

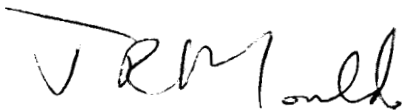
# A. Financial reports

As provided for in the Anglo-Australian Telescope Agreement, the accounts, records and financial transactions of the Board are audited by the Australian Auditor-General. The form of the Board's financial statements is in accord with Schedule 2 of the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* issued by the Australian Minister for Finance and Administration.

The Board submits detailed estimates of receipts and expenditure for approval by each Government in respect of the financial accounting period from 1 July 1998 to 30 June 1999. All estimates are expressed in Australian dollars.

## ***Statement by the Directors***

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders under the *Commonwealth Authorities and Companies Act 1997*.



J R Mould  
Chair of the Board

25 November 1999



J A Peacock  
Deputy Chair of the Board

25 November 1999



## **ANGLO-AUSTRALIAN TELESCOPE BOARD INDEPENDENT AUDIT REPORT**

**To the Minister for Education, Training and Youth Affairs**

### **Scope**

I have audited the financial statements of the Anglo-Australian Telescope Board for the year ended 30 June 1999. The financial statements comprise:

- Statement by the Directors;
- Operating Statement;
- Statement of Assets and Liabilities;
- Statement of Cash Flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the Financial Statements.

The Members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of the Anglo-Australian Telescope Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In accordance with subsection 19(1) of the *Anglo-Australian Telescope Agreement Act 1970*, I now report that the financial statements are in agreement with the accounts and records of the Anglo-Australian Telescope Board, and in my opinion,

- (i) the financial statements are based on proper accounts and records;
- (ii) the financial statements show fairly, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Board as at 30 June 1999 and the results of its operations and its cash flows for the year then ended;
- (iii) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Board during the year have been in accordance with the *Anglo-Australian Telescope Agreement Act 1970*; and
- (iv) the statements are in accordance with Schedule 2 of the Finance Minister's Orders.

Australian National Audit Office



Paul Hinchey  
Senior Director

Delegate of the Auditor-General

Sydney  
25 November 1999

**OPERATING STATEMENT**  
for the year ended 30 June 1999

	<i>Notes</i>	<b>1999</b>	1998
		<b>\$'000</b>	\$'000
<b>NET COST OF SERVICES</b>			
<b>Operating expenses</b>			
Employees	4A	<b>4166</b>	4134
Suppliers	4B	<b>2204</b>	2252
Net loss from disposal of assets	4D	<b>145</b>	110
Depreciation	4C	<b>2019</b>	1298
<b>Total operating expenses</b>		<b>8534</b>	7794
<b>Operating revenues from independent sources</b>			
United Kingdom Government Contribution		<b>3610</b>	3459
Sales of goods & services	5A	<b>1028</b>	394
Interest	5B	<b>79</b>	63
Net foreign exchange gains/(loss)	5C	<b>(4)</b>	6
Other	5D	<b>252</b>	87
<b>Total operating revenues from independent sources</b>		<b>4965</b>	4009
<b>Net cost of services (before abnormal items)</b>		<b>3569</b>	3785
<b>Abnormal items</b>			
Sale of Land & Buildings held free of charge.	5E	<b>(138)</b>	-
		-	-
<b>Net cost of services</b>		<b>3707</b>	3785
<b>REVENUES FROM GOVERNMENT</b>			
Parliamentary appropriations received	6A	<b>3612</b>	3462
<b>Total revenues from government</b>		<b>3612</b>	3462
<b>Deficit of net cost of services over revenues from government</b>		<b>(95)</b>	(323)
Accumulated surplus at beginning of reporting period	8	<b>16469</b>	16792
<b>Accumulated surplus at end of reporting period</b>	8	<b>16374</b>	16469

The accompanying notes form part of these financial statements

STATEMENT OF ASSETS AND LIABILITIES  
as at 30 June 1999

	Notes	1999 \$'000	1998 \$'000
<b>PROVISIONS AND PAYABLES</b>			
Employees	7A	1246	1235
Suppliers	7B	168	59
Other	7C	632	1682
<b>Total provisions and payables</b>		<b>2046</b>	<b>2976</b>
<b>EQUITY</b>			
Reserves		29168	16520
Accumulated surplus	8	16374	16469
<b>Total Equity</b>		<b>45542</b>	<b>32989</b>
<b>Total liabilities and equity</b>		<b>47588</b>	<b>35965</b>
<b>FINANCIAL ASSETS</b>			
Cash	9A	1692	2233
Receivables	9B	98	104
<b>Total financial assets</b>		<b>1790</b>	<b>2337</b>
<b>NON-FINANCIAL ASSETS</b>			
Land and buildings	10A,C	20915	21880
Plant and equipment	10B,C	24816	11706
Other	10D	67	42
<b>Total non-financial assets</b>		<b>45798</b>	<b>33628</b>
<b>Total Assets</b>		<b>47588</b>	<b>35965</b>
<b>Current liabilities</b>		<b>1339</b>	<b>2348</b>
<b>Non-current liabilities</b>		<b>707</b>	<b>628</b>
<b>Current assets</b>		<b>1857</b>	<b>2379</b>
<b>Non-current assets</b>		<b>45731</b>	<b>33586</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 1999

	<i>Notes</i>	<b>1999</b>	1998
		<b>\$'000</b>	\$'000
<b>OPERATING ACTIVITIES</b>			
Cash received			
Appropriations		<b>3612</b>	3462
Contributions from UK Government		<b>2745</b>	4324
Sales of goods and services		<b>1042</b>	1248
Interest		<b>79</b>	63
<b>Total cash received</b>		<b>7478</b>	9097
<b>Cash used</b>			
Employees		<b>(4155)</b>	(4073)
Suppliers		<b>(2074)</b>	(2218)
<b>Total cash used</b>		<b>(6229)</b>	(6291)
<b>Net cash from operating activities</b>	<i>11</i>	<b>1249</b>	2806
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of plant and equipment		<b>44</b>	89
<b>Total cash received</b>		<b>44</b>	89
<b>Cash used</b>			
Purchase of land & buildings		<b>(28)</b>	(30)
Purchase of plant and equipment		<b>(1806)</b>	(941)
<b>Total cash used</b>		<b>(1834)</b>	(971)
<b>Net cash from investing activities</b>		<b>(1790)</b>	(882)
<b>Net increase (decrease) in cash held</b>		<b>(541)</b>	1924
<b>add cash at 1 July</b>		<b>2233</b>	309
<b>Cash at 30 June</b>		<b>1692</b>	2233

The accompanying notes form part of these financial statements

**SCHEDULE OF COMMITMENTS**  
as at 30 June 1999

	1999	1998
	\$'000	\$'000
<b>BY TYPE</b>		
CAPITAL COMMITMENTS		
OTHER COMMITMENTS		
Operating Leases	86	27
<b>Total Commitments Payable</b>	<u>86</u>	<u>27</u>
<b>Commitments receivable</b>	-	-
<b>Net commitments</b>	<u>86</u>	<u>27</u>
<b>BY MATURITY</b>		
All net commitments		
One year or less	50	21
From one to two years	36	6
<b>Net Commitments</b>	<u>86</u>	<u>27</u>

**SCHEDULE OF CONTINGENCIES**  
as at 30 June 1999

	1999	1998
	\$'000	\$'000
<b>CONTINGENT LOSSES &amp; GAINS</b>	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

**1. Summary of Significant Accounting Policies**

**1.1 Basis of Accounting**

The financial statements are a general purpose financial report.

They have been prepared in accordance with Schedule 2 to Orders issued by the Finance Minister under the *Commonwealth Authorities and Companies Act 1997*.

The financial statements have been prepared

- in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards Boards (Accounting Guidance Releases) and the Consensus Views of the Urgent Issues Group, and
- having regard to Statements of Accounting Concepts.

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 on the financial position.

**1.2 Rounding**

Amounts are rounded to the nearest \$1 000 except in relation to:

- remuneration of directors;
- remuneration of executive officers; and
- remuneration of auditors.

**1.3 Taxation**

The Board is exempt from all forms of taxation.

**1.4 Property, plant and equipment**

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Assets and Liabilities, except for purchases costing less than \$3000, 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 \$3000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

Property, plant and equipment acquired free or for a nominal value are recognised initially at fair value.

Schedule 2 requires that property, plant and equipment be progressively revalued in accordance with the deprival method of valuation by no later than 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The Board has implemented its progressive revaluations to 1 July 1999 as follows:

- land and buildings were revalued in 1996-97
- the telescopes and instrumentation were revalued as at 1 July 1998

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 1999**

plant and equipment will be revalued as at 1 July 1999

Assets in each class acquired after the commencement of the progressive revaluation cycle are reported at cost for the duration of the progressive revaluation then in progress.

The application of the deprival method values land at its current market buying price and other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to requirements are valued at their realisable value; at 30 June 1999 there were no assets in this situation.

The valuations of plant and equipment and land and buildings were independent. The valuations of the telescopes and instrumentation were developed within the AAO based on historic prices and indices of inflation since then.

The carrying amounts of non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value

Depreciable property, plant and equipment assets are written off to their estimated residual value using, in all cases, the straight line method of depreciation.

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

Depreciation rates applying to each class of depreciable assets are as follows:

	<b>1999</b>	1998
Buildings	<b>25 years</b>	25 years
Telescope and Ancillary Equipment	<b>50 years</b>	50 years
Telescope Instrumentation	<b>20 years</b>	20 years
Plant and Equipment	<b>20 years</b>	20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 10.

**1.5 Liability for Employee Entitlements**

*(i) Annual Leave*

Liability for annual leave entitlements has been calculated on the basis of current wage and salary rates and actual entitlements at balance date and includes a leave-loading component.

*(ii) Sick Leave*

Sick leave is non vesting and on average sick leave taken in each reporting period has been less than the entitlement accruing in that period. Therefore no provision has been made for sick leave.

*(iii) Long Service Leave*

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 1999.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account .

**1.6 Leases**

A distinction is made between finance leases, which effectively transfer from the lessors to the lessee substantially all the risk and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains all such risks and benefits. Operating lease payments are charges to expense on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

**1.7 Foreign currency transactions**

The contributions from the United Kingdom are converted to Australian dollars at the selling rate quoted by the Bank of England at the time each contribution is made. All other foreign currency transactions are converted at the ruling exchange rate at the time of the transaction.

**1.8 Cash**

For the purpose of the Statement of Cash flows, cash includes deposits held at call with a bank.

**1.9 Revenue**

Appropriation revenue is recognised at the time the Board becomes entitled to receive the revenue.

Grants are received from the Australian Research Council (ARC) and the Particle Physics and Astronomy Research Council (PPARC) of the United Kingdom (UK) for the specific purpose of employing astronomers at the Observatory.

Resources received free of charge are recognised as revenues in the Operating Statement when received and the fair value can be reliably measured. Use of the resources is recognised as an expense or an asset according to whether there is a long-term benefit. The following resources are received free of charge:

*(i) Use of Land*

At Siding Spring Observatory, the 3.9 metre Anglo-Australian Telescope (AAT) building and the 1.2 metre Schmidt Telescope (ST) building are on land owned by the Australian National University (ANU). At Epping, New South Wales, the Board's buildings are on the site of the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The Board has entered into a permissive occupancy agreement with CSIRO covering its establishment at Epping. The value of this land is disclosed in Note 10A. The Board has also entered into a permissive occupancy agreement with the ANU for its establishment at Siding Spring, for which a "peppercorn rental" of one dollar is charged.

*(ii) Use of Buildings*

Two residences at Coonabarabran, owned by the Particle Physics and Astronomy Research Council (PPARC), formerly brought into account as land and buildings, the use of which is free of charge, were sold during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 1999**

*(iii) Use of the Schmidt Telescope*

The Schmidt Telescope is owned by PPARC and operated by AAO. It was brought to account for the first time in 1996-97 based on a valuation provided by PPARC.

**1.10 Agreements**

Under an agreement between the Board and the PPARC, the Board is responsible for the management, care and maintenance, operation and development of the Schmidt Telescope. PPARC, the owner of the Schmidt Telescope, has entered into a lease with the ANU in respect of use of land for the Schmidt Telescope. The revenues, expenses and asset values in respect of the Schmidt Telescope form part of the financial statements

**1.11 Financial Instruments**

Accounting policies in relation to financial instruments are disclosed in note 16.

**1.12 Comparative Figures**

Where appropriate, comparative figures have been restated to conform with changes in the presentation of the financial statements.

**1.13 Changes in accounting policy**

Changes in accounting policy have been identified in this note under their appropriate headings.

**2. Financial Reporting by Segments**

The Board operates solely in Australia and in one industry by operating and maintaining research facilities for astronomy.

**3. Economic Dependency**

The Board is dependant upon Australian parliamentary appropriations and contributions from the United Kingdom Government for its continued existence and ability to carry out its normal activities.

# ANGLO-AUSTRALIAN TELESCOPE BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 1999

### 4. Goods and Services Expenses

#### 4A Employee Expenses

	1999	1998
	\$'000	\$'000

Basic remuneration for services provided:

External project staff	312	134
All other staff	3 854	4 000
Total	<u>4 166</u>	<u>4 134</u>

The Board contributes to the Anglo-Australian Telescope Board Staff Superannuation Scheme, the Commonwealth Superannuation (CSS) and the Public Sector (PSS) superannuation schemes that provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated to cover existing and emerging obligations. Current contributions are 11.76% of salary (AATB Superannuation Scheme), 18.9% of salary (CSS) and 10.1% of salary (PSS). An additional 3% is contributed for employer productivity benefits.

#### 4B Suppliers' Expenses

Supply of goods and services	1 853	2 178
Motor vehicle lease costs	34	19
External Projects	317	55
Total	<u>2 204</u>	<u>2 252</u>

#### 4C Depreciation

	<u>2 019</u>	<u>1 298</u>
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#### 4D Net Loss from Disposal of non-financial assets

Plant and Equipment	<u>145</u>	<u>110</u>
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ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

5. Revenues from independent sources

All revenues from independent sources arise from outside the operating activities (ie non-core activities) of the Board.

5A Sales of goods and services

	<b>1999</b>	1998
	<b>\$'000</b>	\$'000
Funds received from ESO (OzPoz): Note 15A	<b>717</b>	92
Funds received from MNRF (Australis): Note 15A	<b>87</b>	45
Royalties, reproduction fees, sale of images	<b>224</b>	<b>257</b>
Total	<b>1 028</b>	394

5B Interest

Cash at Bank	<b>79</b>	63
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5C Net foreign exchange  
gains/(losses)

Non-speculative	<b>(4)</b>	6
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5D Other revenue

Rent	<b>13</b>	9
Fellowships	<b>87</b>	46
Other revenue		
	<b>152</b>	32
Total	<b>252</b>	87

5E Abnormal Items

Arising from sale of PPARC houses which were held in Land & Buildings, free of charge	<b>(138)</b>	-
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ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

**6. Revenues from Government.**

6A Parliamentary Appropriations

	<b>1999</b>	1998
	<b>\$'000</b>	\$'000
Appropriation Act No 1, 1998-99	<b>3 612</b>	3 462

**7. Provisions and Payables**

7A Liabilities to Employees

Salaries and wages	<b>81</b>	64
Annual leave	<b>421</b>	452
Long service leave	<b>744</b>	719
Aggregate employee entitlement liability	<b>1 246</b>	1 235

7B Suppliers

Trade creditors	<b>168</b>	59
	<b>168</b>	59

7C Other Liabilities

ESO (Note 15a)	<b>500</b>	603
MNRF (Note 15b)	<b>23</b>	160
Contributions from PPARC received in advance.	<b>-</b>	865
Non Trade creditors	<b>83</b>	26
Audit Fee accrual	<b>26</b>	28
Total	<b>632</b>	1 682

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

8. Equity

	Asset Revaluation Reserve \$'000	Accumulated Surplus \$'000	Total Equity \$'000
Balance at 1 July 1998	16 520	16 469	32 989
Deficit	-	(95)	(95)
Net Revaluation Increase	12 641	-	12 641
Transfers from Reserves	7	-	7
Balance at 30 June 1999	<b>29168</b>	<b>16 374</b>	<b>45 542</b>
Balance at 1 July 1997	16 520	16 792	33 312
Deficit	-	(323)	(323)
Balance at 30 June 1998	<b>16 520</b>	<b>16 469</b>	<b>32 989</b>

9. Financial assets

9A. Cash

	1999 \$'000	1998 \$'000
Cash at bank and on hand	1 692	2 233
Balance of cash as at 30 June as shown in the Statement of Cash Flows	<b>1692</b>	2233

9B. Receivables

Goods and services	86	36
Other debtors	12	68
	<b>98</b>	104

Receivables includes receivables  
overdue by:

-Less than 30 days	-	1
-30 to 60 days	2	-
-more than 60 days	4	10
Total	<b>6</b>	11

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

10. Non-financial assets

10A Land and buildings

	1999 \$'000	1998 \$'000
Land – at 1996 valuation	33	33
Land (the use of which is free of charge) - at 1997 valuation	1 800	1 828
	<u>1 833</u>	<u>1 861</u>
Buildings - at 1997 valuation	18 630	18 630
Less accumulated depreciation	1 494	740
	<u>17 136</u>	<u>17 890</u>
Buildings (the use of which is free of charge) - at 1997 valuation	2 092	2 212
Less accumulated depreciation	146	83
	<u>1 946</u>	<u>2 129</u>
Total land and buildings	<u>20 915</u>	<u>21 880</u>
10B Plant and equipment	1999 \$'000	1998 \$'000
Telescope and ancillary equipment at 1998 valuation	31 162	7 014
Less accumulated depreciation	16 112	3 388
	<u>15 050</u>	<u>3 626</u>
Telescope instrumentation at 1998 valuation	9 730	8 075
Less accumulated depreciation	2 992	2 861
	<u>6 738</u>	<u>5 214</u>
Other plant and equipment at cost	4 408	4 095
Less accumulated depreciation	1 380	1 229
	<u>3 028</u>	<u>2 866</u>
Total plant and equipment	<u>24 816</u>	<u>11 706</u>
Total property, plant and equipment	<u>45 731</u>	<u>33 586</u>

10C. Analysis of Property, Plant and Equipment Intangibles

**TABLE A**

**Movement summary 1998-99 for all assets irrespective of valuation basis**

<b>Item</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Total land and buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Total \$'000</b>
<b>Gross value as at 1 July 1998</b>	1 861	20 842	22 703	19 184	41 887
·Additions	-	-	-	1 842	1 842
·Revaluations	-	-	-	24 961	24 961
·Disposals	(28)	(120)	(148)	(687)	(835)
<b>Gross value as at 30 June 1999</b>	1 833	20 722	22 555	45 300	67 855
<b>Accumulated depreciation as at 1 July 1998</b>	-	823	823	7 478	8 301
·Depreciation charge for assets held 1 July 1998	-	834	834	1 173	2 007
·Depreciation charge for additions	-	-	-	12	12
·Adjustment for revaluation	-	-	-	12 320	12 320
·Adjustment for disposals	-	(17)	(17)	(499)	(516)
<b>Accumulated depreciation as at 30 June 1999</b>	-	1 640	1 640	20 484	22 124
<b>Net book value as at 30 June 1999</b>	1 833	19 082	20 915	24 816	45 731
<b>Net book value as at 1 July 1998</b>	1 861	20 019	21 880	11 706	33 586

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

TABLE B

Summary of balances of assets at valuation as at 30 June 1999

Item	Land \$'000	Buildings \$'000	Telescope \$'000	Instruments \$'000	Total \$'000
<b>As at 30 June 1999</b>					
·Gross value	1 833	20 722	31 162	9 730	63 447
·Accumulated depreciation	-	1 640	16 112	2 992	20 744
<b>Net book value</b>	1 833	19 082	15 050	6 738	42 703
<b>As at 30 June 1998</b>					
·Gross value	1 861	20 842	7 014	8 075	37 792
·Accumulated depreciation	-	823	3 388	2 861	7 072
<b>Net book value</b>	1 861	20 019	3 626	5 214	30 720

The revaluation of non financial assets (Telescope & Instruments) at 1 July 1998, in accordance with the revaluation policies stated at Note 1.4, was completed by AAO Officers. A revaluation increment of \$12,641,000 was transferred to the asset revaluation reserve.

10D. Other non financial assets

	<b>1999</b>	1998
	<b>\$'000</b>	\$'000
Prepayments arising from payments made in advance for goods and services to be delivered in the next financial year- includes insurance premiums, rentals in advance and subscriptions.	<b>67</b>	42

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

11. Cash Flow Reconciliation

Reconciliation of net cash flows from operating activities to Net Cost of Services

	<b>1999</b>	1998
	<b>\$'000</b>	\$'000
<b>Net cost of services</b>	<b>(3 707)</b>	(3 785)
Revenue from Government	<b>3 612</b>	3 462
Abnormal items	<b>138</b>	-
<b>Operating surplus/(deficit)</b>	<b>43</b>	(323)
Depreciation and amortisation	<b>2 019</b>	1 298
(Gain) loss on sale of non-current assets	<b>145</b>	110
Increase/(decrease) in liabilities to employees	<b>11</b>	61
Decrease/(increase) in receivables	<b>6</b>	(2)
(Increase)/decrease in other current assets	<b>(25)</b>	35
Increase/(decrease) in creditors	<b>100</b>	(28)
Increase/(decrease) in other current liabilities	<b>(1 050)</b>	1 655
<b>Net cash provided/(used) by operating activities</b>	<b>1249</b>	2 806

12. Related Party Disclosures and Remuneration of Directors

Members of the Board during the year were:

Dr I F Corbett, Professor R L Davies, Professor R D Ekers, Professor J R Mould, Professor J A Peacock, Professor V R Sara.

The Directors do not receive remuneration.

Professor J R Mould is also Director of Mount Stromlo and Siding Spring Observatories which organisation provides site services to the AAO at Siding Spring. Professor R D Ekers is the Director of the Australian Telescope National Facility, a Division of CSIRO; CSIRO provides site services to the AAO at Epping.

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

13. Remuneration of Officers

	1999	1998
	\$	\$
Income received or due and receivable by officers		
Salary and on costs	338 352	217 081
Superannuation	40 310	26 820
Vehicle benefits	59 979	38 122
Total received, due and receivable	<u>438 641</u>	<u>282 023</u>

The number of officers included in these figures are shown below in the relevant income bands

	1999	1998
	Number	Number
· \$130 000 - \$140 000	1	1
· \$140 000 - \$150 000	1	1
· \$150 000 - \$160 000	1	-

14. Remuneration of Auditors

	1999	1998
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	<u>28 000</u>	<u>30 000</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

**15. External Projects**

A) The Observatory has entered into an agreement with the European Southern Observatory (ESO) to build a positioner for the Very Large Telescope in Chile. This is a natural extension of the work the AAO has done on its own instruments and provides an opportunity for the AAO to enhance its instrumentation building skills. ESO provided a contribution toward the cost of preparing contract specifications, which made a demand on AAO resources. The agreement to build the positioner on a time and materials basis was signed in May and work began immediately.

ESO will make a series of staged payments in advance. The position at 30 June 1999 was as follows:

	<b>1999</b>	1998
	<b>\$000</b>	\$000
Instalments received from ESO	<b><u>1217</u></b>	<u>695</u>
Less:		
Suppliers expenses	<b>149</b>	25
Employee expenses	<b>379</b>	45
On-cost credited to Other Revenue	<b>189</b>	22
Owing to ESO - included in provisions and payables	<b><u>500</u></b>	<u>603</u>

B) The Observatory has also received the first instalment of funding from the Australian Government's Major National Research Facility fund. The funding is for a concept design study for an innovative instrument to be known as Australis. The position at 30 June 1998 was as follows:

Instalment received	<b>110</b>	205
Suppliers' expenses	<b>49</b>	15
Employee expenses	<b>38</b>	30
Owing to the Federal Government –included in Provisions and Payables – Other	<b><u>23</u></b>	<u>160</u>

C) The Japanese Telescope Subaru contracted the AAO to design and evaluate a prototype positioner, the Echidna. The contract began just before the end of the financial year and will be finished, in 1999-2000.

D) The Royal Greenwich Observatory design study for the Subaru Telescope was completed during the year and costs of \$36,000 recovered.

**16. Financial Instruments.**

**a) Terms, conditions and accounting policies.**

Financial Instruments	Notes	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.)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash at Bank		Cash at Bank is recognised at the nominal amount. Interest is credited to revenue as it accrues.	Temporarily surplus funds on deposit with RBA earns interest monthly.
Receivables	9B	These receivables are recognised at the nominal amount due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days.
<i>Financial Liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	7B	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.
Other Liabilities	7C	Amounts owing to ESO and MNRF representing unspent contributions, are recognised at their nominal amounts.	Funds will be expended in the year ending 30 June 2000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

**b) Interest rate risk**

Financial Instrument	Note	Floating Interest Rate 1999 \$'000	Floating Interest Rate 1998 \$'000	Non Interest Bearing 1999 \$'000	Non Interest Bearing 1998 \$'000	Total 1999 \$'000	Total 1998 \$'000
<b>Financial Assets (Recognised)</b>							
Cash at Bank		1 662	2 200	-	-	1 662	2 200
Cash on Hand		-	-	30	33	30	33
Receivables for Goods and Services	9B	-	-	98	104	98	104
<b>Total Financial Assets (Recognised)</b>		<b>1 662</b>	<b>2200</b>	<b>128</b>	<b>137</b>	<b>1 790</b>	<b>2 337</b>
<b>Total Assets</b>						<b>47 588</b>	<b>35 965</b>
<b>Financial Liabilities (Recognised)</b>							
Trade Creditors	7B	-	-	168	59	168	59
Other Liabilities	7C	-	-	632	1 682	632	1 682
<b>Total Financial Liabilities (Recognised)</b>		<b>-</b>	<b>-</b>	<b>800</b>	<b>1 741</b>	<b>800</b>	<b>1 741</b>
<b>Total Liabilities</b>						<b>2 046</b>	<b>2 976</b>

The weighted average effective interest rate for Cash at Bank is 3.9% ( 1997/98 3.9%)

**c) Net fair value of assets and liabilities**

Financial Instrument	Note	Total Carrying Amount 1999 \$'000	Aggregate Net Fair Value 1999 \$'000	Total Carrying Amount 1998 \$'000	Aggregate Net Fair Value 1998 \$'000
<b>Financial Assets</b>					
Cash at Bank		1 662	1 662	2 200	2 200
Cash on Hand		30	30	33	33
Receivables for Goods and Services	9B	98	98	104	104
<b>Total Financial Assets</b>		<b>1 790</b>	<b>1 790</b>	<b>2 337</b>	<b>2 337</b>
<b>Financial Liabilities (Recognised)</b>					
Trade Creditors	7B	168	168	59	59
Other Liabilities	7C	632	632	1 682	1 682
<b>Total Financial Liabilities (Recognised)</b>		<b>800</b>	<b>800</b>	<b>1 741</b>	<b>1 741</b>

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

*Financial Assets*

The net fair value of cash assets is their carrying value as shown.

*Financial Liabilities*

The net fair values of trade creditors and other liabilities, all of which are short term in nature, are their carrying values as shown.

**d) Credit risk exposures**

The economic entity's maximum exposure 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 Assets and Liabilities.

The economic entity has no significant exposures to any concentration of credit risk.