

Financials

Financials

The overall group contribution is a loss for the year of \$8.7m. This comprises a contribution from general operations of \$1.5m and a net profit of \$7.7m from building maintenance and development offset by a depreciation expense of \$17.9m.

Sydney Opera House actively prioritises general operations activities to ensure that it has adequate cash reserves to maintain and sustain operations. Over 2008/09 the general operating cash flow was \$0.8m. The key elements of this were the 2008/09 general operations \$1.5m contribution offset by investment in capital assets of \$0.7m. The strong general operating contribution benefited from cost control across all areas of the business and a deliberate deferral in discretionary investment, in order to mitigate the economic downturn. Expenditure on building maintenance and development was funded by government grants with any profit or loss due to timing issues.

Preservation of adequate cash reserves has allowed general operating activities to cope, thus far, with fluctuations in commercial and fundraising activities as a result of the economic downturn, as well as manage risks associated with around the clock building operations. General operating cash reserves at \$8.5m are not considered large, they represent 10% of operating revenue and are immaterial in terms of \$1.8 billion in Sydney Opera House net assets and the uncertainty in global markets in the near future.

General Operations

Operating revenues were able to grow by 5% or \$4.1m on the prior year: Key reasons for this include:

- Programming revenue increased by 26% or \$3.7m due to growth in Sydney Opera House Presents activities both in terms of performances and attendees. The results were assisted by \$1.4m received from Events NSW on behalf of the NSW Government for *Luminous*, part of Vivid Sydney, a Sydney wide mid-year festival;
- Tourism revenues grew by 8% primarily due to an increase in the average price of tours; and
- Fundraising revenues grew by 31% or \$1.2m due to growth in non cash contra sponsorship.

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

- Overall 1,677 performances were presented to an audience of 1,241,763, a decrease of 2% over the prior year;
- Our four Resident Companies presented 551 performances covering opera, music, ballet and theatre to audiences of 629,317, a decrease of 7.6%; and
- Sydney Opera House itself presented 746 performances, covering a wide range of genre to audiences of 336,541, an increase of 11% over the prior year.

Expenditure on Sydney Opera House programming activities increased to \$22.2m with a net cost, after related production income of \$4.2m.

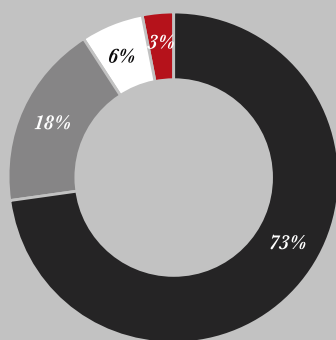
Building Development & Maintenance

The Other Activities profit of \$7.7m includes recognition of \$30.4m of Building Maintenance Government grants. In 2008/09 maintenance expenditure totalled \$32.7m – of which \$11.9m was capitalised. Significant progress was made in undertaking a number of high priority maintenance projects in 2008/09 including an upgrade of the Concert Hall Grand Organ's electronic control system, bronze cleaning and restorations works and lift upgrades.

This year building development continued, the Venue Improvement Programme capital funding (part of a \$69m package of funding approved by NSW Government in 2001/02) achieved substantial completion of the Accessibility and Western Foyers Project. Refer page 26.

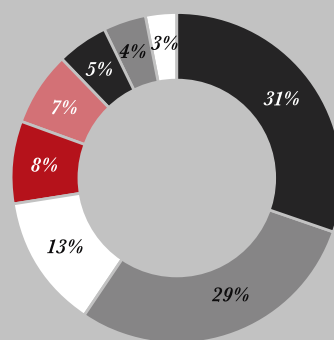
| | 2009 \$000 | 2008 \$000 |
|---|-----------------|-----------------|
| Operating Activities | | |
| <i>Revenues</i> | | |
| Operating revenues | 66,930 | 62,841 |
| Government endowment | 14,406 | 14,424 |
| | 81,336 | 77,265 |
| <i>Expenses</i> | | |
| Operating expenses | (79,823) | (73,226) |
| Operating Profit before Depreciation and other activities | 1,513 | 4,039 |
| Depreciation expense | (17,884) | (17,801) |
| Other Activities | | |
| <i>Revenues</i> | | |
| Maintenance grants | 30,428 | 6,939 |
| Asset related adjustment revenue | 1,671 | 3,299 |
| Increase in prepaid superannuation | 750 | 184 |
| Restricted donations revenues | 209 | 164 |
| | 33,058 | 10,586 |
| <i>Expenses</i> | | |
| Building refurbishment & maintenance expenses | (24,696) | (16,109) |
| Asset related adjustment expense | (420) | (10,899) |
| Restricted donations expense | (271) | (138) |
| | (25,387) | (27,146) |
| Other Activities Profit/(Loss) | 7,671 | (16,560) |
| Surplus/(Deficit) for year, as per Audited Financial Report Income Statement | (8,700) | (30,323) |

**Sources of funding for
operating activities 2008/09**



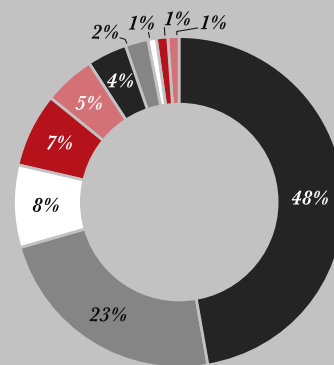
| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| Self-generated – commercial & recoveries | 59,169 | 55,977 |
| Endowment | 14,406 | 14,424 |
| Self-generated fundraising | 5,179 | 3,940 |
| Interest | 2,582 | 2,924 |

**Commercial revenue sources
2008/09**



| | 2009 \$000 | 2008 \$000 |
|-------------------------------|---------------|---------------|
| Programming | 18,001 | 14,329 |
| Venue rental & recoveries | 17,409 | 17,465 |
| Tourism Services | 7,830 | 7,259 |
| Food & Beverage | 4,511 | 4,629 |
| Ticketing Services | 4,342 | 3,935 |
| Front of House | 2,806 | 2,755 |
| Business Development & Retail | 2,643 | 2,669 |
| Other revenue & recoveries | 1,627 | 2,936 |

Operating expenses 2008/09



| | 2009 \$000 | 2008 \$000 |
|--------------------------------------|---------------|---------------|
| Personnel expenses | (38,443) | (38,372) |
| Presentations | (18,065) | (13,022) |
| Marketing | (6,316) | (5,186) |
| Facility expenses | (5,636) | (5,544) |
| Administration | (3,970) | (4,381) |
| Fees for Services | (3,089) | (2,217) |
| Merchandising (incl. joint ventures) | (1,680) | (1,726) |
| Repairs & Maintenance | (566) | (614) |
| Tourism | (1,037) | (1,041) |
| Other | (1,022) | (1,123) |

Financial Statements

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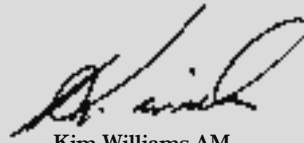
Sydney Opera House Trust

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

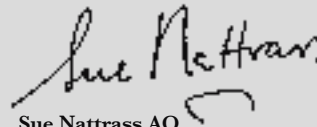
Pursuant to Section 41C of the Public Finance and Audit Act, 1983, and in accordance with a resolution of the Sydney Opera House Trust, we being members of the Trust, state that:

1. In our opinion, the accompanying financial report exhibit a true and fair view of the financial position of the Sydney Opera House Trust as at 30 June 2009, 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.

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



Sue Natrass AO
Member, Risk Management Committee

SYDNEY
1 OCTOBER 2009



GPO BOX 12
SYDNEY NSW 2001

Independent Auditor's Report Sydney Opera House Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Sydney Opera House Trust (the Trust), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Trust as at 30 June 2009, and its financial performance 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.

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

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) and the PF&A Act. This responsibility includes establishing and maintaining internal controls 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 controls relevant to the Trust'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 Trust's internal controls. 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.

Independence

In conducting this audit, the Audit Office of New South Wales 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

Steven Martin
Director, Financial Audit Services

13 October 2009
SYDNEY

BEGINNING OF AUDITED FINANCIAL REPORT

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$'000 | 2008 \$'000 |
|---|-----------|----------------|-----------------|
| Income | | | |
| Sale of goods and services income | 3(a) | 50,030 | 49,527 |
| Share of net profits for joint ventures accounted for using the equity method | 18 | 410 | 607 |
| Investment income | 3(b) | 4,299 | 6,231 |
| Grants and contributions | 3(c) | 7,043 | 4,088 |
| Government contributions income | 3(d) | 44,834 | 21,363 |
| Total Income | | 106,616 | 81,816 |
| Expenses | | | |
| Personnel services expense | 4(a) | 38,016 | 39,054 |
| Other expenses | 4(b) | 34,475 | 39,316 |
| Maintenance expense | 4(c) | 24,941 | 15,968 |
| Depreciation and amortisation expense | 4(d) | 17,884 | 17,801 |
| Total expenses | | 115,316 | 112,139 |
| Deficit for the year | 19 | (8,700) | (30,323) |

The accompanying notes form part of this financial report

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$'000 | 2008 \$'000 |
|--|------|-----------------|-----------------|
| Loss on revaluation of property, fabric and internal fit-out | 19 | (63,291) | - |
| Losses on cash flow hedges recognised directly in Equity | 8,19 | (143) | (7) |
| Net (loss)/income recognised directly in equity | | (63,434) | (7) |
| Deficit for the period | 19 | (8,700) | (30,323) |
| Total recognised income and expense for the year | | (72,134) | (30,330) |

Effect of Correction of Prior Period Errors

| | | 2008 \$'000 |
|--|----|-----------------|
| Deficit for the period as reported in 2008 | | (19,643) |
| Correction of Prior Period Error | 25 | (10,680) |
| Restated deficit for the period | | (30,323) |

The accompanying notes form part of this financial report

BALANCE SHEET

AS AT 30 JUNE 2009

| | NOTE | 2009 \$'000 | 2008 \$'000 |
|--|------|------------------|------------------|
| ASSETS | | | |
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | 6 | 60,310 | 75,303 |
| Trade and other receivables | 7 | 4,805 | 4,437 |
| Prepayments | | 1,587 | 2,852 |
| GST Receivable | | 1,652 | 1,452 |
| Derivatives used for hedging | 8 | 1,096 | 373 |
| Inventory | 9 | 82 | 93 |
| Total Current Assets | | 69,532 | 84,510 |
| <i>Non-Current Assets</i> | | | |
| Property, plant and equipment | 10 | 1,760,897 | 1,809,403 |
| Intangible assets | 11 | 688 | 1,029 |
| Investment accounted for using equity method | 18 | 221 | 221 |
| Total Non-Current Assets | | 1,761,806 | 1,810,653 |
| Total Assets | | 1,831,338 | 1,895,163 |
| LIABILITIES | | | |
| <i>Current Liabilities</i> | | | |
| Trade and other payables | 12 | 11,433 | 8,227 |
| Deferred Revenue | 13 | 9,005 | 6,767 |
| Payables - Personnel Service providers | 14 | 9,866 | 8,120 |
| Provisions | 15 | 152 | - |
| Derivative financial instruments | 8 | 1,239 | 380 |
| Total Current Liabilities | | 31,695 | 23,494 |
| <i>Non-Current Liabilities</i> | | | |
| Payables – Personnel Service providers | 14 | 957 | 704 |
| Provisions | 15 | 251 | 403 |
| Total Non-Current Liabilities | | 1,208 | 1,107 |
| Total Liabilities | | 32,903 | 24,601 |
| Net Assets | | 1,798,435 | 1,870,562 |
| EQUITY | | | |
| Accumulated funds | 19 | 212,500 | 220,412 |
| Reserves | 19 | 1,585,935 | 1,650,150 |
| Total Equity | | 1,798,435 | 1,870,562 |

The accompanying notes form part of this financial report

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$'000 | 2008 \$'000 |
|---|-----------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| <i>Receipts</i> | | | |
| Receipts from operations | | 59,003 | 67,374 |
| Interest received | | 3,879 | 6,235 |
| Cash flows from Government | | 44,834 | 21,363 |
| Total Receipts | | 107,716 | 94,972 |
| <i>Payments</i> | | | |
| Payments to suppliers and personnel service providers | | (90,498) | (97,494) |
| Total payments | | (90,498) | (97,494) |
| Net Cash inflows/(outflows) from operating activities | 24 | 17,218 | (2,522) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (32,211) | (27,120) |
| Net Cash outflows from investing activities | | (32,211) | (27,120) |
| Net decrease in cash and cash equivalents | | (14,993) | (29,642) |
| Cash and cash equivalents at the beginning of the financial year | | 75,303 | 104,945 |
| Cash and cash equivalents at the end of the financial year | 6 | 60,310 | 75,303 |

The accompanying notes form part of this financial report

SYDNEY OPERA HOUSE TRUST NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

*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 required to use the not for profit accounting standards.

This financial report for the year ended 30 June 2009 has been authorised for issue by the Sydney Opera House Trust on 22 September 2009.

(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 Accounting Standards (which include Australian Accounting Interpretations), 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 methods used for measuring fair value are discussed further below.

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.

(c) Statement of Compliance

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

(d) Insurance

The Trust's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(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.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(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 revenue when the Trust obtains control over the assets. Control over Government contributions is obtained upon the receipt of cash.

(ii) Sale of Goods

Revenue 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 Services

Revenue 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 revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Rental revenue 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) Assets

(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

The minimum value of an asset, or group of parts or components of an asset to be capitalised is \$5,000.

(iii) 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 2009 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.

(iv) Impairment of Property, Plant & 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.

(v) Intangible Assets

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The useful lives of intangible assets are assessed to be finite. The Trust's software is amortised on a straight line basis over 3-5 years.

All intangible assets were assessed for impairment as at 30 June 2009. No intangible assets were found to be impaired.

(vi) 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 depreciable 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.

Land is not a depreciable asset. The Sydney Opera House building and the artwork collection are considered to be heritage assets with an extremely long useful life. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

Depreciation rates are shown hereunder:

| Category of Assets | Rate of Depreciation % |
|--|------------------------|
| Building services | 10.0, 20.0 & 33.3 |
| Computer hardware | 10.0, 20.0 & 33.3 |
| Computer software | 20.0 & 33.3 |
| Plant and equipment | 10.0, 20.0 & 33.3 |
| Forklifts and Vehicle | 10 |
| Grand Organ | 1 |
| Amortisation of leasehold improvements | 20.0 & 33.3 |

(vii) Maintenance

The costs of day-to-day servicing 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.

(viii) 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 trustees' 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 3.5 years.

(ix) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(x) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Cost is assigned to individual items of inventory using the weighted average cost method.

(xi) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value and the carrying expenses are recorded on the profit or loss through transaction costs.

The Trust determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss. The Trust subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term.

The Hour-Glass Investment Facilities (other than the Hour Glass Cash facility) are designated at fair value through profit or loss using the second leg of the fair value option – i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Trust's key management personnel.

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.

Held to maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the agency has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.

Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

Purchases or sales of investments 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 to purchase or sell the asset. The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, 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. The amount of the impairment loss is recognised in the operating statement. When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the operating statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the operating statement.

Any reversals of impairment losses are reversed through the operating statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the agency's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) Derivative Financial Instruments

The Trust holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially recognised at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as below.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedge instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

(xv) Other Assets

Other assets are recognised on a cost basis.

(h) Personnel Services and Other Provisions

(i) Personnel Services Arrangements

The Trust and the Department of 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) Long Service Leave and Superannuation

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 5.4% 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 NSW Treasury guidelines. 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.

(i) Other Liabilities

(i) 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.

(ii) Other Provisions

Other provisions 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 can be reliably estimated.

Provisions are measured 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.

(j) 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.

(k) Fundraising and Bequests

The Trust receives donations and manages bequests. The incomes provide for expenditure in the current year and in future years. The transactions are reported within the Trust's financial report. Amounts unspent in any year are carried forward for appropriate expenditure in future years. Details are provided in the notes to these financial statements.

(l) Comparative Information

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(m) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective.

- AASB 8 Operating Segments (1 January 2009) and AASB 2008-3 Amendments to Australian Accounting Standards from AASB 8 (1 January 2009) - introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Trust's 30 June 2010 reporting period will require the disclosure of segment information based on internal reports reviewed by the Trust Chief Operating Decision Maker in order to assess each segment's performance and allocate resources to them. As the Trust is currently completing an organisational restructure, and updating management reporting accordingly, it has not yet determined the final segment information that will be reported under the management approach.
- AASB 101 Presentation of Financial Statements (1 January 2009) and AASB 2008-8 Amendments to Australian Accounting Standard arising from AASB 101 (1 January 2009) - introduces as a financial statement the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 becomes mandatory for the Trust's 30 June 2010 reporting period. The Trust has not yet determined the potential effect of the revised standard on the Trust's disclosures.
- AASB 123 Borrowing Costs (1 January 2009) and AASB 2008-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009) - removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 becomes mandatory for the Trust's 30 June 2010 reporting period. As the Trust does not have any borrowings the revised standard is not currently expected to have an effect on the Trust's financial report.
- AASB 1049 Financial Reporting of General Government Sectors by Government (1 July 2009) requires that the whole-of-government and general government sector (GGS) financial report must be prepared on a harmonised Government Finance Statistics (GFS)/Accounting Standard (GAAP) basis. The revised AASB 101 becomes mandatory for reporting periods commencing on or after 1 July 2009. However, the revised standard only impacts on the whole of government and GGS, and does not currently impact individual public sector entities, such as the Trust.
- AASB 2007-9 Amendments to Australian Accounting Standard arising from the review of AASs 27, 29 & 31 (1 July 2009) relocates certain requirements from AAS 27, AAS 29 and AAS 31 into existing topic-based Standards and also makes consequential amendments. The Standard clarifies that for-profit government departments are outside the scope of both AASB 8 Operating Segments and AASB 114 Segment Reporting and may not always be able to comply with IFRSs. The Trust is a not-for-profit government department, and does not expect to be impacted by these revisions.

2. Financial Risk Management

The Trust has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

These financial instruments arise directly from Sydney Opera House Trust's operations or are required to finance the Trust's operations. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

This note presents information about the Trust's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included as appropriate, throughout the financial report.

The Risk Management Committee of the Trust has overall responsibility for the establishment and oversight of the risk management framework and agrees policies for managing risks. Compliance with policies is reviewed by the internal auditors and the Risk Management Committee on a continuous basis. The chair of the Risk Management Committee is an independent member of the Trust, and the committee regularly reports to the Trust on its activities.

A regular business risk assessment is undertaken to identify and analyse the risks faced by the Trust, to determine appropriate controls and monitoring mechanisms, and formulate the internal audit program. Internal Audit undertakes both regular and ad hoc reviews of management controls and procedures, the results of which are reported to the Risk Management Committee. In addition the Risk Management Committee seeks reports of management on a range of risk management activities.

(a) Credit Risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the financial assets of the Trust, including cash, receivables and authority deposits held through the normal course of business. The Trust's maximum exposure to credit risk is represented by the carrying amount of the financial assets (net of any allowance for impairment).

(i) Trade and Other Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. The Trust has raised an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables, based on objective evidence that all amounts due will not be able to be collected. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

(ii) Other Financial Assets

Credit risk associated with the Trust's financial assets, other than receivables, is managed through setting investment limits and limiting investments to counterparties that have investment grade credit ratings from major credit rating agencies. Authority deposits held with NSW TCorp are guaranteed by the State. TCorp deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. The Trust has also placed funds on deposit with major banks, having regard to the rating provided by Standard & Poors. Bank deposits are for fixed terms, and the interest rate payable is negotiated initially and is fixed for the term of the deposit. The interest rate payable on at call deposits vary. None of these assets are past due or impaired.

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.

(b) Liquidity Risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Trust holds no loan facilities and during the current and prior years, there were no instances of bank overdrafts. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns. The Trust's exposures to market risk is primarily through currency risk on purchases that are denominated in a currency other than Australian Dollars and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The interest rate risk is not expected to significantly impact the operating results and financial position. The Trust does not enter into commodity contracts.

(d) Currency Risk

The Trust is exposed to currency risk on purchases made in currencies other than Australian Dollars. The currencies in which these transactions are primarily denominated are Euro, GBP, DKK, CAD and USD. The Trust fully hedges any substantial future foreign currency purchases when contracted. The Trust uses forward exchange contracts to hedge its currency risk, with maturity dates on the same dates as the contracted payments.

(e) Other Price Risk – TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Trust has no direct equity investments. The Trust holds units in the TCorp Hour-Glass Cash Facility comprising of Cash and money market instruments of up to 2 years.

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily. NSW TCorp as trustee for the facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities (other than the Hour Glass cash facility, which is included as cash) are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

3. Income

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| (a) Sale of goods and services | | |
| Production | 16,145 | 14,081 |
| Theatre services | 10,717 | 10,404 |
| Venue rentals | 6,736 | 7,097 |
| Tourism | 7,837 | 7,214 |
| Outsourced food and beverage | 4,114 | 4,132 |
| Booking fees and charges | 3,153 | 3,652 |
| Miscellaneous | 827 | 2,654 |
| Outsourced merchandising, licensing & retail | 501 | 293 |
| | 50,030 | 49,527 |
| (b) Investment income | | |
| Interest from financial assets not at fair value through profit or loss | 4,299 | 6,231 |
| | 4,299 | 6,231 |
| (c) Grants and contributions | | |
| In-kind sponsorship | 2,618 | 1,896 |
| Cash sponsorship | 1,513 | 1,386 |
| Cash donations | 601 | 536 |
| In-kind donations | 761 | 250 |
| Grants other | 1,550 | 20 |
| | 7,043 | 4,088 |
| (d) Government contributions income | | |
| Recurrent | | |
| Annual endowment | 14,406 | 14,424 |
| | 14,406 | 14,424 |
| Capital and Maintenance | | |
| Strategic asset maintenance | 30,428 | 6,939 |
| | 30,428 | 6,939 |
| | 44,834 | 21,363 |

4. Expenses

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| (a) Personnel services expenses | | |
| All of the Sydney Opera House's personnel services are provided by the Department of Arts, Sport and Recreation except for temporary assistance which is included below: | | |
| Salary, wages and allowances (including recreation leave) | 34,960 | 32,483 |
| Penalties & Overtime | 4,188 | 4,282 |
| Superannuation – defined contribution plans | 2,652 | 2,453 |
| Superannuation – defined benefit plans* | 435 | 411 |
| Superannuation – increase in prepaid position | (750) | (184) |
| Payroll tax and fringe benefits tax | 2,440 | 2,323 |
| Workers compensation insurance | 139 | 923 |
| Redundancies | 267 | 708 |
| Other expenses | 67 | 98 |
| | 44,398 | 43,497 |
| Less: charged to maintenance | 6,382 | 4,443 |
| | 38,016 | 39,054 |
| *These are provided free of charge by DASR and a corresponding amount is also shown in income as grants and contributions | | |
| (b) Other expenses | | |
| Artist fees and presentation expenses | 11,150 | 7,861 |
| Publicity and advertising | 6,291 | 5,175 |
| Utilities and cleaning | 3,965 | 3,733 |
| Administration expenses | 3,363 | 3,367 |
| Consumables and minor equipment | 2,344 | 2,511 |
| Fees for services rendered | 3,236 | 2,197 |
| Tourism packages and events | 1,009 | 1,041 |
| Building and general insurance | 1,080 | 879 |
| Bank and credit card charges | 850 | 651 |
| Rent payments on operating leases | 698 | 960 |
| Assets written off | 53 | 10,744 |
| Loss on disposal of fixed assets | 367 | 127 |
| Bad and doubtful debt expense | - | (6) |
| Audit fee – audit of financial report | 69 | 76 |
| | 34,475 | 39,316 |
| (c) Maintenance | | |
| Computer hardware maintenance | 224 | 131 |
| Software and network maintenance | 486 | 417 |
| Building and equipment repairs and maintenance | 17,849 | 10,977 |
| | 18,559 | 11,525 |
| Plus: Personnel services maintenance charge | 6,382 | 4,443 |
| | 24,941 | 15,968 |

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| (d) Depreciation, amortisation and make good | | |
| <i>Depreciation</i> | | |
| Building and building services | 8,978 | 9,019 |
| Plant and equipment | 8,194 | 8,174 |
| | 17,172 | 17,193 |
| <i>Amortisation</i> | | |
| Intangible assets | 441 | 443 |
| Amortisation of leasehold improvements | 218 | 88 |
| | 659 | 531 |
| <i>Provision</i> | | |
| Lease Make Good expense | 53 | 78 |
| | 17,884 | 17,801 |

5. Trustees' Remuneration

No emoluments were paid to the Trustees during the year (2008: Nil).

6. Cash and Cash Equivalents

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Cash at bank and on hand | 5,491 | 4,127 |
| Hour-Glass cash facility | 203 | 31,486 |
| Short term deposits | 54,500 | 39,574 |
| NSW Treasury Corporation short term investments | 116 | 116 |
| | 60,310 | 75,303 |
| Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the year to the Cash Flow Statement as follows: | | |
| Cash and cash equivalents | 60,310 | 75,303 |

Refer note 16 for details regarding interest rate risk and a sensitivity analysis for financial assets and liabilities.

7. Trade and Other Receivables

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Trade receivables | 1,170 | 1,506 |
| Allowance for impairment of receivables | (85) | (85) |
| Accrued Income | 772 | 815 |
| Prepaid Superannuation | 2,322 | 2,075 |
| Other receivables | 626 | 126 |
| | 4,805 | 4,437 |

Refer note 16 for details regarding exposure to credit and currency risk and impairment losses related to trade and other receivables.

8. Derivatives Used for Hedging

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 | Forward Rate (liability) \$'000 | | Fair Value (asset) \$'000 | |
|------------------------------------|---------------------------------|------------|---------------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Euro | 235 | 380 | 209 | 373 |
| GBP | 786 | - | 698 | - |
| DKK | 36 | - | 30 | - |
| USD | 87 | - | 77 | - |
| CAD | 95 | - | 82 | - |
| Total | 1,239 | 380 | 1,096 | 373 |

The Sydney Opera House Trust entered into contracts for the purchase of various currencies which expire within 4 months after year end. The Trust enter into forward foreign exchange contracts to cover foreign currency payments due on future performances.

As at reporting date the aggregate amount of unrealised loss on forward foreign exchange contracts relating to anticipated future transactions is \$143k (2008: \$7k). In the current year, these unrealised losses have been deferred in the hedging reserve to the extent the hedge is effective.

9. Inventory – Held for Distribution

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Finished goods – at cost adjusted for obsolescence | 82 | 93 |
| Total inventory | 82 | 93 |

10. Property, Plant and Equipment

| | 2009 \$'000 | 2008 \$'000 |
|--|------------------|------------------|
| Land | | |
| At fair value | 75,000 | 75,000 |
| Land – at fair value | 75,000 | 75,000 |
| Building and building services | | |
| Gross carrying amount | 1,663,516 | 1,727,133 |
| Less: accumulated depreciation and impairment | 68,289 | 59,387 |
| Buildings and building services – at fair value | 1,595,227 | 1,667,746 |
| Land and buildings – at fair value | 1,670,227 | 1,742,746 |
| Plant and equipment | | |
| Gross carrying amount | 77,159 | 77,410 |
| Less: accumulated depreciation and impairment | 53,821 | 46,818 |
| Plant and equipment – at fair value | 23,338 | 30,592 |
| Collections – works of art – at fair value | 5,124 | 4,757 |
| Work in progress – at fair value | 62,208 | 31,308 |
| Property, plant and equipment – at fair value | 1,760,897 | 1,809,403 |

Financial Statements continued

Reconciliation

Reconciliation of the fair value of property, plant and equipment are set out below:

| 2009 | Land and building \$'000 | Plant and equipment \$'000 | Work in progress \$'000 | Collection \$'000 | Total \$'000 |
|-------------------------------|-----------------------------|-------------------------------|----------------------------|----------------------|------------------|
| Fair value at start of year | 1,742,746 | 30,592 | 31,308 | 4,757 | 1,809,403 |
| Additions | - | 229 | 32,519 | - | 32,748 |
| Disposals & write offs | (249) | (161) | (10) | - | (420) |
| Reclassification | 633 | 872 | (1,609) | 4 | (100) |
| Revaluation | (63,654) | - | - | 363 | (63,291) |
| Make good | (53) | - | - | - | (53) |
| Depreciation | (9,196) | (8,194) | - | - | (17,390) |
| Fair value at year end | 1,670,227 | 23,338 | 62,208 | 5,124 | 1,760,897 |

Building fabric, structure and internal fit out were revalued by independent valuers as was the Art collection.

Building fabric, structure and internal fit out were revalued by Rider Levett Bucknall NSW Pty Ltd in 2009. The Art Collection was revalued by Sue Hewitt in 2009. Both of these reviews support the revalued amounts.

Land, plant & equipment and building services were not revalued in 2009. Carrying values are supported by a Land revaluation in 2005 by Valuer General from Department of Lands on the existing use basis. Plant and equipment and building services were revalued by Hugh Parlane Consulting Pty Ltd in 2006.

The value of work in progress represents capital works not completed at 30 June 2009.

The comparative reconciliation for the year ended 30 June 2008 is set out below:

| 2008 | Land and building \$'000 | Plant and equipment \$'000 | Work in progress \$'000 | Collection \$'000 | Total \$'000 |
|-------------------------------|-----------------------------|-------------------------------|----------------------------|----------------------|------------------|
| Fair value at start of year | 1,750,281 | 38,675 | 16,351 | 4,765 | 1,810,072 |
| Additions | 1,020 | 160 | 26,381 | 1 | 27,561 |
| Disposals & write offs | (50) | (69) | (10,744) | (8) | (10,871) |
| Reclassification | 680 | - | (680) | - | - |
| Make good | (78) | - | - | - | (78) |
| Depreciation | (9,107) | (8,174) | - | - | (17,281) |
| Fair value at year end | 1,742,746 | 30,592 | 31,308 | 4,757 | 1,809,403 |

11. Intangible Assets

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Software | | |
| At cost (gross carrying amount) | 3,190 | 3,090 |
| Less: accumulated amortisation and impairment | 2,502 | 2,061 |
| Net carrying amount | 688 | 1,029 |

Reconciliation

Reconciliation of the fair value of Intangibles is set out below:

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Intangibles - Fair value at start of year | 1,029 | 1,472 |
| Reclassification | 100 | - |
| Amortisation | (441) | (443) |
| Intangibles - Fair value at end of year | 688 | 1,029 |

12. Trade and Other Payables

| | 2009 \$'000 | 2008 \$'000 |
|------------------|----------------|----------------|
| Trade creditors | 5,940 | 3,538 |
| Accrued expenses | 5,319 | 4,608 |
| Other payables | 174 | 81 |
| | 11,433 | 8,227 |

Refer note 16 for details regarding exposure to currency and liquidity risk related to trade and other payables.

13. Deferred Revenue

| | 2009 \$'000 | 2008 \$'000 |
|----------------------|----------------|----------------|
| Advance ticket sales | 6,455 | 4,860 |
| Hirers' deposits | 633 | 1,021 |
| Income in advance | 1,917 | 886 |
| | 9,005 | 6,767 |

14. Payables – Personnel Services Providers

| | 2009 \$'000 | 2008 \$'000 |
|----------------------------------|----------------|----------------|
| CURRENT | | |
| Annual leave and leave loading | 3,212 | 2,748 |
| Long service leave - current | 4,628 | 3,890 |
| Redundancy | 496 | 628 |
| Accrued salaries and wages | 1,074 | 648 |
| Fringe benefit tax payable | 139 | 65 |
| PAYG Withholding Payable | 317 | (2) |
| Payroll tax payable | - | 143 |
| | 9,866 | 8,120 |
| NON-CURRENT | | |
| Long service leave – non-current | 957 | 704 |
| | 957 | 704 |

Prepaid Superannuation

The funding position at 30 June 2009 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 | |
|-------|---------------------------------|---------------|-------------------|---------------|-----------------------|--------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| SASS | 6,091 | 6,799 | 6,024 | 6,683 | 67 | 116 |
| SSS | 43,513 | 50,356 | 41,292 | 48,440 | 2,221 | 1,916 |
| SANCS | 1,396 | 1,710 | 1,362 | 1,667 | 34 | 43 |
| | 51,000 | 58,865 | 48,678 | 56,790 | 2,322 | 2,075 |

15. Provisions

| | 2009 \$'000 | 2008 \$'000 |
|---|-------------|-------------|
| CURRENT | | |
| Lease make good provision | 152 | - |
| Total Non-Current Provisions | 152 | - |
| NON-CURRENT | | |
| Lease make good provision | 251 | 403 |
| Total Non-Current Provisions | 251 | 403 |
| Total Provisions | 403 | 403 |
| Reconciliations | | |
| Reconciliations of the fair value of Non-Current Provisions is set out below: | | |
| Carrying amount at the start of the year | 403 | 338 |
| Additional provision recognised | - | 65 |
| Carrying amount at the end of the year | 403 | 403 |

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

16. Financial Instruments

| Financial Instrument Categories | | Carrying Amount 2009 | Carrying Amount 2008 |
|--|----------------------------------|----------------------|----------------------|
| Note | Category | \$'000 | \$'000 |
| Financial Assets¹ | | | |
| | Cash & cash equivalents | 60,310 | 75,303 |
| | Trade & other receivables | 2,687 | 2,363 |
| | Derivatives used for hedging | 1,096 | 373 |
| Financial Liabilities² | | | |
| | Trade & other payables | 11,637 | 8,227 |
| | Derivative financial instruments | 1,239 | 380 |

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(a) Credit Risk

Exposure to credit risk

The carrying amount of the Trust's financial assets represents the maximum credit exposure. The Trust's maximum exposure to credit risk at reporting date was:

| | Note | 2009 \$'000 | 2008 \$'000 |
|---|------|---------------|---------------|
| Cash & cash equivalents | 6 | 60,310 | 75,303 |
| Trade & other receivables | 7 | 2,687 | 2,363 |
| Forward exchange contracts used for hedging | 8 | 1,096 | 373 |
| | | 64,093 | 78,039 |

Cash & cash equivalents

Cash comprises cash on hand and bank balances with Commonwealth Bank. 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 2.00% per annum (6.25% in 2008). The TCorp Hour Glass cash facility is discussed in note 16 (c) below.

The Trust has placed funds on deposit with TCorp, Bankwest, NAB, Westpac and St. George. The deposits at balance date were earning an average interest rate of 4.03% (7.29% in 2008), while over the year the average interest rate was 5.99% (7.00% in 2008).

Trade & Other Receivables

Trade and other receivables include trade receivables, other receivables and accrued income, yet to be invoiced.

The Trust's maximum exposure to credit risk for trade receivables at the reporting date by business segment was:

| | Carrying Amount | |
|-------------------------------|-----------------|--------------|
| | 2009 \$'000 | 2008 \$'000 |
| Tourism activities | 247 | 213 |
| Sponsorship | 44 | 42 |
| Venue Hire & related services | 274 | 316 |
| Commercial partners | 296 | 179 |
| Other | 240 | 671 |
| | 1,101 | 1,421 |

Impairment Losses

The aging of the Trust's trade receivables at reporting date was:

| 2009 | Total \$,000 | Not Impaired \$'000 | Considered Impaired \$'000 |
|-----------------------|--------------|---------------------|----------------------------|
| Not past due | 1,075 | 1,075 | - |
| < 3 months past due | 56 | 25 | 31 |
| 3 - 6 months past due | 5 | - | 5 |
| > 6 months past due | 50 | 1 | 49 |
| | 1,186 | 1,101 | 85 |

| 2008 | Total \$,000 | Not Impaired \$'000 | Considered Impaired \$'000 |
|-----------------------|--------------|---------------------|----------------------------|
| Not past due | 1,335 | 1,335 | - |
| < 3 months past due | 104 | 84 | 20 |
| 3 - 6 months past due | 8 | 2 | 6 |
| > 6 months past due | 59 | - | 59 |
| | 1,506 | 1,421 | 85 |

Financial Statements continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| | 2009 \$'000 | 2008 \$'000 |
|---------------------------|----------------|----------------|
| Balance at 1 July | (85) | (91) |
| Allowance for year | - | 6 |
| | (85) | (85) |
| Less: debts written off | - | - |
| Balance at 30 June | (85) | (85) |

Based on historic default rates, the Trust believes that no impairment allowance is necessary in respect of trade receivables not past due.

The allowance account in respect of trade receivables is used to record impairment losses unless the Trust is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

(b) Liquidity Risk

The following are contractual maturities of financial liabilities:

| 2009 | Carrying Amount \$'000 | Contractual Cash Flows \$'000 | 6 months or less \$'000 |
|--|---------------------------|----------------------------------|----------------------------|
| Non-derivative financial liabilities | | | |
| Trade and other payables | 11,637 | (11,637) | (11,637) |
| Derivative financial liabilities | | | |
| Forward exchange contracts used for hedging: | | | |
| Outflow | (1,239) | (1,239) | (1,239) |
| Inflow | 1,239 | 1,239 | 1,239 |
| | 11,637 | (11,637) | (11,637) |

| 2008 | Carrying Amount \$'000 | Contractual Cash Flows \$'000 | 6 months or less \$'000 |
|--|---------------------------|----------------------------------|----------------------------|
| Non-derivative financial liabilities | | | |
| Trade and other payables | 8,227 | (8,227) | (8,227) |
| Derivative financial liabilities | | | |
| Forward exchange contracts used for hedging: | | | |
| Outflow | (380) | (380) | (380) |
| Inflow | 380 | 380 | 380 |
| | 8,227 | (8,227) | (8,227) |

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur; and the effect on profit or loss.

| 2009 | Carrying Amount | Contractual Cash Flows | 6 months or less |
|------------------------------------|-----------------|------------------------|------------------|
| Foreign Exchange contracts: | | | |
| Assets | 1,096 | 1,239 | 1,239 |
| Liabilities | (1,239) | (1,239) | (1,239) |
| | (143) | - | - |

| 2008 | Carrying Amount | Contractual Cash Flows | 6 months or less |
|------------------------------------|-----------------|------------------------|------------------|
| Foreign Exchange contracts: | | | |
| Assets | 373 | 380 | 380 |
| Liabilities | (380) | (380) | (380) |
| | (7) | - | - |

(c) Market Risk

The Trust's exposure to market risk is primarily through currency risk on purchases that are denominated in a currency other than Australian Dollars and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities.

The Trust's exposure to interest rate risk (other than that impacting the TCorp Hour Glass Cash facility price, as set out below) is limited to cash at bank. The impact of a 1% change in interest rate for cash at bank is set out below:

| | Change in Interest Rate | Impact on Profit/Loss | |
|--------------|-------------------------|-----------------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 |
| Cash at Bank | +/- 1% | 56 | 42 |

Other price risk – TCorp Hour Glass facilities.

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment Facilities, which are held for strategic rather than trading purposes. The Trust has no direct equity investments. The Trust holds units in the following Hour Glass investment trusts:

| Facility | Investment Sector & Horizon | Change in Unit Price | Impact on Profit/Loss | |
|--------------------------|--|----------------------|-----------------------|----------------|
| | | | 2009 \$'000 | 2008 \$'000 |
| Hour Glass Cash facility | Cash, money market instruments up to 1.5 yrs (pre 30 June up to 2 yrs) | +/- 1% | 2 | 315 |

There is no impact on equity in relation to the cash facility. The return on the Hour Glass cash facility for the year was 5.36% (6.82% in 2008).

(d) Currency Risk

Exposure to currency risk

The Trust's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

| 2009 | Euro \$'000 | GBP \$'000 | USD \$'000 | DKK \$'000 | CAD \$'000 |
|-----------------------------|----------------|---------------|---------------|---------------|---------------|
| Trade & other payables | - | - | - | - | - |
| Forward exchange contracts* | 235 | 786 | 87 | 36 | 95 |
| Net exposure | 235 | 786 | 87 | 36 | 95 |

* The forward exchange contracts relate to future forecast payments.

| 2008 | Euro \$'000 | GBP \$'000 | USD \$'000 |
|----------------------------|-------------|------------|------------|
| Trade & other payables | 280 | 22 | 13 |
| Forward exchange contracts | 380 | - | - |
| Net exposure | 660 | 22 | 13 |

Sensitivity Analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

| | 2009 | | 2008 | |
|------|------------------|--------------------------|------------------|--------------------------|
| | Equity \$'000 | Profit or Loss \$'000 | Equity \$'000 | Profit or Loss \$'000 |
| Euro | 21 | - | (6) | 25 |
| GBP | 72 | - | - | 2 |
| USD | 8 | - | - | 1 |
| DKK | 3 | - | - | - |
| CAD | 9 | - | - | - |
| | 113 | - | (6) | 28 |

A 10 percent weakening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

| | 2009 | | 2008 | |
|------|------------------|-----------------------------|------------------|-----------------------------|
| | Equity \$'000 | Profit or Loss \$'000 | Equity \$'000 | Profit or Loss \$'000 |
| Euro | (26) | - | 7 | (31) |
| GBP | (87) | - | - | (2) |
| USD | (10) | - | - | (1) |
| DKK | (4) | - | - | - |
| CAD | (11) | - | - | - |
| | (138) | - | 7 | (34) |

(e) Fair Value

Fair value versus carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments. The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

| | 2009 | | 2008 | |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
| | Carrying Amount \$'000 | Fair Value \$'000 | Carrying Amount \$'000 | Fair Value \$'000 |
| Trade & Other receivables | 2,687 | 2,687 | 2,362 | 2,362 |
| Cash & cash equivalents | 60,310 | 60,310 | 75,303 | 75,303 |
| Forward exchange contracts used for hedging: | | | | |
| - Assets | 1,096 | 1,096 | 373 | 373 |
| - Liabilities | (1,239) | (1,239) | (380) | (380) |
| Trade & other payables | (11,637) | (11,637) | (8,227) | (8,227) |
| | 51,217 | 51,217 | 69,431 | 69,431 |

17. Trust Funds

(a) Annual Giving Program (Fundraising Appeal)

The Sydney Opera House Annual Giving Program was established to raise funds for the following activities:

- Outstanding Live Performance – Bringing the world's best performers to our stages,
- Youth and Education Programs – Developing programs for young people and families,
- Community and Access Projects – Ensuring accessible programs and price points for all our events,
- Preservation of Utzon's vision – Supporting the ongoing vitality of Sydney Opera House as the creative and cultural flagship of Australia.

Restricted gifts are also accepted in certain circumstances - generally when the gift is substantial and is given to fund a new initiative.

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

| | Restricted | | Unrestricted | | Total | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Gross proceeds from fundraising appeals | 190 | 141 | 436 | 395 | 626 | 536 |
| Interest received on proceeds | 13 | 5 | 26 | 12 | 39 | 17 |
| Costs of fundraising | - | - | (355) | (308) | (355) | (308) |
| Net surplus from fundraising | 203 | 146 | 107 | 99 | 310 | 245 |
| Application of funds | (266) | (133) | - | (244) | (266) | (377) |
| Balance to/(from) accumulated funds | (63) | 13 | 107 | (145) | 44 | (132) |

The following ratios are provided in relation to the cost of fundraising:

| | 2009 | 2008 |
|--|------|------|
| Cost of fundraising as a percentage of funds raised (excluding interest) | 53% | 57% |
| Net surplus as a percentage of funds raised (excluding interest) | 47% | 43% |

The cost of fundraising as a percentage of funds raised (excluding interest) over the life to date of the fund is 46.3% (2008: 39.8%).

(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 transactions relating to the Foster Bequest included within the Sydney Opera House Trust's financial report were:

| | 2009 \$'000 | 2008 \$'000 |
|-----------------|----------------|----------------|
| Interest income | 6 | 8 |
| Distribution | (5) | (5) |
| Surplus | 1 | 3 |

(c) Sydney Opera House Appeal Fund

Sydney Opera House Annual Giving Program has been established and the Appeal Fund money has been transferred to enable better management of those funds. In particular the funds have been directed to support the "Preservation and Development" objective of the Annual Giving Program as this objective is consistent with the Appeal Fund charter.

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

| | 2009 \$'000 | 2008 \$'000 |
|-----------------|----------------|----------------|
| Interest income | - | 11 |
| Expenditure | - | - |
| Surplus | - | 11 |

18. 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.

| Ownership Interest | | |
|---|------|------|
| Name of Joint Venture | 2009 | 2008 |
| Sydney Opera House Retail Joint Venture | 75% | 75% |

Share of Income and Expense of Joint Entities

| | 2009 \$'000 | 2008 \$'000 |
|------------------------------|----------------|----------------|
| Trust share of income | 2,090 | 2,333 |
| Trust share of expense | (1,680) | (1,726) |
| Trust share of profit | 410 | 607 |

Movement in Investment in Joint Ventures

| | | |
|---|------------|------------|
| Carrying amount of investment at beginning of financial year | 221 | 221 |
| Share of profit | 410 | 607 |
| Distribution from joint venture entities | (353) | (494) |
| Undistributed profits as at year end | (57) | (113) |
| Carrying amount of investment at the end of the financial year | 221 | 221 |

Share of Assets and Liabilities of Joint Venture Entities

| | 2009 \$'000 | 2008 \$'000 |
|---------------------|----------------|----------------|
| Cash | 168 | 108 |
| Receivables | 15 | - |
| Inventory | 292 | 524 |
| Non-current Assets | 7 | 12 |
| Current Liabilities | (122) | (296) |
| Equity | (360) | (348) |
| 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.

19. Movements in Equity

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Changes in accumulated funds | | |
| Balance at 1 July | 220,412 | 250,735 |
| Revaluation movements on disposal of assets | 788 | - |
| Deficit | (8,700) | (30,323) |
| Balance 30 June | 212,500 | 220,412 |

The unspent balance of the Annual Giving Program (refer note 17(a)) was \$444k of which \$238k is restricted to specific objectives. The unspent balance of the Foster Bequest (refer note 17(b)) was \$117k (\$116k for 2008) and the unspent balance of the Sydney Opera House Appeal Fund (refer note 17(c)) was \$0k (\$168k for 2008).

Changes in Asset Revaluation and Hedge Reserve

| | Asset Revaluation Reserve | | Hedge Reserve | | Total | |
|------------------------|---------------------------|------------------|----------------|----------------|------------------|------------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Balance 1 July | 1,650,157 | 1,650,157 | (7) | - | 1,650,150 | 1,650,157 |
| Recognised | (788) | - | 7 | - | (781) | - |
| Revaluation | (63,291) | - | - | - | (63,291) | - |
| Hedge Reserve | - | - | (143) | (7) | (143) | (7) |
| Balance 30 June | 1,586,078 | 1,650,157 | (143) | (7) | 1,585,935 | 1,650,150 |

The Hedge Reserve represents the unrealised losses on forward foreign exchange contracts. The Asset Revaluation Reserve represents net increments arising on the revaluation of building fabric, structure and internal fit out and the art collection.

20. Commitments

(a) Other expenditure commitments

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

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Payable: | | |
| Within one year | 11,263 | 11,053 |
| Later than one year and not later than five years | 460 | 5,801 |
| Later than five years | - | - |
| Total including GST | 11,723 | 16,854 |

Goods and services contracted for at year end are of a general business nature. The commitments include input tax credits of \$1,064k recoverable from the Australian Taxation Office (\$1,525k for 2008).

(b) Capital commitments

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

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Payable: | | |
| Within one year | 8,808 | 15,167 |
| Later than one year and not later than five years | - | 2,396 |
| Later than five years | - | - |
| Total including GST | 8,808 | 17,563 |

Capital commitments contracted for at year end relate to building development projects. The commitments include input tax credits of \$797k recoverable from the Australian Taxation Office (\$1,567k for 2008).

(c) Leases

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

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Payable: | | |
| Within one year | 664 | 758 |
| Later than one year and not later than five years | 1,148 | 1,745 |
| Later than five years | - | - |
| Total including GST | 1,812 | 2,503 |

The commitments include input tax credits of \$165k recoverable from the Australian Taxation Office (\$228k for 2008).

21. Contingent Liabilities

There are no contingent liabilities (Nil at 30 June 2008).

22. Payments to Consultants

In the year ending 30 June 2009, consultants were paid a total of \$190k (\$424k in 2008).

23. After Balance Date Events

There are no after balance date events (Nil at 30 June 2008).

24. Notes to the Statement of Cash Flows

Reconciliation of surplus of net cash flows from operating activities

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Deficit for the year | (8,700) | (30,323) |
| Depreciation, amortisation and make good | 17,884 | 17,801 |
| Capital – sponsorship & in-kind donations | (537) | (355) |
| Net loss on sale of plant and equipment and assets written off | 420 | 10,871 |
| Decrease in allowance for impairment of receivables | - | (6) |
| Increase/(decrease) in payables | 7,332 | (790) |
| Decrease in receivables | 808 | 309 |
| Decrease/(increase) in inventories | 11 | (29) |
| Net cash flow from operating activities | 17,218 | (2,522) |

25. Disclosure of Prior Period Errors

Material errors relating to expenditure posted to the Work In Progress Asset Account were discovered in the current reporting period.

Recurrent expenditure incorrectly capitalised of \$10,680k should have been expensed in 2008 and expenditure of \$13,393k should have been expensed in periods prior to 2008. Comparative amounts for the prior periods have been restated in accordance with AASB108.

For errors originating in 2008, the comparative amounts have been restated. For errors occurring prior to 2008, opening balances of assets and equity have been restated. The Financial Statement lines affected are outlined below.

Amount of the correction and Financial Statement lines affected

| | Previously Stated | Correction | Restated |
|------------------------------------|-------------------|------------|----------------|
| Note | 2008 \$'000 | \$'000 | 2008 \$'000 |
| Other expenses | 28,636 | 10,680 | 39,316 |
| Total expenses | 101,459 | 10,680 | 112,139 |
| Deficit for the period | (19,643) | (10,680) | (30,323) |
| Property, plant and equipment | 1,833,476 | (24,073) | 1,809,403 |
| Total non-current assets | 1,834,726 | (24,073) | 1,810,653 |
| Total assets | 1,917,161 | (24,073) | 1,893,088 |
| Net assets | 1,894,635 | (24,073) | 1,870,562 |
| Accumulated funds at year end 2008 | 244,485 | (24,073) | 220,412 |
| Total equity | 1,894,635 | (24,073) | 1,870,562 |

END OF AUDITED FINANCIAL REPORT

BUDGET

FIRST DETAILED BUDGET FOR THE YEAR ENDED 30 JUNE 2009

| INCOME | \$000 |
|---|----------------|
| Revenue from Operations | |
| Theatre Services | 20,492 |
| Production | 17,248 |
| Tourism | 8,600 |
| Food and Beverage | 4,525 |
| Ticketing | 3,905 |
| Investment | 3,692 |
| Cash Sponsorship | 1,716 |
| Contra Sponsorship | 1,788 |
| Miscellaneous | 989 |
| Retail | 140 |
| Total from operations | 63,095 |
| Government Grants | |
| Annual Endowment | 14,406 |
| Strategic Asset Maintenance | 30,428 |
| Total Government Grants | 44,834 |
| Total | 107,929 |
| EXPENDITURE | \$000 |
| Personnel Services | 44,346 |
| Less charged to Maintenance | (5,801) |
| Sub total Personnel Services | 38,545 |
| Maintenance | 20,188 |
| Arts and Presentation | 15,544 |
| Marketing | 6,343 |
| Administration | 4,690 |
| Utilities | 4,200 |
| Fees for Services | 2,259 |
| Consumables and Minor Equipment | 2,051 |
| Tourism | 1,178 |
| Insurance | 1,121 |
| Rent | 1,090 |
| Bank Related Fees | 491 |
| Training | 378 |
| Audit Fee External | 65 |
| Total | 98,143 |
| Surplus before depreciation | 9,786 |
| Depreciation and amortisation | 16,859 |
| Deficit after depreciation | (7,073) |
| Share of net profits from joint venture | 822 |
| Deficit from ordinary activities | (6,251) |

OUTLINE BUDGET FOR THE YEAR ENDING 30 JUNE 2010

| INCOME | \$000 |
|---|-----------------|
| Revenue from operations | |
| Sale of goods and services | 56,736 |
| Other | 4,899 |
| Investment | 994 |
| Sub total (excl joint venture) | 62,629 |
| Government Grants | |
| Annual Endowment | 14,462 |
| Strategic Asset Maintenance | 29,013 |
| Total Government Grants | 43,475 |
| Total | 106,104 |
| EXPENDITURE | \$000 |
| Personnel Services | 43,902 |
| Less charged to Maintenance | (6,405) |
| Sub total Personnel Services | 37,497 |
| Other | 39,371 |
| Maintenance | 23,469 |
| Total | 100,337 |
| Surplus before depreciation | 5,768 |
| Depreciation and amortisation | 21,860 |
| Deficit after depreciation | (16,092) |
| Share of net profits from joint venture | 716 |
| Deficit from ordinary activities | (15,375) |