

ANGLO-AUSTRALIAN TELESCOPE BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

The AAT Board also builds astronomical instrumentation for other observatories and attempts to recover the full economic cost of so doing. Revenue from these activities is recognised at the time the Board raises the invoice.

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. Grants are recognised as revenue on receipt.

Resources Received Free of Charge

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

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

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 UK Schmidt Telescope (UKST) 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 7A. 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 the UK Schmidt Telescope

The UK Schmidt Telescope is owned by PPARC and operated by the Anglo Australian Observatory (AAO).

1.4 Employee Benefits

(a) Benefits

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

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

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

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

(b) Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and

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the average sick leave taken in future years by employees of the Board 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 Anglo-Australian Telescope Board's 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 2004. In determining the present value of the liability, the Board has taken into account attrition rates and pay increases through promotion and inflation.

(c) Superannuation

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

The Anglo-Australian Telescope Board makes employer contributions to the Commonwealth at rates determined by the Commonwealth's actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Board's employees.

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

1.5 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessors to the lessee substantially all the risk and benefits incidental to ownership of leased assets. In operating leases, the lessor effectively retains all such risks and benefits. The Board has no finance leases.

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

1.6 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.7 Insurance

The AAO has, for several years, been insured for risks through the Australian Government insurable risk management fund, Comcover. The Department of Finance has now decided that, as the AAO is not fully controlled by the Commonwealth, the AAT Board will not be eligible to belong to the fund after 30 June 2004. Workers' compensation is insured through Comcare Australia.

1.8 Acquisition of Assets

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

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1.9 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$3,000, 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).

Revaluations

(i) Basis

Land, buildings, infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluations of Non-Current Assets*. Valuations undertaken in any year are determined as shown below.

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

Asset class	Fair value measured at:	Deprival value measured at:
Land	Market selling price	Market selling price
Epping buildings	Market selling price	Market selling price
Domes	Depreciated replacement cost	Depreciated replacement cost
Telescope and ancillary equipment	Depreciated replacement cost	Depreciated replacement cost
Telescope instrumentation	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment	Market selling price	Depreciated replacement cost

Under both deprival and fair value, assets that are surplus to requirements are measured at their net realisable value. At 30 June 2004, the Anglo-Australian Telescope Board held no surplus assets. (30 June 2003: \$0)

The financial effect of this change in policy relates to those assets recognized at fair value for the first time in the current period where the measurement basis for fair value is different to that previously used for deprival value. The financial effect of the change is given by the difference between the fair values obtained for these assets in the current period and the deprival-based values recognised at the end of the previous period.

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(ii) *Frequency*

Assets are revalued progressively in successive three-year cycles, so that no asset has a value greater than three years old.

The revaluation cycle is as follows:

Date of revaluation	Assets revalued
1 July 2001	Telescopes Instrumentation Plant and equipment
1 July 2002	Land Buildings

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress.

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

(iii) *Conduct*

Valuations of land, buildings and plant and equipment are conducted by an independent qualified valuer. Valuations of telescopes and instrumentation are conducted in-house.

(iv) *Depreciation*

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Board 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:

Asset class	2004	2003
Buildings	50 years	50 years
Telescope and Ancillary Equipment	50 years	50 years
Telescope Instrumentation	20 years	20 years
Personal Computers	3 years	3 years
Other Computers	5 years	5 years
Other Plant and Equipment	20 years	20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

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1.10 Taxation

The Board is exempt from all forms of taxation except for the goods and services tax (GST).

1.11 Foreign Currency

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

1.12 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 UK Schmidt Telescope. PPARC, the owner of the UK Schmidt Telescope, has entered into a lease with the ANU in respect of use of land for the UK Schmidt Telescope. The revenues, expenses and asset values in respect of the UK Schmidt Telescope form part of the financial statements.

1.13 External Projects

The Anglo-Australian Telescope Board has, in recent years, been invited to build telescope instrumentation for other Australian and international telescope bodies. Sometimes these non-profit contracts are on a time and materials basis, other times on a fixed price basis. The projects are costed to result in break-even results on completion. In the event of a surplus or over-run arising, it is the policy of the Board to absorb these.

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006

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

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

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the Australian Equivalents to IFRS, in his Orders for the Preparation of Authorities' financial statements for 2005-06 and beyond.

The Australian Equivalents contain certain additional provisions which will apply to not-for-profit entities, including the Anglo-Australian Telescope Board. Some of these provisions are in conflict with the IFRS and therefore the Anglo-Australian Telescope Board will only be able to assert compliance with the Australian Equivalents to the IFRS.

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Existing AASB standards that have no IFRS equivalent will continue to apply.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRS* requires that the financial statements for 2003-04 disclose:

- An explanation of how the transition to the Australian Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

Management of the transition to AASB Equivalents to IFRS

The Anglo-Australian Telescope Board has taken the following steps in preparation towards the implementation of Australian Equivalents:

- The Executive Officer is tasked with oversight of the transition to and implementation of the Australian Equivalents to IFRS.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - Identification of all major accounting policy differences between current AASB standards and the Australian Equivalents to IFRS progressively to 30 June 2004.
 - Identification of systems changes necessary to be able to report under the Australian Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes.
 - Preparation of a transitional balance sheet as at 1 July 2004, under Australian Equivalents.
 - Preparation of an Australian Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
 - Meeting reporting deadlines set by Finance for 2005-06 balance sheet under Australian Equivalent Standards.
 - The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.
 - To date, all major accounting and disclosure have been identified. The required changes are expected to be implemented by 30 September 2004.

Major changes in accounting policy

Changes in accounting policies under Australian Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the Australian Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-06 financial statements to report comparatives under the Australian Equivalents also. Changes to major accounting policies are discussed in the following paragraphs.

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(i) *Property plant and equipment*

It is expected that the Finance Minister's Orders will require property plant and equipment assets carried at valuation in 2003-04 to be measured at up-to-date fair value from 2005-06. This differs from the accounting policies currently in place for these assets which, up to and including 2003-04, have been revalued progressively over a 3-year cycle and which currently include assets at cost (for purchases since the commencement of a cycle) and at deprival value (which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is not available).

However, it is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

(ii) *Employee Benefits*

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

Under the new Australian Equivalent standard, the same discount rate will be used unless there is a deep market in high-quality corporate bonds, in which case the market yield on such bonds must be used.

(iii) *Financial Instruments*

Financial assets and liabilities are likely to be accounted for as 'held at fair value through profit and loss' or available-for-sale where the fair value can be reliably measured (in which case, changes in value are initially taken to equity). Fair values will be published prices where an active market exists or by appraisal.

(iv) *Cash and receivables are expected to continue to be measured at cost information.*

Financial assets, except those classified as 'held at fair value through profit and loss', will be subject to impairment testing.

Note 3. Economic Dependency

The Anglo-Australian Telescope Board was established by the Anglo-Australian Telescope Board Agreement Act 1970. The Board is dependent upon Australian government revenue and contributions from the United Kingdom government for its continued existence and ability to carry out its normal activities.

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Note 4. Operating revenues	2004	2003
	\$'000	\$'000
<u>4A Australian Government revenues</u>		
Australian government revenue	4,032	3,929
<u>4B United Kingdom Government contribution</u>		
The Board received the following contribution during the year from the United Kingdom government	3,700	3,700
<u>4C Sales of Goods and services</u>		
Goods - external entities	1,210	1,384
Services - external entities	193	310
Total sales of goods and services	1,403	1,694
Cost of sales of goods	831	1,540
<u>4D Interest Revenue</u>		
Interest on deposits	47	56
<u>4E Other Revenues</u>		
Grants Revenue	196	121
Other Revenue	72	190
Total	268	311
Note 5. Operating Expenses		
<u>5A Employee Expenses</u>		
Wages and salaries	4,400	3,816
Superannuation	786	710
Leave and other benefits	501	459
Other employee expenses	39	29
Total employee benefits expenses	5,726	5,014
Workers' compensation premiums	14	14
Total employee expenses	5,740	5,028

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<u>5B</u> <u>Suppliers' Expenses</u>	2004	2003
	\$'000	\$'000
Goods from external entities	624	589
Services from external entities	1,706	1,554
Motor vehicle lease costs	96	82
Supply of goods and services: external projects	243	688
Total suppliers' expenses	2,669	2,913

<u>5C</u> <u>Depreciation</u>		
Property, plant and equipment	2,626	2,739
The aggregate amounts of depreciation expensed during the reporting period for each class of depreciable asset are:		
Buildings	1,006	995
Telescopes	706	704
Instruments	596	667
Plant and equipment	318	373
Total depreciation	2,626	2,739

<u>5D</u> <u>Write-down of Assets</u>		
Plant and equipment – write-down	686	-

<u>5E</u> <u>Net Foreign Exchange Loss</u>		
Non-speculative	(2)	3

Note 6 Financial assets

<u>6A</u> <u>Cash</u>		
Cash at bank and on hand (Note 17A)	996	619

<u>6B</u> <u>Receivables</u>		
Goods and services	-	25
Other receivables	1,097	239
GST Receivable	66	40
Total receivables net (Note 17A)	1,163	304

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Receivables for Goods and Services

Credit terms are net 30 days (2003: 30 days)

	2004	2003
	\$'000	\$'000
Receivables (gross) are aged as follows:		
Not Overdue	1,121	293
Overdue by:		
-Less than 30 days	31	-
-30-60 days	-	8
-more than 60 days	11	3
Total receivables (gross)	1,163	304

Note 7: Non-Financial assets

7A Land and buildings

	2004	2003
	\$'000	\$'000
Land - at 1 July 2002 valuation (fair value)	18	18
Land (the use of which is free of charge) at 1 July 2002 valuation (fair value)	2,350	2,350
Total land	2,368	2,368
Buildings - at 1 July 2002 valuation (fair value)	44,910	44,910
Less accumulated depreciation	(27,146)	(26,248)
	17,764	18,662
Buildings at cost	82	-
Less accumulated depreciation	1	-
	81	-
Total buildings	17,845	18,662
Buildings (the use of which is free of charge)		
At 1 July 2002 valuation (fair value)	5,340	5,340
Less accumulated depreciation	(3,313)	(3,206)
	2,027	2,134
Total land and buildings	22,240	23,164

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	2004	2003
	\$'000	\$'000
<u>7B Plant and equipment</u>		
Telescope & ancillary equipment at 1 July 2001 valuation (deprival)	35,137	35,137
Less accumulated depreciation	(21,207)	(20,504)
	13,930	14,633
Telescope and ancillary equipment at cost	26	26
Less accumulated depreciation	(4)	(2)
	22	24
Telescope instrumentation at 1 July 2001 valuation (deprival)	11,236	13,251
Less accumulated depreciation	(6,876)	(7,786)
	4,360	5,465
Telescope instrumentation at cost	3,632	2,380
Less accumulated depreciation	(73)	(29)
	3,559	2,351
Other plant and equipment at 1 July 2001 valuation (deprival)	2,220	3,587
Less accumulated depreciation	(1,357)	(2,265)
	863	1,322
Other plant and equipment at cost	1,322	546
Less accumulated depreciation	(576)	(69)
	746	477
Total plant and equipment	23,480	24,272
Total property, plant and equipment	45,720	47,436

All revaluations are conducted in accordance with the revaluation policy stated in note 1.

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7C. Analysis of Property, Plant and Equipment

TABLE A

Reconciliation of opening and closing balances of property, plant and equipment

Item	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Gross value as at 1 July 2003	2,368	50,250	52,618	54,927	107,545
• Additions-purchase of assets	-	82	82	1,514	1,596
• Scrap	-	-	-	2,868	2,868
Gross value as at 30 June 2004	2,368	50,332	52,700	53,573	106,273
Accumulated depreciation as at 1 July 2003	-	29,454	29,454	30,655	60,109
• Depreciation charge for year	-	1,006	1,006	1,620	2,626
• Scrap	-	-	-	2,182	2,182
Accumulated depreciation as at 30 June 2004	-	30,460	30,460	30,093	60,553
Net book value as at 30 June 2004	2,368	19,872	22,240	23,480	45,720
Net book value as at 1 July 2003	2,368	20,796	23,164	24,272	47,436

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TABLE B

Assets at valuation

Item	Land \$'000	Buildings \$'000	Telescope \$'000	Instruments \$'000	Plant & equipment \$'000	Total \$'000
As at 30 June 2004						
Gross value	2,368	50,250	35,137	11,236	2,220	101,211
Accumulated depreciation	-	30,459	21,207	6,876	1,357	59,899
Net book value	2,368	19,791	13,930	4,360	863	41,312
As at 30 June 2003						
Gross value	2,368	50,250	35,137	13,251	3,587	104,593
Accumulated depreciation	-	29,454	20,504	7,786	2,265	60,009
Net book value	2,368	20,796	14,633	5,465	1,322	44,584

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	2004	2003
	\$'000	\$'000
<u>7D Other non-financial assets</u>		
Prepayments for goods and services - includes insurance premiums, rentals in advance and subscriptions; all pre-payments are current	116	80

Note 8. Provisions

8A Employees

Salaries and wages	209	159
Leave	1,529	1,305
Superannuation	281	220
<i>Aggregate employee benefits liability and related costs</i>	2,019	1,684
Current	915	801
Non-current	1,103	883
	2,019	1,684

Note 9. Payables

9A Supplier Payables

Trade creditors	73	138
All suppliers' payables are current		

9B Other Payables

Non Trade creditors	1,081	55
PPARC Contribution in Advance	925	-
Institute of Astronomy	-	13
ECHIDNA (note 16B)	94	488
Durham University (note 16F)	11	-
Total Other Payables	2,111	556
All other payables are current		

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Note 10. Analysis of Equity

	Accumulated	Result	Revaluation	Reserve	Total	Equity
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July	10,086	11,079	35,975	34,596	46,061	45,675
Net (deficit)	(2,269)	(993)			(2,269)	(993)
Net revaluation increment/(decrement)				1,379	-	1,379
Closing balance at 30 June	7,817	10,086	35,975	35,975	43,792	46,061

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Note 11. Cash Flow Reconciliation

	2004	2003
	\$'000	\$'000
Reconciliation of net deficit to net cash from operating activities:		
Operating (deficit)	(2,269)	(993)
Non-Cash Items		
Depreciation/amortisation	2,626	2,739
Property, plant, equipment write off	686	-
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(859)	320
Increase/decrease in prepayments	(36)	2
Increase/(decrease) in employee provisions	335	31
Increase/(decrease) in supplier payables	(65)	38
Increase/(decrease) in other payables	1,555	(410)
Net cash from operating activities	1,973	1,727

Note 12. Related Party Disclosures and Remuneration of Directors

Members of the Board during the year were:

Professor M Birkinshaw, Mr G Brooks, Professor L Cram, Professor R D Ekers, Professor K Freeman, Dr P Roche.

The Directors do not receive remuneration.

Professor K Freeman is also an employee of the ANU Research School of Astronomy and Astrophysics (RSAA). RSAA provides site services to the AAO at Siding Spring. Professor L Cram is Deputy Vice-Chancellor (Research) at ANU. Professor R D Ekers is an Australian Research Council Federation Fellow, hosted by Australia Telescope National Facility, a Division of CSIRO; CSIRO provides site services to the AAO at Epping.

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Note 13. Remuneration of Officers

The number of officers who receive or were due to receive total remuneration of \$100,000 or more are as follows:

	2004 Number	2003 Number
\$110 000 - \$119,999	-	1
\$120 000 - \$129 999	1	1
\$130 000 - \$139 999	3	1
\$140 000 - \$149 999	2	-
\$160 000 - \$169 999	-	1
	\$	\$
Aggregate amount of total remuneration of officers shown above	813,256	552,539

Note 14. Remuneration of Auditors

	2004 \$	2003 \$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period, excluding GST	26,500	26,550

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

Note 15. Average Staffing Levels

	2004	2003
The average staffing levels for the AAO during the year were:	68	70

Note 16. External Projects

16A. In May 1999, the AAO entered into an agreement with the European Southern Observatory (ESO) to build a positioner for the Very Large Telescope in Chile. This was a natural extension of the work the AAO had done on its own instruments and provided an opportunity for the AAO to enhance its instrumentation building skills. The instrument was delivered to Chile in February 2002 and fully commissioned by April 2004. ESO has made a series of staged payments. The position at 30 June 2004 was as follows:

	2004 \$000	2003 \$000
Instalments received	96	285
Suppliers expenses	(13)	(32)
Employee expenses	(11)	(216)
Balance from prior year	(96)	(285)
Project loss absorbed by AAO	24	152
Instalments receivable – included in Debtors	-	(96)

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16B. The National Astronomical Observatory of Japan contracted the AAT Board to design and build a fibre positioner, *The Echidna*, for the Subaru Telescope. The contract began just before the end of the 1998-99 year and will be completed in 2005. The position at 30 June 2004 was as follows:

	2004	2003
	\$'000	\$'000
Instalments received	800	1,050
Suppliers' expenses	(345)	(546)
Employee expenses	(514)	(450)
Balance from prior year	488	726
On cost credited to other revenue	(334)	(292)
Instalments unexpended- included in Other Liabilities	95	488

16C. Institute of Astronomy

The AAT Board was contracted in August 2001 to provide a preliminary design for an instrument, *DAZLE* (Dark Ages "Z" Lyman Explorer) for the Institute of Astronomy, University of Cambridge. The project will finish in August 2004.

Instalments received	41	255
Suppliers expenses	-	(8)
Employee expenses	(45)	(161)
On cost credited to other revenue	(13)	(85)
Balance from prior year	13	12
Project loss absorbed by AAO	(4)	-
Instalment unexpended – included in Other Liabilities	-	13

16D. MOMFOS

The AAT Board was contracted to provide a concept design study *MOMFOS* (Multi-object Multi-Fibre Optical Spectrograph) for the Association of Universities for Research in Astronomy (AURA) to build an "Echidna" style fibre positioner. The project began in late 2002-2003 and finished in mid 2003-2004.

Instalment received	44	-
Suppliers expenses	-	(1)
Employee expenses	(9)	(13)
On cost credited to other revenue	(7)	(11)
Balance from prior year	(25)	-
Project gain absorbed by AAO	3	-
Instalment Receivable – included in Debtors	-	25

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16E. WiFES

The AAT Board contracted to provide ANU with a concept design for an instrument called WiFES (a dual beam integral field spectrograph). The contract was started and finished within the financial year 2002-2003.

	2004	2003
	\$'000	\$'000
Instalment Received	30	-
Suppliers Expenses	-	(1)
Employee Expenses	-	(12)
On cost credited to other revenue	-	(12)
Balance from prior year	(30)	-
Surplus transferred to AAO budget	-	(5)
Instalments receivable, included in Debtors	-	(30)

16F. Astrophotonics

The AAT Board and Durham University jointly made an application to PPARC for funding of a research project. Initial funding commenced April 2004. The project aims to investigate and report on the application of photonic technology to astronomical instrumentation. Durham University is the primary grant-holder and will disburse the PPARC funds to the AAT Board as the project progresses.

Instalment Received	23	-
Employee Expenses	(11)	-
Instalments unexpended- included in Other Liabilities	12	-

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 17. Financial Instruments.

Terms, conditions and accounting policies

Financial Instrument	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)
Financial Assets	6	Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Deposits are recognised at their nominal amounts.	
Receivables for goods and services	6B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Receivables are with both Commonwealth and external entities. Credit terms are net 30 days (2002/03: 30 days)
Financial liabilities	9	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	9A 9B	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (irrespective of having been invoiced).	Settlement is usually made Net 30 days (2002/03: 30 days).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 17A. Interest rate risk

		Floating Interest Rate	Floating Interest Rate	Non Interest Bearing	Non Interest Bearing	Total	Total
Financial Instrument	Note	2004	2003	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Financial Assets

Cash at Bank	6A	963	588	-	-	963	588
Cash on Hand	6A	-	-	33	31	33	31
Receivables	6B	-	-	1,163	304	1,163	304
Total Financial Assets		963	588	1,196	335	2,159	923
Total Assets						47,995	48,439

Financial Liabilities

Suppliers	9A	-	-	73	138	73	138
Other	9B	-	-	2,111	556	2,111	556
Total Financial Liabilities		-	-	2,184	694	2,184	694
Total Liabilities						4,203	2,378

The weighted average effective interest rate for Cash at Bank is 3.96% (2002-2003 3.65%)

Financial Assets

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

Financial Liabilities

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

Note 17B. Credit Risk Exposures

The Anglo-Australian Telescope Board'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 Financial Position.

The Anglo-Australian Telescope Board has no significant exposures to any concentration of credit risk.