

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

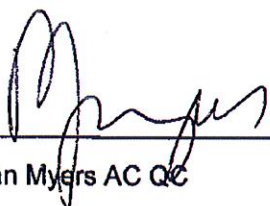
FINANCIAL REPORT

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Board of the Museum and Art Gallery of the Northern Territory have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2016 and the financial position on that date.

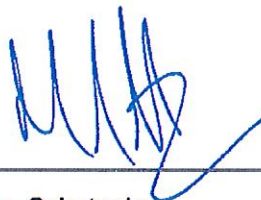
At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Allan Myers AC QC

CHAIRMAN

3 October 2016



Marcus Schutenko

DIRECTOR

3 October 2016

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2016

| | Note | 2016 \$000 | 2015 \$000 |
|---|------|---------------|---------------|
| INCOME | | | |
| Grants and subsidies revenue | 3 | 7,945 | 7,780 |
| Sales of goods and services | | 265 | 364 |
| Rental income | | 189 | 161 |
| Interest revenue | | 102 | 33 |
| TOTAL INCOME | | 8,501 | 8,338 |
| EXPENSES | | | |
| Employee expenses | | 4,024 | 3,830 |
| Administrative expenses | | | |
| Purchases of goods and services | 4 | 2,974 | 2,448 |
| Property management | | 1,583 | 1,492 |
| Depreciation and amortisation | 8 | 26 | 25 |
| Grants and subsidies expenses | | 25 | 354 |
| TOTAL EXPENSES | | 8,632 | 8,149 |
| NET SURPLUS/(DEFICIT) | | (131) | 189 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL OTHER COMPREHENSIVE INCOME | | - | - |
| COMPREHENSIVE RESULT | | (131) | 189 |

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

BALANCE SHEET

As at 30 June 2016

| | Note | 2016 | 2015 |
|--------------------------------------|------|--------------|--------------|
| | | \$000 | \$000 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and deposits | 5 | 2,097 | 922 |
| Receivables | 6 | 102 | 226 |
| Inventories | 7 | - | - |
| Prepayments | | 4 | 139 |
| Other assets | | - | 8 |
| Total Current Assets | | 2,203 | 1,295 |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 145 | 76 |
| Total Non-Current Assets | | 145 | 76 |
| TOTAL ASSETS | | 2,348 | 1,371 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Advances received | 9 | 830 | - |
| Payables | 10 | 366 | 296 |
| Provisions | 11 | 330 | 396 |
| Other liabilities | 12 | 340 | 134 |
| Total Current Liabilities | | 1,866 | 826 |
| Non-Current Liabilities | | | |
| Provisions | 11 | 135 | 162 |
| Total Non-Current Liabilities | | 135 | 162 |
| TOTAL LIABILITIES | | 2,001 | 988 |
| NET ASSETS | | 347 | 383 |
| EQUITY | | | |
| Capital | | 289 | 194 |
| Accumulated funds | | 58 | 189 |
| TOTAL EQUITY | | 347 | 383 |

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

| | Equity at 1 July 2015 \$000 | Comprehensive result \$000 | Transactions with owners in their capacity as owners \$000 | Equity at 30 June 2016 \$000 |
|--|--------------------------------------|----------------------------------|---|---------------------------------------|
| 2015-16 Accumulated Funds | 189 | (131) | - | 58 |
| | 189 | (131) | - | 58 |
| Capital – Transactions with Owners | | | | |
| Equity injections | | | | |
| Equity transfers in | 195 | - | 95 | 290 |
| Other equity injections | 596 | - | - | 596 |
| Equity withdrawals | | | | |
| Capital withdrawal | (597) | - | - | (597) |
| | 194 | - | 95 | 289 |
| Total Equity at End of Financial Year | 383 | (131) | 95 | 347 |

For the year ended 30 June 2015

| | Equity at 1 July 2014 \$000 | Comprehensive result \$000 | Transactions with owners in their capacity as owners \$000 | Equity at 30 June 2015 \$000 |
|--|--------------------------------------|----------------------------------|---|---------------------------------------|
| 2014-15 Accumulated Funds | - | 189 | - | 189 |
| | - | 189 | - | 189 |
| Capital – Transactions with Owners | | | | |
| Equity injections | | | | |
| Equity transfers in | - | - | 195 | 195 |
| Other equity injections | - | - | 596 | 596 |
| Equity withdrawals | | | | |
| Capital withdrawal | - | - | (597) | (597) |
| | - | - | 194 | 194 |
| Total Equity at End of Financial Year | - | 189 | 194 | 383 |

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

CASH FLOW STATEMENT

For the year ended 30 June 2016

| | 2016 \$000 | 2015 \$000 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating Receipts | | |
| Grants and subsidies received | 8,593 | 7,780 |
| Receipts from sales of goods and services | 575 | 799 |
| Interest received | 102 | 33 |
| Total Operating Receipts | 9,270 | 8,612 |
| Operating Payments | | |
| Payments to employees | (4,202) | (3,183) |
| Payments for goods and services | (4,707) | (4,152) |
| Grants and subsidies paid | (25) | (354) |
| Total Operating Payments | (8,934) | (7,689) |
| Net Cash From/(Used in) Operating Activities | 13 | 923 |
| Financing Receipts | | |
| Advances received | 839 | - |
| Other equity injections | - | 596 |
| Total Financing Receipts | 839 | 596 |
| Financing Payments | | |
| Equity withdrawals | - | (597) |
| Total Financing Payments | - | (597) |
| Net Cash From/(Used in) Financing Activities | 839 | (1) |
| Net increase/(decrease) in cash held | 1,175 | 922 |
| Cash at beginning of financial year | 922 | - |
| CASH AT END OF FINANCIAL YEAR | 5 | 922 |

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

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BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

1. OBJECTIVES AND FUNDING

The objective of the Museum and Art Gallery of the Northern Territory (MAGNT) is to maintain the highest standards of excellence in preserving, researching, exhibiting and communicating the record of natural history, art and peoples of the Northern Territory and region.

The mission of MAGNT is 'making sense of the world by discovering and interpreting the past and present for the future'.

MAGNT was established on 1 July 2014 and as a statutory authority under the Museum and Art Gallery of the Northern Territory Act 2014, the Board of MAGNT is responsible for the management, operation and development of MAGNT.

MAGNT is predominantly funded by and is dependent on the Northern Territory Government through the Department of Arts and Museums. The financial statements encompass all funds through which the MAGNT controls resources to carry on its functions and deliver outputs.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires MAGNT to prepare financial statements for the year ended 30 June 2016 based on the form determined by the Treasurer.

The financial statements of MAGNT include:

- 1) A Certification of the Financial Statements;
- 2) A Comprehensive Operating Statement;
- 3) A Balance Sheet;
- 4) A Statement of Changes in Equity;
- 5) A Cash Flow Statement; and
- 6) Applicable explanatory notes to the Financial Statements.

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b) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of MAGNT financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

The standards and interpretations and their impacts are:

AASB 1048 Interpretation of Standards This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

AASB 2013-9 Amendments to Australian Accounting Standards [Part C Financial Instruments] Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. The standard does not impact the financial statements.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments)

Part E of this Standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

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Australian Accounting Standards and Interpretations Issued but not yet effective:

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

| STANDARD/INTERPRETATION | SUMMARY | EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER | IMPACT ON FINANCIAL STATEMENTS |
|--|---|--|--|
| AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) | New requirements for the classification and measurement of financial assets and liabilities, a forward looking 'expected loss' impairment model and a substantially changed approach to hedge accounting are introduced through AASB 9. | 1 January 2018 | The impact on the financial statements is expected to be immaterial. |
| AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | AASB 15 replaces AASB 118 revenue and AASB 111 Construction Contracts and few revenue-related interpretations. | 1 January 2018 | The impact on the financial statements is expected to be immaterial. |
| AASB 14 Regulatory Deferral Accounts | AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. | 1 January 2016 | The impact on the financial statements is expected to be immaterial. |
| AASB 1057 Application of Accounting Standards | AASB 1057 is introduced to move the application paragraphs previously contained in each Australian Accounting Standard (or interpretation), unchanged into a new standard AASB 1057 Application of Australian Accounting Standards. | 1 January 2016 | The impact on the financial statements is expected to be immaterial. |
| AASB 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts] | Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14. | 1 January 2016 | The impact on the financial statements is expected to be immaterial. |
| AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049] | New note disclosure to include remuneration of Key Management Personnel (KMP) and related party transactions. | 1 July 2016 | The impact on the financial statements is expected to be immaterial. |
| AASB 2016-1 Amendments to Australian Accounting Standards-Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] | The standard clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. | 1 January 2017 | The impact on the financial statements is expected to be immaterial. |

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At the date of authorisation of the financial statements, the following standards and interpretations were in issue and are expected to have a potential impact on the financial statements of MAGNT in future accounting periods:

| STANDARD/INTERPRETATION | SUMMARY | EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER | IMPACT ON FINANCIAL STATEMENTS |
|--|--|--|---|
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 | Amends various AAS's to reflect the changes as a result of AASB 9. | 1 January 2018 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |
| AASB 9 Financial Instruments | Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred. | 1 January 2018 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |
| AASB 16 Leases | Reclassification of operating leases greater than 12 months to finance lease reporting requirements. | 1 January 2019 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |
| AASB 15 Revenue from Contracts with Customers | Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. | 1 January 2018 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |
| AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | Amends the measurement of trade receivables and the recognition of dividends. | 1 January 2017 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |
| AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138] | Provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated and clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. | 1 January 2016 | The standard and its interpretation are expected to have a potential impact on the financial statements for future reporting periods. |

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c) Comparatives

The financial statements of MAGNT include comparative figures from its first operational year 2014-15.

d) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero.

e) Changes in Accounting Policies

The accounting policies adopted in 2015-16 are consistent with the accounting policies in place in the previous year.

f) Accounting Judgments and Estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgments and estimates are:

- Employee Benefits – Note 2(s) and Note 11: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Depreciation and Amortisation – Note 2(j), Note 8: Property, Plant and Equipment.
- Allowance for Impairment Losses – Note 2(p), Note 6: Receivables and Note 14: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.

g) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

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Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

h) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when MAGNT obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- MAGNT retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to MAGNT; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Goods and Services Received Free of Charge

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

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Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when MAGNT obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

i) Repairs and Maintenance Expense

Funding is received for repairs and maintenance works associated with MAGNT assets as part of output appropriation. Costs associated with repairs and maintenance works on MAGNT assets are expensed as incurred.

j) Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

Amortisation applies in relation to intangible non-current assets with limited useful lives and is calculated and accounted for in a similar manner to depreciation.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

| Asset Category | 2016 | 2015 |
|---------------------|---------------|---------------|
| Office Equipment | 5 to 15 years | 5 to 15 years |
| Computer Hardware | 4 years | 4 years |
| Transport Equipment | 10 years | 10 years |
| Plant and Equipment | 100 years | 100 years |

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

k) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

l) Inventories

Inventories include assets held either for sale (general inventories) or for distribution at no or nominal consideration in the ordinary course of business operations.

General inventories are valued at the lower of cost and net realisable value, while those held for distribution are carried at the lower of cost and current replacement cost. Cost of

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inventories includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

The cost of inventories are assigned using a mixture of first-in, first out or weighted average cost formula or using specific identification of their individual costs.

Inventory held for distribution is regularly assessed for obsolescence and loss.

m) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables MAGNT estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 14 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

n) Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

o) Property, Plant and Equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than \$10,000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the \$10,000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to MAGNT in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

p) Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible MAGNT assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, MAGNT determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of

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the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

q) Leased Assets

Leases under which MAGNT assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

r) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to MAGNT. Accounts payable are normally settled within 30 days.

s) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
- other types of employee benefits.

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As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of Government agencies, including MAGNT and as such no long service leave liability is recognised in MAGNT financial statements.

t) Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- non-government employee-nominated schemes for those employees commencing on or after 10 August 1999.

MAGNT makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in MAGNT financial statements.

u) Contributions by and Distributions to Government

MAGNT may receive contributions from Government where the Government is acting as owner of MAGNT. Conversely, MAGNT may make distributions to Government. In accordance with the *Financial Management Act* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, Government. These designated contributions and distributions are treated by MAGNT as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, Government.

v) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 15.

Commitments are those contracted as at 30 June 2016 where the amount of the future commitment can be reliably measured.

w) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when MAGNT becomes a party to the contractual provisions of the financial instrument. MAGNT's financial instruments include cash and deposits; receivables; payables and advances received.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

Exposure to interest rate risk and liquidity risk arise in the normal course of activities.

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Classification of Financial Instruments

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- loans and receivables; and

Financial liabilities are classified into the following categories:

- financial liabilities at amortised cost.

Loans and Receivables

For details refer to Note 2 (m).

Financial Liabilities at Amortised Cost

Amortised cost is calculated using the effective interest method.

Note 14 provides additional information on financial instruments.

x) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by MAGNT include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal MAGNT adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

y) Income Tax

MAGNT is exempt from income tax under the Income Tax Assessment Act 1936 division 1AB subdivision A.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| | 2016 | 2015 |
|---|--------------|--------------|
| | \$000 | \$000 |
| 3. GRANTS AND SUBSIDIES REVENUE | | |
| Grants from Northern Territory Government | 7,426 | 7,184 |
| Commonwealth Government | 137 | 118 |
| Other agencies, philanthropic groups and sponsors | 382 | 478 |
| | 7,945 | 7,780 |

4. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following significant expenses:

Goods and services expenses:

| | | |
|-------------------------------------|-----|-----|
| Agent service fee | 560 | 490 |
| Artwork and public programs | 592 | 487 |
| Client travel | 72 | 18 |
| Communication | 67 | 136 |
| Consultants fees | 62 | 71 |
| Consumables and general expenses | 220 | 179 |
| Freight | 70 | 73 |
| Information and technology expenses | 262 | 218 |
| IT hardware and software expenses | 155 | 36 |
| Marketing and promotion | 287 | 156 |
| Motor vehicle expenses | 83 | 66 |
| Official duty fares | 46 | 77 |
| Office equipment expenses | 68 | 42 |
| Recruitment | 74 | 52 |
| Advisory boards and committees | 58 | 58 |

5. CASH AND DEPOSITS

| | | |
|--------------|--------------|------------|
| Cash on hand | 3 | 2 |
| Cash at bank | 2,094 | 920 |
| | 2,097 | 922 |

6. RECEIVABLES

Current

| | | |
|--------------------------|------------|------------|
| Accounts receivable | 16 | 57 |
| | 16 | 57 |
| GST receivables | 86 | 89 |
| Other receivables | - | 80 |
| | 86 | 169 |
| Total Receivables | 102 | 226 |

A provision of \$4,360 for impairment of accounts receivable is included as a provision (see note 14b).

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| | 2016 | 2015 |
|--|------------|-----------|
| | \$000 | \$000 |
| 7. INVENTORIES | | |
| General Inventories | | |
| At cost | - | 94 |
| Less: allowance for obsolescence | - | (94) |
| Total Inventories | - | - |
| | | |
| 8. PROPERTY, PLANT AND EQUIPMENT | | |
| Office Equipment | | |
| At cost | 701 | 606 |
| Less: Accumulated depreciation | (580) | (560) |
| | 121 | 46 |
| Plant and Equipment | | |
| At cost | 13 | 13 |
| Less: Accumulated depreciation | (1) | (1) |
| | 12 | 12 |
| Computer Hardware | | |
| At cost | 37 | 37 |
| Less: Accumulated depreciation | (25) | (19) |
| | 12 | 18 |
| Transport Equipment | | |
| At cost | 20 | 20 |
| Less: Accumulated depreciation | (20) | (20) |
| | - | - |
| Total Property, Plant and Equipment | 145 | 76 |

Impairment of Property, Plant and Equipment

Property, plant and equipment assets of MAGNT were assessed for impairment at 30 June 2016.

As a result of this review, no impairment adjustments were required.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2016 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2015-16 is set out below:

| | Office Equipment \$000 | Plant & Equipment \$000 | Computer Hardware \$000 | Transport Equipment \$000 | Total \$000 |
|---|------------------------------|-------------------------------|-------------------------------|---------------------------------|----------------|
| Carrying Amount as at 1 July 2015 | 46 | 12 | 18 | - | 76 |
| Additions | 95 | - | - | - | 95 |
| Disposals | - | - | - | - | - |
| Depreciation | (20) | - | (6) | - | (26) |
| Carrying Amount as at 30 June 2016 | 121 | 12 | 12 | - | 145 |

2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15 is set out below:

| | Office Equipment \$000 | Plant & Equipment \$000 | Computer Hardware \$000 | Transport Equipment \$000 | Total \$000 |
|---|------------------------------|-------------------------------|-------------------------------|---------------------------------|----------------|
| Carrying Amount as at 1 July 2014 | - | - | - | - | - |
| Additions/transfers | 65 | 12 | 24 | - | 101 |
| Disposals | - | - | - | - | - |
| Depreciation | (19) | - | (6) | - | (25) |
| Carrying Amount as at 30 June 2015 | 46 | 12 | 18 | - | 76 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| | 2016 | 2015 |
|--------------------------------|------------|----------|
| | \$000 | \$000 |
| 9. ADVANCE RECEIVED | | |
| Advance received | 830 | - |
| Total Other Liabilities | 830 | - |

The above amount represents funds owed to Northern Territory Government - Shared Services for payroll, accounts payable and corporate cards at 30 June 2016.

| | | |
|-----------------------|------------|------------|
| 10. PAYABLES | | |
| Accounts payable | 21 | 98 |
| Accrued expenses | 233 | 198 |
| Other payables | 112 | - |
| Total Payables | 366 | 296 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| | 2016 | 2015 |
|---------------------------------|------------|------------|
| | \$000 | \$000 |
| 11. PROVISIONS | | |
| Current | | |
| <i>Employee benefits</i> | | |
| Recreation leave | 240 | 244 |
| Leave loading | 49 | 57 |
| Other employee benefits | - | 1 |
| <i>Other current provisions</i> | | |
| Other provisions | 41 | 94 |
| | 330 | 396 |
| Non-Current | | |
| <i>Employee benefits</i> | | |
| Recreation leave | 135 | 162 |
| | 135 | 162 |
| Total Provisions | 465 | 558 |

MAGNT employed 50 employees as at 30 June 2016 and 45 employees as at 30 June 2015.

Other provisions include payroll tax, fringe benefit tax and employee superannuation contributions.

Reconciliations of Provisions

| | | |
|----------------------------------|------------|------------|
| Balance as at 1 July | 558 | - |
| Transferred from other agency | - | 464 |
| Additional provisions recognised | 676 | 847 |
| Reductions arising from payments | (769) | (753) |
| Balance as at 30 June | 465 | 558 |

12. OTHER LIABILITIES

Current

| | | |
|--------------------------------------|------------|------------|
| Other liabilities - unearned revenue | 340 | 134 |
| Total Other Liabilities | 340 | 134 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| | |
|-------|-------|
| 2016 | 2015 |
| \$000 | \$000 |

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of cash and deposits of MAGNT recorded in the Balance Sheets as at 30 June 2016 and 30 June 2015 are consistent with cash recorded in the Cash Flow Statement.

Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities

| | 2016 | 2015 |
|--|------------|------------|
| | \$000 | \$000 |
| Net Surplus/(Deficit) | (131) | 189 |
| <i>Non-cash items:</i> | | |
| Depreciation and amortisation | 26 | 25 |
| Provision for inventory obsolescence | - | 94 |
| <i>Changes in assets and liabilities:</i> | | |
| Decrease/(Increase) in receivables | 124 | (226) |
| Decrease/(Increase) in prepayments | 134 | (139) |
| Decrease/(Increase) in other current assets | - | (8) |
| (Decrease)/Increase in payables | 70 | 296 |
| (Decrease)/Increase in provision for employee benefits | (40) | 464 |
| (Decrease)/Increase in other provisions | (53) | 94 |
| (Decrease)/Increase in other liabilities | 206 | 134 |
| Net Cash from Operating Activities | 336 | 923 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

14. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to financial asset of one entity and financial liability or equity instrument of another entity.

MAGNT manages its assets and liabilities to ensure going concern of the entity by maintaining a balance between its assets and liabilities. The capital structure of MAGNT includes equity and net surpluses retained. In both financial years 2015 and 2016, MAGNT did not hold any loans or borrowings from third party institutions.

a) Categorisation of Financial Instruments

The financial instruments held by MAGNT includes cash and bank deposits, trade receivables and receivable from other government entities, trade and other payables and financial leases. MAGNT has limited exposure to financial risk.

The carried forward amounts of MAGNT's financial assets and liabilities at the end of financial year are presented below:

| | 2016 \$000 | 2015 \$000 |
|--------------------------------|---------------|---------------|
| Financial Assets | | |
| Cash and deposits | 2,097 | 922 |
| Loans and receivables | 16 | 137 |
| Other assets | - | 8 |
| Financial Liabilities | | |
| Advances received | 830 | - |
| Payables and other liabilities | 706 | 430 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

14. FINANCIAL INSTRUMENTS (CONTINUED)

b) Credit Risk

MAGNT has limited exposure to credit risk (risk of default). MAGNT has adopted a policy to deal with credit worthy entities and obtain collateral or other security when necessary as a means of mitigating the risk of financial loss from defaults.

The amount recorded as financial assets in the financial statement are net of allowance for impairment losses and represents maximum exposure to credit risk with no consideration for any collateral or other security obtained.

Receivables

MAGNT's receivable balances are monitored regularly to minimise exposure to bad debts. A reconciliation of receivables and their aging analysis is presented below:

| Internal Receivables | Aging of Receivables \$000 | Aging of Impaired Receivables \$000 | Net Receivables \$000 |
|-------------------------------|---|--|--------------------------------------|
| 2015-16 | | | |
| Not overdue | 3 | - | 3 |
| Overdue for less than 30 days | - | - | - |
| Overdue for 30 to 60 days | - | - | - |
| Overdue for more than 60 days | 1 | - | 1 |
| Total | 4 | - | 4 |
| 2014-15 | | | |
| Not overdue | 9 | - | 9 |
| Overdue for less than 30 days | - | - | - |
| Overdue for 30 to 60 days | 1 | - | 1 |
| Overdue for more than 60 days | 7 | - | 7 |
| Total | 17 | - | 17 |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| External Receivables | Aging of Receivables \$000 | Aging of Impaired Receivables \$000 | Net Receivables \$000 |
|--|---|--|--------------------------------------|
| 2015-16 | | | |
| Not overdue | - | - | - |
| Overdue for less than 30 days | - | - | - |
| Overdue for 30 to 60 days | 8 | - | 8 |
| Overdue for more than 60 days | 4 | 4 | - |
| Total | 12 | 4 | 8 |
| Reconciliation of the Allowance for Impairment Losses | | | |
| Opening | | - | |
| Written off during the year | | - | |
| Recovered during the year | | - | |
| Increase/(Decrease) in allowance recognised in profit or loss | | 4 | |
| Total | | 4 | |
| 2014-15 | | | |
| Not overdue | 16 | - | 16 |
| Overdue for less than 30 days | 12 | - | 12 |
| Overdue for 30 to 60 days | 12 | - | 12 |
| Overdue for more than 60 days | - | - | - |
| Total | 40 | - | 40 |

MAGNT's exposure to credit risk is minimal as most receivables relates to internal parties or governed by contracts. Receivables are assessed and allowances are made for impairment where necessary.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

14. FINANCIAL INSTRUMENTS (CONTINUED)

c) Liquidity Risk

The liquidity risk highlights the ability of MAGNT to meet its financial obligations as they fall due. The organisation manages its cash flow effectively to ensure adequate funds are available to meet its contractual liabilities when they fall due.

Maturity analysis for financial assets and liabilities

Contractual maturity for the carried forward financial assets and liabilities of MAGNT are summarised below:

| 2016 | Variable Interest Rate | | | | Non-Interest Bearing | Total | Weighted average effective interest rate % |
|------------------------------------|------------------------|--------------------|-------------------------|------------------------|----------------------|----------|--|
| | Less than a Year \$000 | 1 to 5 Years \$000 | More than 5 Years \$000 | Less than a year \$000 | | | |
| Financial assets | | | | | | | |
| Cash and deposits | 2,097 | - | - | - | 2,097 | 2.45% | |
| Receivables | - | - | - | 16 | 16 | - | |
| Total Financial Assets | 2,097 | - | - | 16 | 2,113 | - | |
| Financial Liabilities | | | | | | | |
| Advances received | - | - | - | 830 | 830 | - | |
| Payables | - | - | - | 366 | 366 | - | |
| Other financial liabilities | - | - | - | 340 | 340 | - | |
| Total Financial Liabilities | - | - | - | 1,536 | 1,536 | - | |

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

| 2015 | Variable Interest Rate | | | Non-Interest Bearing | Total \$000 | Weighted average effective interest rate % |
|------------------------------------|------------------------|--------------------|-------------------------|------------------------|--------------|--|
| | Less than a Year \$000 | 1 to 5 Years \$000 | More than 5 Years \$000 | Less than a year \$000 | | |
| Assets | | | | | | |
| Cash and deposits | 922 | - | - | - | 922 | 2.34% |
| Receivables | - | - | - | 137 | 137 | - |
| Other Assets | - | - | - | 8 | 8 | - |
| Total Financial Assets | 922 | - | - | 145 | 1,067 | - |
| Liabilities | | | | | | |
| Payables | - | - | - | 296 | 296 | - |
| Other Financial Liabilities | - | - | - | 134 | 134 | - |
| Total Financial Liabilities | - | - | - | 430 | 430 | - |

The figures are based on undiscounted cash flows on the earliest period where they may fall due for payment or receipt of funds. The organisation does not hold financial assets or financial liabilities at fixed interest rates.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

14. FINANCIAL INSTRUMENTS (CONTINUED)

d) Market Risk

Market risk describes the risk of exposure of MAGNT in terms of fluctuations in the rate of its financial instruments and the effect on the fair value of its future cash flows. Market risk is derived after evaluating interest risk, currency risk and price sensitivity.

Market Sensitivity Analysis

Changes due to fluctuations in variable interest rates on 100 points scale is deemed appropriate (1 per cent) and will have the following effects on MAGNT's profit and loss and equity on the balance date.

| | <i>Profit or Loss and Equity</i> | |
|---------------------------------|--|--|
| | 100 basis points increase \$000 | 100 basis points decrease \$000 |
| 30 June 2016 | | |
| Financial assets – cash at bank | 21 | (21) |
| Net Sensitivity | 21 | (21) |
| 30 June 2015 | | |
| Financial assets – cash at bank | 9 | (9) |
| Net Sensitivity | 9 | (9) |

Interest Rate Risk

MAGNT does not have any interest bearing loans or borrowings, hence has limited risk in terms of interest rate fluctuations. However, the bank deposits held by MAGNT are subject to fluctuations in variable interest rates, the effect of which is disclosed in the table above and under liquidity risk.

Foreign Currency risk

MAGNT is not exposed to currency risk as it does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

Price Risk

MAGNT is not exposed to price risk as it does not hold units in unit trusts.

e) *Net fair Value of Financial Instruments*

The value prescribed as carried forward in the financial statement, approximates the value of financial assets and financial liabilities held by MAGNT at the end of the financial year.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

15. COMMITMENTS

Operating Lease Commitments

MAGNT leases property under non-cancellable operating lease agreements expiring within two years. MAGNT renews lease contracts on expiry and the terms are renegotiated and evaluated against other quotations. Future lease commitments are not recognised as liabilities. A summary of MAGNT's future operational lease commitments is presented below:

| | 2016 \$000 | 2015 \$000 |
|---|---------------|---------------|
| Within one year | 21 | 25 |
| Later than one year and not later than five years | 9 | 36 |
| Later than five years | - | - |
| | 30 | 61 |

16. EVENTS SUBSEQUENT TO BALANCE DATE

No significant events have arisen between the end of the financial year and the date of this financial report that require any adjustments to or disclosure in these financial statements.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

MAGNT had no contingent liabilities or contingent assets as at 30 June 2016 or 30 June 2015.

18. WRITE OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

There were no write-offs, postponements, waivers, gifts or ex gratia payments during the year ended 30 June 2016 or 30 June 2015.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

19. BUDGETARY INFORMATION

| Comprehensive Operating Statement | 2015-16 Actual \$000 | 2015-16 Original Budget \$000 | Variance \$000 | Note |
|---|----------------------------|--|-------------------|------|
| INCOME | | | | |
| Grants and subsidies revenue | 7,945 | 8,441 | (496) | 1 |
| Sales of goods and services | 454 | 291 | 163 | 2 |
| Interest revenue | 102 | 24 | 78 | 3 |
| TOTAL INCOME | 8,501 | 8,756 | (255) | |
| EXPENSES | | | | |
| Employee expenses | 4,024 | 4,100 | (76) | 4 |
| Administrative expenses | | | | |
| Purchases of goods and services | 4,543 | 4,505 | 38 | 5 |
| Depreciation and amortisation | 26 | - | 26 | |
| Other administrative expenses | 14 | - | 14 | |
| Grants and subsidies expenses | 25 | 25 | - | |
| TOTAL EXPENSES | 8,632 | 8,630 | 2 | |
| NET SURPLUS/(DEFICIT) | (131) | 126 | (257) | |
| OTHER COMPREHENSIVE INCOME | - | - | - | |
| TOTAL OTHER COMPREHENSIVE INCOME | - | - | - | |
| COMPREHENSIVE RESULT | (131) | 126 | (257) | |

Notes: The following note descriptions relate to significant variances compared to budget.

(1) The budget allowed for a Treasurer's Advance of \$1.2 million of which \$598,000 was received. This was partially offset by additional grants from other sources for various projects.

(2) Income from public exhibitions, donations and research projects greater than anticipated.

(3) Interest greater than budget as cash on hand during the year exceeded expectations.

(4) Some savings as new staff appointments started later than planned.

(5) Power, water and some maintenance costs greater than anticipated. These were partially offset by savings in public programs and exhibitions.

BOARD OF THE MUSEUM AND ART GALLERY OF THE NORTHERN TERRITORY

19. BUDGETARY INFORMATION (CONTINUED)

| Cash Flow Statement | 2015-16 | 2015-16 | Variance | Note |
|---|--------------|--------------|--------------|------|
| | Actual | Original | | |
| | \$000 | \$000 | \$000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating receipts | | | | |
| Grants and subsidies received | 8,593 | 8,441 | 152 | 1 |
| Receipts from sales of goods and services | 575 | 291 | 284 | 2 |
| Interest received | 102 | 24 | 78 | 3 |
| Total operating receipts | 9,270 | 8,756 | 514 | |
| Operating payments | | | | |
| Payments to employees | 4,202 | 4,100 | 102 | 4 |
| Payments for goods and services | 4,707 | 4,505 | 202 | 5 |
| Grants and subsidies paid | 25 | 25 | - | |
| Total operating payments | 8,934 | 8,630 | 304 | |
| Net cash from/(used in) operating activities | 336 | 126 | 210 | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Financing receipts | | | | |
| Advance received | 839 | - | 839 | 6 |
| Total financing receipts | 839 | - | 839 | |
| Financing payments | | | | |
| Repayment of borrowings | - | - | - | |
| Finance lease payments | - | - | - | |
| Equity withdrawals | - | - | - | |
| Total financing payments | - | - | - | |
| Net cash from/(used in) financing activities | 839 | - | 839 | |
| Net increase/(decrease) in cash held | 1,175 | 126 | 1,049 | |
| Cash at beginning of financial year | 922 | - | 922 | |
| CASH AT END OF FINANCIAL YEAR | 2,097 | 126 | 1,971 | |

(1) The budget allowed for a Treasurer's Advance of \$1.2 million of which \$598,000 was received. This was partially offset by additional grants from other sources for various projects.

(2) Income from public exhibitions, donations and research projects greater than anticipated.

(3) Interest greater than budget as cash on hand during the year exceeded expectations.

(4) Payments to employees include accrued salaries and leave provisions made in the year 2014-15.

(5) Power, water and some maintenance costs greater than anticipated. These were partially offset by savings in public programs and exhibitions.

(6) Advance received represents payments made by Northern Territory Government's Shared Services on behalf of MAGNT that was not settled at 30 June 2016.



Auditor-General

Independent Auditor's Report to the Minister for Tourism and Culture

Board of the Museum and Art Gallery of the Northern Territory

I have audited the accompanying financial report of Board of the Museum and Art Gallery of the Northern Territory which comprises the balance sheet as at 30 June 2016, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Board.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Museum and Art Gallery of the Northern Territory Act 2014* and for such internal controls as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion the financial report gives a true and fair view of the financial position of the Board of the Museum and Art Gallery of the Northern Territory as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Museum and Art Gallery of the Northern Territory Act 2014*.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

6 October 2016