

Appendix 1

Financial report – Australian Sports Commission



AUDIT-IN-CONFIDENCE



F2007/1062

22 August 2008

Ms Alisa Camplin OAM
Chair, Audit Committee
Australian Sports Commission
PO Box 176
BELCONNEN ACT 2616

Dear Ms Camplin

2007-08 FINANCIAL STATEMENTS AUDIT CLOSING AUDIT REPORT

Attached is the Closing Audit Report, which summarises the results of the audit of the financial statements of the Australian Sports Commission for the year ended 30 June 2008.

As indicated in the Report, I have obtained reasonable assurance that the financial statements are prepared in accordance with mandatory requirements including the Finance Minister's Orders and give a true and fair view. Accordingly an unqualified auditor's report will be issued after receipt of the signed financial statements and the management representation letter.

I would be pleased to discuss the report with you at your convenience should you wish to do so. I can be contacted on 02 6203 7547.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John McCullough'.

John McCullough
Audit Principal
Assurance Audit Services Group

cc Laurie Daly, Chief Financial Officer, Australian Sports Commission
David Black, Partner, Deloitte Touche Tohmatsu

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AUSTRALIAN SPORTS COMMISSION
STATEMENT BY THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the Australian Sports Commission for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the *Commonwealth Authorities and Companies Act 1997*.

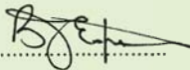
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Commission will be able to pay its debts as and when they become due and payable.

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

Signed.....

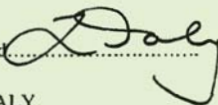
P. BARTELS
Chairman

22 August 2008

Signed.....

B. ESPELAND
Acting Chief Executive Officer

22 August 2008

Signed.....

L. DALY
Chief Financial Officer

22 August 2008

INCOME STATEMENT
for the period ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
INCOME			
Revenue			
Revenue from Government	3A	216,375	193,017
Sale of goods and rendering of services	3B	27,690	19,664
Interest	3C	2,287	2,905
Rental income	3D	3,077	1,857
Other revenue	3E	1,914	-
Total revenue		251,343	217,443
Gains			
Sale of assets	3F	-	233
Total gains		-	233
Total Income		251,343	217,676
EXPENSES			
Employee benefits	4A	64,365	58,480
Suppliers	4B	51,781	52,602
Grants	4C	122,938	100,808
Depreciation and amortisation	4D	14,276	11,314
Finance costs	4E	33	-
Write-down and impairment of assets	4F	1,727	-
Losses from asset sales	4G	475	-
Total Expenses		255,595	223,204
Deficit attributable to the Australian Government		(4,252)	(5,528)

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

BALANCE SHEET*as at 30 June 2008*

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	29,763	32,113
Trade and other receivables	5B	8,367	7,363
Loan Receivables	5C	2,399	4,166
Total financial assets		40,529	43,642
Non-Financial Assets			
Land and buildings	6A	202,700	206,386
Infrastructure, plant and equipment	6B	16,888	15,437
Intangibles	6C	2,395	920
Inventories	6D	1,038	601
Other non-financial assets	6E	880	361
Total non-financial assets		223,901	223,705
Total Assets		264,430	267,347
LIABILITIES			
Payables			
Suppliers	7A	7,990	7,632
Grants	7B	590	1,371
Other payables	7C	3,005	2,486
Total payables		11,585	11,489
Interest Bearing Liabilities			
Loans	8	2,273	4,000
Total interest bearing liabilities		2,273	4,000
Provisions			
Employee provisions	9A	13,245	11,673
Total provisions		13,245	11,673
Total Liabilities		27,103	27,162
Net Assets		237,327	240,185
EQUITY			
Contributed Equity		148,438	148,322
Reserves		101,141	99,863
Accumulated deficit		(12,252)	(8,000)
Total Equity		237,327	240,185
Current Assets		40,098	40,484
Non-Current Assets		224,332	226,863
Current Liabilities		22,851	19,162
Non-Current Liabilities		4,252	8,000

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

STATEMENT of CHANGES in EQUITY
as at 30 June 2008

Opening balance

Balance carried forward from previous period

Income and expenses

Revaluation increment recognised directly in Equity

General expense (accumulated rounding)

Sub-total income and expenses recognised Directly in Equity

(Deficit) for the period

Total income and expenses

Contributions by Owners

Appropriation (equity injection)

Sub-total transactions with owners

Closing balance at 30 June

Closing balance attributable to the Australian Government

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

Accumulated Deficit	Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000
(8,000)	(2,474)	99,863	65,778	148,322	132,289	240,185
-	-	1,278	34,085	-	-	1,278
-	2	-	-	-	-	-
-	2	1,278	34,085	-	-	1,278
(4,252)	(5,528)	-	-	-	-	(4,252)
(4,252)	(5,528)	1,278	34,085	-	-	(2,974)
-	-	-	-	116	16,033	116
-	-	-	-	116	16,033	116
(12,252)	(8,000)	101,141	99,863	148,438	148,322	237,327
(12,252)	(8,000)	101,141	99,863	148,438	148,322	237,327
						240,185

CASH FLOW STATEMENT
for the period ended 30 June 2008

	2008	2007
Notes	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Goods and services	31,172	20,413
Appropriations	216,375	193,017
Interest	1,986	2,874
Net GST received	(406)	-
Total cash received	<u>249,127</u>	<u>216,304</u>
Cash used		
Employees	62,793	57,798
Suppliers	52,379	51,304
Borrowing costs	33	-
Net GST paid	-	986
Grants	123,719	100,274
Total cash used	<u>238,924</u>	<u>210,362</u>
Net cash flows from operating activities	10 <u>10,203</u>	<u>5,942</u>
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of property, plant and equipment	752	798
Loans	40	284
Total cash received	<u>792</u>	<u>1,082</u>
Cash used		
Purchase of property, plant and equipment	13,461	36,559
Total cash used	<u>13,461</u>	<u>36,559</u>
Net cash flows (used by) investing activities	<u>(12,669)</u>	<u>(35,477)</u>
FINANCING ACTIVITIES		
Cash received		
Appropriations - contributed equity	116	16,033
Total cash received	<u>116</u>	<u>16,033</u>
Net cash flows from financing activities	<u>116</u>	<u>16,033</u>
Net (decrease) in cash held	<u>(2,350)</u>	<u>(13,502)</u>
Cash and cash equivalents at the beginning of the reporting period	32,113	45,615
Cash and cash equivalents at the end of the reporting period	5A <u>29,763</u>	<u>32,113</u>

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

SCHEDULE OF COMMITMENTS

as at 30 June 2008

	2008	2007
BY TYPE	\$'000	\$'000
Commitments Receivable		
Sponsorship	(1,285)	(1,918)
GST recoverable on commitments	(13,437)	(9,231)
Other commitments receivable	(105)	(100)
Total Commitments Receivable	<u>(14,827)</u>	<u>(11,249)</u>
Capital commitments		
Land and buildings ¹	3,058	2,566
Intangibles	234	30
Total capital commitments	<u>3,292</u>	<u>2,596</u>
Other commitments		
Operating Leases ²	5,399	1,092
Grants ³	135,278	94,658
Other commitments	3,842	3,202
Total other commitments	<u>144,519</u>	<u>98,952</u>
Net commitments by type	<u>132,984</u>	<u>90,299</u>
BY MATURITY		
Commitments receivable		
One year or less	(11,586)	(10,183)
From one to five years	(3,241)	(1,066)
Over five years	-	-
Total commitments receivable	<u>(14,827)</u>	<u>(11,249)</u>
Commitments payable		
Capital commitments		
One year or less	3,292	2,596
From one to five years	-	-
Over five years	-	-
Total capital commitments	<u>3,292</u>	<u>2,596</u>
Operating lease commitments		
One year or less	2,222	1,079
From one to five years	3,177	13
Over five years	-	-
Total operating lease commitments	<u>5,399</u>	<u>1,092</u>
Grants		
One year or less	108,658	94,658
From one to five years	26,620	1,101
Over five years	-	-
Total grant commitments	<u>135,278</u>	<u>95,759</u>
Other Commitments		
One year or less	2,984	2,101
From one to five years	858	-
Over five years	-	-
Total other commitments	<u>3,842</u>	<u>2,101</u>
Net Commitments by Maturity	<u>132,984</u>	<u>90,299</u>

NB: Commitments are GST inclusive where relevant.

1. Outstanding contractual payments for building under construction.
2. Operating lease commitments comprise contractual obligations for both office leases and motor vehicles.
3. Amounts payable under grant agreements in respect of which the recipient is yet to either perform the services required or meet eligibility conditions, and other contracts for service in progress.

SCHEDULE OF CONTINGENCIES

as at 30 June 2008

Contingent Liabilities	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	55	55	-	-	-	-	55	55
New	22	-	-	-	-	-	22	-
Re-measurement	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-
Total Contingent Liabilities	77	55	-	-	-	-	77	55

Details of each class of contingent liabilities including those not included above because they cannot be quantified, are disclosed in Note 11: Contingent Liabilities and Assets.

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

Content of the Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Note 2: Events after the Balance Sheet Date

Note 3: Income

Note 4: Expenses

Note 5: Financial Assets

Note 6: Non-Financial Assets

Note 7: Payables

Note 8: Interest bearing liabilities

Note 9: Provisions

Note 10: Cash flow reconciliation

Note 11: Contingent Liabilities and Assets

Note 12: Directors Remuneration

Note 13: Related Party Disclosures

Note 14: Executive Remuneration

Note 15: Remuneration of Auditors

Note 16: Financial Instruments

Note 17: Appropriations

Note 18: Compensation and Debt Relief

Note 19: Assets Held in Trust

Note 20: Reporting of Outcomes

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Sports Commission

The Financial Statements and notes 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 continued existence of the Australian Sports Commission (the Commission) in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Australian Sports Commission's administration and programs.

The Financial Statements and notes have been prepared in accordance with:

- ⟨ Finance Minister's Orders (or FMOs) for reporting periods ending on or after 01 July 2007; and
- ⟨ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

The fair value of land and buildings has been taken to be the depreciation replacement cost as determined by an independent value because Commission buildings are purpose built and may in fact realise more or less than the market value.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.3 Statement of Compliance

Adoption of new Australian Accounting Standard and Interpretation requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards are applicable to the current reporting period:

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the Australian Sports Commission.

2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation

2007-7 Amendments to Australian Accounting Standards

UIG Interpretation 11 *AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11*

Future Australian Accounting Standard and Interpretation requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB Interpretation 12 *Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12*

AASB 8 *Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*

AASB Interpretation 13 *Customer Loyalty Programmes*

AASB Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Commission.

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs do not refer to this reporting or the consolidated financial statements of the Australian Government.

1.4 Revenue

Revenue from the sale of goods is recognised when:

- ⟨ The risks and rewards of ownership have been transferred to the buyer;
- ⟨ The seller retains no managerial involvement nor effective control over the goods;
- ⟨ The revenue and transaction costs incurred can be reliably measured; and
- ⟨ It is probable that the economic benefits associated with the transaction will flow to the Entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- ⟨ The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- ⟨ The probable economic benefits with the transaction will flow to the Entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any allowance for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Resources Received Free of Charge

Resources 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 as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.6).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

1.5 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains 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 as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.6).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

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

1.6 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.7 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 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are 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 at 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 sick leave is non-vesting and the average sick leave taken in future years by employees of the Authority 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 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 2008. 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. The Australian Sports Commission recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Commission are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap), Spectrum Superannuation, Health Employees Super Trust, CBUS Industry Super Pty Ltd, CARE Superannuation, Australian Super and AGEST.

The CSS and PSS are defined benefit schemes for the Australian Government. The remaining funds are a defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

This liability is reported in the Department of Finance and Deregulation as an administered item.

The Commission makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Authority's employees. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfers from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Borrowing Costs

All borrowing costs are expensed as incurred.

1.10 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial assets

The Australian Sports Commission classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss'
- 'held-to-maturity investments', and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Authority manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Available for sale financial assets - If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

Available for sale financial assets (held at cost) - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB139. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB137.

1.15 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Commission where there exists an obligation to restore the property to its original condition. These costs are included in the value of Commission's leasehold improvements with a corresponding provision for the 'make good' taken up.

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset Class</i>	<i>Fair value measured at:</i>
Land	Market selling price
Buildings (excluding Leasehold improvements)	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Market selling price and depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Australian Sports Commission using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2008</u>	<u>2007</u>
Buildings	3-75 years	3-75 years
Land improvements	20-40 years	20-40 years
Leasehold improvements	lease term	lease term
Infrastructure, fittings, plant and equipment	4-25 years	4-25 years
Computer hardware	3- 5 years	3-5 years
Marine fleet	2-20 years	2-20 years
Motor vehicles	2-10 years	2-10 years

Impairment

All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Commission were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Intangibles

The Commission's intangibles comprise purchased software and internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 3 to 7 years (2006-07: 3 to 5 years)

All software assets were assessed for indications of impairment as at 30 June 2008.

1.19 Inventories

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

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

All the Commission's inventories are held for sale.

1.20 Taxation / Competitive Neutrality

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.

Note 2: Events after the Balance Sheet Date

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

Note 3: Income

Revenue	2008	2007
	\$'000	\$'000
Note 3A: Revenue from Government		
Appropriations:		
Departmental outputs	<u>216,375</u>	<u>193,017</u>
Total revenue from Government	<u>216,375</u>	<u>193,017</u>
Note 3B: Sale of goods and rendering of services		
Provision of goods - external parties	1,543	1,208
Rendering of services - related entities	13,965	5,307
Rendering of services - external parties	<u>12,182</u>	<u>13,149</u>
Total sale of goods and rendering of services	<u>27,690</u>	<u>19,664</u>
Note 3C: Interest		
Loans	47	20
Deposits	<u>2,240</u>	<u>2,885</u>
Total interest	<u>2,287</u>	<u>2,905</u>
Note 3D: Rental income		
Other	<u>3,077</u>	<u>1,857</u>
Total rental income	<u>3,077</u>	<u>1,857</u>
Note 3E: Other revenue		
Resources received free of charge	187	-
Discount on Loan Payable	<u>1,727</u>	<u>-</u>
Total other revenue	<u>1,914</u>	<u>-</u>
Gains		
Note 3F: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	-	798
Carrying value of assets sold	<u>-</u>	<u>565</u>
Net gain from sale of assets	<u>-</u>	<u>233</u>

Note 4: Expenses

	2008	2007
	\$'000	\$'000
Note 4A: Employee benefits		
Wages and salaries	50,290	49,166
Superannuation:		
Defined contribution plans	7,258	6,589
Leave and other entitlements	6,474	2,118
Separation and redundancies	343	607
Total employee benefits	64,365	58,480
Note 4B: Suppliers		
Provision of goods – external parties	4,024	4,211
Rendering of services – related entities	548	2,070
Rendering of services – external parties	44,256	42,606
Operating lease rentals:		
Minimum lease payments	2,323	2,842
Workers compensation premiums	630	873
Total supplier expenses	51,781	52,602
Note 4C: Grants		
Private sector:		
Non-profit organisations	122,938	100,808
Total grants	122,938	100,808
Note 4D: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	3,977	3,587
Buildings		
Land Improvements & Buildings	9,933	7,379
Total depreciation	13,910	10,966
Intangibles:		
Computer Software	366	348
Total amortisation	366	348
Total depreciation and amortisation	14,276	11,314
Note 4E: Finance costs		
Loans	33	-
Total finance costs	33	-
Note 4F: Write-down and impairment of assets		
Asset Write-Downs from		
impairment on financial instruments	1,727	-
Total write-down and impairment of assets	1,727	-
Note 4G: Losses from assets sales		
Infrastructure, plant and equipment		
Proceeds from sale	752	-
Carrying value of assets sold	1,227	-
Total losses from assets sales	(475)	-

Note 5: Financial Assets

	2008	2007
	\$'000	\$'000
Note 5A: Cash and cash equivalents		
Cash on hand and at bank	2,172	6,631
Deposits at call	27,591	25,482
Total cash and cash equivalents	29,763	32,113
Note 5B: Trade and other receivables		
Goods and services	4,163	3,472
Total appropriations receivable	4,163	3,472
GST receivable from the Australian Taxation Office	3,498	3,455
Other:		
Interest	748	447
Total other receivables	4,246	3,902
Total trade and other receivables (gross)	8,409	7,374
Less impairment allowance accounts:		
Goods and services	(42)	(11)
Total trade and other receivables (net)	8,367	7,363
Receivables are represented by:		
Current	8,409	7,374
Total trade and other receivables (net)	8,409	7,374
Receivables are aged as follows:		
Not overdue	5,400	4,687
Overdue by:		
Less than 30 days	2,390	1,856
30 to 60 days	277	275
61 to 90 days	74	34
More than 90 days	268	522
Total receivables (gross)	8,409	7,374
The impairment allowance accounts are aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(42)	(11)
Total allowance for doubtful debts	(42)	(11)

Reconciliation of the impairment allowance accounts:

Movements in relation to 2008

	Goods and services 2008 \$'000	Other receivables 2008 \$'000	Total 2008 \$'000
Opening balance	(11)	-	(11)
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Increase recognised in deficit	(31)	-	(31)
Closing balance	(42)	-	(42)

Movements in relation to 2007

	Goods and services 2007 \$'000	Other receivables 2007 \$'000	Total 2007 \$'000
Opening balance	(32)	-	(32)
Amounts written off	-	-	-
Amounts recovered and reversed	21	-	21
Increase/decrease recognised in net surplus	-	-	-
Closing balance	(11)	-	(11)

	2008 \$'000	2007 \$'000
Note 5C: Loan Receivables		
Loan - National Sporting Organisations	2,399	4,166
Total Investments	2,399	4,166

Other financial assets are expected to be recovered in
less than 12 months

50	46
2,349	4,120
2,399	4,166

Note 6: Non-Financial Assets

	2008 \$'000	2007 \$'000
Note 6A: Land and buildings		
Leasehold land at fair value	7,400	7,400
Land improvements at fair value	3,838	3,345
Accumulated depreciation	(310)	-
Total land improvements	3,528	3,345
Buildings on leased land:		
– work in progress	1,339	2,558
– fair value	200,005	193,129
– accumulated depreciation	(9,732)	(125)
Total buildings on leased land	191,612	195,562
Leasehold improvements		
– fair value	256	159
– accumulated depreciation	(96)	(80)
Total leasehold improvements	160	79
Total land and buildings (non-current)	202,700	206,386

No indicators of impairment were found for land and buildings.

Note 6B: Infrastructure, plant and equipment

Furniture, fittings, plant and equipment:		
- gross carrying value (at fair value)	8,145	17,457
- accumulated depreciation	(26)	(9,948)
Total furniture, fittings, plant and equipment	8,119	7,509
Computers:		
- gross carrying value (at fair value)	4,512	8,308
- accumulated depreciation	(16)	(4,562)
Total computers	4,496	3,746
Marine fleet:		
- gross carrying value (at fair value)	1,475	2,474
- accumulated depreciation	(9)	(1,247)
Total marine fleet	1,466	1,227
Motor vehicles		
- gross carrying value (at fair value)	2,815	4,071
- accumulated depreciation	(8)	(1,116)
Total motor vehicles	2,807	2,955
Total infrastructure, plant and equipment (non-current)	16,888	15,437

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. In 2007-08, an independent valuer [Australian Valuation Office] conducted the revaluations.

Revaluation increment of nil for land (2007: decrement of \$717,000) and increment of nil for buildings on freehold land (2007: increment of \$34,802,000), nil for leasehold improvements (2007: increment of nil) and increment of \$1,278,000 for plant and equipment (2007: increment of nil) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no [increments/decrements] were expensed (2007: nil expensed).

No indicators of impairment were found for infrastructure, plant and equipment.

	2008	2007
	\$'000	\$'000
Note 6C: Intangibles		
Computer software at cost:		
Purchased software	3,802	2,092
Total Computer Software	<u>3,802</u>	<u>2,092</u>
Accumulated amortisation	(1,407)	(1,172)
Total intangibles (non-current)	<u>2,395</u>	<u>920</u>

No indicators of impairment were found for intangible assets.

Note 6D: Inventories

Inventories held for sale	1,038	601
Total inventories held for sale	<u>1,038</u>	<u>601</u>

Note 6E: Other non-financial assets

Prepayments	880	361
Total other non-financial assets	<u>880</u>	<u>361</u>

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Note 6: Non-Financial Assets

Note 6F: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Other IP & E \$'000	Total \$'000
As at 1 July 2007					
Gross book value	10,745	195,846	206,591	32,310	238,901
Accumulated depreciation/amortisation and impairment	-	(205)	(205)	(16,873)	(17,078)
Net book value 1 July 2007	10,745	195,641	206,386	15,437	221,823
Additions:					
by purchase	493	5,754	6,247	5,432	11,679
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairments through equity	-	-	-	1,278	1,278
Reclassification	-	-	-	-	-
Depreciation/amortisation expense	(310)	(9,623)	(9,933)	(3,977)	(13,910)
Impairments recognised in the operating result	-	-	-	-	-
Other movements (write-off unfound assets)	-	-	-	(55)	(55)
Disposals:					
Other disposals	-	-	-	(1,227)	(1,227)
Net book value 30 June 2008	10,928	191,772	202,700	16,888	219,588
Net book value as of 30 June 2008 represented by:					
Gross book value	11,238	201,600	212,838	16,947	229,785
Accumulated depreciation/amortisation and impairment	(310)	(9,828)	(10,138)	(59)	(10,197)
	10,928	191,772	202,700	16,888	219,588

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

Item	Land	Buildings	Total Land and	Other	Total
	\$'000	\$'000	Buildings \$'000	IP & E \$'000	\$'000
As at 1 July 2006					
Gross book value	13,896	255,213	269,109	28,093	297,202
Accumulated depreciation/amortisation and impairment	(4,442)	(113,712)	(118,154)	(16,108)	(134,262)
Net book value 1 July 2006	9,454	141,501	150,955	11,985	162,940
Additions:					
by purchase	562	28,166	28,728	7,699	36,427
Revaluations and impairments through equity	(717)	34,802	34,085	-	34,085
Reclassification	1,705	(1,708)	(3)	(95)	(98)
Depreciation/amortisation expense	(259)	(7,120)	(7,379)	(3,587)	(10,966)
Disposals:					
Other disposals	-	-	-	(565)	(565)
Net book value 30 June 2007	10,745	195,641	206,386	15,437	221,823
Net book value as of 30 June 2007 represented by:					
Gross book value	10,745	195,846	206,591	32,310	238,901
Accumulated depreciation/amortisation and impairment	-	(205)	(205)	(16,873)	(17,078)
	10,745	195,641	206,386	15,437	221,823

Note 6G: Intangibles (disclose each class) (cont.)

Table C: Reconciliation of the opening and closing balances of intangibles (2007-08).

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Other intangibles internally developed \$'000	Other intangibles purchased \$'000	Total \$'000
As at 1 July 2007					
Gross book value	-	2,092	-	-	2,092
Accumulated depreciation/amortisation and impairment	-	(1,172)	-	-	(1,172)
Net book value 1 July 2007	-	920	-	-	920
Additions:					
by purchase or internally developed	-	1,841	-	-	1,841
Amortisation	-	(366)	-	-	(366)
Net book value 30 June 2008	-	2,395	-	-	2,395
Net book value as of 30 June 2008 represented by:					
Gross book value	-	3,933	-	-	3,933
Accumulated depreciation/amortisation and impairment	-	(1,538)	-	-	(1,538)
	-	2,395	-	-	2,395

Table C: Reconciliation of the opening and closing balances of intangibles (2006-07).

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Other intangibles internally developed \$'000	Other intangibles purchased \$'000	Total \$'000
As at 1 July 2006					
Gross book value	-	2,015	-	-	2,015
Accumulated amortisation and impairment	-	(979)	-	-	(979)
Net book value 1 July 2006	-	1,036	-	-	1,036
Additions:					
by purchase or internally developed	-	232	-	-	232
Amortisation	-	(348)	-	-	(348)
Net book value 30 June 2007	-	920	-	-	920
Net book value as of 30 June 2007 represented by:					
Gross book value	-	2,092	-	-	2,092
Accumulated depreciation/amortisation and impairment	-	(1,172)	-	-	(1,172)
	-	920	-	-	920

Note 7: Payables

	2008	2007
	\$'000	\$'000
Note 7A: Suppliers		
Trade creditors	7,990	7,632
Total supplier payables	<u>7,990</u>	<u>7,632</u>
Supplier payables are represented by:		
Current	7,990	7,632
Non-current	-	-
Total supplier payables	<u>7,990</u>	<u>7,632</u>
Settlement is usually made net 30 days.		
Note 7B: Grants		
Non-profit organisations	590	1,371
Total grants	<u>590</u>	<u>1,371</u>
All grants payable are current		
Note 7C: Other Payables		
Prepayments received/unearned income	2,747	1,869
GST payable to the ATO	258	617
Total Other Payables	<u>3,005</u>	<u>2,486</u>

Note 8: Interest bearing liabilities

	2008	2007
	\$'000	\$'000
Note 8: Loans		
Loans from Government	<u>2,273</u>	<u>4,000</u>
Total loans	<u><u>2,273</u></u>	<u><u>4,000</u></u>
Maturity schedule for loans:		
Payable:		
Within one year	-	-
In one to five years	2,273	1,334
In more than five years	<u>-</u>	<u>2,666</u>
Total loans	<u><u>2,273</u></u>	<u><u>4,000</u></u>

The loan was issued to the ASC in April 2004 and then in turn was reissued by the ASC to the FFA (Football Federation of Australia) with a maturity date of June 2008 and an interest rate of the 10 year Government bond rate plus 3%. The loan was renegotiated in June 2008 with an interest rate of floating 4.63% as at 30 June 2008 with a maturity of June 2013.

Note 9: Provisions

	2008	2007
	\$'000	\$'000
Note 9A: Employee provisions		
Salaries and wages	707	359
Leave	12,194	10,260
Superannuation	84	50
Separations and redundancies	260	1,004
Total employee provisions	13,245	11,673
Employee provisions are represented by:		
Current	11,266	7,673
Non-current	1,979	4,000
Total employee provisions	13,245	11,673

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are \$4,646,801 (2007: \$3,799,115).

Note 10: Cash flow reconciliation

	2008	2007
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	29,763	32,113
Balance Sheet	<u>29,763</u>	<u>32,113</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of operating result to net cash from operating activities:		
Operating result	(4,252)	(5,528)
Depreciation / amortisation	14,276	11,314
(Gain) / Loss on disposal of assets	475	(232)
(Increase) / decrease in interest receivable	(301)	(31)
(Increase) / decrease in net receivables	(660)	(1,196)
(Increase) / decrease in inventories	(437)	223
(Increase) / decrease in prepayments	(519)	3,403
(Increase) / decrease in GST receivable	(406)	(986)
Increase / (decrease) in grant creditors	(781)	534
Increase / (decrease) in employee provisions	1,572	682
Increase / (decrease) in supplier payables	358	(2,329)
Increase / (decrease) in prepayments received	<u>878</u>	<u>88</u>
<i>Net cash from operating activities</i>	<u>10,203</u>	<u>5,942</u>

Note 11: Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies in the Financial Report reports a contingent liability as at 30 June 2008 in respect of a bank guarantee in respect of office accommodation under lease. As a result, the Australian Sports Commission has recognised the liability of \$77,000 as at 30 June 2008.

Note 12: Directors Remuneration

	2008 No.	2007 No.
The number of directors of the Australian Sports Commission included in these figures are shown below in the relevant remuneration bands:		
\$ Nil - \$ 14,999	7	2
\$ 15,000 - \$ 29,999	5	5
\$ 30,000 - \$ 44,999	3	4
Total number of directors of the Commission	<u>15</u>	<u>11</u>
	2008	2007
	\$	\$
Total remuneration received or due and receivable by directors of the Australian Sports Commission	239,177	220,537

Board Members

Mr Peter Bartels
Mr Alan Jones (to 6/5/08)
Mr Roy Masters (to 6/5/08)
Ms Michelle Ford-Eriksson (to 4/7/07)
Mr Geoff Stooke (to 6/5/08)
Mr Kieren Perkins (to 6/5/08)
Mrs Pam Tye (to 6/5/08)
Mr John Eales (from 7/11/02) (res 24/8/07)
Ms Alisa Camplin
Mr Greg Hartung
Mr David Gallop (from 6/5/08)
Ms Liz Ellis (from 6/5/08)
Ms Kate Allen (from 6/5/08)
Ms Sally Carbon (from 6/5/08)
Mr Kyle Vander-Kuyp (from 6/5/08)

Note 13: Related Party Disclosures

		2008	2007
		\$	\$
ENTITY	COMMISSIONER		
Donations to related entities:			
Reimbursement of National Sport Program expenses:			
NSW Department of Sport & Recreation	Mr A Jones	-	82,520
Hockey Australia	Ms P Tye	394,692	95,270
Hockey Australia	Ms S Carbon	394,692	95,270
Swimming Australia	Mr K Perkins	-	241,439
Australian Paralympics Committee	Mr G Hartung	10,048	27,141
Australian Sports Foundation	Mr G Hartung	-	19,000
NSW Institute of Sport	Ms E Ellis	32,413	23,346
Sydney Olympic Park Authority	Ms E Ellis	-	158
ANZ Bank	Ms K Allen	2,713,868	2,657,206
Olympic Winter Institute	Ms A Chapman	45,884	33,232
Grants to National Sporting Organisations:			
NSW Department of Sport & Recreation	Mr A Jones	-	586,644
Hockey Australia	Ms P Tye	4,072,200	4,922,555
Hockey Australia	Ms S Carbon	4,072,200	4,922,555
Swimming Australia	Mr K Perkins	5,217,128	5,289,900
International Paralympics Committee	Mr G Hartung	11,088,000	6,285,400
National Aboriginal Sports Corporation	Mr A Jones	-	6,365
Australian Rugby League	Mr D Gallop	2,723,600	509,300
NSW Institute of Sport	Ms E Ellis	325,996	232,125
Olympic Winter Institute	Ms A Chapman	929,500	1,233,686
Provision of services:			
National Library of Australia	Ms H Williams (1)	-	97,519

(1) Ms H Williams is an ex-officio Director appointed on behalf of the Department of Communications, Information Technology and the Arts, who ceased duties on 7 May 2007. 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 transactions referred to above were conducted with conditions no more favourable than would be expected if the transactions occurred at arms length.

Note 14: Executive Remuneration

	2008	2007
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130 000 to \$144 999	-	1
\$175 000 to \$189 999	-	1
\$190 000 to \$204 999	4	1
\$205 000 to \$219 999	1	-
\$220 000 to \$234 999	1	2
\$235 000 to \$249 999	1	-
\$310 000 to \$324 999	-	1
\$325 000 to \$339 999	1	-
Total	<u>8</u>	<u>6</u>
	2008	2007
	\$	\$
The aggregate amount of total remuneration of senior executives shown above.	1,786,139	1,280,707
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives included in the amount above.	-	32,311

Notes:

1. The 2006-07 Annual Report identified 5 senior executives, the actual number of senior executives in 2006-07 was 8, but several were only in the role for part of the year, therefore below the \$130,000 threshold.
2. The total remuneration previously reported in 2006-07 did not include separation payments or amounts due and receivable.
3. The figures reported in the 2006-07 Annual Report were incorrect, the 2006-07 figures should have identified one executive within the \$310,000 to \$324,999 bracket rather than the \$325,000 to \$339,999 bracket and one executive in the \$220,000 to \$234,999 bracket rather than the \$250,000 to \$264,999 bracket. This has been amended in the figures above.

Note 15: Remuneration of Auditors

2008	2007
\$	\$

The cost of financial statement audit services provided to the Australian Sports Commission were:

The fair value of the services provided was:

<u>99,500</u>	<u>98,000</u>
<u>99,500</u>	<u>98,000</u>

No other services were provided by the Auditor-General.

Note 16: Financial Instruments

	2008	2007
	\$'000	\$'000
16A Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash at bank	29,763	32,113
Receivables for goods and services	8,367	7,363
Loan Receivables	2,399	4,166
Carrying amount of financial assets	40,529	43,642
Financial Liabilities		
Other financial liabilities		
Government loan	2,273	4,000
Trade creditors	7,990	7,632
Grants payable	590	1,371
GST payable	258	617
Carrying amount of financial liabilities	11,111	13,620
16B Net income and expense from financial assets		
Loans and receivables		
Interest revenue - deposits	2,240	2,885
Interest revenue - loans	47	20
Impairment	1,727	-
Net gain/(loss) loans and receivables	4,014	2,905
Net gain/(loss) from financial assets	4,014	2,905
16C Net income and expense from financial liabilities		
Financial liabilities - at amortised cost		
Interest expense	33	-
Impairment	1,727	-
Net gain/(loss) financial liabilities - at amortised cost	1,760	-
Net gain/(loss) from financial liabilities	1,760	-

The net income/expense from financial liabilities not at fair value from profit and loss is \$nil.

16D Fair value of financial instruments

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Loans and receivables				
Cash at bank	29,763	29,763	32,113	32,113
Receivables for goods and services	8,367	8,367	7,363	7,363
Loan Receivables	2,399	2,399	4,166	4,166
Total	40,529	40,529	43,642	43,642
FINANCIAL LIABILITIES				
Other financial liabilities				
Government loan	2,273	2,273	4,000	4,000
Trade creditors	7,990	7,990	7,632	7,632
Grants payable	590	590	1,371	1,371
Total	10,853	10,853	13,003	13,003

16E Credit risk

The Australian Sports Commission is exposed to minimal credit risk as the majority of loans and receivables are cash, appropriation made under law (which guarantees fixed amounts of funding that the entity can drawdown as required) or amounts owed by the Australian Tax Office in the form of a Goods and Services Tax refund. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2008: \$4,163,000 and 2007: \$3,472,000). The Australian Sports Commission has assessed the risk of the default on payment and has allocated \$32,000 in 2008 (2007: \$11,000) to an allowance for doubtful debts account.

The Australian Sports Commission manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Commission has policies and procedures that guide employees debt recovery techniques that are to be applied.

The Australian Sports Commission holds no collateral to mitigate against credit risk.

Credit risk of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
Cash at bank	29,763	32,113	-	-
Receivables for goods and services	7,790	6,543	619	831
Loan Receivables	2,399	2,399	-	-
Total	39,952	41,055	619	831

Ageing of financial assets that are past due but not impaired for 2008

	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	277	74	268	619
Total	277	74	268	619

Ageing of financial assets that are past due but not impaired for 2007

	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	275	34	522	831
Total	275	34	522	831

16F Liquidity risk

The Australian Sports Commission's financial liabilities are payables and a loans from government. The exposure to liquidity risk is based on the notion that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Entity (e.g. Advance to the Finance Minister (AFM)) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities for 2008

	On demand 2008 \$'000	within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Government loan	-	-	2,273	-	2,273
Trade creditors	-	7,990	-	-	7,990
Grants payable	-	590	-	-	590
GST payable	-	258	-	-	258
Total	-	8,838	2,273	-	11,111

The following tables illustrates the maturities for financial liabilities for 2007

	On demand 2007 \$'000	within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Government loan	-	-	1,334	2,666	4,000
Trade creditors	-	7,632	-	-	7,632
Grants payable	-	1,371	-	-	1,371
GST payable	-	617	-	-	617
Total	-	9,620	1,334	2,666	13,620

The Australian sports Commission is appropriated funding from the Australian Government. The Commission manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Australian Sports commission has policies in place to ensure timely payment are made when due and has no past experience of default.

16F Market risk

The Australian Sports Commission holds basic financial instruments that do not expose the Commission to certain market risks. The Australian Sports Commission is not exposed to 'currency risk' or 'other price risk'.

Interest Rate Risk

The cash and cash equivalents amount on the balance sheet includes \$27.882 million which is invested on the Short Term Money at a fixed rate of interest. The other interest-bearing items on the balance sheet are the Loan from Government and the loan to Football Federation of Australia which bears interest at a fixed interest rate and does not fluctuate due to changes in the market interest rate.

Note 17: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs		Loans		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	1,000	1,000	1,000	1,000
Appropriation Act:						
Appropriation Act (No.1)	204,409	192,428	-	-	204,409	192,428
Appropriation Act (No.3)	11,462	589	-	-	11,462	589
Appropriation Act (No.5)	504	-	-	-	504	-
Reductions of appropriations (Appropriation Act section 9)	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 8)	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-	-
Convoys receipts (Appropriation Act section 12)	-	-	-	-	-	-
Refunds credited	-	-	-	-	-	-
Appropriations to take account of recoverable GST	-	-	-	-	-	-
Amounts to 'top' appropriations	-	-	-	-	-	-
Adjustment of appropriations on change of entity function	-	-	-	-	-	-
Total appropriation available for payments	216,375	193,017	1,000	1,000	217,375	194,017
Cash payments made during the year (GST inclusive)	216,375	193,017	-	-	216,375	193,017
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	-	1,000	1,000	1,000	1,000

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Operating						Non - operating						Total				
	Outcome 1			Outcome 2			Equity			Loans			Previous Years' Outputs			Admin assets and liabilities	
	SPPs	MAE	NAE	SPPs	MAE	NAE	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	
Balance brought forward from previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act:																	
Appropriation Act (No.2) 2007-08	-	-	-	-	-	-	-	-	-	116	12,121	-	-	-	-	-	-
Appropriation Act (No.4) 2007-08	-	-	-	-	-	-	-	-	-	-	3,912	-	-	-	-	-	-
Appropriation Act (No.6) 2007-08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reductions of appropriations (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 7 & 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:																	
Refunds credited (FMA section 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA section 30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA section 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	-	-	-	-	-	-	-	116	16,033	-	-	-	-	-	-
Cash payments made during the year (GST inclusive)	-	-	-	-	-	-	-	-	-	116	16,033	-	-	-	-	-	-
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	-	116	16,033	-	-	-	-	-	-

Note 18: Compensation and Debt Relief

	2008	2007
	\$	\$
Departmental		
No payments were made during the reporting period. (2007: No payments made)	-	-
	<u> </u>	<u> </u>

Note 19: Assets Held in Trust

Gary Knoke Memorial Scholarship Trust Account

Purpose – The Gary Knoke Memorial Scholarship trust is to be used for the provision of scholarships to eligible persons. These monies are not available for other purposes of the Commission and are not recognised in the financial statements.

	2008 \$'000	2007 \$'000
Opening balance	51	55
<u>Additions</u>		
Receipts during the year	-	-
Interest received	1	1
Available for payments	<u>52</u>	<u>56</u>
<u>Disposed</u>		
Payments made	-	(5)
Total	<u>52</u>	<u>51</u>

Promoters Trust Account

Purpose – The Australian Sports 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. These monies are not available for other purposes of the Commission and are not recognised in the financial statements.

	2008 \$'000	2007 \$'000
Receipts		
Takings for events	<u>2,206</u>	<u>1,704</u>
	2,206	1,704
Expenditure		
Distributions to:		
Promoters	(2,340)	(1,315)
Australian Sports Commission	(111)	(169)
Payments to suppliers	(94)	(220)
Other	-	-
	<u>(2,545)</u>	<u>(1,704)</u>
Excess of receipts over expenditure	<u>(339)</u>	<u>-</u>
Assets		
Cash at bank	262	601
Debtors	-	-
	<u>262</u>	<u>601</u>
Liabilities		
Distribution to:		
Interest payable	5	3
Australian Sports Commission	10	31
Promoters	247	555
Payments to suppliers	-	12
	<u>262</u>	<u>601</u>

Australian College of Sport Trust Account

Purpose – 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. These monies are not available for other purposes of the Commission and are not recognised in the financial statements.

	2008 \$'000	2007 \$'000
Opening balance	113	108
<u>Additions</u>		
Receipts during the year	-	-
Interest received	5	5
Available for payments	<u>118</u>	<u>113</u>
<u>Disposed</u>		
Payments made	-	-
Total	<u>118</u>	<u>113</u>

Note 20: Reporting of Outcomes

A review was conducted of all cost centres used by the Commission. Where a cost centre could be directly attributed to a particular outcome all costs associated with that cost centre were attributed to that outcome. Where a cost centre was an overhead cost centre the attribution is based on the grants for the SPD (Sport Performance and Development) funding.

Note 20A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Departmental	81,484	68,211	174,111	154,993	255,595	223,204
Total expenses	81,484	68,211	174,111	154,993	255,595	223,204
Provision of goods and services to the non government sector						
Departmental	4,376	4,388	9,349	9,969	13,725	14,357
Total costs recovered	4,376	4,388	9,349	9,969	13,725	14,357
Other external revenues						
Departmental						
Sale of Goods and Services to Related Parties	4,452	1,622	9,513	3,685	13,965	5,307
Interest	729	888	1,558	2,017	2,287	2,905
Other	1,041	638	2,223	1,452	3,264	2,090
Total Departmental	6,222	3,148	13,294	7,154	19,516	10,302
Total other external revenues	6,222	3,148	13,294	7,154	19,516	10,302
Net cost of outcome	70,886	60,675	151,468	137,870	222,354	198,545

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 is identified for each outcome.

Note 20B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1.1		Outcome 1 Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Departmental expenses				
Employees	20,520	17,872	20,520	17,872
Suppliers	16,508	16,074	16,508	16,074
Depreciation and amortisation	4,551	3,458	4,551	3,458
Grants	39,193	30,807	39,193	30,807
Finance costs	561	-	561	-
Net losses from asset sales	151	-	151	-
Total Departmental expenses	81,484	68,211	81,484	68,211
Funded by:				
Revenues from Government	68,980	58,986	68,980	58,986
Sale of goods and services	8,828	6,009	8,828	6,009
Interest	729	888	729	888
Other	1,591	567	1,591	567
Total Departmental revenues	80,128	66,450	80,128	66,450

Note 20B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)

Outcome 2	Output Group 2.1		Outcome 2 Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Departmental expenses				
Employees	43,845	40,608	43,845	40,608
Suppliers	35,273	36,468	35,273	36,468
Depreciation and amortisation	9,724	7,856	9,724	7,856
Grants	83,746	70,001	83,746	70,001
Finance costs	1,199	-	1,199	-
Net losses from asset sales	324	-	324	-
Total Departmental expenses	174,111	154,933	174,111	154,933
Funded by:				
Revenues from Government	147,395	134,031	147,395	134,031
Sale of goods and services	18,862	13,655	18,862	13,655
Interest	1,558	2,017	1,558	2,017
Other	3,400	1,290	3,400	1,290
Total Departmental revenues	171,215	150,993	171,215	150,993