

AUSTRALIAN SPORTS COMMISSION

STATEMENT BY DIRECTOR AND CHIEF EXECUTIVE

FOR THE YEAR ENDED 30 JUNE 2005

In our opinion, the attached financial statements for the Australian Sports Commission for the year ended 30 June 2005 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Commission will be able to pay its debts as and when they become due and payable.

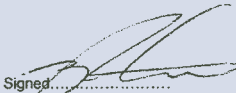
This Statement is made in accordance with a resolution of the directors.



Signed.....

P BARTELS  
Chairman

25 August 2005



Signed.....

M PETERS  
Chief Executive

25 August 2005



Signed.....

L FORDHAM  
Chief Finance Officer

25 August 2005

AUSTRALIAN SPORTS COMMISSION  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>REVENUE</b>			
<i>Revenues from ordinary activities</i>			
Revenue from Government	5A	145,794	125,592
Goods and services	5B	17,653	19,500
Interest	5C	2,681	1,792
Revenue from sale of assets	6E	4,479	1,065
		<u>170,606</u>	<u>147,949</u>
<i>Revenues from ordinary activities</i>			
<b>EXPENSE</b>			
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>			
Employees	6A	41,509	34,057
Suppliers	6B	38,368	34,867
Depreciation and amortisation	6C	9,659	8,840
Grants	6D	70,702	66,296
Value of assets sold	6E	4,780	1,287
		<u>165,018</u>	<u>145,347</u>
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>			
<i>Borrowing Costs Expense</i>	6F	<u>379</u>	<u>68</u>
<i>Operating surplus from ordinary activities</i>			
		<u>5,209</u>	<u>2,534</u>
<i>Net Profit</i>			
		<u>5,209</u>	<u>2,534</u>
Net credit/(debit) to asset revaluation reserve		<u>(712)</u>	23,728
<i>Total revenues, expenses and valuation adjustments recognised directly in equity</i>			
		<u>4,497</u>	<u>26,262</u>
<i>Total changes in equity other than those resulting from transactions with the Australian Government as owner</i>			
		<u>4,497</u>	<u>26,262</u>

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN SPORTS COMMISSION  
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	7A	44,665	28,608
Receivables	7B	4,105	4,002
Loans	7C	<u>4,250</u>	<u>4,335</u>
<b>Total financial assets</b>		<u>53,020</u>	<u>36,945</u>
<b>Non-financial assets</b>			
Land and buildings	8A, 8C	125,500	126,519
Infrastructure, plant and equipment	8B, 8C	11,787	11,235
Intangibles	8C, 8D	818	751
Inventories	8E	986	1,275
Other non-financial assets	8F	<u>4,718</u>	<u>926</u>
<b>Total non-financial assets</b>		<u>143,809</u>	<u>140,706</u>
<b>Total assets</b>		<u>196,829</u>	<u>177,651</u>
<b>LIABILITIES</b>			
<b>Interest bearing liabilities</b>			
Loans	9B	4,000	4,000
Other interest bearing liabilities	9A	<u>-</u>	<u>120</u>
<b>Total interest bearing liabilities</b>		<u>4,000</u>	<u>4,120</u>
<b>Provisions</b>			
Employees	10A	<u>9,420</u>	<u>8,517</u>
<b>Total provisions</b>		<u>9,420</u>	<u>8,517</u>
<b>Payables</b>			
Suppliers	11A	6,998	5,739
Revenue in advance	11B	<u>2,383</u>	<u>1,376</u>
<b>Total payables</b>		<u>9,381</u>	<u>7,115</u>
<b>Total liabilities</b>		<u>22,801</u>	<u>19,752</u>
<b>NET ASSETS</b>		<u>174,028</u>	<u>157,899</u>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Contributed equity	12	111,617	99,985
Reserves	12	65,778	66,490
Accumulated deficits	12	<u>(3,367)</u>	<u>(8,576)</u>
<b>Total parent entity interest</b>		<u>174,028</u>	<u>157,899</u>
<b>Total equity</b>		<u>174,028</u>	<u>157,899</u>
<b>Current assets</b>		54,738	33,870
<b>Non-current assets</b>		142,091	143,781
<b>Current liabilities</b>		13,752	10,356
<b>Non-current liabilities</b>		9,049	9,396

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN SPORTS COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>OPERATING ACTIVITIES</b>			
<i>Cash received</i>			
Appropriations		145,794	125,592
Sales of goods and services			
Government		3,836	3,208
Non-government		16,481	15,277
Interest		2,648	1,807
GST received from ATO		9,102	9,290
<b>Total cash received</b>		<b>177,861</b>	<b>155,174</b>
<i>Cash used</i>			
Employees		40,606	33,536
Suppliers		43,038	37,150
Grants		78,481	73,136
<b>Total cash used</b>		<b>162,125</b>	<b>143,822</b>
<b>Net cash from operating activities</b>	13	<b>15,736</b>	<b>11,352</b>
<b>INVESTING ACTIVITIES</b>			
<i>Cash received</i>			
Proceeds from sales of property, plant and equipment		4,927	1,139
Proceeds from loans		35	72
<b>Total cash received</b>		<b>4,962</b>	<b>1,211</b>
<i>Cash used</i>			
Purchase of property, plant and equipment		16,273	6,271
<b>Total cash used</b>		<b>16,273</b>	<b>6,271</b>
<b>Net cash from/(used by) investing activities</b>		<b>(11,311)</b>	<b>(5,060)</b>
<b>FINANCING ACTIVITIES</b>			
<i>Cash received</i>			
Appropriations - contributed equity		11,632	-
Proceeds from loans		-	4,000
<b>Total cash received</b>		<b>11,632</b>	<b>4,000</b>
<i>Cash used</i>			
Payment of loan		-	4,000
<b>Total cash used</b>		<b>-</b>	<b>4,000</b>
<b>Net cash from financing activities</b>		<b>11,632</b>	<b>-</b>
<b>Net increase in cash held</b>		<b>16,057</b>	<b>6,292</b>
Cash at the beginning of the reporting period		28,608	22,316
<b>Cash at the end of the reporting period</b>	7	<b>44,665</b>	<b>28,608</b>

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN SPORTS COMMISSION

SCHEDULE OF COMMITMENTS

AS AT 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>BY TYPE</b>			
<i>Capital commitments</i>			
Land and buildings <sup>1</sup>		23,414	5,014
<b>Total capital commitments</b>		<b>23,414</b>	<b>5,014</b>
<i>Other commitments</i>			
Operating leases		946	0
Other commitments <sup>2</sup>		67,310	57,210
<b>Total other commitments</b>		<b>68,256</b>	<b>57,210</b>
<b>Commitments Receivable</b>		<b>(8,888)</b>	<b>(5,657)</b>
<b>Net commitments by type</b>		<b>82,782</b>	<b>56,567</b>
<b>BY MATURITY</b>			
<i>Capital Commitments</i>			
One year or less		22,391	2,924
From one to five years		1,023	2,090
Over five years		0	0
<b>Total Capital Commitments</b>		<b>23,414</b>	<b>5,014</b>
<i>Operating Lease Commitments</i>			
One year or less		663	0
From one to five years		283	0
Over five years		0	0
<b>Total Operating Lease Commitments</b>		<b>946</b>	<b>0</b>
<i>Other Commitments</i>			
One year or less		64,930	56,673
From one to five years		2,380	537
Over five years		0	0
<b>Total Other Commitments</b>		<b>67,310</b>	<b>57,210</b>
<i>Commitments receivable</i>			
One year or less		-8,384	-5,418
From one to five years		-504	-239
Over five years		0	0
<b>Total Commitments Receivable</b>		<b>-8,888</b>	<b>-5,657</b>
<b>Net Commitments by Maturity</b>		<b>82,782</b>	<b>56,567</b>

NB: Commitments are GST inclusive where relevant

<sup>1</sup> Outstanding contractual payments for building under construction

<sup>2</sup> As at 30 June 2005, other commitments comprise amounts payable under grants agreements in respect of which the recipient is yet to either perform the services required or meet eligibility conditions and services contracts; and other contracts for service in progress.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN SPORTS COMMISSION

SCHEDULE OF CONTINGENCIES

AS AT 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>Claims for Damages/Costs</b>			
Balance from previous period		120	120
New		50	
Re-measurement			
Liabilities crystallized			
Obligations expired			
<b>Total contingent liabilities</b>	14	<u>170</u>	<u>120</u>

Details of each class of contingent liabilities and assets, including those not disclosed above because they cannot be quantified or are considered remote, are shown in Note 14: Contingent Liabilities

The above schedule should be read in conjunction with the accompanying notes.

**AUSTRALIAN SPORTS COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

<i>Note</i>	<i>Description</i>
1	Summary of significant accounting policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006
3	Economic dependency
4	Events occurring after reporting date
5	Operating revenues
6	Operating expenses
7	Financial assets
8	Non-financial assets
9	Interest bearing liabilities
10	Provisions
11	Payables
12	Analysis of Equity
13	Cash flow reconciliation
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**AUSTRALIAN SPORTS COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of Accounting**

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies Orders (Financial Statements for the reporting periods ending on or after 30 June 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Board; and
- Urgent Issues Group Abstracts.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of the Commission.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14).

Revenues and expenses are recognised in the Commission's Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

**1.2 Rounding**

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- Remuneration of commissioners;
- Remuneration of officers (other than commissioners); and
- Remuneration of auditors.

**1.3 Revenue**

The revenues described in this Note are revenues relating to the core operating activities of the Commission.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract to provide the service. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

#### *Revenues from Government - Output Appropriations*

The full amount of the appropriation for outputs for the year is recognised as revenue.

#### *Resources Received Free of Charge*

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

### **1.4 Transactions by the Government as Owner**

#### *Equity Injections*

Amounts appropriated by the Parliament as equity injections are recognised as 'contributed equity' in accordance with the Finance Minister's Orders.

### **1.5 Employee Benefits**

#### *Employee Benefits*

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also to be measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

#### *Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Commission is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The superannuation component of the leave liability is included at Note 10B.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2005. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

#### *Separation and redundancy*

Provision is made for separation and redundancy benefit payments.

#### *Superannuation*

Employees of the Commission are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course

The Commission makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Commission's employees

The liability for superannuation recognised as at 30 June is included in the salary accrual and represents outstanding contributions for the final fortnight of the year.

#### **1.6 Borrowing Costs**

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

#### **1.7 Grants**

Most grant agreements require the grantee to perform services or provide facilities, or to meet eligibility criteria. In these cases, liabilities are recognised only to the extent that the services required have been performed or the eligibility criteria have been satisfied by the grantee. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing of the agreement.

#### **1.8 Cash**

Cash means notes and coin held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount. Interest is credited to revenue as it accrues.

#### **1.9 Loans Receivable**

Loans are recognised at the amounts lent. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. In rare circumstances, loan repayment may be waived. Interest is credited to revenue as it accrues.

#### **1.10 Appropriations Receivable**

These receivables are recognised at the nominal amounts due.

#### **1.11 Other Financial Assets**

Debentures, term deposits and shares in listed companies are recognised at cost.

#### **1.12 Other Financial Liabilities**

Bank loans are recognised at their principal amounts. Interest is expensed as it accrues.

Non-bank loans are carried at the balance not yet repaid. Interest is expensed as it accrues.

Debentures and unsecured notes on issue are recognised at amortised cost. Interest is recognised as it accrues.

Bills of exchange and promissory notes are carried at the amount of their initial proceeds plus accrued interest.

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Interest payable is accrued over time.

### 1.13 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

### 1.14 Property (Land and Buildings) and Infrastructure, Plant and Equipment

#### *Asset recognition threshold*

Purchases of land and buildings are recognised originally at cost in the Statement of Financial Position, except for purchases costing less than \$40,000 which are expenses in the year of acquisition (other than where they form part of a set of similar items which are significant in total).

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than personal computers, laser printers or where they form part of a set of similar items which are significant in total).

#### *Revaluations*

Property, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. The change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

The Commission revalued land, land improvements and buildings at 30 June 2004. The valuations were performed by an independent valuer (Australian Valuation Office). Leasehold improvements were also valued at 30 June 2004. The valuation was performed by management. Both valuations were undertaken using fair values. Land, land improvements, and buildings are all valued at depreciated replacement cost, under both Fair Value and Deprival Value methodologies.

Plant and equipment assets were revalued as at 30 June 2005 by the Australian Valuation Office using fair values.

Under both deprival and fair value, assets that are surplus to requirements are measured at their net realisable value. At 30 June 2005 the Commission held no surplus assets.

The Finance Minister's Orders require that all property, plant and equipment assets be measured at up-to-date fair values from 30 June 2005 onwards. The current year is therefore the last year in which the Commission will undertake progressive revaluations.

### *Depreciation and amortisation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for the change in prices only when assets are revalued.

Depreciation/amortisation rates applying to each class of depreciable asset are based on the following useful lives to the Commission.

	<u>2005</u>	<u>2004</u>
Land improvements	<b>20-40 years</b>	20-40 years
Buildings	<b>3-75</b>	3-75
Leasehold improvements	<b>5-10</b>	5-10
Infrastructure, fittings, plant and equipment	<b>4-25</b>	4-25
Computer hardware	<b>4-15</b>	4-15
Marine fleet	<b>2-20</b>	2-20
Motor vehicles	<b>2-10</b>	2-10

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 8C.

#### **1.15 Impairment of Non-Current Assets**

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

The non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No write-down to recoverable amount was required (2004: nil).

The non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the asset is written down to the higher of its net selling price and, if the entity would replace the asset's service potential, its depreciated replacement cost.

### 1.16 Intangibles

The Commission's intangibles comprise only purchased software. These assets are carried at cost.

The carrying amount at 30 June 2005 is deemed to be at cost as per AASB 1041(8.7)(a).

Software is amortised on a straight-line basis over its anticipated useful life.

The useful life of software is:

	2005	2004
Software	3-5 years	3-5 years

All software assets were assessed for indications of impairment as at 30 June 2005. There were no impairment write-downs in 2004-05.

### 1.17 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

The Commission holds no inventories not held for resale.

### 1.18 Taxation

The Commission is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- Except where the amount of GST incurred is not recoverable from the Australian Taxation Office ; and
- Except for receivables and payables.

### 1.19 Foreign Currency

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

### 1.20 Insurance

The Commission has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

### 1.21 Financial Instruments

Accounting policies for financial instruments are stated in Note 20.

### 1.22 Bad and Doubtful Debts

A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written-off in the period in which they are identified.

## 2. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS FROM 2005-06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with the AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions which will apply to not-for-profit entities, including not-for-profit Australian Government Authorities. Some of these provisions are in conflict with IFRS and therefore the Commission will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 *Financial Reporting by Government Departments* will continue to apply under AEIFRS.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- \* An explanation of how the transition to the Australian Equivalents is being managed;
- \* Narrative explanations of the key differences in accounting policies arising from the adoption of AEIFRS;
- \* Any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRS; and
- \* If the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

### ***Management of the transition AEIFRS***

The the Commission has taken the following steps in preparation towards the implementation of AEIFRS:

- \* The Chief Finance Officer has been tasked with the oversight of the transition to and implementation of the AEIFRSs. The Chief Finance Officer is to report to the Audit Committee on progress.

- \* The Chief Financial Officer has implemented the following key steps of the task:
  - \* All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004;
  - \* System changes necessary to be able to report under the AEIFRS, including those necessary to capture of data under both sets of rules for 2004-05 were completed at that time. This included the testing and implementation of those changes;
  - \* A transitional balance sheet as at 1 July 2004 under AEIFRS has been prepared. An AEIFRS balance sheet was prepared at the same time as the 30 June 2005 statements were prepared; and
  - \* Deadlines set by the Department of Finance and Administration for a 2005-06 Balance Sheet under AEIFRS were met.

The Commission will continue to liaise with both the Australian National Audit Office and the Department of Finance and Administration on all aspects associated with the changeover to the AEIFRS. Liaison to date has indicated that the changeover will not have any major impacts on the Commission's financial reporting or financial statement preparation procedures.

#### ***Major changes in accounting policy***

The Commission believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that the Commission will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimate of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- \* Continuing review of the impacts of AEIFRS on the Commission's operations;
- \* Potential amendments to the AEIFRS and AEIFRS Interpretations; and
- \* Emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

#### ***Property plant and equipment***

It is expected that the 2005-06 Finance Minister's Orders will continue to require property plant and equipment assets to be valued at fair value in 2005-06.

#### ***Intangible Assets***

The AEIFRS on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The Commission does not recognise any internally-developed software at 30 June 2005.

#### ***Impairment of Non-Current Assets***

The Commission's policy on impairment of non-current assets is at note 1.15.

Under AEIFRS, these assets will be subject to assessment for impairment and if there are indications of impairment, measurement of any impairment is required (impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in Use' is the net present value of net cash inflows for for-profit assets of the Commission and depreciated replacement costs for other assets which would be replaced if the Commission were deprived of them.

The most significant changes are that, for the Commission's for-profit assets, the recoverable amount is generally only measured where there is an indication of impairment. Previously all assets' recoverable amount was tested.

However, an impairment assessment of the Commission's intangible assets indicated that no adjustments will be required.

#### *Inventory*

The commission recognises inventory held for sale at cost, except where no longer required, in which case net realisable value is applied.

The new AEIFRS standard will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

The Commission does not have a material balance of inventory held for distribution, therefore the AEIFRS requirements will not be applied given that the impact on the inventory balance would not be material.

#### *Employee Benefits*

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 financial report noted that AEIFRS may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS also require that annual leave that is not expected to be taken within 12 months of balance dates is to be discounted. After assessing the staff leave profile, the Commission does not expect that any material amounts of the annual leave balance will not be taken in the next 12 months. Consequently, there are no adjustments to annual leave.

#### *Financial Instruments*

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the Commission's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Commission will be required by AEIFRS to restate the carrying amount of financial instruments at 1 July 2005 to align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of most financial instruments held by the Commission will be unaffected by this requirement.

Overall assessment of the assets and liabilities of the Commission indicate that there are no material adjustments due to the transition to AEIFRS.

### 3. ECONOMIC DEPENDENCY

The Commission was established by the *Australian Sports Commission Act 1989* and is controlled by the Commonwealth of Australia. The Commission is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities.

### 4. EVENTS OCCURRING AFTER REPORTING DATE

There are no events occurring after the reporting date which would significantly affect the ongoing structure or financial activities of the Commission.

	2005 \$'000	2004 \$'000
<b>5. OPERATING REVENUES</b>		
<b>5A. Revenues from Government</b>		
Appropriations for outputs	<u>145,794</u>	<u>125,592</u>
<b>Total revenues from Government</b>	<u><u>145,794</u></u>	<u><u>125,592</u></u>
<b>5B. Sales of Goods and Services</b>		
Goods	<u>1,430</u>	<u>1,596</u>
Services	<u>16,223</u>	<u>17,904</u>
<b>Total sale of goods and services</b>	<u><u>17,653</u></u>	<u><u>19,500</u></u>
Provision of goods to:		
Related entities	-	-
External entities	<u>1,430</u>	<u>1,596</u>
	<u><u>1,430</u></u>	<u><u>1,596</u></u>
Rendering of services to:		
Related entities	<u>3,698</u>	<u>4,865</u>
External entities	<u>12,525</u>	<u>13,039</u>
	<u><u>16,223</u></u>	<u><u>17,904</u></u>
Cost of sales of goods	<u>934</u>	<u>1,112</u>
<b>5C. Interest Revenue</b>		
Bank deposits	<u>2,311</u>	<u>1,717</u>
Loans	<u>370</u>	<u>75</u>
<b>Total interest revenue</b>	<u><u>2,681</u></u>	<u><u>1,792</u></u>

**6. OPERATING EXPENSES**

	2005	2004
	\$'000	\$'000
<b>6A. Employees</b>		
Wages and Salaries	34,417	28,498
Leave and other entitlements	1,329	926
Superannuation	4,561	4,056
Separation and redundancy	646	264
<b>Total employee benefits expenses</b>	<b>40,953</b>	<b>33,744</b>
Workers compensation premiums	556	313
<b>Total employee expenses</b>	<b>41,509</b>	<b>34,057</b>

The Commission contributes to the Commonwealth Superannuation (CSS) and the Public Sector Superannuation (PSS) schemes which provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated to cover existing and emerging obligations. Current contribution rates are 26.3% of salary (CSS) and 14.5% of salary (PSS). An additional average 3% is contributed as Employer Productivity Superannuation Contributions.

**6B. Suppliers**

Goods from related entities		
Goods from external entities	2,896	2,892
Services from related entities	1,274	1,517
Services from external entities	34,198	30,458
<b>Total supplier expenses</b>	<b>38,368</b>	<b>34,867</b>

**6C. Depreciation and amortisation**

Depreciation of property, plant and equipment	9,659	8,840
<b>Total depreciation and amortisation</b>	<b>9,659</b>	<b>8,840</b>

The aggregate amounts of depreciation expensed during the reporting period for each class of depreciable asset are as follows:

Land and buildings	6,376	5,492
Infrastructure, plant and equipment	3,037	2,707
Intangibles	246	641
<b>Total depreciation and amortisation</b>	<b>9,659</b>	<b>8,840</b>

Note: Land includes Land Improvements which are a depreciable asset.

	2005 \$'000	2004 \$'000
<b>6D. Grants</b>		
Grants to non-profit institutions	70,702	66,296
<b>Total grants</b>	<u>70,702</u>	<u>66,296</u>
<b>6E. Net loss on sale of assets</b>		
Infrastructure, plant and equipment:		
Proceeds from sale	4,479	1,065
Net book value at sale	4,780	1,287
<b>Net loss on sale of assets</b>	<u>301</u>	<u>222</u>
<b>6F. Borrowing Costs Expense</b>		
Loans	379	68
<b>Total borrowing costs expense</b>	<u>379</u>	<u>68</u>

## 7. FINANCIAL ASSETS

<b>7A. Cash</b>		
Cash at bank and on hand	5,789	2,067
Deposits at call	38,876	26,541
<b>Total cash</b>	<u>44,665</u>	<u>28,608</u>
<b>7B. Receivables</b>		
Goods and services	2,343	2,512
Less: provision for doubtful debts	(8)	(29)
	<u>2,335</u>	<u>2,483</u>
Other receivables	125	92
Net GST receivable from the ATO	1,645	1,427
<b>Total receivables (net)</b>	<u>4,105</u>	<u>4,002</u>

All receivables are current assets

Receivables (gross) are aged as follows:

Overdue by:		
Less than 30 days	3,152	3,008
30 to 60 days	764	264
60-90 days	44	313
More than 90 days	153	446
<b>Total receivables (gross)</b>	<u>4,113</u>	<u>4,031</u>

The provision for doubtful debts is aged as follows:

Less than 30 days	-	-
30 to 60 days	-	-
60-90 days	-	-
More than 90 days	8	29
<b>Total provision for doubtful debts</b>	<u>8</u>	<u>29</u>

	2005 \$'000	2004 \$'000
<b>7C. Loans</b>		
Loan - National Sporting Organisations	<u>4,250</u>	<u>4,335</u>
<b>Total loans</b>	<u><u>4,250</u></u>	<u><u>4,335</u></u>
The balance of loans is aged as follows:		
Less than one year	1,250	335
One to two years	2,000	1,000
More than two years	<u>1,000</u>	<u>3,000</u>
	<u><u>4,250</u></u>	<u><u>4,335</u></u>

## 8. NON-FINANCIAL ASSETS

### 8A. Land and Buildings

Leasehold land at valuation	6,760	6,760
Freehold land at valuation	-	2,100
	<u>6,760</u>	<u>8,860</u>
Land Improvements at valuation	6,590	6,590
Accumulated depreciation	<u>(4,442)</u>	<u>(4,244)</u>
	<u>2,148</u>	<u>2,346</u>
Buildings at valuation	212,172	216,757
Accumulated depreciation	<u>(107,344)</u>	<u>(104,393)</u>
	<u>104,828</u>	<u>112,364</u>
Buildings - at cost	2,492	1,752
Accumulated depreciation	<u>(86)</u>	<u>-</u>
	<u>2,406</u>	<u>1,752</u>
Leasehold improvements at valuation	80	79
Accumulated amortisation	<u>(61)</u>	<u>(52)</u>
	<u>19</u>	<u>27</u>
Land and Buildings - assets under construction	<u>9,339</u>	<u>1,170</u>
<b>Total land &amp; buildings</b>	<u><u>125,500</u></u>	<u><u>126,519</u></u>

Land and Buildings assets were revalued at 30 June 2004 at Fair Value.

	2005 \$'000	2004 \$'000
<b>8B. Infrastructure, Plant and Equipment</b>		
Furniture, fittings, plant and equipment at valuation	14,068	10,226
Accumulated depreciation	<u>(8,262)</u>	<u>(6,722)</u>
	<u>5,806</u>	<u>3,504</u>
Furniture, fittings, plant and equipment - at cost	-	2,857
Accumulated depreciation	<u>-</u>	<u>(463)</u>
	<u>-</u>	<u>2,394</u>
Computers at valuation	5,771	3,196
Accumulated depreciation	<u>(3,123)</u>	<u>(2,809)</u>
	<u>2,648</u>	<u>387</u>
Computers - at cost	-	2,819
Accumulated depreciation	<u>-</u>	<u>(835)</u>
	<u>-</u>	<u>1,984</u>
Marine Fleet at valuation	1,400	363
Accumulated depreciation	<u>(575)</u>	<u>(255)</u>
	<u>825</u>	<u>108</u>
Marine Fleet - at cost	-	910
Accumulated depreciation	<u>-</u>	<u>(256)</u>
	<u>-</u>	<u>654</u>
Motor vehicles at valuation	3,546	1,269
Accumulated depreciation	<u>(1,038)</u>	<u>(646)</u>
	<u>2,508</u>	<u>623</u>
Motor vehicles - at cost	-	2,036
Accumulated depreciation	<u>-</u>	<u>(456)</u>
	<u>-</u>	<u>1,580</u>
Infrastructure, plant and equipment - assets under construction	<u>-</u>	<u>-</u>
<b>Total infrastructure, plant and equipment</b>	<u><b>11,787</b></u>	<u><b>11,235</b></u>

Infrastructure, Plant and Equipment assets were revalued at 30 June 2005 at Fair Value.

8C. Summary of Assets at Valuation as at 30 June 2005

Table A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

MOVEMENT SUMMARY 2004-05 FOR ALL ASSETS IRRESPECTIVE OF VALUATION BASIS

	Land \$'000	Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2004					
Gross book value	15,540	219,736	23,675	1,166	260,117
Accumulated depreciation	(4,244)	(104,513)	(12,440)	(415)	(121,612)
Opening net book value	11,296	115,223	11,235	751	138,505
Additions: by purchase	456	8,454	5,572	313	14,795
Net revaluation increment/decrement			(754)		(754)
Depreciation/amortisation expense	(198)	(6,178)	(3,037)	(246)	(9,659)
Disposals: other disposals	(2,100)	(1,453)	(1,227)		(4,780)
As at 30 June 2005					
Gross Book Value	13,896	223,605	24,785	1,479	263,765
Accumulated Depreciation	(4,442)	(107,559)	(12,998)	(661)	(125,660)
Closing net book value	9,454	116,046	11,787	818	138,105

Note: Land includes Land Improvements which are a depreciable asset.

Table B - Property, Plant and Equipment and Intangibles at Valuation

Item	Land \$'000	Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 30 June 2005</b>					
Gross value	13,896	211,774	24,785		250,455
Accumulated depreciation	(4,442)	(107,645)	(12,998)		(125,085)
<b>Net book value</b>	<b>9,454</b>	<b>104,129</b>	<b>11,787</b>	<b>-</b>	<b>125,370</b>
<b>As at 30 June 2004</b>					
Gross value	15,450	216,836	15,054		247,340
Accumulated depreciation	(4,244)	(104,445)	(10,432)		(119,121)
<b>Net book value</b>	<b>11,206</b>	<b>112,391</b>	<b>4,622</b>	<b>-</b>	<b>128,219</b>

Table C - Property, Plant and Equipment and Intangibles under Construction

Item	Land \$'000	Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Total \$'000
<b>Gross value at 30 June 2005</b>	<b>546</b>	<b>8,793</b>			<b>9,339</b>
<b>Gross value at 30 June 2004</b>	<b>90</b>	<b>1,080</b>			<b>1,170</b>

	2005 \$'000	2004 \$'000
<b>8D. Intangibles</b>		
Computer software		
Purchased software - at cost	1,479	1,166
Accumulated amortisation	<u>(661)</u>	<u>(415)</u>
<b>Total intangibles</b>	<u><u>818</u></u>	<u><u>751</u></u>

Software is valued at cost.

<b>8E. Inventories</b>		
Inventory held for resale	<u>986</u>	<u>1,275</u>
<b>Total inventories</b>	<u><u>986</u></u>	<u><u>1,275</u></u>

All inventories are current assets.

<b>8F. Other non-financial assets</b>		
Prepayments	<u>4,718</u>	<u>926</u>
<b>Total other non-financial assets</b>	<u><u>4,718</u></u>	<u><u>926</u></u>

## 9. INTEREST BEARING LIABILITIES

### 9A. Lease incentive liability

Maturity schedule for other debt payable:		
within one year	-	120
in one to five years	<u>-</u>	<u>-</u>
<b>Total lease incentive liability</b>	<u><u>-</u></u>	<u><u>120</u></u>

Other debt represents a contract acceptance incentive which is amortised over the life of the contract. This contract expired during the 2004-05 financial year, therefore the balance has been reduced to nil.

	2005 \$'000	2004 \$'000
<b>9B. LOANS</b>		
Loan from Department of Finance	4,000	4,000
<b>Total loans</b>	<u>4,000</u>	<u>4,000</u>
The balance of loans is aged as follows:		
Less than one year	1,000	-
One to two years	2,000	1,000
More than two years	1,000	3,000
	<u>4,000</u>	<u>4,000</u>
<b>10. PROVISIONS</b>		
<b>10A. Employee provisions</b>		
Salaries and wages	306	623
Annual Leave	3,454	2,956
Long Service Leave	4,125	3,841
Superannuation	1,059	1,025
Separation and redundancy	476	72
<b>Aggregate employee entitlement liability</b>	<u>9,420</u>	<u>8,517</u>
Employee provisions are categorised as follows:		
Current	3,372	3,120
Non-current	6,048	5,397
	<u>9,420</u>	<u>8,517</u>
<b>11. PAYABLES</b>		
<b>11A. Supplier payables</b>		
Trade creditors	6,565	4,493
Grant creditors	394	1,039
Net GST payable to the ATO	39	207
<b>Total supplier payables</b>	<u>6,998</u>	<u>5,739</u>
All supplier payables are current.		
<b>11B. Revenue in advance</b>		
Revenue in advance	2,383	1,376
<b>Total revenue in advance</b>	<u>2,383</u>	<u>1,376</u>

12. ANALYSIS OF EQUITY

	Total Contributed Equity		Accumulated Results		Asset Revaluation Reserve		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance at 1 July	99,985	99,985	(8,576)	(11,110)	66,490	42,762	157,899	131,637
Net revaluation increment/(decrement) Operating result	-	-	-	-	(712)	23,728	(712)	23,728
Transactions with owner Appropriations (equity injections)	11,632	-	5,209	2,534	-	-	5,209	2,534
							11,632	-
Closing Balance at 30 June	111,617	99,985	(3,367)	(8,576)	65,778	66,490	174,028	157,899
Total equity attributable to the Australian Government	111,617	99,985	(3,367)	(8,576)	65,778	66,490	174,028	157,899

The net revaluation increase in the asset revaluation reserve comprises:

	2005 \$'000	2004 \$'000
- Revaluation increment - Land and improvements	-	1,053
- Revaluation increment - Buildings	-	22,675
- Revaluation increment - Intangibles	-	-
- Revaluation increment - Furniture fittings and plant and equipment	(363)	-
- Revaluation increment - Computers	(540)	-
- Revaluation increment - Marine fleet	151	-
- Revaluation increment - Motor vehicles	40	-
	(712)	23,728

	2005 \$'000	2004 \$'000
<b>13. CASH FLOW RECONCILIATION</b>		
<u>13A. Reconciliation of Operating Surplus to Net cash from Operating Activities</u>		
Balance of cash flow as at 30 June shown in the Statement of Cash Flows	<u>44,665</u>	<u>28,608</u>
Operating surplus before extraordinary items	5,209	2,534
<b>Non cash items</b>		
Depreciation and amortisation	9,659	8,840
Loss on sale of assets	301	221
Interest from Loans	(1)	(7)
Asset Revaluation Expense	40	-
<b>Changes in assets and liabilities</b>		
(Increase)/Decrease in receivables	200	(806)
(Increase)/Decrease in interest receivable	(33)	22
(Increase)/Decrease in net GST receivable	645	1,712
(Increase)/Decrease in inventories	289	165
(Increase)/Decrease in prepayments	(3,792)	(640)
Increase/(Decrease) in revenue in advance	1,007	(1,698)
Increase/(Decrease) in grant payables	(645)	109
Increase/(Decrease) in supplier payables	2,072	499
Increase/(Decrease) in employee provisions	903	521
Increase/(Decrease) in lease incentive	(120)	(120)
Net cash used by operating activities	<u>15,736</u>	<u>11,352</u>
<u>13B. Reconciliation of Cash</u>		
Cash balance comprises:		
Cash at bank and on hand	5,789	2,067
Deposits at call	<u>38,876</u>	<u>26,541</u>
<b>Total cash</b>	<u>44,665</u>	<u>28,608</u>
Balance of cash as at 30 June shown in the Statement of Cash Flows	<u>44,665</u>	<u>28,608</u>
<b>14. CONTINGENT LIABILITIES</b>		
<b>Contingent Liabilities</b>		
Claims for damages/costs <sup>1</sup>	<u>170</u>	<u>120</u>

<sup>1</sup> At 30 June 2005, the Commission had one legal claim against it for alleged breach of duty of care, and one case where the Commission expects to become liable for court costs.

The amounts are an estimate of any eventual payments that may be required in relation to these claims.

**Remote Contingencies**

The Australian Sports Commission has no remote contingencies at 30 June 2005.

**15. COMMISSIONERS AND COMMISSIONERS' REMUNERATION**

The following were members of the Commission during 2004-05

Mr P Bartels , Chairman  
 Mr R J Masters  
 Ms K A Puels (Resigned 5/02/05)  
 Ms H Williams (Ex-officio)  
 Ms M Foster  
 Mr A Jones  
 Ms P Tye  
 Ms M Ford-Eriksson  
 Mr K Perkins  
 Mr C Porter (Resigned 5/02/05)  
 Mr C Bernardi  
 Mr J Eales  
 Mr G Hartung (Appointed 11/05/05)

Total remuneration paid or payable to the Commissioners during 2004-05 was \$240,278 (\$259,874 in 2003-04). The number of Commissioners included in these figures are shown below in the relevant remuneration bands:

	2005	2004
\$0 - \$10,000	2	1
\$10,001 - \$20,000	2	-
\$20,001 - \$30,000	7	10
\$30,001 - \$40,000	2	1
	<u>13</u>	<u>12</u>

Commissioners of the Commission are appointed by the Federal Minister for the Arts and Sport.

Superannuation payments:

A total of \$80,503 was paid into superannuation funds for Commissioners during 2004-05 (\$76,328 in 2003-04).

**16. RELATED PARTY DISCLOSURES**

**Commissioners and Commissioner-related entities**

At 30 June 2005 the following Commissioners were directors of the Australian Sports Foundation: Cory Bernardi, Peter Bartels, Margot Foster, Michelle Ford-Eriksson and Pamela Tye.

The Australian Sports Commission provides funding to the Australian Sports Foundation. For the year ended 30 June 2005, the funding totalled \$482,784 (2004 - \$428,173). The operating result of the Australian Sports Commission also takes into account an administration charge to the Australian Sports Foundation totalling \$92,437 (2004 - \$85,744).

A list of Commissioners is provided at Note 15. There were no loans advanced to or outstanding with the Commissioners during either 2004-05 or 2003-04. The aggregate amounts brought to account in respect of the following types of transactions with Commissioner related entities were (only transactions occurring during the term of the Commissioners are recorded):

ENTITY	COMMISSIONER	2005	2004
		\$	\$
<b>Donations to related entities:</b>			
<b>Reimbursement of National Sport Program expenses:</b>			
NSW Department of Sport and Recreation	Mr A Jones	8,919	65,125
Gymnastics Australia	Ms M Foster	1,424	-
Hockey Australia	Ms P Tye	42,995	360,829
Swimming Australia	Mr K Perkins	17,069	12,123
	Ms M Ford-Eriksson		
Australian Paralympic Committee	Mr G Hartung	4,676	-
<b>Grants to National Sporting Organisations:</b>			
NSW Dept of Sport & Recreation	Mr A Jones	84,425	360,903
Gymnastics Australia	Ms M Foster	1,331,474	-
Hockey Australia	Ms P Tye	4,200,426	3,891,984
Swimming Australia	Mr K Perkins	3,872,000	4,017,200
	Ms M Ford-Eriksson		
Australian Paralympic Committee	Mr G Hartung	6,643,999	-
<b>Provision of services:</b>			
National Library of Australia	Ms H Williams (1)	22,679	22,846

(1) Ms H Williams is an ex-officio Director appointed on behalf of the Department of Communications, Information Technology and the Arts. Transactions with these entities are based on normal terms and conditions.

**Funding received by Commission programs:**

There were also payments of a domestic nature to Commissioners and related entities to reimburse costs incurred on behalf of the Commission. These and the transaction referred to above were conducted with conditions no more favourable than would be expected if the transactions occurred at arms length.

**17. REMUNERATION OF OFFICERS**

The value of remuneration to executive officers is:

	2005	2004
	\$	\$
Income received or due and receivable by officers	<u>907,307</u>	<u>862,380</u>

	2005	2004
The number of officers included in these figures are shown below in the relevant remuneration bands:		
\$80,000 to \$90,000	1	-
\$90,000 to \$100,000	-	-
\$100,000 to \$110,000	-	-
\$110,000 to \$120,000	-	-
\$120,000 to \$130,000	1	-
\$130,000 to \$140,000	-	-
\$140,001 to \$150,000	-	-
\$150,001 to \$160,000	-	-
\$160,001 to \$170,000	-	-
\$170,001 to \$180,000	-	-
\$180,001 to \$190,000	-	-
\$190,001 to \$200,000	1	2
\$200,001 to \$210,000	1	1
\$210,001 to \$220,000	-	-
\$220,001 to \$230,000	-	-
\$230,001 to \$240,000	-	-
\$240,001 to \$250,000	-	-
\$250,001 to \$260,000	-	-
\$260,001 to \$270,000	-	1
\$270,001 to \$280,000	-	-
\$280,001 to \$290,000	-	-
\$290,001 to \$300,000	1	-
	<u>5</u>	<u>4</u>

The officer remuneration for 2005 includes all officers concerned with or taking part in the senior management of the Commission during 2004-05.

Performance based pay is included in the calculation of the above remuneration.

18. REMUNERATION OF AUDITORS	2005	2004
	\$	\$
Remuneration to the Auditor-General for auditing the Financial Statements for the reporting period.		
The fair value of services provided was:	<u>93,000</u>	<u>86,000</u>

No other services were provided by the Auditor-General during the reporting period.

19. STAFFING LEVELS	2005	2004
The number of employees of the Commission at the reporting date was:	<u>656</u>	<u>458</u>

20. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

Financial instruments	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows).
-----------------------	--	--

**Financial assets**

Cash	Items included in cash are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Cash on hand, cash held on account at two banks and cash held on 11am call with two other banks. Interest is earned on daily balances of funds held with the banks.
Note 7A Receivables for goods & services	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provision for bad and doubtful debts is made when collection is unlikely.	Credit terms are 30 days net (03-04; 30 days).
Note 7B Accrued interest	Interest is accrued as it is earned.	The interest rates range is 2.38% to 5.72% and the frequency of payments range from monthly to quarterly.
Note 7B Loan	Loan is recognised at the amount lent. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. Interest is credited to revenue as it accrues.	Repayment of principal is made in six-monthly instalments from 31 January 2006. Interest rate is variable. Interest payments are due annually.
Note 7C		

**Financial liabilities**

Trade creditors	Creditors and accruals are recognised at their nominal amounts, being amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Note 11A Grants payable	This payable is recognised as the amount outstanding on the amount to be paid in accordance with the terms of the grants.	Grants range in maturity from six months to two years. Amounts are payable when the conditions of the grants are met.
Note 11A Loan	Loan is recognised at the amount borrowed. Interest is debited to expenses as it accrues.	Repayment of principal is made six-monthly from 31 January 2006. Interest rate is variable. Interest payments are due annually.
Note 9B		

**(b) Interest rate risk**

The Commission's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

	Note	2005 \$'000	Effective Interest rate	2004 \$'000	Effective Interest rate
<u>Financial Assets</u>					
Floating interest rates					
Cash	7A	44,665	5.30%	28,609	5.30%
Loan	7C	-		35	10.85%
Loan	7C	4,000	8.87%	4,000	8.83%
Non interest bearing					
Receivables	7B	4,105	n/a	3,669	n/a
Loan	7C	250	n/a	300	n/a
		<u>53,020</u>		<u>36,613</u>	

(1) Effective interest rate equals the weighted average interest rate of all cash holdings.

		2005 \$'000	Effective Interest rate	2004 \$'000	Effective Interest rate
<u>Financial Liabilities</u>					
Non interest bearing					
Trade creditors	11A	6,998	n/a	5,739	n/a
Floating interest rates					
Loan	9B	4,000	8.87%	4,000	8.83%
Net financial assets (liabilities)		<u>10,998</u>		<u>9,739</u>	

**(c) Fair Values of Financial Assets and Liabilities**

The net fair value of all financial assets and liabilities of the Commission approximate their carrying value. Financial assets and liabilities are disclosed in the Statement of Financial Position and the related notes.

**(d) Credit risk exposures**

The Commission's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Commission does not have significant exposures to any concentrations of credit risk.

21. APPROPRIATIONS

Particulars	Departmental Outputs		Loans		Equity		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year Ended 30 June 2005</b>								
Balance carried forward from previous year	-	-	1,000	-	-	-	1,000	-
Appropriation Acts 1 and 3	134,162	125,592	-	-	-	-	134,162	125,592
Appropriation Acts 2 and 4	-	-	-	5,000	11,632	-	11,632	5,000
Available for payment of CRF	134,162	125,592	1,000	5,000	11,632	-	146,794	130,592
Payments made out of CRF	134,162	125,592	-	4,000	11,632	-	145,794	129,592
<b>Balance carried forward to next year</b>	-	-	1,000	1,000	-	-	1,000	1,000

This table reports on appropriations made by the Parliament of the Consolidated Revenue Fund (CRF) for payment to the Commission. When received by the Commission, the payments made are legally the money of the Commission and do not represent any balance remaining in the CRF.

## 22. TRUST FUNDS

The Commission operates the following trust funds:

- \* The Gary Knoke Memorial Scholarship Trust
- \* Promoters Trust
- \* Australian College of Sport Education Trust

Monies received under these trusts are placed into a special bank account and expended in accordance with the terms of the trusts. These monies are not available for the purpose of the Commission and are not recognised in the financial statements other than by note disclosure.

### GARY KNOKE MEMORIAL SCHOLARSHIP TRUST

The Gary Knoke Memorial Scholarship Trust is to be used for the provision of scholarships to eligible persons.

	2005 \$'000	2004 \$'000
Balance carried forward from previous year	53	56
Receipts during the year	-	-
Interest received	1	1
Available for payment	-	-
Payments made	-	(4)
	<u>54</u>	<u>53</u>
Balance carried forward to next year	<u>54</u>	<u>53</u>

### PROMOTERS TRUST

The Commission operates a Promoters Trust account into which it deposits monies received in the course of conducting events at the Commission. These monies are held until such time as the events are completed and all costs associated with the events have been finalised. The remaining funds are then apportioned between the Promoter and the Commission in accordance with the terms of each agreement.

	2005 \$'000	2004 \$'000
<b>Receipts</b>		
Takings for events	873	348
	<u>873</u>	<u>348</u>
<b>Expenditure</b>		
Distributions to:		
Promoters	(730)	(262)
Australian Sports Commission	(75)	(54)
Payments to suppliers	(68)	(32)
Other	-	-
	<u>(873)</u>	<u>(348)</u>
Excess of receipts over expenditure	<u>-</u>	<u>-</u>
<b>Assets</b>		
Cash at Bank	325	56
Debtors	54	-
	<u>379</u>	<u>56</u>
<b>Liabilities</b>		
Distributions to:		
Australian Sports Commission	34	24
Promoters	30	14
Payments to Suppliers	21	11
Income in Advance	294	-
Deposits Held	-	6
Forfeited Deposits Held	-	-
	<u>379</u>	<u>56</u>

## AUSTRALIAN COLLEGE OF SPORT EDUCATION TRUST

The trust receives monies from fees for courses related to sport and from contributions from the University of Canberra and the Commission. The trust incurs costs associated with the development and presentation of these courses.

	2005	2004
	\$'000	\$'000
Balance carried forward from previous year	100	96
Receipts during the year	-	-
Interest received	4	4
Available for payment	-	-
Payments made	-	-
Balance carried forward to next year	<u>104</u>	<u>100</u>

### 23. REPORTING OF OUTCOMES

#### 23A. Outcomes of the Australian Sports Commission

The Commission is structured to meet two outcomes:

Outcome 1: an effective national sports system that offers improved participation in quality sports activities by Australians.

Outcome 2: excellence in sports performances by Australians.

Only one Output Group is identified for each Outcome.

#### 23B. Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses	45,970	33,933	119,428	111,482	165,398	145,415
<b>Total expenses</b>	<b>45,970</b>	<b>33,933</b>	<b>119,428</b>	<b>111,482</b>	<b>165,398</b>	<b>145,415</b>
Costs recovered from provision of goods and services to the non-government sector						
Departmental	4,572	200	9,383	14,435	13,955	14,635
<b>Total costs recovered</b>	<b>4,572</b>	<b>200</b>	<b>9,383</b>	<b>14,435</b>	<b>13,955</b>	<b>14,635</b>
Other external revenues						
Departmental						
Sales of goods and services	1,212	4,865	2,486	-	3,698	4,865
Interest	879	408	1,803	1,384	2,682	1,792
Other non-taxation revenues	1,467	494	3,012	571	4,479	1,065
<b>Total other external revenues</b>	<b>3,558</b>	<b>5,767</b>	<b>7,301</b>	<b>1,955</b>	<b>10,859</b>	<b>7,722</b>
<b>Net cost of outcome</b>	<b>37,840</b>	<b>27,966</b>	<b>102,744</b>	<b>95,092</b>	<b>140,584</b>	<b>123,058</b>

#### 23C. Revenues and Expenses by Output Groups and Outputs

	Outcome 1		Outcome 2		Total	
	Output 1.1		Output 2.1			
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating expenses</b>						
Employees	11,537	7,959	29,972	26,098	41,509	34,057
Suppliers	10,769	8,137	27,978	26,798	38,747	34,935
Depreciation and amortisation	2,685	2,065	6,974	6,775	9,659	8,840
Grants	19,650	15,471	51,052	50,825	70,702	66,296
Value of assets disposed	1,329	301	3,452	986	4,781	1,287
<b>Total operating expenses</b>	<b>45,970</b>	<b>33,933</b>	<b>119,428</b>	<b>111,482</b>	<b>165,398</b>	<b>145,415</b>
<b>Funded by:</b>						
Revenues from Government	42,129	28,619	103,665	96,973	145,794	125,592
Sale of goods and services	5,784	5,065	11,869	14,435	17,653	19,500
Interest	879	408	1,803	1,384	2,682	1,792
Proceeds from asset sales	1,467	494	3,012	571	4,479	1,065
<b>Total operating revenues</b>	<b>50,259</b>	<b>34,586</b>	<b>120,349</b>	<b>113,363</b>	<b>170,608</b>	<b>147,949</b>