

AUSTRALIAN SPORTS COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

2018 Budget \$'000		Notes	2018 Actual \$'000	2017 Actual \$'000
NET COST OF SERVICES				
EXPENSES				
64,510	Employee benefits	3A	61,056	58,673
37,757	Suppliers	3B	43,672	41,008
168,920	Grants	3C	182,770	171,556
25,600	Depreciation and amortisation	5	23,260	23,180
-	Write-down and impairment of assets	3D	224	1,138
-	Loss from sale of assets		147	-
-	Resources provided free of charge		2,700	-
-	Other expenses		354	581
296,787	TOTAL EXPENSES		314,183	296,136
OWN-SOURCE INCOME				
Own-source revenue				
21,422	Sale of goods and rendering of services		22,316	21,492
-	Contributions from Government entities		3,189	9,062
2,384	Interest		3,053	3,714
-	Rental income		599	682
-	Other revenue		1,748	3,306
23,806	Total own-source revenue		30,905	38,256
Gains				
-	Reversals of impairment losses		225	19
-	Gain from sale of assets		-	42
-	Total gains		225	61
23,806	TOTAL OWN-SOURCE INCOME		31,130	38,317
272,981	NET COST OF SERVICES		283,053	257,819
264,595	Revenue from Government (corporate Commonwealth entity payment)		267,904	250,669
(8,386)	SURPLUS / (DEFICIT)		(15,149)	(7,150)
OTHER COMPREHENSIVE INCOME				
ITEMS NOT SUBJECT TO SUBSEQUENT RECLASSIFICATION TO NET COST OF SERVICES				
-	Changes in asset revaluation reserves	5	1,216	-
-	TOTAL OTHER COMPREHENSIVE INCOME		1,216	-
(8,386)	TOTAL COMPREHENSIVE INCOME / (LOSS)		(13,933)	(7,150)

The above statement should be read in conjunction with the accompanying notes.
Explanations of major budget variances are provided at Note 11.

AUSTRALIAN SPORTS COMMISSION
STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2018

2018 Budget \$'000		Notes	2018 Actual \$'000	2017 Actual \$'000
ASSETS				
Financial assets				
20,566	Cash and cash equivalents - on hand and deposit		7,005	21,673
5,007	Trade and other receivables	4A	8,588	6,298
50,000	Term deposits		75,000	55,000
1,864	Loans	4B	632	2,860
77,437	Total financial assets		91,225	85,831
Non-financial assets				
215,012	Land and buildings	5	203,813	213,552
13,527	Infrastructure, plant and equipment	5	10,862	12,567
4,170	Computer software	5	2,326	2,921
419	Inventories		690	682
2,368	Prepayments		1,550	3,697
235,496	Total non-financial assets		219,241	233,419
312,933	TOTAL ASSETS		310,466	319,250
LIABILITIES				
Payables				
2,354	Suppliers		3,938	2,216
86	Grant payables		92	26
1,481	Other payables		4,271	1,716
3,921	Total payables		8,301	3,958
Provisions				
14,757	Employee leave provisions		12,512	13,017
72	Property make-good and lease incentive		309	67
14,829	Total provisions		12,821	13,084
18,750	TOTAL LIABILITIES		21,122	17,042
294,183	NET ASSETS		289,344	302,208
EQUITY				
151,279	Contributed equity		151,279	150,210
193,835	Asset revaluation reserve		195,052	193,836
(50,931)	Retained surplus / (accumulated deficit)		(56,987)	(41,838)
294,183	TOTAL EQUITY		289,344	302,208

The above statement should be read in conjunction with the accompanying notes.
Explanations of major budget variances are provided at Note 11.

AUSTRALIAN SPORTS COMMISSION

CASH FLOW STATEMENT

For the year ended 30 June 2018

2018 Budget \$'000		Notes	2018 Actual \$'000	2017 Actual \$'000
OPERATING ACTIVITIES				
Cash received				
21,422	Sale of goods and rendering of services		24,606	26,152
-	Contributions from Government entities		3,189	9,062
264,595	Receipts from Government		267,904	250,669
2,250	Interest		2,742	3,636
-	Net GST received		17,441	16,103
288,267	Total cash received		315,882	305,622
Cash used				
(64,197)	Employees		(59,048)	(59,740)
(37,757)	Suppliers		(47,244)	(46,867)
(168,920)	Grants		(196,658)	(184,766)
(270,874)	Total cash used		(302,950)	(291,373)
17,393	Net cash from operating activities		12,932	14,249
INVESTING ACTIVITIES				
Cash received				
-	Proceeds from sales of property, plant and equipment		940	847
1,129	Repayments of loans and interest		2,294	329
1,129	Total cash received		3,234	1,176
Cash used				
(21,152)	Purchase of property, plant and equipment		(11,903)	(14,594)
(21,152)	Total cash used		(11,903)	(14,594)
(20,023)	Net cash used by investing activities		(8,669)	(13,418)
FINANCING ACTIVITIES				
Cash received				
1,069	Appropriations - contributed equity		1,069	-
1,069	Total cash received		1,069	-
1,069	Net cash from financing activities		1,069	-
(1,561)	Net increase / (decrease) in cash held		5,332	831
72,127	Cash and cash equivalents at the beginning of the reporting period		76,673	75,842
70,566	Cash and cash equivalents at the end of the reporting period	6	82,005	76,673

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

Explanations of major budget variances are provided at Note 11.

AUSTRALIAN SPORTS COMMISSION
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Retained surplus / (accumulated deficit)		Asset revaluation reserve		Contributed equity / capital		Total equity	
	2018 Budget	2018 Actual	2018 Budget	2018 Actual	2018 Budget	2018 Actual	2018 Budget	2018 Actual
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	(42,545)	(41,838)	193,835	193,836	150,210	150,210	301,500	302,208
Balance carried forward from previous period		(34,688)	193,835	193,836	150,210	150,210	301,500	309,358
Opening balance	(42,545)	(41,838)	193,835	193,836	150,210	150,210	301,500	302,208
Comprehensive income								
Other comprehensive income	-	-	-	1,216	-	-	-	1,216
Deficit for the period	(8,386)	(15,149)	-	-	-	-	(6,386)	(15,149)
Total comprehensive income	(8,386)	(15,149)	(7,150)	(7,150)	(7,150)	(7,150)	(6,386)	(13,933)
Transactions with owners:								
Contributions by owners								
Appropriation (equity injection)	-	-	-	-	1,069	1,069	1,069	1,069
Total transactions with owners	-	-	-	-	1,069	1,069	1,069	1,069
Closing balance attributable to the Australian Government	(50,931)	(56,987)	193,835	195,052	151,279	151,279	294,183	302,208

The above statement should be read in conjunction with the accompanying notes.
Explanations of major budget variances are provided at Note 11.

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- Note 1 : Summary of significant accounting policies
- Note 2 : Events after the reporting period
- Note 3 : Expenses
- Note 4 : Financial assets
- Note 5 : Non-financial assets
- Note 6 : Cash flow reconciliation
- Note 7 : Related party disclosures
- Note 8 : Key management personnel remuneration
- Note 9 : Assets held in trust
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AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Note 1: Summary of significant accounting policies

1.1 Basis of preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements and notes have been prepared in accordance with:

- the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

1.2 Significant accounting judgements and estimates

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

- a) The fair value of buildings has been taken to be the depreciated replacement cost as determined by an independent valuer. The ASC uses this valuation methodology as the buildings are purpose built and may in fact realise more or less than the market value.
- b) The ASC assesses impairment of all assets at each reporting date by evaluating conditions specific to the ASC and to the particular asset that may lead to impairment. If an impairment trigger exists then the recoverable amount is restated.

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

1.3 New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard. All new/revised standards and/or interpretations that were issued prior to the signing of the financial statements by the Chair of the Board, Chief Executive Officer and the Chief Financial Officer, and are applicable to the current reporting period, did not have a material effect on the ASC's financial statements.

At the date of authorisation of the financial statements, the standards listed below were on issue but not yet effective. These new or revised standards will be adopted and their implementation is not expected to have a material financial impact on the ASC, although they will require enhanced disclosure in future reporting periods:

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Standard	Effective for reporting periods beginning on or after:	Nature of impending changes and likely impact on application
AASB 9 <i>Financial Instruments</i>	1 January 2018	The standard reduces the four categories of financial assets to two: amortised cost and fair value. Given the ASC's financial assets comprise loans, receivables and term deposits, the new standard is not expected to materially impact the treatment or valuation of these assets.
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	The ASC's current treatment of exchange transactions and performance obligations is consistent with the requirements of the standard, and its introduction is not expected to materially impact revenue recognition.
AASB 16 <i>Leases</i>	1 January 2019	Changes to this standard will impact the treatment and disclosure of the operation leases the ASC has entered into as the lessee, primarily the lease obligation for the European Training Centre in Varese, Italy.
AASB 1058 <i>Income for Not-for-Profit Entities</i>	1 January 2019	This standard replaces the majority of income recognition requirements for public sector not-for-profit entities under AASB 1004 <i>Contributions</i> . The ASC will further assess the full impact of the changes on other revenue sources prior to adoption.

1.4 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the ASC retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the ASC.

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

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

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

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest

Interest revenue is recognised using the effective interest method.

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Resources received free of charge by way of in-kind sponsorship

Resources received free of charge are recorded as either revenue or gains depending on their nature. They are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Revenue from Government

Funding received or receivable from the Department of Health (appropriated to the ASC as a corporate Commonwealth entity payment item for payment to the ASC) is recognised as Revenue from Government unless they are in the nature of an equity injection or a loan.

Contributions received

Revenue arising from the contribution of an asset to the ASC (including sponsorship) is recognised when:

- the ASC obtains control of the contribution or has the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to the ASC; and
- the amount of the contribution can be reliably measured.

Revenue is recognised irrespective of whether restrictions or conditions are imposed on the use of the contribution.

1.5 Gains

Sale of assets

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

1.6 Transactions with the Government as owner

Equity injections

Amounts which are designated as 'equity injections' for a year are recognised directly in contributed equity in that year.

Other distributions to owners

Other distributions to owners are debited to contributed equity unless in the nature of a dividend.

1.7 Employee benefits

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

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

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the ASC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave and annual leave has been determined by reference to standard parameters provided by the Department of Finance. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and general pay increases. The comparatives have been determined by an actuary.

Separation and redundancy

A liability is recognised for separation and redundancy benefit payments. The ASC recognises a liability for termination when it has developed a detailed formal plan for the terminations or when an offer is made to an employee and is accepted.

Superannuation

Staff of the ASC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), Australian Super, CARE Superannuation, CBUS Industry Super Pty Ltd, Health Employees Super Trust (HESTA), Media Super (MEDIA) and Labour Union Co-operative Retirement Fund (LUCRF).

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

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

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

1.8 Leases

All leases in the ASC are operating leases, as the risks and benefits are shared with the lessor. Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and demand deposits in bank accounts that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.10 Financial assets

The ASC classifies its financial assets in the following categories:

- held-to-maturity investments; and
- loans and receivables.

The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Held-to-maturity investments

Term deposits held by the ASC are classified as 'held-to-maturity investments' and are initially recognised at fair value. Term deposits are subsequently recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. Due to the short term and fixed nature of the term deposits, the effective interest rate will equal the agreed interest rate, resulting in interest income being recognised on a straight-line basis over the term of the deposit.

Loans and receivables

Loans, trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Loans and other receivables provided on more favourable terms than the borrower could obtain in the market place contain a concessional discount. The concessional loan is initially recognised at fair value and the difference between notional and fair values is expensed upon initial recognition, if material. Concessional loans are subsequently amortised using the effective interest rate method.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account.

The loss is recognised in the Statement of Comprehensive Income.

Market Risk – Interest rates

The ASC is exposed to interest rate risk primarily from interest bearing assets. The interest-bearing items on the ASC's Statement of Financial Position are cash, loans and term deposits. Cash on deposit is held in a bank account with a floating interest rate. The investments bear fixed interest rates and will not fluctuate due to changes in the market interest rate.

The loans attract a floating interest rate. A +/- 200 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk. The method used to arrive at the possible risk of +/- 200 basis point was based on both statistical and non-statistical analysis. The statistical analysis has been based on the cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances. The ASC's sensitivity to a movement in interest rates of +/-200 basis points and the effect on net costs of services and equity for 2017-18 is negligible.

1.11 Financial liabilities

Supplier and other payables are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Financial liabilities are recognised and derecognised upon trade date. Supplier and other payables are settled within 30 days.

Liabilities are recognised to the extent that the goods or services have been received, regardless of the fact that the ASC may not have been invoiced.

1.12 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position, but are reported in the notes. They may arise from uncertainty of a liability or asset, or represent a liability or an asset in respect of which cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote (2017: nil).

Unquantifiable contingent liabilities

As at reporting date, the ASC has a current contract in dispute that may be subject to litigation and result in the payment of damages or costs. It is not possible to estimate the amount of any eventual payment which may be required in relation to this matter.

1.13 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

1.14 Property, 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 the threshold for the asset's sub-class, 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 or are purchases of computer equipment).

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

Revaluations

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

Asset Class	Sub-class
Land	Market selling price
Land improvements	Depreciated replacement cost
Buildings (excluding leasehold improvements)	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Market selling price and depreciated replacement cost

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

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

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its re-valued amount.

Depreciation

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

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

Asset Class	Sub-class	2018	2017
Buildings	Buildings	3 - 75 years	3 - 75 years
Land improvements	Land improvements	15 - 40 years	15 - 40 years
Leasehold improvements	Leasehold improvements	Lease term	Lease term
Property, plant and equipment	Furniture, fittings, plant and equipment	4 - 25 years	4 - 25 years
Property, plant and equipment	Computer hardware	3 - 5 years	3 - 5 years
Property, plant and equipment	Marine fleet	2 - 20 years	2 - 20 years
Property, plant and equipment	Motor vehicles	2 - 10 years	2 - 10 years

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.15 Intangibles

The ASC's intangibles comprise purchased and internally-developed software.

Purchases of intangibles are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than the threshold of the asset's sub-class, 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).

These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ASC's software are 3 to 7 years (2017: 3 to 7 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1.16 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Inventories acquired at no cost or for nominal consideration are initially measured at current replacement cost at the date of acquisition. All inventories are expected to be sold or distributed in the next 12 months.

1.17 Taxation

The ASC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, liabilities and assets are recognised net of GST except:

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

1.18 Grants

Grant expenses and liabilities are recognised to the extent that:

- (i) the services required to be performed by the grantee have been performed; or
- (ii) the grant eligibility criteria have been satisfied, but payments due have not been made.

Where some or all of a grant is required to be repaid, the ASC recognises the amount to be repaid, or due to be repaid as:

- (i) a reduction in grant expenses if the repayment of grant monies arises in the same financial year that the grant expense was incurred; or
- (ii) an increase in income if the grant expense was incurred in a prior financial year.

1.19 Foreign currency

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 the end of the financial year. Net foreign exchange gains and losses (both realised and unrealised) arising from foreign currency transactions are reported in the Statement of Comprehensive Income.

Note 2: Events after the reporting period

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

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 3: Expenses

Note 3A: Employee benefits

Wages and salaries	44,947	46,583
Superannuation:		
Defined contribution plans	4,657	4,744
Defined benefit plans	2,599	2,981
Leave and other entitlements	4,474	4,092
Separation and redundancies	4,379	273
Total employee benefits	61,056	58,673

Note 3B: Suppliers

Goods and services

Consultants and contractors	14,298	13,363
Travel	2,507	2,620
Property operating	11,854	11,289
Materials	4,194	3,911
Communications and IT	3,302	3,396
Advertising and Media	1,756	221
Other	4,190	4,794
Total goods and services	42,101	39,594

Other suppliers

Operating lease rentals:		
Minimum lease payments	1,571	1,414
Total other suppliers	1,571	1,414

Total suppliers

43,672 41,008

Operating Lease Commitments

The ASC in its capacity as lessee has obligations for offices, accommodation, motor vehicles and the lease obligation under the Heads of Agreement for the European Training Centre in Varese, Italy. The lease payments the ASC has for offices are subject to annual increases in accordance with upward movements in the Consumer Price Index. The lease obligation for the European Training Centre is based on the final construction costs for the facility. With respect to motor vehicle leases there are no renewal or purchase options available.

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
One year or less	1,226	1,071
From one to five years	1,963	1,939
Over five years	-	-
Total operating lease commitments payable	3,189	3,010

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 3: Expenses

Note 3C: Grants

Public sector:		
Australian Government entities (related parties)	90	124
State and Territory Governments	20,643	19,228
Local Governments	-	40
Private sector:		
Non-profit organisations	146,133	135,994
Other	-	6
Other	15,904	16,164
Total grants	182,770	171,556

Note 3D: Write-down and impairment of assets

Impairment of financial instruments	27	57
Non-financial assets:		
Write-down and impairment - land and buildings	51	883
Write-down and impairment - property, plant and equipment	107	68
Write-down and impairment - intangibles	26	111
Write-down and impairment - inventory	13	19
Total write-down and impairment of assets	224	1,138

Note 3E: Other expenses

Sponsorship in kind	334	559
Other	20	22
Total other expenses	354	581

AUSTRALIAN SPORTS COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 4: Financial assets

Note 4A: Trade and other receivables

Goods and services	5,819	3,888
GST receivable from the Australian Taxation Office	2,244	2,159
Interest	547	301
Total trade and other receivables (gross)	8,610	6,348
Less impairment allowance:		
Goods and services	(22)	(50)
Total trade and other receivables (net)	8,588	6,298

Reconciliation of the impairment allowance account:

Opening balance	(50)	(35)
Amounts written-off	27	56
Amounts recovered and reversed	(49)	(19)
Decrease in impairments recognised in net surplus	50	(52)
Closing balance	(22)	(50)

Operating lease commitments receivable

The ASC in its capacity as lessor has rental agreements with National Sporting Organisations to access specified facilities and services at various locations. The ASC also leases the Canberra Stadium and associated parking facilities to the ACT Government. The leases to the National Sporting Organisations are not subject to annual increases. The lease payments for the Canberra Stadium are subject to annual increases in accordance with upward movements in the Consumer Price Index.

	2018 \$'000	2017 \$'000
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Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

One year or less	816	616
From one to five years	1,410	2,300
Over five years	-	1,125
Total operating lease commitments receivable	2,226	4,041

AUSTRALIAN SPORTS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 4: Financial assets (continued)

Note 4B: Loans

Cycling Australia	1,421	1,399
Australian Paralympic Committee	-	2,250
Total loans (gross)	1,421	3,649
<i>Less impairment allowance:</i>		
Cycling Australia	(789)	(789)
Total loans (net)	632	2,860

Reconciliation of the impairment allowance account:

Opening balance	(789)	(789)
Increase in impairments recognised in net surplus	-	-
Closing balance	(789)	(789)

Australian Paralympics Committee Ltd Loan

In June 2015, the ASC provided a \$2.250m loan to the Australian Paralympics Committee Ltd (APC) as part of an assistance package for restructuring and other financial assistance. The loan was repayable over a 6 year loan term and attracted a floating interest charge. On 28 July 2017, APC formally notified the ASC of their intention to voluntarily repay the loan in full by 30 September 2017. The ASC accepted those terms and the loan was settled in full on 29 September 2017.

Cycling Australia Ltd Loan

In September 2014, the ASC provided two loans of \$0.500m and \$1.000m to Cycling Australia Ltd (CA) as part of an assistance package for restructuring and other financial assistance. On 30 June 2017, the terms were modified with the loans scheduled to be repaid by 31 July 2022 and 31 January 2029, respectively. Both loans continue to attract a floating interest charge consistent with the original loan terms.

During 2016, the ASC recognised an impairment allowance in connection with the loans to CA. The ASC has determined that the impairment allowance remains appropriate as at 30 June 2018 and continues to work closely with CA to address the financial situation.

Fair Value

The fair value of the loans as at 30 June 2018, after considering any concessionality, is \$0.788m (2017: \$2.760m).

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Note 5: Non-financial assets
Reconciliation of the opening and closing balances of property, plant, equipment and intangibles (2017-18)

	Land \$'000	Buildings & land improvements \$'000	Total land, buildings & land improvements \$'000	Infrastructure, plant & equipment \$'000	Purchased software \$'000	Internally developed software \$'000	Total Computer Software \$'000	Total \$'000
As at 1 July 2017								
Gross book value	10,000	534,845	544,845	30,135	6,309	4,692	11,001	585,981
Accumulated depreciation and impairment	-	(331,293)	(331,293)	(17,568)	(4,975)	(3,105)	(8,080)	(356,941)
Net book value 1 July 2017	10,000	203,552	213,552	12,567	1,334	1,587	2,921	229,040
Additions:								
By purchase	-	8,457	8,457	4,815	284	-	284	13,556
by internal development	-	-	-	-	-	246	246	246
Revaluations recognised in other comprehensive income	-	-	-	1,216	-	-	-	1,216
Write-down and impairment recognised in the net cost of services	-	(51)	(51)	(107)	(26)	-	(26)	(184)
Disposals:								
Written-down value of assets transferred to National Sporting Organisations ¹	-	-	-	(2,700)	-	-	-	(2,700)
Written-down value of assets sold	-	-	-	(888)	-	-	-	(888)
Depreciation and amortisation	-	(18,120)	(18,120)	(4,041)	(368)	(731)	(1,099)	(23,260)
Other movements - derecognition of makegood	-	(25)	(25)	-	-	-	-	(25)
Net book value 30 June 2018	10,000	193,813	203,813	10,862	1,224	1,102	2,326	217,001
Net book value as of 30 June 2018 represented by:								
Gross book value	10,000	538,662	548,662	25,701	6,152	4,416	10,568	584,931
Accumulated depreciation	-	(344,849)	(344,849)	(14,839)	(4,928)	(3,314)	(8,242)	(367,930)
Total as at 30 June 2018	10,000	193,813	203,813	10,862	1,224	1,102	2,326	217,001

The above carrying values include work in progress costs for buildings and improvements \$1,345m (2017: \$3,165m) and computer software \$0.819m (2017: \$0.753m).

Revaluation of property, plant and equipment

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. An independent valuer conducted the most recent revaluation of infrastructure, plant and equipment as at 31 December 2017, and a desktop review of land and buildings as at 30 June 2018.

Contractual commitments for the acquisition of property, plant, equipment and intangibles

The ASC had \$0.400m outstanding contractual commitments for property, plant, equipment and intangibles as at 30 June 2018 (2017: \$2.311m). Contractual commitments primarily relate to equipment purchases. The ASC expects all contractual commitments to be settled within 12 months.

Transfer of property, plant and equipment to National Sporting Organisations

¹ During 2017-18, the ASC transferred ownership of sporting equipment to eleven National Sporting Organisations (NSOs), consistent with the ASC's long-standing role to build the capacity and autonomy of NSOs, and support our athletes.

AUSTRALIAN SPORTS COMMISSION
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	2018 \$'000	2017 \$'000
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Note 6: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement

Statement of Financial Position items comprising cash and cash equivalents		
Cash in hand or on deposit	7,005	21,673
Term deposits	75,000	55,000
Total cash and cash equivalents per Cash Flow Statement	82,005	76,673

Note 7: Related party disclosures

Related party relationships

The ASC is an Australian Government controlled entity. Related parties to the ASC are Key Management Personnel (KMP) (refer definition at Note 8) and other Australian Government entities.

Transactions with other Commonwealth controlled entities

During the 2017-18 financial year, the ASC entered into a Memorandum of Understanding with the Department of Health to receive a contribution of \$2.500m. The ASC also has arrangements with other government entities to assist with the delivery of the ASC's activities and programs. The income received from government entities is disclosed as 'Contributions from Government entities' in the Statement of Comprehensive Income. All expenses paid to government entities are under normal terms and conditions.

Loans to Key Management Personnel related entities

There were no loans made to KMP or related entities.

Contributions to related organisations

Contributions were made to various related sporting organisations. They were approved and made on normal terms and conditions. KMP are required to register conflicts of interest and are not part of decisions where there is a real or perceived conflict. These are disclosed in the table below.

Entity	Key Management Personnel	2018 \$'000	2017 \$'000
Australian Sports Foundation	Ms S Carbon OAM Mr M Stockwell ¹	-	34
Sports Australia Hall of Fame	Chief Executive Officer	25	100
Olympic Winter Institute	Ms A Camplin-Warner OAM	3,367	2,788
Swimming Australia	Mr M Stockwell ¹	-	11,120
Australian Football League	Ms G Trainor AO	450	-
Sailing Australia	Mr A Plympton AM ² Ms K Bates	10,171	9,464

There were also payments to KMP to reimburse costs incurred on behalf of the ASC. These and the transactions referred to above were conducted with conditions no more favourable than would be expected if the transactions occurred at arm's length.

Individual KMP may hold professional engagements with related parties. Such engagements are not reported in this note as they are not required to be disclosed as related party transactions under Australian Accounting Standards.

Transactions reported for KMP are limited to direct interests where holdings are greater than 50%.

Transactions exclude GST where relevant.

¹ Ceased to be related to the ASC in March 2017.

² Ceased to be related to Sailing Australia in July 2017.

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Note 8: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity. The ASC has determined the key management personnel to be the Commissioners, ASC Executive and Portfolio Minister. Key management personnel remuneration is reported in the table below:

	2018 \$	2017 \$
Short-term employee benefits	2,354,838	1,947,116
Post-employment benefits	247,336	221,988
Other long-term benefits	212,500	164,209
Termination benefits	-	27,925
Total key management personnel remuneration expenses	2,814,674	2,361,238

The total number of key management personnel (noting this includes board members) in the above table is 22 individuals (2017: 18). The total number of substantive key management positions (noting this includes board members) in the above table is 18 individuals (2017: 15). The variance between these figures reflects commencements and cessations of senior management personnel throughout the year.

The above key management personnel remuneration excludes the remuneration and benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ASC.

Note 8 is prepared on an accruals basis and excludes short-term acting arrangements (less than three months).

Note 9: Assets held in trust

Gary Knoke Memorial Scholarship Trust Account

Purpose – The Gary Knoke Memorial Scholarship Trust Account is to be used for the provision of scholarships to eligible persons nominated by Athletics Australia. These monies are not available for other purposes of the ASC and are not recognised in the financial statements. The balance of the account, along with ongoing administrative responsibility for both the trust and the Scholarship, has been transferred to Athletics Australia as at 30 June 2018.

	2018 \$'000	2017 \$'000
Total amounts held at the beginning of the reporting period	45	46
Receipts	1	1
Payments	(46)	(2)
Total amounts held at the end of the reporting period	-	45

Promoters Trust Account

Purpose – The ASC operates a Promoters Trust Account into which it deposits monies received in the course of conducting events at the ASC. These monies are held until such time as the events are completed and all costs associated with the events have been finalised. The remaining funds are then apportioned between the promoter and the ASC in accordance with the terms of each agreement. These monies are not available for other purposes of the ASC and are not recognised in the financial statements.

	2018 \$'000	2017 \$'000
Total amounts held at the beginning of the reporting period	693	221
Receipts	1,867	1,520
Payments	(1,996)	(1,048)
Total amounts held at the end of the reporting period	564	693

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 For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 10: Financial instruments

Note 10A: Categories of financial instruments

Financial assets

Loans and receivables

Cash and cash equivalents	7,005	21,673
Receivables for goods and services	5,797	3,838
Interest receivable	547	301
Loans	632	2,860

Total loans and receivables	13,981	28,672
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Investments held-to-maturity:

Investments under s59 of the PGPA Act	75,000	55,000
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Total investments held-to-maturity	75,000	55,000
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Total financial assets	88,981	83,672
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Financial liabilities

Other financial liabilities:

Suppliers	3,938	2,216
Grant payables	92	26

Total financial liabilities	4,030	2,242
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Note 10B: Net gains or losses on financial assets

Loans and receivables

Impairment of loans and receivables	(27)	(56)
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Net losses on loans and receivables	(27)	(56)
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Investments held-to-maturity

Interest revenue	3,053	3,714
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Net gain held-to-maturity	3,053	3,714
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AUSTRALIAN SPORTS COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 11: Explanations of major budget variances

The following table provides explanations for major variances between the Original Budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 final outcome as presented in accordance with Australian Accounting Standards. The Budget is not audited.

The ASC provides high level commentary of major variances between original budgeted and actual amounts. Major variances are those deemed relevant to the analysis of the ASC's performance and are not focussed merely on numerical differences between the Budget and actual amounts.

Affected line items (and statement)	Explanations of major variances
Grants (Statement of Comprehensive Income) Grants (Cash Flow Statement)	When compared to Original Budget of \$168.920m, an additional \$13.850m in grant expenditure was incurred in 2017-18. The increase was due to \$4.182m in High Performance grants paid to NSOs to align with sports agreed plans and directed towards podium outcomes for Tokyo 2020, \$5.712m paid to NSO's to primarily fund future depreciation of gifted assets, and \$2.816m paid for participation business development grants.
Suppliers (Statement of Comprehensive Income) Suppliers (Cash Flow Statement)	When compared to Original Budget, an additional \$5.914m in supplier expenditure was incurred in 2017-18. During the financial year the ASC engaged resources and relevant subject matter experts to assist with the delivery of its programs and to support strategic planning activities, in addition to additional media and advertising relating to the 'Move it AUS' campaign.
Employee benefits (Statement of Comprehensive Income) Employees (Cash Flow Statement)	When compared to Original Budget, a decrease of \$3.454m in employee expenditure was incurred in 2017-18. This was primarily due to the strategic planning, with areas across the ASC having intentionally left positions vacant or have delayed recruitment processes while the ASC's future business strategy and operating model was being finalised.
Contributions from Government entities (Statement of Comprehensive Income) Contributions from Government entities (Cash Flow Statement)	When compared to Original Budget, an additional \$3.189m in contributions from Government entities was received in 2017-18. The increase was primarily due to \$2.500m received in 2017-18 from the Department of Health for Delivery of Sport Outcomes.
Revenue from Government (Statement of Comprehensive Income) Revenue from Government (Cash Flow Statement)	When compared to Original Budget, an additional \$3.309m in revenue from Government was received in 2017-18. This was mainly due to funding of \$3.336m handed down at Mid Year Economic and Fiscal Outlook (MYEFO) to fund additional targeted support for high performance sport ahead of the Tokyo 2020 Olympics Games.
Cash and cash equivalents (Statement of Financial Position) Term deposits (Statement of Financial Position) Purchase of property plant and equipment (Cash Flow Statement)	When compared to Original Budget, a decrease of \$9.425m in purchases of property, plant and equipment was incurred in 2017-18. The decrease was primarily due to prioritising capital spend while a business case for the redevelopment of the AIS at the current site in Canberra is prepared. Further, there were savings identified during the initial scoping and procurement phases for land and buildings replacements. The lower spend on property, plant and equipment is the primary driver for an increase in overall cash and investment balance of \$11.439m when compared to the Original Budget.