



The  
Treasury

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# 2012–13 Annual Reports

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State Rail Authority Residual Holding Corporation  
Liability Management Ministerial Corporation  
Lotteries Assets Ministerial Holding Corporation  
Electricity Assets Ministerial Holding Corporation

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31 October 2013



# State Rail Authority Residual Holding Corporation

Financial Statements  
for the year ended 30 June 2013

## State Rail Authority Residual Holding Corporation

### Charter

The State Rail Authority Residual Holding Corporation (SRARHC) was constituted under the *Transport Administration Act 1988*. It represents those parts of the former State Rail Authority which were not incorporated into the new Railcorp and Rail Infrastructure Corporation. By 2008 all transfers were completed and there have been no further activities.

### Objective

The sole remaining purpose of the SRARHC is to hold the cross border rolling stock leases that were excluded from the vesting of all State Rail assets rights and liabilities.

### Staffing

Administration and accounting services are provided by staff of the NSW Treasury. The Corporation has no staff of its own.



## INDEPENDENT AUDITOR'S REPORT

### State Rail Authority Residual Holding Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of State Rail Authority Residual Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

### The Secretary of the Treasury's Responsibility for the Financial Statements

The Secretary is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements 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 about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Heather Watson  
Director, Financial Audit Services

30 July 2013  
SYDNEY

**State Rail Authority Residual Holding Corporation**

**Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the State Rail Authority Residual Holding Corporation's financial performance for the year ended 30 June 2013 and financial position as at 30 June 2013; and
- (b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

Further I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Philip Gaetjens  
Secretary**

29 July 2013

State Rail Authority Residual Holding Corporation

Statement of Comprehensive Income  
for the year ended 30 June 2013

	2013 \$000	2012 \$000
Expenses excluding losses	-	-
<b>Total expenses excluding losses</b>	<u>-</u>	<u>-</u>
Revenue	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>
Gain/(loss) on disposal	-	-
Other gains/(losses)	<u>-</u>	<u>-</u>
<b>Net result</b>	<u>-</u>	<u>-</u>
<b>Total other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**State Rail Authority Residual Holding Corporation**

**Statement of Financial Position  
as at 30 June 2013**

	2013 \$000	2012 \$000
<b>Assets</b>	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>-</u>	<u>-</u>
<b>Equity</b>	-	-
<b>Total equity</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

State Rail Authority Residual Holding Corporation

Statement of Changes in Equity  
for the year ended 30 June 2013

	2013 \$000	2012 \$000
<b>Balance at 1 July</b>	-	-
Net result for the year	-	-
Total other comprehensive income	-	-
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
<b>Balance at 30 June</b>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

State Rail Authority Residual Holding Corporation

Statement of Cash Flows  
for the year ended 30 June 2013

	2013 \$000	2012 \$000
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Opening cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

# State Rail Authority Residual Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 1. STATE RAIL AUTHORITY RESIDUAL HOLDING CORPORATION INFORMATION

The State Rail Authority of New South Wales (StateRail) was a statutory body representing the Crown in right of the State of New South Wales, as constituted by the *Transport Administration Act 1988 (TAA)*. Since 1 January 2004, pursuant to amendments to the TAA that provided for the restructuring of the Rail Industry, StateRail's principal activities have been to manage the transfer of selected assets, rights and liabilities to Rail Corporation New South Wales (RailCorp), and to manage the disposal of the remainder in consultation with RailCorp.

By 30 June 2008 all remaining functions, assets (including assets related to the cross border rolling stock leases), rights and liabilities of StateRail with the unique exception of its rights and liabilities relating to specified ongoing cross border rolling stock leases, were transferred to various agencies, including RailCorp, Rail Infrastructure Corporation and the Crown.

StateRail itself was subject to the enactment of an *Amendment of Transport Administration Act 1988 No 109*, presented as *Schedule 4 of the State Revenue and Other Legislation Amendment (Budget) Act 2007*, which was passed cognate to the *Appropriation Act 2007*. The commencement date for the Act is 1 July 2007. The effect of the amendment in Schedule 4 is to change the name of StateRail to "State Rail Authority Residual Holding Corporation" (SRARHC), remove it from the definition of NSW rail authorities and place it under the control of the Treasurer. The sole remaining purpose of the re-named SRARHC is to hold the cross border rolling stock leases that were excluded from the vesting of all other StateRail assets rights and liabilities.

The SRARHC has no assets and liabilities and remains a reporting entity until the last of the lease contracts expire in December 2023.

The SRARHC is a statutory body under the *Public Finance and Audit Act 1983*. It is a not-for-profit entity with its principal office at 1 Farrer Place, Sydney NSW 2000, Australia.

The financial statements were authorised for issue by the Secretary of NSW Treasury on the date the accompanying Statement by the Secretary was signed.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of:

- applicable Australian Accounting Standards which include Australian Accounting Interpretations
- *Public Finance and Audit Act 1983*
- *Public Finance and Audit Regulation 2010*
- NSW Treasury Policy and Guidelines Papers

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest thousand dollars (\$'000).

# State Rail Authority Residual Holding Corporation

## Notes to the financial statements for the year ended 30 June 2012

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

#### Statement of compliance

The financial statements comply with applicable Australian Accounting Standards including Australian Accounting Interpretations.

#### New standards and interpretations not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2012. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

The SRARHC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 13/02.

#### New, revised or amending standards and interpretations

The SRARHC has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the SRARHC.

#### INCOME

Income is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Income is only recognised if its receipt is probable and the amount is reliably measurable.

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

#### EXPENSE

Finance officers of the NSW Treasury provide administrative services, including the preparation of financial statements of the SRARHC. Due to the irregular and varied nature of those services, their value cannot be calculated with any certainty and no charge is made to the entity for them.

The Crown Entity also pays for the entity's audit fees inclusive of GST of \$5,720 (2012: \$5,720).

## State Rail Authority Residual Holding Corporation

### Notes to the financial statements for the year ended 30 June 2013

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Goods and Services Tax

Revenues, expenses and assets are generally recognised net of the amount of goods and services tax (GST). However, receivables and payables are stated with the amount of GST included and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as part of receivables (or payables) in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of any cash flow that is recoverable from (or payable to) the ATO is classified as an operating cash flow.

##### ASSETS

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

##### LIABILITIES

##### Payables

Payables represent liabilities for goods and services provided but not paid for at each reporting date. This occurs when the entity must make future payments for the goods and services, even if it has not been billed for them.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount where the effect of discounting is immaterial.

##### TAXATION

The activities of the SRARHC are exempt from income tax.

#### 3. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to reporting date requiring disclosure.

**End of audited financial statements**

# Liability Management Ministerial Corporation

Financial Statements  
for the year ended 30 June 2013

## Liability Management Ministerial Corporation

### Charter

The Liability Management Ministerial Corporation (LMMC) was constituted under the *General Government Liability Management Fund Act 2002* to manage the General Government Liability Management Fund.

### Objective

The Fund was established to accumulate financial assets to improve the financial management of the general government sector's balance sheet and allow flexibility in the timing of superannuation contributions to the public sector defined benefit schemes.

### Staffing

Administration and accounting services are provided by staff of the NSW Treasury. The Corporation has no staff of its own.



## INDEPENDENT AUDITOR'S REPORT

### Liability Management Ministerial Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Liability Management Ministerial Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

#### The Secretary of the Treasury's Responsibility for the Financial Statements

The Secretary is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements 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 about whether the financial statements are free from material misstatement.

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

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

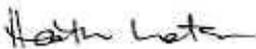
My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Heather Watson  
Director, Financial Audit Services

18 September 2013  
SYDNEY

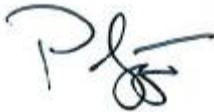
**Liability Management Ministerial Corporation**

**Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the Liability Management Ministerial Corporation's financial performance for the year ended 30 June 2013 and financial position as at 30 June 2013; and
- (b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Further I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Philip Gaetjens  
Secretary**

17 September 2013

## Liability Management Ministerial Corporation

### Statement of Comprehensive Income for the year ended 30 June 2013

	Note	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>				
Operating Expenses				
Employee related		-	70,410	-
Other operating expenses	3	(48)	206	95
<b>Total expenses excluding losses</b>		<u>(48)</u>	<u>70,616</u>	<u>95</u>
<b>Revenue</b>				
Investment revenue	4	4,460	1,253	202
Grants and contributions	5	16,224	54,103	14,835
<b>Total revenue</b>		<u>20,684</u>	<u>55,356</u>	<u>15,037</u>
<b>Net result</b>		<u>20,732</u>	<u>(15,260)</u>	<u>14,942</u>
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income</b>		<u>20,732</u>	<u>(15,260)</u>	<u>14,942</u>

The accompanying notes form part of these financial statements.

## Liability Management Ministerial Corporation

### Statement of Financial Position as at 30 June 2013

	Note	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	6	102	100	510
Receivables	7	1	-	10
<b>Total current assets</b>		<u>103</u>	<u>100</u>	<u>520</u>
<b>Non-current assets</b>				
Financial assets at fair value	8	35,587	29,605	14,527
<b>Total non-current assets</b>		<u>35,587</u>	<u>29,605</u>	<u>14,527</u>
<b>Total assets</b>		<u>35,690</u>	<u>29,705</u>	<u>15,047</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	9	16	100	105
Provisions		-	40,100	-
<b>Total current liabilities</b>		<u>16</u>	<u>40,200</u>	<u>105</u>
<b>Non-current liabilities</b>				
Provisions		-	674,400	-
<b>Total non-current liabilities</b>		<u>-</u>	<u>674,400</u>	<u>-</u>
<b>Total liabilities</b>		<u>16</u>	<u>714,600</u>	<u>105</u>
<b>Net assets/(liabilities)</b>		<u>35,674</u>	<u>(684,895)</u>	<u>14,942</u>
<b>Equity</b>				
Accumulated funds/(deficit)		35,674	(684,895)	14,942
<b>Total equity</b>		<u>35,674</u>	<u>(684,895)</u>	<u>14,942</u>

The accompanying notes form part of these financial statements.

## Liability Management Ministerial Corporation

### Statement of Changes in Equity for the year ended 30 June 2013

	<b>Total Equity</b>
	<b>\$'000</b>
<b>Balance at 1 July 2012</b>	<b>14,942</b>
<b>Net result for the year</b>	20,732
Total other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>20,732</b>
Transactions with owners in their capacity as owners	-
<b>Balance at 30 June 2013</b>	<b>35,674</b>
<b>Balance at 1 July 2011</b>	
<b>Net result for the year</b>	14,942
Total other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>14,942</b>
Transactions with owners in their capacity as owners	-
<b>Balance at 30 June 2012</b>	<b>14,942</b>

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Cash Flows  
for the year ended 30 June 2013

	Note	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Employee related		-	39,966	-
Other		35	201	-
<b>Total payments</b>		<u>35</u>	<u>40,167</u>	<u>-</u>
<b>Receipts</b>				
Grants and contributions		16,224	54,103	14,835
Interest received		9	-	75
Other		3	-	-
<b>Total receipts</b>		<u>16,236</u>	<u>54,103</u>	<u>14,910</u>
<b>Net cash flows from operating activities</b>	6	<u>16,201</u>	<u>13,936</u>	<u>14,910</u>
<b>Cash flows from investing activities</b>				
Purchases of investments		(21,060)	(13,936)	(14,527)
Interest received		4,451	-	127
<b>Net cash flows from investing activities</b>		<u>(16,609)</u>	<u>(13,936)</u>	<u>(14,400)</u>
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(408)</u>	<u>-</u>	<u>510</u>
Opening cash and cash equivalents		<u>510</u>	<u>100</u>	<u>-</u>
<b>Closing cash and cash equivalents</b>		<u>102</u>	<u>100</u>	<u>510</u>

The accompanying notes form part of these financial statements.

# Liability Management Ministerial Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 1. LIABILITY MANAGEMENT MINISTERIAL CORPORATION INFORMATION

The Liability Management Ministerial Corporation (LMMC) is a statutory body under the *Public Finance and Audit Act 1983*. The LMMC was constituted under the *General Government Liability Management Fund Act 2002* (the Act) for the purpose of managing the General Government Liability Management Fund (GGLMF). The GGLMF is a special deposit account which receives funding from the Crown Entity to meet its obligations as required by the Act. The LMMC commenced receiving contributions from the Crown Entity in 2011-12. Prior to this, the LMMC was dormant from 2008 to 2011.

The LMMC is a not-for-profit entity with its principal office at 1 Farrer Place, Sydney NSW 2000, Australia. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements were authorised for issue by the Secretary of NSW Treasury on the date the accompanying Statement by the Secretary was signed.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

The financial assets are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest thousand dollars (\$'000).

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:

#### *Classification and valuation of investments*

LMMC classifies its investments as fair value through profit and loss. The fair value has been determined by reference to the quoted market price for similar instruments and the underlying value provided by the Portfolio manager, New South Wales Treasury Corporation (TCorp). TCorp values financial assets and liabilities using valuation techniques, which discount cash flows to present value based on observable market yields for the same or equivalent securities. Changes in fair value are mainly attributable to fluctuations in market yields and prices arising from changes in market conditions. This information is specifically relevant to Notes 8 and 10 to the financial statements.

### Statement of compliance

The financial statements comply with applicable Australian Accounting Standards including Australian Accounting Interpretations.

### New standards and interpretations not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013. It is considered impracticable to presently determine the impact of adopting those standards and interpretations issued or amended but not yet effective.

The LMMC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC13/02.

### New, revised or amending standards and interpretations

The LMMC has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

The adoption of these standards and interpretations did not have any impact on the financial performance or position of the LMMC.

Notes to the financial statements  
for the year ended 30 June 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**REVENUE**

Revenue is recognised when it is probable that economic benefits will flow to the entity and it can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The LMMC uses the following criteria to recognise and measure income:

**Contribution from the Crown Finance Entity**

Grants received from the Crown Finance Entity are recognised as income when LMMC obtains control of the grants or the right to receive the grants, it is probable that economic benefits will flow to the entity and the amount of the grants can be measured reliably.

**Investment income**

Investment income includes interest income and net realised and unrealised gains or losses from changes in the fair value of investments. Interest income is recognised on an accrual basis.

**EXPENSES**

**Employee arrangements**

The LMMC has no employees. Finance officers of the NSW Treasury provide administrative services, including the preparation of financial statements of the LMMC. Due to the irregular and varied nature of those services, their value cannot be calculated with any certainty and accordingly, no expense is recognised for them.

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

• for when the GST cannot be recovered from the Australian Taxation Office (ATO), then it is either part of the cost of acquiring an asset, or part of an item of expense

• for receivables and payables which are recognised as including GST

Cash flows are included in the Statement of Cash Flows on a gross basis. The net GST recoverable from or payable to, the ATO, is included as part of receivables or payables in the Statement of Financial Position.

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### ASSETS

#### Cash and cash equivalents

Cash and cash equivalents represent the cash at bank and are recognised in the Statement of Financial Position and are reconciled to the Statement of Cash Flows.

#### Financial assets

Financial assets comprise investments in NSW Treasury Corporation (TCorp) Hour-Glass investment facilities. The financial assets are designated at fair value through profit and loss as they are managed and their performance is evaluated on a fair value basis. The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received and unrealised movements in fair value and is reported as investment revenue in the Statement of Comprehensive Income.

#### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### LIABILITIES

#### Payables

Payables represent liabilities for goods and services provided but not paid for at each reporting date. This occurs when the LMMC must make future payments for the goods and services, even if it has not been billed for them.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount where the effect of discounting is immaterial.

#### Taxation

The activities of the LMMC are exempt from income tax.

#### Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

Liability Management Ministerial Corporation

Notes to the financial statements  
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>3. OTHER OPERATING EXPENSES</b>		
Audit fees	<u>(48)</u>	<u>95</u>
<b>4. INVESTMENT REVENUE</b>		
Revenue from financial assets held at fair value		
Hour-Glass facility	1,375	601
Gains/(losses) from financial assets held at fair value		
Hour-Glass facility	3,076	(474)
Bank interest	9	75
	<u>4,460</u>	<u>202</u>
<b>5. GRANTS AND CONTRIBUTIONS</b>		
Contribution from the Crown Entity	<u>16,224</u>	<u>14,835</u>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash held at financial institutions	<u>102</u>	<u>510</u>
<b>Reconciliation of net cash flows from operating activities to net result for the year</b>		
<b>Net cash flows from operating activities</b>	<b>16,201</b>	<b>14,910</b>
Gain on investments	4,451	127
Decrease/(Increase) in liabilities	89	(105)
(Decrease)/Increase in assets	(9)	10
<b>Net result for the year</b>	<u><b>20,732</b></u>	<u><b>14,942</b></u>

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>7. CURRENT RECEIVABLES</b>		
GST receivable	1	10

### 8. NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE

Hour-Glass long term growth facility	35,587	14,527
--------------------------------------	--------	--------

As at 30 June 2013, total investments of the LMMC are financial assets designated at fair value through profit and loss.

### 9. PAYABLES

Other accruals	16	105
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Payables are non-interest bearing and are generally on 30 day terms. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

### 10. FINANCIAL INSTRUMENTS

The LMMC's principal financial instruments are outlined in the table below. These financial instruments arise directly from the LMMC's operations.

#### Financial instrument categories

	Note	Category	Carrying amount	
			2013 \$'000	2012 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	6	N/A	102	510
Financial assets at fair value	8	At fair value through profit or loss (designated as such upon initial recognition)	35,587	14,527
<b>Total</b>			<b>35,689</b>	<b>15,037</b>

#### Risk management

The assets of the LMMC are invested in the TCorp Hour-Glass Long Term Growth Facility in accordance with the investment strategy determined by the LMMC Management Committee. The actual rate of return on LMMC assets during the year was 20.33 per cent (2012: 0.88 per cent).

The LMMC has appointed NSW Treasury Corporation (TCorp), the State's central financing authority who has recognised expertise in the management of treasury related risks, to advise on, and actively manage its asset portfolio. TCorp manages investment risk in line with its Risk and Compliance Framework.

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

#### 10. FINANCIAL INSTRUMENTS (continued)

##### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The LMMC's exposure to market risk is primarily through interest rate risk on its bank deposits and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The LMMC's exposure to interest rate risk on its holding of cash and cash equivalents is outlined in the following table. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

##### Interest rate risk sensitivity analysis

	Carrying amount \$'000	- 1% Net Result \$'000	Equity \$'000	+ 1% Net Result \$'000	Equity \$'000
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	102	(1)	-	1	-
<b>2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	510	(5)	-	5	-

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

#### 10. FINANCIAL INSTRUMENTS (continued)

##### *Other price risk*

Exposure to other price risk is through the investment in the TCorp Hour-Glass facilities. The LMMC has no direct equity investments.

The LMMC holds units in the following Hour-Glass investment facility:

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Long Term Growth Facility	Cash, money market instruments, Australian bonds, listed property, Australian & International shares	7 years and over	35,587	14,527

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the total number of units on issue for the facility. Unit prices are calculated and published daily.

Hour-Glass investment facility	Change in unit price		Impact on net result	
	2013 %	2012 %	2013 \$'000	2012 \$'000
Long Term Growth Facility	+/- 15.0	+/- 15.0	5,338	2,179

##### *Currency risk*

LMMC has some foreign currency risk exposure from its investments in the TCorp Hour-Glass Long Term Growth Facility through investments in the Listed Property, International Shares and Emerging Markets sectors. The Listed Property Sector is approximately 50% hedged into Australian dollars, while the other sectors in the Long Term Growth Facility are usually unhedged but dynamic foreign currency hedging may be applied from time to time depending on currency levels.

##### **(b) Credit risk**

Credit risk arises from the financial assets of the LMMC, which comprise of cash and cash equivalents. The LMMC's exposure to credit arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments at each reporting date.

##### *Cash and cash equivalents*

Cash comprises bank balances held at a financial institution. Interest is earned on daily bank balances.

##### *Financial assets at fair value*

Financial assets at fair value include investments in TCorp's Hour-Glass Long Term Growth Facility. The investments within the Hour-Glass facility are unit holdings, and as such, do not give rise to credit risk.

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

#### 10. FINANCIAL INSTRUMENTS (continued)

As at 30 June 2013 there are no financial assets that are past due or considered impaired.

##### Concentration of credit risk

By credit rating	AAA	AA+	AA	AA-	A+	A	Other ratings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2013</b>								
Cash and cash equivalents	-	-	-	102	-	-	-	102
<b>2012</b>								
Cash and cash equivalents	-	-	510	-	-	-	-	510

By classification of counterparty	Governments	Bank	Other	Total
<b>2013</b>				
Cash and cash equivalents	-	102	-	102
<b>2012</b>				
Cash and cash equivalents	-	510	-	510

##### Fair value

The financial assets and liabilities of LMMC at the reporting date comprise mainly monetary financial assets and their carrying values approximate their fair values. The value of the Hour-Glass Investments is based on the LMMC's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

##### Fair value recognised in the statement of financial position

The LMMC uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – derived from quoted prices in active markets for identical assets/liabilities
- Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

## Liability Management Ministerial Corporation

### Notes to the financial statements for the year ended 30 June 2013

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2012-13</b>				
<b>Financial assets at fair value</b>				
TCorp Hour-Glass investment facilities	-	35,587	-	<b>35,587</b>
	-	<b>35,587</b>	-	<b>35,587</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2011-12</b>				
<b>Financial assets at fair value</b>				
TCorp Hour-Glass investment facilities	-	14,527	-	<b>14,527</b>
	-	<b>14,527</b>	-	<b>14,527</b>

#### 11. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets or contingent liabilities as at the reporting date (2012: Nil).

#### 12. RECLASSIFICATIONS

Comparative figures have been reclassified and repositioned in the financial statements, where necessary, to conform to the basis of presentation and classification used in the current year. The following change to comparative was made:

##### Statement of Cash Flows

A reclassification of investment income of \$127,000 from interest received in operating activities to investing activities to better reflect the nature of investment activities.

#### 13. BUDGET REVIEW

The LMMC's budget included forecast of a transfer-in of the Judges Pension Scheme liabilities. However, this did not occur. As a result, there was an improvement of \$ 36.0 million to net result and \$720.6 million to equity.

#### 14. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to reporting date requiring disclosure.

**End of audited financial statements**



# Lotteries Assets Ministerial Holding Corporation

Financial Statements  
for the year ended 30 June 2013

## Lotteries Assets Ministerial Holding Corporation

### Charter

The Lotteries Assets Ministerial Assets Holding Corporation was established under the *NSW Lotteries (Authorised Transaction) Act, 2009*. Its purpose was to:

- (a) hold, on behalf of the Crown, NSW Lotteries assets acquired by it or transferred to it by or under this or any other Act, and
- (b) carry on any activities or business that relate to any NSW Lotteries assets held by it, including demanding, collecting and receiving charges, levies, rates, royalties and fees
- (c) such other functions for the purposes of the authorised transaction as may be prescribed by regulations under the Act.

### Objective

The Corporation has had no transactions.

### Staffing

Administration and accounting services are provided by staff of the NSW Treasury. The Corporation has no staff of its own.



## INDEPENDENT AUDITOR'S REPORT

### Lotteries Assets Ministerial Holding Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Lotteries Assets Ministerial Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

### The Secretary of The Treasury's Responsibility for the Financial Statements

The Secretary is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements 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 about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Heather Watson  
Director, Financial Audit Services

30 July 2013  
SYDNEY

**Lotteries Assets Ministerial Holding Corporation**

**Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the Lotteries Assets Ministerial Holding Corporation's financial performance for the year ended 30 June 2013 and financial position as at 30 June 2013; and
- (b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and NSW Treasury Policy and Guidelines Papers.

Further I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Philip Gaetjens  
Secretary**

29 July 2013

**Lotteries Assets Ministerial Holding Corporation**

**Statement of Comprehensive Income  
for the year ended 30 June 2013**

	2013 \$000	2012 \$000
Expenses excluding losses	-	-
<b>Total expenses excluding losses</b>	<u>-</u>	<u>-</u>
Revenue	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>
Gain/(loss) on disposal	-	-
Other gains/(losses)	<u>-</u>	<u>-</u>
<b>Net result</b>	<u>-</u>	<u>-</u>
<b>Total other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

# Lotteries Assets Ministerial Holding Corporation

## Statement of Financial Position as at 30 June 2013

	2013 \$000	2012 \$000
<b>Assets</b>	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>-</u>	<u>-</u>
<b>Equity</b>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Lotteries Assets Ministerial Holding Corporation**

**Statement of Changes in Equity  
for the year ended 30 June 2013**

	<b>2013 \$000</b>	<b>2012 \$000</b>
<b>Balance at 1 July</b>	-	-
Net result for the year	-	-
Total other comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
<b>Balance at 30 June</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Lotteries Assets Ministerial Holding Corporation**

**Statement of Cash Flows  
for the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Opening cash and cash equivalents	<u>-</u>	<u>-</u>
<b>Closing cash and cash equivalents</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

# Lotteries Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 1. LOTTERIES ASSETS MINISTERIAL HOLDING CORPORATION INFORMATION

Lotteries Assets Ministerial Holding Corporation (LAMHC) was established during 2009 by the *NSW Lotteries (Authorised Transaction) Act 2009 No 60*. The Act authorises the transfer of assets from NSW Lotteries Corporation to the private/public sector. The LAMHC holds (on behalf of the Crown) and carries on any business related to these assets. No NSW Lotteries assets (as defined by the Act) have been transferred to the LAMHC since the commencement of the Act.

The LAMHC is a reporting entity and remains so until the establishing legislation is repealed. The LAMHC is managed by the Treasurer with delegation powers.

The financial statements were authorised for issue by the Secretary of NSW Treasury on the date the accompanying Statement by the Secretary was signed.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of:

- applicable Australian Accounting Standards which include Australian Accounting Interpretations
- *Public Finance and Audit Act 1983*
- *Public Finance and Audit Regulation 2010*
- NSW Treasury Policy and Guidelines Papers

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest thousand dollars (\$'000).

# Lotteries Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

#### Statement of compliance

The financial statements comply with applicable Australian Accounting Standards including Australian Accounting Interpretations.

#### New standards and interpretations not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

The LAMHC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 13/02.

#### New, revised or amending standards and interpretations

The LAMHC has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the LAMHC.

#### INCOME

Income is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Income is only recognised if its receipt is probable and the amount is reliably measurable.

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

#### EXPENSE

Finance officers of the NSW Treasury provide administrative services, including the preparation of financial statements of the LAMHC. Due to the irregular and varied nature of those services, their value cannot be calculated with any certainty and no charge is made to the entity for them.

The Crown Entity also pays for the entity's audit fees, \$5,720 inclusive of GST (2012: \$5,940).

# Lotteries Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goods and Services Tax

Revenues, expenses and assets are generally recognised net of the amount of goods and services tax (GST). However, receivables and payables are stated with the amount of GST included and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as part of receivables (or payables) in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of any cash flow that is recoverable from (or payable to) the ATO is classified as an operating cash flow.

#### ASSETS

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### LIABILITIES

##### Payables

Payables represent liabilities for goods and services provided but not paid for at each reporting date. This occurs when the entity must make future payments for the goods and services, even if it has not been billed for them.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount where the effect of discounting is immaterial.

### 3. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to reporting date requiring disclosure.

**End of audited financial statements**



# Electricity Assets Ministerial Holding Corporation

Financial Statements  
for the year ended 30 June 2013

## Electricity Assets Ministerial Holding Corporation

### Charter

The Electricity Assets Ministerial Holding Corporation (EAMHC) was established on 5 June 2012 by the *Electricity Generator Assets (Authorised Transactions) Act 2012* (the Act). This Act authorises and provides for the transfer of the State's electricity generator assets to the private sector and between public sector agencies.

### Objectives

The Act establishes the EAMHC to hold, on behalf of the Crown, electricity generator assets acquired by it or transferred to it by or under this Act or any other Act, to carry on any activities or business that relate to any electricity generator assets held by it and such other functions for the purposes of an authorised transaction as may be prescribed by the regulations.

The EAMHC may, for the purposes of an authorised transaction, acquire certain land by agreement or by compulsory process in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991*.

### Staffing

Administration and accounting services are provided by staff of the NSW Treasury. The Corporation has no staff of its own.



## INDEPENDENT AUDITOR'S REPORT

### Electricity Assets Ministerial Holding Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Electricity Assets Ministerial Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

#### The Secretary of the Treasury's Responsibility for the Financial Statements

The Secretary is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements 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 about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Heather Watson  
Director, Financial Audit Services

30 July 2013  
SYDNEY

**Electricity Assets Ministerial Holding Corporation**

**Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the Electricity Assets Ministerial Holding Corporation's financial performance for the year ended 30 June 2013 and financial position as at 30 June 2013; and
- (b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and NSW Treasury Policy and Guidelines Papers.

Further I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Philip Gaetjens  
Secretary**

29 July 2013

# Electricity Assets Ministerial Holding Corporation

## Statement of Comprehensive Income for the year ended 30 June 2013

	2013 \$000	2012 \$000
Expenses excluding losses	-	-
<b>Total expenses excluding losses</b>	<u>-</u>	<u>-</u>
Revenue	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>
Gain/(loss) on disposal	-	-
Other gains/(losses)	-	-
<b>Net result</b>	<u>-</u>	<u>-</u>
<b>Total other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

# Electricity Assets Ministerial Holding Corporation

## Statement of Financial Position as at 30 June 2013

	2013 \$000	2012 \$000
<b>Assets</b>	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>-</u>	<u>-</u>
<b>Equity</b>	-	-
<b>Total equity</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

## Electricity Assets Ministerial Holding Corporation

### Statement of Changes in Equity for the year ended 30 June 2013

	2013 \$000	2012 \$000
<b>Balance at 1 July</b>	-	-
Net result for the year	-	-
Total other comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
<b>Balance at 30 June</b>	-	-

The accompanying notes form part of these financial statements.

## Electricity Assets Ministerial Holding Corporation

### Statement of Cash Flows for the year ended 30 June 2013

	2013 \$000	2012 \$000
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Opening cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

# Electricity Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 1. ELECTRICITY ASSETS MINISTERIAL HOLDING CORPORATION INFORMATION

Electricity Assets Ministerial Holding Corporation (EAMHC) was established on 5 June 2012 by the *Electricity Generator Assets (Authorised Transactions) Act 2012* (the Act). This Act authorises and provides for the transfer of the State's electricity generator assets to the private sector and between public sector agencies.

The Act establishes the EAMHC to hold, on behalf of the Crown, electricity generator assets acquired by it or transferred to it by or under this Act or any other Act, and to carry on any activities or business that relate to any electricity generator assets held by it, including demanding, collecting and receiving charges, levies, rates and fees, and such other functions for the purposes of an authorised transaction as may be prescribed by the regulations. The EAMHC may, for the purposes of an authorised transaction, acquire certain land by agreement or by compulsory process in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991*.

As at the reporting date, no assets have been transferred to the EAMHC since the commencement of the Act.

Subsequent to reporting date, the EAMHC is expected to receive assets and liabilities from certain State Owned Corporations following the sale of electricity generation assets. Events after the reporting date are discussed in Note 3.

These are the first financial statements prepared by the EAMHC. The EAMHC did not report as at 30 June 2012. There were no transactions to this date.

The financial statements were authorised for issue by the Secretary of NSW Treasury on the date the accompanying Statement by the Secretary was signed.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of:

- applicable Australian Accounting Standards which include Australian Accounting Interpretations
- *Public Finance and Audit Act 1983*
- *Public Finance and Audit Regulation 2010*
- NSW Treasury Policy and Guidelines Papers

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest thousand dollars (\$'000).

# Electricity Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

#### Statement of compliance

The financial statements comply with applicable Australian Accounting Standards including Australian Accounting Interpretations.

#### New standards and interpretations not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

The EAMHC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 13/02.

#### New, revised or amending standards and interpretations

The EAMHC has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the EAMHC.

#### INCOME

Income is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Income is only recognised if its receipt is probable and the amount is reliably measurable.

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

#### EXPENSE

Finance officers of the NSW Treasury provide administrative services, including the preparation of financial statements of the EAMHC. Due to the irregular and varied nature of those services, their value cannot be calculated with any certainty and no charge is made to the entity for them.

The Crown Entity also pays for the entity's audit fees, \$5,720 inclusive of GST.

# Electricity Assets Ministerial Holding Corporation

## Notes to the financial statements for the year ended 30 June 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goods and Services Tax

Revenues, expenses and assets are generally recognised net of the amount of goods and services tax (GST). However, receivables and payables are stated with the amount of GST included and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as part of receivables (or payables) in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of any cash flow that is recoverable from (or payable to) the ATO is classified as an operating cash flow.

#### ASSETS

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### LIABILITIES

##### Payables

Payables represent liabilities for goods and services provided but not paid for at each reporting date. This occurs when the entity must make future payments for the goods and services, even if it has not been billed for them.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount where the effect of discounting is immaterial.

### 3. EVENTS AFTER THE REPORTING DATE

On 25 June, Cabinet approved the Treasurer finalising and executing agreements for the sale of certain State owned electricity generation assets. On the basis of this approval, the EAMHC is expected to assume various liabilities previously recognised by the State Owned Corporations involved in electricity generation. Funds to meet these liabilities are also expected to transfer. The expected dates of transfer are not before 31 July and the amounts of the liabilities are not yet known.

**End of audited financial statements**