptions

Expected rate of return on Fund assets	7.7% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of asset/liability – Paragraph AUS 121.2

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

PREPAID SUPERANNUATION DISCLOSURE ITEMS 30 JUNE 2006

All references are to the April 2006 version of AASB 119.

Accounting policy for recognising actuarial gains/losses – Paragraph 120A (a)

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan – Paragraph 120(b)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet – Paragraph 120A (c)

Financial Year to 30 June 2006	SASS 2006 \$000	SANCS 2006 \$000	SSS 2006 \$000
Present value of defined benefit obligations	5,550	1,335	28,261
Fair value of plan assets	(7,335)	(2,014)	(48,776)
Sub total	(1,785)	(679)	(20,515)
Surplus in excess of recovery available from schemes	1,559	593	17,919
Unrecognised past service cost	-	-	-
Net asset to be disclosed in balance sheet	(226)	(86)	(2,596)

Assets invested in entity or in property occupied by the entity – Paragraph 120A (d) and (f)

All fund assets are invested by STC at arm's length through independent fund managers.

Movement in net asset recognised in balance sheet – Paragraph 120(e)

Financial Year to 30 June 2006	SASS 2006 \$000	SANCS 2006 \$000	SSS 2006 \$000
Net asset at start of year	(68)	(83)	(3,631)
Net expense recognised in the income statement	842	147	(115)
Contributions	(1,000)	(150)	1,150
Net asset to be disclosed in balance sheet	(226)	(86)	(2,596)

Total expense recognised in income statement – Paragraph 120A (g)

Financial Year to 30 June 2006	SASS 2006 \$000	SANCS 2006 \$000	SSS 2006 \$000
Current service cost	246	79	205
Interest on obligation	317	71	1,702
Expected return on fund assets	(412)	(124)	(3,267)
Net actuarial gains recognised in year	(718)	(290)	(8,621)
Change in surplus in excess of recovery available from scheme	1,409	410	9,866
Past service cost	-	-	-
Losses/(gains) on curtailments and settlements	-	-	-
Total included in "personnel services expense"	842	146	(115)

Actual return on plan assets – Paragraph 120A (m)

Financial Year to 30 June 2006	SASS 2006 \$000	SANCS 2006 \$000	SSS 2006 \$000
Actual return on plan assets	881	268	6,839

Valuation method and principal actuarial assumptions at the reporting date – Paragraph 120A (n)

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2006
Discount rate at 30 June	5.9% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to 2008 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

Arrangements for employer contributions for funding – Paragraph AUS 121.1

The following is a summary of the 30 June 2006 financial position of the Fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans.

Financial Year to 30 June 2006	SASS 2006 \$000	SANCS 2006 \$000	SSS 2006 \$000
Accrued benefits	5,358	1,270	23,997
Net market value of Fund assets	(7,335)	(2,014)	(48,776)
Net surplus	(1,977)	(744)	(24,779)
Recommended contribution rates for the entity are:	SASS	SANCS	SSS
	Multiple of member contributions	% member salary	Multiple of member contributions
	0.00	0.00	0.00

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets	7.7% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of asset/liability – Paragraph AUS 121.2

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

A contribution holiday was granted in respect of SASS, SSS and SANCS employer contributions during 2006/07. After adjusting for the contribution holiday, the sum of \$5,950 was credited (\$292,745 in 2006 was charged) to personnel service expenses in the Income Statement to reflect the assessment by Pillar Administration of the 2006/07 prepaid contribution amount.

Financial Statements Continued

The 2006/07 recognition of the assessed prepayment resulted in a \$536,979 (\$873,726 in 2005/06) reduction to personnel service expenses in the Income Statement.

12. NON-CURRENT PROVISIONS

	2007 \$000	2006 \$000
Lease make good provisions	338	217
Total non-current provisions	338	217

Reconciliations

Reconciliations of the fair value of Non-Current Provisions is set out below:

	2007 \$000	2006 \$000
Carrying amount at the start of the year	217	-
Additional provision recognised	121	217
Carrying amount at the end of the year	338	217

Under the lease agreements the Trust is required to reinstate the leased premises to the condition they were in at the commencement date.

13. TRUST FUNDS

(a) Annual Giving Program (Fundraising Appeal)

The Sydney Opera House Annual Giving Program's objectives are for the purpose of raising unrestricted operating revenue, focusing on education, performance and access initiatives.

The Trust launched its Annual Giving Fund in March 2007. It is a perpetual fund.

2007	Restricted \$000	Unrestricted \$000	Total \$000
Gross proceeds from fundraising appeals	138	336	474
Interest received on proceeds	-	2	2
Costs of fundraising	-	(94)	(94)
Application of funds	(17)	-	(17)
Net surplus from fundraising	121	244	365

In accordance with the Charitable Fundraising Act 1991, the following details are provided:

Cost of fundraising as a percentage of funds raised (excluding interest) 20%

Net surplus as a percentage of funds raised (excluding interest) 76%

(b) Foster Bequest

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

The balances of the Sydney Opera House Appeal Fund included with the Foster Bequest financial report were:

	2007 \$000	2006 \$000
Interest Income	5	5
Distribution	(5)	(5)
Surplus	-	-

(c) Sydney Opera House Appeal Fund

The Appeal Fund's objectives are:

- To appeal for and receive gifts of money or other property to be used in or towards the construction, beautification, improvement or furnishing of the Sydney Opera House or its environs; and
- To purchase or arrange for the construction of any musical instrument of other equipment of any nature whatsoever to be used in the Sydney Opera House or its environs; and

- To arrange for the acquisition of works of art or other such materials or equipment and to donate or assign the property together with any copyright and/ or rights of reproduction to the Sydney Opera House Trust; and

- To appeal for and receive gifts of money or other property for the production, presentation, publication, promotion, preservation or housing of, or training in any one or more of the following: literature, music, performing arts, visual arts, crafts, design, film, video, television, radio, community arts, Aboriginal arts or moveable cultural heritage.

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

	2007 \$000	2006 \$000
Interest Income	10	8
Distribution	-	-
Surplus	10	8

14. INTEREST IN JOINT VENTURES

The Trust holds an interest in a joint venture. The joint venture has the principal activity of operation of souvenir merchandise shops.

Name of Joint Venture	Ownership Interest	
	2007	2006
Sydney Opera House Retail Joint Venture	75%	75%
	2007 \$000	2006 \$000
Trust share of income	2,246	2,135
Trust share of expense	(1,542)	(1,539)
Trust share of profit	704	596

Movement in Investment in Joint Ventures

	2007	2006
Carrying amount of investment at beginning of the financial year	221	144
Additional investment	-	93
Previous Joint Venture movement	-	(16)
Share of Profit	704	612
Distribution from joint venture entities	(576)	(551)
Undistributed profits as at year end	(128)	(61)
Carrying amount of investment at the end of the financial year	221	221

Share of Assets and Liabilities of Joint Venture Entities

	2007	2006
Current Assets		
Cash	181	309
Prepayments	1	6
Receivables	-	6
Inventory	574	202
Non-current Assets	15	17
Current Liabilities	(444)	(258)
Equity	(327)	(282)
Cash investment	221	221
Net Assets	221	221

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

15. MOVEMENTS IN EQUITY

(a) Changes in accumulated funds

	2007 \$000	2006 \$000
Balance 1 July	243,960	215,546
Surplus	20,168	28,414
Balance 30 June	264,128	243,960

The unspent balance of the Annual Giving Program (refer note 13 (a)) was \$365k of which \$121k is restricted to specific objectives. The unspent balance of the Foster Bequest (refer note 13 (b)) was \$110k (\$110k for 2006) and the unspent balance of the Sydney Opera House Appeal Fund (refer note 13 (c)) was \$158k (\$148k for 2006).

(b) Changes in Asset Revaluation and Hedge Reserve

	Asset Revaluation Reserve		Hedge Reserve		Total	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Balance 1 July	1,650,158	602,445	63	-	1,650,221	602,445
Hedge Reserve	-	-	(63)	63	(63)	63
Increments on revaluation	-	1,047,713	-	-	-	1,047,713
Balance 30 June	1,650,158	1,650,158	-	63	1,650,158	1,650,221

The Hedge Reserve represents the unrealised gains/(losses) on forward foreign exchange contracts.

The Revaluation Reserve represents gains/(losses) arising on the revaluation of property, plant and equipment.

16. COMMITMENTS

(a) Goods and Services

Goods and services contracted for at 30 June but not recognised as liabilities is as follows:

	2007 \$000	2006 \$000
Payable:		
Within one year	9,468	10,588
Later than one year and not later than five years	475	-
Later than five years	-	-
Total including GST	9,943	10,588

Goods and services contracted for at year end are of a general business nature. The commitments include input tax credits of \$887,140 recoverable from the Australian Taxation Office (\$961,156 for 2006).

(b) Capital commitments

Capital expenditures contracted for at 30 June but not recognised as liabilities is as follows:

	2007 \$000	2006 \$000
Payable:		
Within one year	4,442	4,374
Later than one year and not later than five years	3,316	-
Later than five years	-	-
Total including GST	7,758	4,374

Capital commitments contracted for at year end relate to building development projects. The commitments include input tax credits of \$641,739 recoverable from the Australian Taxation Office (\$298,515 for 2006).

(c) Leases

Leases contracted for at 30 June but not recognised as liabilities is as follows:

	2007 \$000	2006 \$000
Payable:		
Within one year	1,046	423
Later than one year and not later than five years	2,816	491
Later than five years	-	-
Total including GST	3,862	914

The commitments include input tax credits of \$351,124 recoverable from the Australian Taxation Office (\$83,149 for 2006).

17. CONTINGENT LIABILITIES

There are no contingent liabilities.

18. CONTRIBUTION OF ASSETS RECEIVED AT NO COST OR AT NOMINAL COST

The Trust received the following asset contributions:

	2007 \$000	2006 \$000
Works of Art	-	65
Fixed Assets	269	-

19. PAYMENTS TO CONSULTANTS

In the year ending 30 June 2007, consultants were paid a total of \$1,014,941 (\$911,363 in 2006).

20. FINANCIAL INSTRUMENTS

The classes of financial instruments included in the Trust's financial report are set out below along with the terms, conditions and accounting policies applicable to these instruments as at 30 June 2007.

(a) 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 5.25% per annum (4.75% in 2006).

Hour-Glass Investment Facilities

The Trust has short term investments in (New South Wales Treasury Corporation's) TCorp's Hour-Glass investment facilities. The Trust's investments are represented by a number of units in a cash facility. The deposits have varying maturity dates. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Trust's investments are:

	2007 \$000	2006 \$000
Cash Facility	57,473	80,406

The trustees consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2006: net fair value).

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial Statements Continued

- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

Transaction costs are included in the determination of net fair value.

The return for the year was 6.41% (5.69% in 2006).

Authority Deposits

The Trust has placed funds on deposit with TCorp and Citibank. TCorp has been rated "AAA" and Citibank "AA" 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 and Citibank is negotiated initially and is fixed for the term of the deposit.

	2007 Carrying Amount \$000	2007 Net Fair Value \$000	2006 Carrying Amount \$000	2006 Net Fair Value \$000
Less than one year	45,672	45,672	5,810	5,810

The deposits at balance date were earning an average interest rate of 6.65% (5.74% in 2006), while over the year the average interest rate was 6.16% (5.66% in 2006).

(b) Receivables

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

(c) Payables

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers are settled in thirty days. If payment terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign Currency Risk Management

The Trust undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts to manage risk.

Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated purchase transaction takes place.

The following table details the forward foreign currency hedge contracts outstanding as at reporting date:

Foreign Currency Forward Contracts	Exchange Rate AUD to Euro		Forward Rate Liability		Contract Value (at expiry)		Fair Value (asset)	
	2007	2006	2007	2006	2007	2005	2007	2006
€380,000 (Euro)								
Forward rate	- .6192	-	614	-	604	-	-	-
€380,000 (Euro)								
spot rate at FY end	- .5852	-	-	-	-	-	-	649
€312,590 (Euro)								
Forward rate	- .6177	-	506	-	497	-	-	-
€312,590 (Euro)								
spot rate at FY end	- .5852	-	-	-	-	-	-	534
Total			1,120	-	1,101	-	-	1,183

As at reporting date the aggregate amount of unrealised gain on forward foreign exchange contracts relating to anticipated future transactions is

\$nil (2006: \$63,000). In the prior year, these unrealised gains have been deferred in the hedging reserve to the extent the hedge is effective.

In the prior year The Sydney Opera House Trust entered into contracts for the purchase of €380,000 (expiry 30 August 2006) and €312,590 (expiry 27 September 2006). The entity entered into forward foreign exchange contracts for a specific performance to hedge the exchange rate risk arising from the anticipated future transaction. The transaction occurred in 2006/07 and was reflected in the Income Statement for this period.

22. AFTER BALANCE DATE EVENTS

There are no after balance date events.

23. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of surplus from ordinary activities to net cash flows from operating activities.

	2007 \$000	2006 \$000
Surplus	20,168	28,414
Depreciation and amortisation	18,461	9,798
Capital –sponsorship & in-kind donations	(714)	(440)
Net loss on sale of plant and equipment	180	125
Increase in allowance for impairment of receivables	21	12
(Decrease)/ increase in payables	(1,630)	3,413
(Increase)/ decrease in receivables	(953)	769
(Increase) in inventories	(64)	-
NET CASH FROM OPERATING ACTIVITIES	35,469	42,091

(b) 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 Balance Sheet (see note 5)

	2007 \$000	2006 \$000
Cash and cash equivalents	104,945	86,623

END OF AUDITED FINANCIAL REPORT

BUDGET

FIRST DETAILED BUDGET FOR THE YEAR ENDING 30 JUNE 2007

INCOME	\$000
Theatre services	10,345
Venue rentals	7,458
Production revenue	11,228
Guided tours	5,994
Booking fees & charges	3,091
Outsourced Food & Beverage	3,515
Tourism packages and events	2,020
Miscellaneous revenue	669
Outsourced Merchandising, licensing & retail	314
Investment Revenue	3,552
In-kind sponsorship	647
Cash sponsorship	3,425
Total from operations	52,258
Government grants	
Annual endowment	14,419
Strategic Asset Maintenance	19,979
Venue Improvement Programme	9,424
Smoke Mgt upgrade	6,000
Total government grants	49,882
TOTAL	102,080

EXPENDITURE	\$000	\$000
Personnel Services	40,033	
Less charged to maintenance	5,181	
Sub total Personnel Services		34,852
Maintenance		16,011
Artist Fees and presentation expenses		10,810
Fees for services rendered		2,768
Publicity and advertising		4,248
Utilities and cleaning		3,446
Administration expenses		3,263
Consumables and minor equipment		1,462
Tourism packages and events		1,940
Building and general insurance		1,000
Bank and credit card charges		542
Training		406
Rent payments on operating leases		604
Audit fee – audit of financial report		65
TOTAL		81,416
Deficit before Depreciation		20,664
Depreciation and amortisation		17,647
Deficit after Depreciation		3,017
Share of net profits from joint venture		961
Deficit from Ordinary Activities		3,978

OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2008

INCOME	\$000	
Revenue from operations		
Sale of goods and services	37,685	
Investment Revenue	3,529	
Other revenue	14,371	
Sub total (excl Joint Venture)	55,584	
Government grants		
Annual Endowment	14,274	
Strategic Asset Maintenance	23,039	
Sub total	37,313	
TOTAL	92,897	
EXPENDITURE	\$000	\$000
Personnel Services	43,001	
Less charged to maintenance	5,316	
Sub total Personnel Services		37,685
Other Expenses		29,672
Maintenance		19,179
TOTAL		86,535
Surplus before Depreciation		6,362
Depreciation and amortisation		19,838
Surplus after Depreciation		(13,476)
Share of net profits from joint venture		886
Surplus from Ordinary Activities		(12,590)