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Contact Details
Crown Asset and Liability Management Branch
Level 15 Governor Macquarie Tower
1 Farrer Place, Sydney 2000

Reception Hours
Monday to Friday: 8.30 am to 5.30 pm

Inquiries
The Director, Crown Asset and Liability Management
Telephone:(02) 9228 4396
Fax :(02) 9228 3210

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31 October 2014

State Rail Authority
Residual Holding Corporation

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. SRARHC is a named party in the lease agreements.

SRARHC has no assets and liabilities and remains a reporting entity until the last of the lease contracts expire in 2021.

Staffing

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

State Rail Authority
Residual Holding Corporation

Financial Statements
for the year ended 30 June 2014

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 the State Rail Authority Residual Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, 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 2014, 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 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.

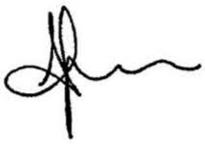
My opinion does *not* provide assurance:

- 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.



Aaron Green
Director, Financial Audit Services

4 September 2014
SYDNEY

State Rail Authority Residual Holding Corporation

Financial Statements
for the year ended 30 June 2014

STATEMENT BY DEPARTMENT HEAD

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 2014 and financial position as at 30 June 2014; 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

31 August 2014

State Rail Authority Residual Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2014

	2014 $000	2013 $000
Expenses excluding losses	-	-
Total expenses excluding losses	-	-
Revenue	-	-
Total revenue	-	-
Gain/(loss) on disposal	-	-
Other gains/(losses)	-	-
Net result	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	-

The accompanying notes form part of these financial statements.

State Rail Authority Residual Holding Corporation

Statement of Financial Position
as at 30 June 2014

	2014 $000	2013 $000
Assets	-	-
Total assets	-	-
Liabilities	-	-
Total liabilities	-	-
Net assets	-	-
Equity	-	-
Total equity	-	-

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 2014

	2014 $000	2013 $000
Balance at 1 July	**-**	**-**
Net result for the year	-	-
Total other comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Balance at 30 June	**-**	**-**

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 2014

	2014 $000	2013 $000
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**-**	**-**
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	**-**	**-**

The accompanying notes form part of these financial statements.

Notes to the financial statements
for the year ended 30 June 2014

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* (the 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 Entity.

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*. 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. SRARHC is a named party in the lease agreements.

SRARHC has no assets and liabilities and remains a reporting entity until the last of the lease contracts expire in 2021.

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).

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 2014. 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 14/03.

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 $5,885 (2013: $5,720).

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

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 LMMC accumulates financial assets to support the long term fiscal target of eliminating total sector unfunded superannuation liabilities by 30 June 2030.

Staffing

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

Liability Management Ministerial Corporation

Financial Statements
for the year ended 30 June 2014

INDEPENDENT AUDITOR'S REPORT

Liability Management Ministerial Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Liability Management Ministerial Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, 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 2014, 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 assumptions used in formulating the budget figures disclosed in the financial statements
- 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.

Aaron Green
Director, Financial Audit Services

10 September 2014
SYDNEY

STATEMENT BY DEPARTMENT HEAD

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 2014 and financial position as at 30 June 2014; and

(c) 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

8 September 2014

Liability Management Ministerial Corporation

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Expenses excluding losses				
Other operating expenses	3	20	55	(48)
Total expenses excluding losses		**20**	**55**	**(48)**
Revenue				
Investment revenue	4	5,421	2,997	4,460
Grants and contributions	5	16,709	16,709	16,224
Total revenue		**22,130**	**19,706**	**20,684**
Net result		**22,110**	**19,651**	**20,732**
Other comprehensive income		-	-	-
Total comprehensive income		**22,110**	**19,651**	**20,732**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Financial Position
as at 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Assets				
Current assets				
Cash and cash equivalents	6	101	100	102
Receivables	7	1	5	1
Total current assets		**102**	**105**	**103**
Non-current assets				
Financial assets at fair value	8	57,693	54,925	35,587
Total non-current assets		**57,693**	**54,925**	**35,587**
Total assets		**57,795**	**55,030**	**35,690**
Liabilities				
Current liabilities				
Payables	9	11	55	16
Total current liabilities		**11**	**55**	**16**
Total liabilities		**11**	**55**	**16**
Net assets		**57,784**	**54,975**	**35,674**
Equity				
Accumulated funds		57,784	54,975	35,674
Total equity		**57,784**	**54,975**	**35,674**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Changes in Equity
as at 30 June 2014

	Total Equity
	$'000
Balance at 1 July 2013	**35,674**
Net result for the year	22,110
Total other comprehensive income	-
Total comprehensive income for the year	**22,110**
Transactions with owners in their capacity as owners	-
Balance at 30 June 2014	**57,784**
Balance at 1 July 2012	**14,942**
Net result for the year	20,732
Total other comprehensive income	-
Total comprehensive income for the year	**20,732**
Transactions with owners in their capacity as owners	-
Balance at 30 June 2013	**35,674**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Cash Flows
for the year ended 30 June 2014

	Note	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Cash flows from operating activities				
Payments				
Other		27	35	35
Total payments		**27**	**35**	**35**
Receipts				
Grants and contributions		16,709	16,709	16,224
Interest received		7	3	9
Other		2	2	3
Total receipts		**16,718**	**16,714**	**16,236**
Net cash flows from operating activities	6	**16,691**	**16,679**	**16,201**
Cash flows from investing activities				
Purchases of investments		(18,593)	(16,679)	(21,060)
Investment revenue		1,901	-	4,451
Net cash flows from investing activities		**(16,692)**	**(16,679)**	**(16,609)**
Net cash flows from financing activities		-	-	-
Net decrease in cash and cash equivalents		**(1)**	**-**	**(408)**
Opening cash and cash equivalents		102	100	510
Closing cash and cash equivalents		**101**	**100**	**102**

The accompanying notes form part of these financial statements.

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 accumulates financial assets to support the long term fiscal target of eliminating total sector unfunded superannuation liabilities by 30 June 2030.

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 *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.

The accrual basis of accounting has been adopted in the preparation of the financial statements.

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).

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 or 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 2014. The standards and interpretations issued or amended have been reviewed and they have no impact on the LMMC accounts.

The LMMC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC14/03.

New, revised or amending standards and interpretations

The LMMC has adopted all of the new, revised or amended 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.

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 Entity

Contributions received from the Crown Entity are recognised as income when the LMMC obtains control of the contributions or the right to receive the contributions, it is probable that economic benefits will flow to the entity and the amount of the contributions 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 NSW Treasury provide administrative services, including the preparation of the 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.

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 reconciled to the Statement of Cash Flows.

Financial assets

Financial assets comprise investments in TCorp Hour-Glass Investment Facilities (HGIF). The financial assets are designated at fair value through profit or loss as they are managed and their performance is evaluated on a fair value basis. The movement in the fair value of the HGIF 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 Australian income tax.

Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to the NSW Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

Notes to the financial statements
for the year ended 30 June 2014

	2014 $'000	2013 $'000
3. OTHER OPERATING EXPENSES		
Audit fees	**20**	**(48)**

	2014 $'000	2013 $'000
4. INVESTMENT REVENUE		
Revenue from financial assets held at fair value		
Hour-Glass Investment Facility	1,901	1,375
Gains/(losses) from financial assets held at fair value		
Hour-Glass Investment Facility	3,513	3,076
Bank interest	7	9
	5,421	**4,460**

	2014 $'000	2013 $'000
5. GRANTS AND CONTRIBUTIONS		
Contributions from the Crown Entity	**16,709**	**16,224**

	2014 $'000	2013 $'000
6. CASH AND CASH EQUIVALENTS		
Cash held at financial institutions	**101**	**102**

Reconciliation of net cash flows from operating activities to net result for the year

	2014 $'000	2013 $'000
Net cash flows from operating activities	**16,691**	**16,201**
Gain on investments	5,414	4,451
Decrease/(Increase) in liabilities	5	89
(Decrease)/Increase in assets	-	(9)
Net result for the year	**22,110**	**20,732**

	2014 $'000	2013 $'000

7. CURRENT RECEIVABLES

GST receivable	**1**	**1**

8. NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE

Hour-Glass Investment Facility	**57,693**	**35,587**

As at 30 June 2014, total investments of the LMMC are financial assets designated at fair value through profit or loss.

9. PAYABLES

Other accruals	**11**	**16**

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 2014 $'000	Carrying amount 2013 $'000
Financial assets				
Cash and cash equivalents	6	N/A	101	102
Financial assets at fair value	8	At fair value through profit or loss (designated as such upon initial recognition)	57,693	35,587
Total			**57,794**	**35,689**

Risk management

The assets of the LMMC are invested in TCorp's Hour-Glass Investment 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 13.38 per cent (2013: 20.33 per cent).

The LMMC has appointed TCorp, the State's central financing authority which 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.

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 HGIF.

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. The sensitivity percentage is derived from historically based data. The basis is reviewed annually and amended where required.

Interest rate risk sensitivity analysis

	Carrying	- 1%		+ 1%	
	amount	**Net Result**	**Equity**	**Net Result**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2014					
Financial assets					
Cash and cash equivalents	101	(1)	-	1	-
2013					
Financial assets	102	(1)	-	1	-
Cash and cash equivalents					

10. FINANCIAL INSTRUMENTS (continued)

Other price risk

Exposure to other price risk is through the investment in the TCorp's HGIF. The LMMC has no direct equity investments.

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

Facility	Investment Sectors	Investment Horizon	2014 $'000	2013 $'000
Long Term Growth Facility	Cash, money market instruments, Australian bonds, listed property, Australian & International shares	7 years and over	57,693	35,587

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.

The sensitivity percentage is derived from historically based data. The basis is reviewed annually and amended where required.

Other price risk sensitivity analysis

Hour-Glass Investment facilities	Change in unit price		Impact on net result	
	2014 %	2013 %	2014 $'000	2013 $'000
Long Term Growth Facility	+/- 15.0	+/- 15.0	+/- 8,654	+/- 5,338

Currency risk

LMMC has some foreign currency risk exposure from its investments in the TCorp's HGIF 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 HGIF. The investments within the HGIF are unit holdings, and as such, do not give rise to credit risk.

10. FINANCIAL INSTRUMENTS (continued)

As at 30 June 2014 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
2014								
Cash and cash equivalents	-	-	-	101	-	-	-	101
2013								
Cash and cash equivalents	-	-	-	102	-	-	-	102

By classification of counterparty	Governments	Bank	Other	Total
2014				
Cash and cash equivalents	-	101	-	101
2013				
Cash and cash equivalents	-	102	-	102

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 HGIF 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)

Notes to the financial statements
for the year ended 30 June 2014

2013–14	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
TCorp's HGIF	-	57,693	-	**57,693**
	-	**57,693**	**-**	**57,693**

2012-13	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
TCorp's HGIF	-	35,587	-	**35,587**
	-	**35,587**	**-**	**35,587**

11. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets or contingent liabilities as at the reporting date (2013: Nil).

12. BUDGET REVIEW

Hour Glass Long Term Growth Facility full year investment revenue of $5,414 million reflected an investment return of 13.38% pa which is above the budgeted return rate of 6.79% pa.

13. 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

Lotteries Assets Ministerial Holding Corporation

Charter

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

The functions of the LAMHC are:

- to hold NSW Lotteries assets acquired by it or transferred to it by or under this or any other Act,
- to 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, and
- to perform 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.

Lotteries Assets Ministerial Holding Corporation

Financial Statements

for the year ended 30 June 2014

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 the Lotteries Assets Ministerial Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows, 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 2014, 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.

Secretary'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 the 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 that are 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 that 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 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.

Aaron Green
Director, Financial Audit Services

4 September 2014
SYDNEY

Lotteries Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2014

STATEMENT BY DEPARTMENT HEAD

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 2014 and financial position as at 30 June 2014; and

(d) 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

31 August 2014

Lotteries Assets Ministerial Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2014

	2014 $000	2013 $000
Expenses excluding losses	-	-
Total expenses excluding losses	-	-
Revenue	-	-
Total revenue	-	-
Gain/(loss) on disposal	-	-
Other gains/(losses)	-	-
Net result	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	-

The accompanying notes form part of these financial statements.

Lotteries Assets Ministerial Holding Corporation

Statement of Financial Position
as at 30 June 2014

	2014 $000	2013 $000
Assets	-	-
Total assets	-	-
Liabilities	-	-
Total liabilities	-	-
Net assets	-	-
Equity	-	-
Total equity	-	-

The accompanying notes form part of these financial statements.

Lotteries Assets Ministerial Holding Corporation

Statement of Changes in Equity
as at 30 June 2014

	$000	$000
Balance at 1 July	**-**	**-**
Net result for the year	-	-
Total other comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Balance at 30 June	**-**	**-**

The accompanying notes form part of these financial statements.

Lotteries Assets Ministerial Holding Corporation

Statement of Cash Flows
for the year ended 30 June 2014

	2014 $000	2013 $000
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**-**	**-**
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	**-**	**-**

The accompanying notes form part of these financial statements.

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 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).

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 2014. 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 14/03.

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, $5,885 inclusive of GST (2013: $5,720).

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

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 electricity generator assets acquired by it or transferred to it by or under the 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.

Electricity Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2014

AUDITOR-GENERAL NEW SOUTH WALES

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 the Electricity Assets Ministerial Holding Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, 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 2014, 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 the 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 that are 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 that 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 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.

Aaron Green
Director, Financial Audit Services

17 September 2014
SYDNEY

Electricity Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2014

STATEMENT BY DEPARTMENT HEAD

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 position as at 30 June 2014 and the financial performance for the year ended; and

(e) 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 2014

Electricity Assets Ministerial Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Expenses excluding losses			
Operating expenses			
Claims expense	3	(19,042)	-
Management fee	3	589	-
Other operating expenses	3	23,679	-
Finance costs	10	1,679	-
Total expenses excluding losses		**6,905**	-
Revenue			
Transfers to the Crown Entity	4	(71,680)	-
Grants and contributions	5	71,680	-
Other revenue	6	316	-
Total revenue		**316**	-
Net result		**(6,589)**	-
Other comprehensive income		-	-
Total comprehensive income		**(6,589)**	-

The accompanying notes form part of these financial statements.

Electricity Assets Ministerial Holding Corporation

Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	75,321	-
Receivables	8	177	-
Total current assets		**75,498**	**-**
Non-current assets			
Receivables	8	268	-
Total non-current assets		**268**	**-**
Total assets		**75,766**	**-**
LIABILITIES			
Current liabilities			
Payables	9	6,874	-
Provision for outstanding claims	10	4,512	-
Total current liabilities		**11,386**	**-**
Non-current liabilities			
Provision for outstanding claims	10	39,155	-
Total non-current liabilities		**39,155**	**-**
Total liabilities		**50,541**	**-**
Net assets		**25,225**	**-**
Equity			
Accumulated funds		25,225	-
Total equity		**25,225**	**-**

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 2014

	Notes	Accumulated funds $'000	Total equity $'000
Balance at 1 July 2013		-	-
Net result for the year		(6,589)	(6,589)
Other comprehensive income		-	-
Total comprehensive result for the year		**(6,589)**	**(6,589)**
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	11	31,814	31,814
Balance at 30 June 2014		**25,225**	**25,225**
Balance at 1 July 2012		-	-
Net result for the year		-	-
Other comprehensive income		-	-
Total comprehensive result for the year		**-**	**-**
Transactions with owners in their capacity as owners		-	-
Balance at 30 June 2013		**-**	**-**

The accompanying notes form part of these financial statements.

Electricity Assets Ministerial Holding Corporation

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Payments			
Claim payments	10	(2,120)	-
Other		(54)	-
Total payments		**(2,174)**	**-**
Receipts			
Transfers to the Crown Entity	4	(71,680)	-
Grants and contributions	5	71,680	-
Other		14,345	-
Total receipts		**14,345**	**-**
Net cash flows from operating activities	12	**12,171**	**-**
Net cash flows from investing activities		**-**	**-**
Net cash flows from financing activities		**-**	**-**
Net increase in cash		**12,171**	**-**
Opening cash and cash equivalents		-	-
Cash transferred in as a result of administrative restructuring	11	63,150	
Closing cash and cash equivalents	7	**75,321**	**-**

The accompanying notes form part of these financial statements.

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11. Increase in Net Assets from Equity Transfers
12. Reconciliation of Cash Flows from Operating Activities to Net Result
13. Financial Instruments
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15. Events After the Reporting Date

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 also establishes EAMHC to hold 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. 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*.

On 31 July 2013, the Treasurer authorised the transfer of specific assets, rights and liabilities relating to the pre-existing dust disease and non-dust disease liabilities from Eraring Energy, Delta Electricity and Macquarie Generation to EAMHC. EAMHC appointed NSW Self Insurance Corporation (SICorp) to undertake the claims management functions.

EAMHC is a NSW government entity and is a not-for-profit entity. Its principal office is 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 on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *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.

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) unless otherwise stated.

Statement of compliance

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

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.

Provision for outstanding claims

The provision for outstanding claims is actuarially determined. It is measured as the best estimate of the expected future payments required to settle the present obligation at the reporting date.

The expected future payments are estimated on the basis of the ultimate cost of the settling of claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury.

The liability for claims includes:

- claims incurred but not yet paid
- claims incurred but not reported (IBNR)
- claims incurred but not enough reported (IBNER)

The estimate of IBNR and IBNER are generally subject to a greater degree of uncertainty than reported claims.

Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

EAMHC was dormant during 2012/13. The Treasurer’s authorisation to undertake management of the dust disease and non-dust disease liabilities appropriately funded was given on 31 July 2013 during the current financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2014. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

EAMHC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 14/03.

New, revised or amending standards and interpretations

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.

REVENUE

Revenue is measured at the fair value of the consideration or contributions received or receivable to the extent it is probable that the economic benefits will flow to EAMHC and the amount is reliably measurable. EAMHC uses the following criteria to recognise and measure revenue:

Other revenue

Other revenue is mainly insurance recoveries in respect of the claims paid. It is recognised as revenue when it is virtually certain that recovery will be made. Claim recovery revenue also includes actuarial revisions to the outstanding claim recoveries receivable.

Grants and contributions

Grants and contributions are recognised when EAMHC obtains control of the contribution or the right to receive the contribution. It is probable that the economic benefits comprising the contribution will flow to EAMHC and the amount can be reliably measured. It is recognised at the earlier of when they are received or due to be received.

Transfers to the Crown Entity

Transfers to the Crown Entity represent cash transferred to the Consolidated Fund, which had been received from the State's electricity generators in respect of the pre-existing dust disease and non-dust disease liabilities and insurance recoveries vested in EAMHC.

Transfer payments are recognised at the earlier of when they are paid or become payable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EXPENSES

Expenses are recognised when incurred. The EAMHC uses the following criteria to recognise and measure expenses:

Operating expenses

(i) Claims expenses

Claims expenses are recognised as expenses when incurred. Included in claims expenses are actuarially determined revisions to the outstanding claims provisions.

(ii) Other expenses

Other expenses are recognised as they accrue.

Finance officers of the NSW Treasury provide administrative services, including the preparation of EAMHC financial statements. 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 these services.

Finance costs

Finance costs are the unwinding of discounts for the provision of outstanding claims and are recognised as an expense when incurred.

ASSETS

Cash and cash equivalents

Cash and cash equivalents include 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.

Receivables

(i) Trade and other 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.

The collection of trade receivables is reviewed on an ongoing basis. An allowance for impairment is recognised when there is objective evidence that not all amounts due will be collectable. Bad debts are written off as incurred. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Claim recoveries receivable

Receivables from claim recoveries are actuarially determined in consultation with claims managers.

The amount of the claim recoveries receivable is equal to gross incurred cost less the retention limit and recoveries received to date. The receivable is recognised when recovery is virtually certain to take place when the corresponding obligation is settled. The measurement of these receivables is affected by factors such as normal inflation and the discount rate used for discounting of future expected receipts. The rates applied are consistent with those used in the valuation of provisions for outstanding claims (see Note 10).

There has not been any key assumption made around the amounts recoverable that would have a significant risk of causing material adjustments to the carrying amount of the receivables within the next annual reporting period.

LIABILITIES

Payables

Payables represent liabilities for goods and services provided but not paid for at each reporting date. These 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.

Provisions for outstanding claims

Provisions are recognised when: there is a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expected future payments are then discounted to a present value at the reporting date.

The liability for outstanding claims is measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as the best estimate of the present value of expected future payments against claims incurred at reporting date. It is the best estimate with no deliberate overstatement or understatement of the liabilities. Where there is a material effect due to the time value of money, a provision is discounted. The increase in the provision resulting from the passage of time is recognised in finance costs.

Goods and Services Tax

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

- the amount of GST incurred that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST recoverable or payable on cash flows from investing and financing activities are classified as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

3. OPERATING EXPENSES

	2014 $'000	2013 $'000
Claims expenses		
New claims incurred	23	-
Adjustment to existing outstanding claims[1]	(19,065)	-
	(19,042)	**-**
Management fees		
Management fees	589	-
	589	**-**
Other operating expenses		
Actuarial expenses	159	-
Audit fees - audit of financial statements	51	-
Receivables waived[2]	23,283	-
Other	186	-
	23,679	**-**

1. Adjustment to existing outstanding claims represent the increase/(decrease) in provision for outstanding claims liabilities excluding the increase in provisions due to the unwinding of discounts during the year. The increase in the carrying amount of a provision due to the passage of time is recognised as a finance cost.

2. Portion of the receivables transferred to EAMHC as per Note 11 and were waived in accordance with Treasurer's approval.

4. TRANSFERS TO THE CROWN ENTITY

Transfers to the Consolidated Fund[1]	(71,680)	-
	(71,680)	**-**

1. This represent cash transferred to the Consolidated Fund, which had been received from the State's electricity generators in respect of the pre-existing dust disease and non-dust diseases liabilities.

5. GRANTS AND CONTRIBUTIONS

Grant from the Crown Entity	71,680	-
	71,680	**-**

6. OTHER REVENUE

	2014 $000	2013 $000
Recovery revenue	316	-
	316	**-**

7. CASH AND CASH EQUIVALENTS

Cash at bank	75,321	-
	75,321	**-**

For the purposes of the statement of cash flows, cash and cash equivalents represent cash at bank.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	**75,321**	**-**
Closing cash and cash equivalents (per Statement of Cash Flows)	**75,321**	**-**

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. RECEIVABLES

Expected future recoveries (discounted)	299	-
GST receivables	146	-
	445	**-**
Current	177	-
Non-current	268	-
	445	**-**

9. PAYABLES

Interest payable to Consolidated Fund	2,060	-
Claims payable	3,745	-
Management fee payable	648	
Other	421	-
	6,874	**-**

10. PROVISIONS FOR OUTSTANDING CLAIMS

	Dust Disease	Non Dust Disease	2014 Total	2013 Total
	$'000	$'000	$'000	$'000
Opening balance	-	-	-	-
Transfer - in	61,150	2,000	63,150	-
Additions	-	23	23	-
Payments	(562)	(1,558)	(2,120)	-
Actuarial (gain)/loss	(19,325)	260	(19,065)	-
Unwinding of discounts	1,649	30	1,679	-
Closing balance	**42,912**	**755**	**43,667**	**-**
Current	4,027	485	4,512	-
Non-current	38,885	270	39,155	-
	42,912	**755**	**43,667**	**-**

(a) The weighted average expected term to settlement from the balance date of the outstanding claims is estimated to be 9.7 years for dust disease liabilities and 1.85 years for non-dust disease liabilities.

(b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims.

	Dust Disease		Non Dust Disease	
	2014 %	2013 %	2014 %	2013 %
Not later than one year				
Inflation rate	3.50	n/a	3.50	n/a
Discount rate	5.25	n/a	2.84	n/a
Superimposed inflation	2.25	n/a	-	n/a
Later than one year				
Inflation rate	3.50	n/a	3.50	n/a
Discount rate	5.25	n/a	2.84	n/a
Superimposed inflation	2.25	n/a	-	n/a

10. PROVISION FOR OUTSTANDING CLAIMS (continued)

Sensitivity Analysis

The outstanding claims liabilities as at 30 June 2014 are the best estimate derived from actuarial assumptions regarding future experience. Sensitivity analysis can be used to measure the change in the outstanding claims estimate that would result from a change in the assumptions. A sensitivity analysis of the key valuation assumption changes for the Dust Disease and Non Dust Disease liabilities and their impact is shown in the following tables:

(a) Dust Disease

Variable	Movement in variable	Net Central Estimate $'000	Impact of Change $'000	% Impact
Net Central Estimate[1]		42,618		
Risk free rate		47,403	4,784	11.2%
Discount rate	+1%	38,992	-3,626	-8.5%
	-1%	46,897	4,279	10.0%
Inflation rate	+1%	47,043	4,425	10.4%
	-1%	38,809	-3,810	-8.9%
Superimposed inflation rate	+1%	47,102	4,483	10.5%
	-1%	38,765	-3,853	-9.0%
Seed Reports[2]	+1 claim	46,949	4,330	10.2%
	-1 claim	38,288	-4,330	-10.2%
Incidence Curves[3]	+15% IBNR claims	48,466	5,848	13.7%
	-15% IBNR claims	36,771	-5,848	-13.7%
Average Claim Size	+10%	46,517	3,898	9.1%
	-10%	38,720	-3,898	-9.1%

1. The net central estimate is inflated and discounted, net of reinsurance and other recoveries and includes an allowance for claims handling expenses.
2. Seed reports are the expected number of dust disease claims expected in the first projection year.
3. Incidence curves reflect the expected emergence of dust disease claims in the future. We have tested the sensitivity of the curves by increasing and decreasing the latency period which results in an increase/decrease in the number of future IBNR claims.

10. PROVISION FOR OUTSTANDING CLAIMS (continued)

(b) Non-dust Disease

Variable	Movement in variable	Net Central Estimate $'000	Impact of Change $'000	% Impact
Net Central Estimate[1]		750		
Risk free rate		742	-8	-1.0%
Discount rate	+1%	737	-13	-1.8%
	-1%	764	14	1.8%
Inflation rate	+1%	763	13	1.8%
(not explicitly modelled)	-1%	741	-9	-1.2%
Superimposed inflation rate	+1%	763	13	1.8%
(not explicitly modelled)	-1%	741	-9	-1.2%

1. The net central estimate is inflated and discounted, net of reinsurance and other recoveries and includes an allowance for claims handling expenses.

11. INCREASE IN NET ASSETS FROM EQUITY TRANFERS

As part of the sale of the State's electricity generator asset, the Treasurer authorised the transfer of specific assets, rights and liabilities relating to the pre-existing dust disease and workers' compensation liabilities from Eraring Energy, Delta Electricity and Macquarie Generation to EAMHC on 31 July 2013. The following are the assets and liabilities transferred through equity:

	2014 $'000
Assets transferred in	
Cash and cash equivalents	63,150
Receivables	31,814
Total assets	**94,964**
Liabilities transferred in	
Provision for outstanding claims	63,150
Total liabilities	**63,150**
Net assets from equity transfers	**31,814**

12. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2014 $'000	2013 $'000
Net cash flows from operating activities	**12,171**	**-**
Adjustments for:		
Finance costs	(1,679)	-
Actuarial loss on claims expense	(44,085)	-
Decrease in outstanding claims	65,247	-
Increase in payables	(6,874)	-
Decrease in receivables	(31,369)	-
Net result	**(6,589)**	**-**

13. FINANCIAL INSTRUMENTS

EAMHC's principal financial instruments are cash deposits, receivables and payables. These instruments expose EAMHC to interest rate risk on cash balances held and credit risk. These financial instruments arise from EAMHC's operations and are required to finance those operations. EAMHC does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

Management has overall responsibility for the establishment and oversight of risk management, reviews and sets policies for managing each of these risks. Risk management policies are in place to establish frameworks and processes that identify and analyse the risks faced by EAMHC, to set risk limits and controls, and to monitor risks.

The main purpose of these financial instruments is to derive income and investment gains which are used to fund the pre-existing dust disease and workers' compensation liabilities.

Note 2 details the key accounting policies and methods which include the recognition criteria, the basis of measurement and the income and expenses recognition for each class of financial instrument.

Financial instrument categories

	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Financial Assets				
Cash and cash equivalents	7	N/A	75,321	-
Financial liabilities				
Payables[1]	9	Payables (measured at cost)	6,777	-

1. Excludes statutory payables of $97k (2013: Nil).

13. FINANCIAL INSTRUMENTS (continued)

(a) Market risks

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. EAMHC's exposures to market risk are primarily through the interest rate movement associated with cash balances held and credit risk on short term receivables.

The effects on EAMHC's operating result due to possible changes in risk variables are outlined in the information below. For interest rate risk and other price risk, a likely change in each risk variable has been determined after taking into account the economic environment in which EAMHC operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the reporting date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

Exposure to interest rate risk arises primarily through EAMHC's cash deposits held at financial institutions.

The following table provides the sensitivity analysis of interest rate risk affecting applicable financial assets on the operating result and equity of EAMHC. A 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.

	$'000				
	Carrying amount	-1%		+1%	
		Net result	Equity	Net result	Equity
2014					
Cash and cash equivalents	75,321	(753)	-	753	-
2013					
Cash and cash equivalents	-	-	-	-	-

Currency risk

EAMHC has no exposure to foreign currency risk.

(b) Credit risk

EAMHC's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments at balance date.

Cash and cash equivalents

Cash comprises cash balances with financial institutions. Interest is earned on daily bank balances.

Receivables

Receivables include trade debtors.

All trade debtors are recognised as amounts receivable at the reporting date. The collection of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. No interest is earned on trade debtors. The average credit period on sales, unless otherwise agreed, is 30 days.

EAMHC does not receive any collateral for receivables.

There are no receivables that are past due or considered impaired as at reporting date.

13. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

During the current and prior years, there were no defaults on payables. No assets have been pledged as collateral. EAMHC's exposure to liquidity risk is deemed insignificant based on prior period data and the current assessment of risk.

Payables are recognised at amounts due to be paid in the future for goods or services received. 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.

The table below summarises the maturity profile of EAMHC's financial liabilities.

			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate %	Nominal amount $'000	Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000	< 1 Year $'000	1 - 5 Years $'000	> 5 Years $'000
2014								
Payables	-	6,777	-	-	6,777	6,777	-	-
Total financial liabilities	**-**	**6,777**	**-**	**-**	**6,777**	**6,777**	**-**	**-**
2013								
Payables	-	-	-	-	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

EAMHC was setup to facilitate the transfer of the State's electricity generator assets to the private sector. On 15 November 2012, the New South Wales Government issued an announcement outlining its plan to dispose of the New South Wales electricity generators. In preparation for the sale, on 30 July 2013, the Treasurer issued various vesting orders which transferred specific assets, rights and liabilities relating to the pre-existing dust disease and non dust disease liabilities from Eraring Energy, Delta Electricity and Macquarie Generation to EAMHC. The assets, rights and liabilities vested in EAMHC with exposures to various contingent assets and contingent liabilities.

Contingent Assets

Various recovery receivables, claims and proceedings were transferred to EAMHC during the first tranche of the electricity generator sale. It is not practicable to estimate these recovery receivables at the reporting date.

Dust disease insurance recoveries

Dust disease insurance recoveries receivables are monies receivable from the NSW Government for community service obligations relating to dust diseases settlements for former employees and third party contractors who worked at decommissioned power stations of the former Electricity Commission, Delta Electricity or Macquarie Generation power stations prior to the formation of those companies. The amount of recovery can only be ascertained and estimated after claims settlement. There are no known claims at 30 June 2014.

14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (continued)

Haslin Dispute - Eraring Energy

Haslin Constructions Pty Ltd was engaged by Eraring Energy (the then state-owned Corporation) to design and construct a reservoir at the Eraring Power Station. The reservoir is used to cool the power station's discharged water to comply with environmental protection licence conditions.

Prior to privatisation, Eraring Energy was preparing a claim against Haslin relating to the failure of pumping station discharge pipes and coating failures on valves in the discharge lines, and also water entry into a part of the plant known as the dry pit.

Legal advice had been sought and an expert engineering consultant engaged in relation to the potential claim. Repair work on the failed pipes was carried out by Haslin prior to the privatisation on a "without prejudice" basis. It is early in legal proceedings and therefore not practicable to estimate the potential recovery receivable at the reporting date.

Contingent Liabilities

EAMHC has exposures to the following contingent liabilities as at reporting date. It is not reasonably possible to estimate the liabilities at the reporting date.

Directors' indemnity deeds

Eraring Energy entered into directors indemnity deeds with its directors and officers which indemnified the directors and officers from public liabilities and negligence claims. The deeds have been transferred to EAMHC which expose EAMHC to potential future claims.

Claims and proceedings against Earing Energy vested in EAMHC

Included in the assets and liabilities vesting in EAMHC from Earing Energy are various claims which are proceeding at reporting date. It is early in legal proceedings and therefore not practicable to estimate the potential cost of claims at the reporting date.

At the reporting date, there were no other material contingent assets and contingent liabilities where the probability of any inflow and outflow in settlement was greater than remote.

15. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to reporting date requiring disclosure.

End of audited financial statements

Residual Business Management Corporation

Residual Business Management Corporation

Charter

The Residual Business Management Corporation (RBMC) was established on 1 July 2003 by the *Pacific Power (Dissolution) Act 2003* (the Act).

Objectives

The Act establishes the RBMC to manage efficiently and timely wind up of residual matters associated with the former Pacific Power Corporation.

Staffing

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

Residual Business Management Corporation

Financial Statements
for the year ended 30 June 2014

INDEPENDENT AUDITOR'S REPORT

Residual Business Management Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Residual Business Management Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, 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 2014, 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.

Emphasis of matter paragraph

Without qualifying my opinion, I draw attention to Note 1(b) in the financial statements which indicates the financial statements were not prepared on a going concern basis due to the intention to liquidate the company. The financial statements have been prepared on a liquidation basis.

The General Manager's Responsibility for the Financial Statements

The General Manager 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 General Manager 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, 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.

Aaron Green
Director, Financial Audit Services

30 September 2014
SYDNEY

Statement Concerning the Financial Statements
For the year ended 30 June 2014

Pursuant to Section 41C (1B) & (1C) of the Public Finance and Audit Act 1983, as amended:

I, Dominic Schuster, being the General Manager of Residual Business Management Corporation, state that in my opinion:

(a) the accompanying financial statements exhibit a true and fair view of the of the Residual Business Management Corporation's financial performance for the year ended 30 June 2014 and financial position as at 30 June 2014;

(b) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the Public Finance and Audit Act 1983 (as amended), the Public Finance and Audit Regulation 2010 and the Treasurer's Directions;

(c) The Corporation is not a going concern at the date of this statement due to the intention to liquidate the Corporation within the next twelve months

(d) I am not aware of any circumstances at the date of this declaration that would render any particulars included in the accompanying Financial Statements and notes to be misleading or inaccurate.

Signed at Sydney on the 25th day September 2014.

Dominic Schuster
General Manager

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
Expenses excluding losses			
Operating expenses			
Employee expenses	2(a),13	344	415
Other operating expenses	2(b)	182	267
Other expenses	2(c)	-	120
Total expenses excluding losses		526	802
Revenue			
Investment revenue	3(a)	521	590
Total revenue		521	590
Deficit for the year		**(5)**	**(212)**
Other comprehensive income			
Items that will not be reclassified to surplus/(deficit)			
Net decrease in property surplus	9	(3)	-
Items that may be reclassified to surplus/(deficit)			
Actuarial gains on defined benefit plans	13	1,852	4,935
Total other comprehensive income		**1,849**	**4,935**
Total comprehensive income		**1,844**	**4,723**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000	1 July 2012 $'000
Assets				
Current assets				
Cash and cash equivalents	5	22	1,004	1,041
Receivables	7	19	3	26
Financial assets at fair value	6	-	10,479	10,240
Non-current assets held for sale	9,10	10	-	-
Total current assets		**51**	**11,486**	**11,307**
Non-current assets				
Other receivables	8	-	-	-
Property, plant and equipment				
- Land	9,10	-	623	623
Total non-current assets		**-**	**623**	**623**
Total assets		**51**	**12,109**	**11,930**
Liabilities				
Current liabilities				
Payables	11	-	19	43
Total current liabilities		**-**	**19**	**43**
Non-current liabilities				
Provisions	12,13	-	9,041	13,561
Total non-current liabilities		**-**	**9,041**	**13,561**
Total liabilities		**-**	**9,060**	**13,604**
Net assets		**51**	**3,049**	**(1,674)**
Equity				
Reserves		-	623	623
Accumulated funds		51	2,426	(2,297)
Total equity		**51**	**3,049**	**(1,674)**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2014

	Notes	Accumulated Funds $'000	Asset Revaluation Reserve $'000	Total $'000
Balance at 1 July 2013		**3,737**	**623**	**4,360**
Changes in accounting policy		(1,311)	**-**	(1,311)
Restated balance at 1 July 2013		**2,426**	**623**	**3,049**
Deficit for the year		(5)	-	(5)
Other comprehensive income				
Actuarial gains on defined benefit plans	13	1,852	-	1,852
Available for sale financial assets:				
Net decrease in property, plant and equipment	9	-	(3)	(3)
Transfers from revaluation reserve on disposal of land		620	(620)	-
Total other comprehensive income		**2,472**	**(623)**	**1,849**
Total comprehensive income for the year		**2,467**	**(623)**	**1,844**
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfers	20	(4,842)	**-**	(4,842)
Balance at 30 June 2014		**51**	**-**	**51**
Balance at 1 July 2012		**(311)**	**623**	**312**
Changes in accounting policy		(1,986)	**-**	(1,986)
Restated balance at 1 July 2012		**(2,297)**	**623**	**(1,674)**
Deficit for the year		(212)	-	(212)
Other comprehensive income				
Actuarial gains on defined benefit plans	13	4,935	-	4,935
Total other comprehensive income		**4,935**	**-**	**4,935**
Total comprehensive income for the year		**4,723**	**-**	**4,723**
Balance at 30 June 2013		**2,426**	**623**	**3,049**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
Cash flows from operating activities			
Payments			
Payments to suppliers		(221)	(303)
Total payments		**(221)**	**(303)**
Receipts			
Sale of goods and services		3	12
Interest received		127	660
Total receipts		**130**	**672**
Net cash flows from operating activities	15	**(91)**	**369**
Cash flows from investing activities			
Purchases of investments		-	(606)
Proceeds from sale of investments		10,873	200
Net cash flows from investing activities		**10,873**	**(406)**
Net increase/(decrease) in cash		10,782	(37)
Opening cash and cash equivalents		**1,004**	**1,041**
Cash transferred out as a result of administrative restructuring	20	(11,764)	**-**
Closing cash and cash equivalents	5	**22**	**1,004**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
30 June 2014

1. Summary of Significant Accounting Policies

(a) Reporting entity

Residual Business Management Corporation (RBMC) is a NSW statutory body under schedule 2 of the Public Finance and Audit Act established on 1 July 2003 following the enactment of the *Pacific Power (Dissolution) Act 2003.* The address of RBMC is Level 27, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000.

RBMC's ultimate parent is the NSW Government. Accordingly, the results, financial position and cash flows of RBMC are included in the NSW Total State Sector Accounts.

RBMC manages the efficient and timely wind up of residual matters associated with the former Pacific Power Corporation.

RBMC's financial statements for the year ended 30 June 2014 were authorised for issue by the General Manager on the date the accompanying Statement by the General Manager is signed.

(b) Basis of preparation

RBMC's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation and *Public Finance and Audit Regulation 2010 and*
- the Financial Reporting Directions issued by the Treasurer.

The financial statements have not been prepared on a going concern basis due to the intention to liquidate the Corporation. The financial statements have been prepared on a liquidation basis..

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations by management are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

RBMC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self -insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) Accounting for the Goods and Services Tax (GST)

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

- amount of GST incurred by RBMC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing activities and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) Income recognition

(i) Income is measured at the fair value of the consideration or contribution received or receivable.

(ii) Investment revenue

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

Investment revenue includes interest income and net realised and unrealised gains or losses from changes in the fair value of investments.

1. Summary of Significant Accounting Policies (continued)

(g) Assets

(i) *Acquisition of assets*

Assets acquired are initially recognised at cost. Cost is the amount of cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) *Capitalisation thresholds*

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(iii) *Revaluation of property, plant and equipment*

Physical non–current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs

RBMC revalue each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

1. Summary of Significant Accounting Policies (continued)

(iv) *Impairment of property, plant and equipment*

As a not-for-profit entity with no cash generating units, AASB 136 'Impairment of Assets' is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) *Depreciation of property, plant and equipment*

Depreciation is provided for on a straight–line basis for all depreciable assets so as to allocate the depreciable amount of each asset as it is consumed over its useful life to RBMC.

All material separately identifiable components of assets are recognised and depreciated over their useful lives.

Land is not a depreciable asset.

(vi) *Non-current assets held for sale*

Non-current assets held for sale are measured at fair value. Changes in fair value are reported in the Statement of Comprehensive Income.

(vii) *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 surplus or deficit 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. Non-current assets are not expected to be collected within 12 months.

(viii) *Investments*

The Hour-Glass Investment facilities are recognised at fair value through profit or loss. The unrealised movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as movements in fair value and is reported in the line item 'investment revenue'.

(ix) *Impairment of financial assets*

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the surplus / (deficit) for the year.

Any reversals of impairment losses are reversed through the surplus / (deficit) for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(h) Liabilities

(i) *Payables*

These amounts represent liabilities for goods and services provided to RBMC and other amounts. 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 the original invoice amount where the effect of discounting is immaterial.

1. Summary of Significant Accounting Policies (continued)

(ii) *Superannuation*

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) *Consequential on-costs*

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(iv) *Other provisions*

Other provisions exist when: RBMC has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

(i) Fair value hierarchy

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB

13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 10 and Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(j) Dividend calculation

Dividends are calculated with reference to the TPP 14-4 Financial Distribution policy for Government Business. In 2014 no dividend was paid (2013: $Nil).

(k) Dividend policy

RBMC pays dividends out of surplus funds in a manner that is considered prudent and in a quantum that will not prejudice the interests of RBMC or its creditors.

(l) Equity

(i) The category "Accumulated funds" includes all current and prior period retained funds.

(ii) Asset Revaluation Reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with RBMC's policy of property, plant and equipment as discussed in Note 1 (g)(iii).

1. Summary of Significant Accounting Policies (continued)

(m) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(n) Income Tax

Income tax on the statement of comprehensive income for the periods represented comprises current and deferred tax. Income tax is recognised except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the balance sheet, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the date of the balance sheet.

A deferred tax asset recognised to the extent that it is probable that future tax profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

RBMC and its previously controlled subsidiary Pacific Solar Pty Limited formed an Office of State Revenue (OSR) tax consolidated group on 24 February 2012 when Pacific Solar Pty Limited became a wholly-owned subsidiary of RBMC as a result of the buy-back of all minority shares. Upon consolidation all of Pacific Solar Pty Limited's tax losses were acquired by RBMC at the available statutory fraction. The resulting deferred tax asset is not recognised in the RBMC Group because recovery is not certain.

(o) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(p) 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 2014. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations issued or amended but not yet effective.

RBMC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC14/03.

(q) New, revised or amending standards and interpretations

RBMC 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.

Any significant impacts on the accounting policies of the entity from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy.

2. Expenses Excluding Losses

	2014 $'000	2013 $'000
(a) Employee related expenses		
Superannuation - defined benefit plans	344	415
	344	**415**
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	32	43
Director's remuneration	-	30
Insurance	46	53
Consultants	62	118
Travel	-	1
Operating lease rental expense	-	4
Other sundry costs	42	18
Total Other Operating Expenses	**182**	**267**
(c) Other expenses		
Revaluation losses on TCorp units	-	112
Legacy costs	-	8
Total Other expenses	**-**	**120**

3. Revenue

(a) Investment revenue		
Interest revenue	126	40
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	395	550
Total investment revenue	**521**	**590**

4. Income Tax Expense

	2014 $'000	2013 $'000
(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating loss before income tax	(5)	(212)
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax at 30%	(2)	(64)
Less:		
Tax effect of:		
Tax losses (utilised) not brought to account	2	64
Income tax expense equivalent	-	-

Deferred tax assets not brought to account

(b) The deferred tax asset arising from the following tax losses and timing differences has not been recognised as an asset because recovery is not probable.

Unused tax losses for which no deferred tax asset has been recognised	22,629	22,968
Unused capital losses for which no deferred tax asset has been recognised	1,058	1,058
	23,687	**24,026**
Potential deferred tax assets at 30% not brought to account	7,106	7,208

5. Current Assets – Cash and Cash Equivalents

Cash at bank and on hand	22	1,004
	22	**1,004**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and short-term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	**22**	**1,004**
Closing cash and cash equivalents (per statement of cash flows)	**22**	**1,004**

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Current – Financial Assets at Fair Value

	2014 $'000	2013 $'000
TCorp Hour-Glass Investment facilities - Unit trusts	-	10,479
	-	**10,479**

Refer to Note 16 for further information regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments

7. Current Receivables

Interest receivable	-	2
Other	19	1
	19	**3**

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Other receivables

Contract receivables	3,324	3,324
Less impairment	(3,324)	(3,324)
Total non-curent assets - intangibles	-	-

Movement in the allowance for impairment

Accumulated impairment carried forward	(3,324)	(3,324)
Accumulated impairment written-back/(booked)	-	-
Impairment balance 30 June	**(3,324)**	**(3,324)**

Residual Business Management Corporation

Notes to the Financial Statements
30 June 2014

9. Non–Current Assets – Property, Plant and Equipment

	Land $'000	Total $'000
At 1 July 2013 - fair value		
Gross carrying amount	623	**623**
Accumulated depreciation and impairment	-	-
Net carrying amount	**623**	**623**
At 30 June 2014 - fair value		
Gross carrying amount	-	**-**
Accumulated depreciation and impairment	-	-
Net carrying amount	**-**	**-**

Reconciliation
A reconciliation of the carrying amount of land at the beginning and end of the current reporting period is set out below.

	Land $'000	Total $'000
Year ended 30 June 2014		
Carrying amount at start of year	623	**623**
Transfer to assets held for sale	(10)	**(10)**
Transfer to other agencies	(610)	**(610)**
Revaluation decrements	(3)	**(3)**
Carrying amount at end of year	-	-

	Land $'000	Total $'000
At 1 July 2012 - fair value		
Gross carrying amount	623	**623**
Accumulated depreciation and impairment	-	-
Net carrying amount	**623**	**623**
At 30 June 2013 - fair value		
Gross carrying amount	623	**623**
Accumulated depreciation and impairment	-	-
Net carrying amount	**623**	**623**

Reconciliation
A reconciliation of the carrying amount of land at the beginning and end of the prior reporting period is set out below.

	Land $'000	Total $'000
Year ended 30 June 2013		
Carrying amount at start of year	623	**623**
Additional reserve booked	-	-
Carrying amount at end of year	**623**	**623**

Further details regarding the fair value measurement of plant and equipment are disclosed in Note 10

10. Fair value measurement of non-financial assets

(a) Fair value hierarchy

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Non-current assets held for sale - land	-	10	-	10
	-	**10**	**-**	**10**

There were no transfers between Level 1 or 2 during the period

(b) Valuation techniques, inputs and processes

Land has been valued based on the Valuer General's land valuation assessment provided to the Office of State Revenue which reflects the physical condition of the land and the property market conditions. Land held by RBMC has been transferred to non-current assets held for sale.

11. Current Liabilities - Payables

	2014 $'000	2013 $'000
Creditors	-	19
	-	**19**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 16.

12. Current / Non-Current Liabilities - Provisions

Employee benefits and related on-costs		
Unfunded superannuation liability (i)	-	9,041
	-	**9,041**
Aggregate employee benefits and related on-costs		
Provisions - current	-	-
Provisions - non-current	-	9,041
	-	**9,041**

The unfunded defined benefit superannuation liability of $7.53 million was transferred to the Crown Finance Entity as part of the RBMC wind-up per a vesting order dated 26 June 2014.

13. Defined Benefit Superannuation Schemes

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:
State Authorities Superannuation Scheme (SASS)
State Authorities Non-contributory Superannuation Scheme (SANCS)
State Superannuation Scheme (SSS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South wales Government prudently monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislation obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks

There are number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk –** The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk –** The risk that pensioners will live longer than assumed, increasing future pensions.
- **Pension indexation risk –** The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

13. Defined Benefit Superannuation Schemes (continued)

- **Salary Growth risk –** The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined befit amounts and thereby requiring additional employer contributions.
- **Legislative risk –** The risk is that legislation changes can be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

2014	SASS	SANCS	SSS	Total
Member Numbers				
Contributors	-	-	-	-
Deferred Benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	**$'000**	**$'000**	**$'000**	**$'000**
Accrued liability (Note 1)	-	-	-	-
Estimated reserve account balance	-	-	-	-
Deficit/(surplus)	-	-	-	-
Future Service Liability (Note 2)	-	-	-	-
Surplus in excess of recovery available from schemes (-1.-2. And subject to a minimum of zero)	-	-	-	-
Net (asset)/liability to be recognised in statement of financial position (1. + 3.) (Note 3)	-	-	-	-

Note 1:
A contribution tax provision of zero is included as a contribution tax rate of zero is assumed. This is based on advice from NSW Treasury, following tax modelling carried out by their tax adviser that, in the long term, the Fund is not expected to pay any significant tax.

Note 2:
The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the “surplus in excess of recovery” is zero, no asset ceiling limit is imposed.

Note 3:
The defined benefit superannuation liability of $7.53 million at 26 June 2014 was transferred to the Crown Finance Entity as part of the wind-up of RBMC.

13. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the net defined benefit liability/(asset)

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Net Defined Benefit Liability/(Asset) at start of year	**113**	**(134)**	**9,062**	**9,041**
Current service cost	-	-	-	-
Net Interest on the net defined benefit liability/(asset)	4	(5)	345	344
Actual return on Fund assets less Interest income	(27)	(10)	(1,989)	(2,026)
Actuarial (gains)/losses arising from changes in financial assumptions	11	-	1,093	1,104
Actuarial (gains)/losses arising from liability experience	(74)	(261)	(595)	(930)
Employer contributions	-	-	-	-
Transferred to Crown Finance Entity	**(27)**	**410**	**(7,916)**	**(7,533)**
Net Defined Benefit Liability/(Asset) at end of year	**-**	**-**	**-**	**-**

Reconciliation of the fair value of fund assets

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Fair value of Fund assets at beginning of the year	**290**	**115**	**22,791**	**23,196**
Interest income	11	4	840	855
Actuarial return on Fund assets less Interest income	27	10	1,989	2,026
Employer contributions	-	-	-	-
Contributions by Fund participants	-	-	-	-
Benefits paid	(24)	-	(1,326)	(1,350)
Taxes, premiums and expenses paid	63	220	142	425
Transferred to Crown Finance Entity	**(366)**	**(349)**	**(24,437)**	**(25,152)**
Fair value of fund assets at end of year	**-**	**-**	**-**	**-**

Reconciliation of the defined benefit Obligation

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligations at beginning of the year	**403**	**(20)**	**31,854**	**32,237**
Current service cost	-	-	-	-
Interest cost	15	(1)	1,185	1,199
Contributions by participants	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	11	-	1,093	1,104
Actuarial (gains)/losses arising from liability experience	(74)	(261)	(595)	(930)
Benefits paid	(24)	-	(1,326)	(1,350)
Taxes, premiums and expenses paid	63	220	142	425
Transferred to Crown Finance Entity	**(394)**	**62**	**(32,354)**	**(32,686)**
Present value of defined benefit obligations at end of the year	**-**	**-**	**-**	**-**

13. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the effect of the Asset Ceiling

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	**-**	**-**	**-**	**-**

Fair value of Fund assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities.

Expected contributions

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Expected employer contributions	-	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.7 years.

Profit and Loss Impact

2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Current service cost	-	-	-	-
Net interest	4	(5)	345	344
Defined benefit cost	**4**	**(5)**	**345**	**344**

Other Comprehensive Income

.2014	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains)/losses on liabilities	(63)	(261)	498	174
Actual return on Fund assets less Interest income	(27)	(10)	(1,989)	(2,026)
Total re-measurement in Other Comprehensive Income	**(90)**	**(271)**	**(1,491)**	**(1,852)**

13. Defined Benefit Superannuation Schemes (continued)

Impact of the new AASB119 with respect to the financial year to 30 June 2014

	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119*
	SASS $'000	SANCS $'000	SSS $'000	Total $'000	Total $'000
Service cost	-	-	-	-	-
Net interest (current AASB119 only)	n/a	n/a	n/a	n/a	344
Interest expense (previous AASB119 only)	14	-	1,135	1,149	n/a
Expected return on assets (previous AASB119 only)	(24)	(10)	(1,902)	(1,936)	n/a
Superannuation income in surplus/(deficit)	**(10)**	**(10)**	**(767)**	**(787)**	**344**
Actuarial (gains)/losses on liabilities	(49)	(220)	721	452	174
Return on assets excluding amounts included in P&L[1]	(14)	(5)	(928)	(947)	(2,026)
Change in the effect of asset ceiling	-	-	-	-	-
Amount recognised in other comprehensive income	**(63)**	**(225)**	**(207)**	**(495)**	**(1,852)**
Total recognised in Statement of Comprehensive Income	**(73)**	**(235)**	**(974)**	**(1,282)**	**(1,508)**
Impact on the Statement of Financial Position as at 30 June 2014					
Net defined benefit liability	**24**	**(349)**	**6,774**	**6,449**	**7,533**

[1] This item is the actual return on assets in excess of expected return on assets under the previous AASB119 standard, and in excess of interest income under the current AASB119 standard.

Comparative information as at 30 June 2013 is as follows:

2013	SASS	SANCS	SSS	Total
Member Numbers				
Contributors	-	-	-	
Deferred Benefits	-	-	3	
Pensioners	2	-	39	
Pensions fully commuted	-	-	2	
Superannuation Position for AASB 119 purposes	**$'000**	**$'000**	**$'000**	**$'000**
Accrued liability (Note 1)	403	(20)	31,854	32,237
Estimated reserve account balance	(289)	(115)	(22,792)	(23,196)
1. Deficit/(surplus)	114	(135)	9,062	9,041
1. Future Service Liability (Note 2)	-	-	-	-
2. Surplus in excess of recovery available from schemes (-1.-2. And subject to a minimum of zero)	-	-	-	-
3. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	114	(135)	9,062	9,041

Note 1:
A contribution tax provision of zero is included as a contribution tax rate of zero is assumed. This is based on advice from NSW Treasury, following tax modelling carried out by their tax adviser that, in the long term, the Fund is not expected to pay any significant tax.

Note 2:
The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the “surplus in excess of recovery” is zero, no asset ceiling limit is imposed.

13. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the net defined benefit liability/(asset)

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Net Defined Benefit Liability/(Asset) at start of year	**287**	**(333)**	**13,607**	**13,561**
Current service cost	-	-	-	-
Net Interest on the net defined benefit liability/(asset)	8	(9)	416	415
Actual return on Fund assets less Interest income	(31)	(34)	(2,793)	(2,858)
Actuarial (gains)/losses arising from changes in demographic assumptions	(6)	-	644	638
Actuarial (gains(/losses arising from changes in financial assumptions	(40)	-	(3,855)	(3,895)
Actuarial (gains)/losses arising from liability experience	(105)	242	1,043	1,180
Employer contributions	-	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	**113**	**(134)**	**9,062**	**9,041**

Reconciliation of the fair value of fund assets

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Fair value of Fund assets at beginning of the year	**193**	**283**	**20,410**	**20,886**
Interest income	6	9	605	620
Actuarial return on Fund assets less Interest income	31	34	2,793	2,858
Employer contributions	-	-	-	-
Contributions by Fund participants	-	-	-	-
Benefits paid	(25)	5	(1,301)	(1,321)
Taxes, premiums and expenses paid	85	(217)	285	153
Fair value of fund assets at end of the period	**290**	**115**	**22,791**	**23,196**

Reconciliation of the defined benefit Obligation

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligations at beginning of the year	**480**	**(50)**	**34,017**	**34,447**
Current service cost	-	-	-	-
Interest cost	14	-	1,021	1,035
Contributions by participants	-	-	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	(6)	-	644	638
Actuarial (gains)/losses arising from changes in financial assumptions	(40)	-	(3,855)	(3,895)
Actuarial (gains)/losses arising from liability experience	(105)	242	1,043	1,180
Benefits paid	(25)	5	(1,301)	(1,321)
Taxes, premiums and expenses paid	85	(217)	285	153
Present value of defined benefit obligations at end of the year	**403**	**(20)**	**31,854**	**32,237**

13. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the effect of the Asset Ceiling

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	**-**	**-**	**-**	**-**

Significant Actuarial Assumptions at the Reporting Date

As at

	30 Jun 2013
Discount rate	3.80% pa
Salary increase rate (excluding promotional increases)	2.25% pa for 2013/2014 (2.95% for PSS) 2.25% pa for 2014/2015; 2.00% pa for 2015/2016 to 2019/2020; 2.50% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	As per the 2012 Actuarial Investigation of the Pooled Fund

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012.Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Accrued benefits	252	-	18,236	18,488
Net market value of Fund assets	(289)	(115)	(22,793)	(23,196)
Net (surplus)/deficit	(37)	(115)	(4,556)	(4,708)

Contribution recommendations

Recommended contribution rates for the entity are:

2013	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	0.0	0.0	0.0

13. Defined Benefit Superannuation Schemes (continued)

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	2.5% pa

Expected contributions

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Expected employer contributions	-	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.6 years.

Profit and Loss Impact

2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Current service cost	-	-	-	-
Net interest	9	(10)	416	415
Defined benefit cost	**9**	**(10)**	**416**	**415**

Other Comprehensive Income

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2013	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains)/losses on liabilities	(151)	242	(2,168)	(2,077)
Actual return on Fund assets less Interest income	(31)	(34)	(2,793)	(2,858)
Total re-measurement in Other Comprehensive Income	**(182)**	**208**	**(4,961)**	**(4,935)**

14. Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

There are a number of long-past legal actions that have been taken against RBMC and they have been defended. The actions appear to have ceased without recent cost or exposure to RBMC.

(b) Contingent Assets

On 31 March 2014 the liquidators of HIH Australia advised RBMC that they had established a final insurance scheme payable to RBMC from any recovered reserves of HIH Australia. The insurance claims will be recognised as income when they are paid to RBMC.

15. Reconciliation of cash flows from operating activities to deficit for the year

	2014 $'000	2013 $'000
Net cash flows from operating activities	**(91)**	**369**
Non-cash superannuation charge in net result	(344)	(415)
Unrealised gain/(loss) in investment	395	(163)
Increase in prepayments and other assets	16	22
Decrease/(increase) in creditors	19	(25)
Deficit for the year	(5)	(212)

16. Financial instruments

RBMC's principal financial instruments are cash deposits held, short term receivables and payables. These instruments expose RBMC primarily to interest rate risk on cash balances and credit risk on short term receivables. RBMC does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

RBMC's General Manager has overall responsibility for the establishment and oversight of risk management and agrees and reviews policies for managing risk.

(a) Financial instrument categories

	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Financial assets				
Cash and cash equivalents	5	N/A	22	1,004
Financial assets at fair value	6	At fair value through profit or loss	-	10,479
Receivables (i)	7	Receivables (at amortised cost)	-	3
Financial liabilities				
Payables (ii)	11	Financial liabilities measured at amortised cost	-	19

(i) Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).
(ii) Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

(b) Credit risk

Credit risk is the risk of financial loss arising to RBMC from the default of another party with a contract or financial position with RBMC. RBMC has material credit risk exposure to the CSG Solar AG Group, in that at reporting date, RBMC has gross royalty rights receivable over time from CSG Solar AG of at least $3,324,383.95 (2013: $3,324,383.95). The table below states these gross receipts at their recoverable amount discounted to present value, which is Nil (2013: Nil), these written down values, being the balances reflected in these financial statements. These royalty rights are not past due but they are considered fully impaired. RBMC policy is that all customers that wish to trade on credit terms are subject to a credit worthiness review.

RBMC's maximum exposure to credit risk and the applicable counter party is represented by the carrying amounts of its financial assets at reporting date as is set in the following table: (There were no past due balances at 30 June 2014).

16. Financial instruments (continued)

Finacial Instrument	Government Institutions		Australian Banks		CSG Solar AG Group		Commercial Entities		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
(a) Financial assets										
Cash & Deposits			**22**	1,004					**22**	1,004
TCorp Trusts	**-**	10,479							**-**	10,479
Receivables at amortised cost							**-**	3	**-**	3
Royalty rights					**3,324**	3,324			**3,324**	3,324
Impairment					**(3,324)**	(3,324)			**(3,324)**	(3,324)
Net Royalty					**-**	-			**-**	-
Total	**-**	10,479	**22**	1,004	**-**	-	**-**	3	**22**	11,486

Cash, cash equivalents and short-term investments

Cash comprises bank balances and cash on hand.

Trade Receivables and Trade creditors

The carrying amount approximates fair value because of their short term maturity. There were no trade receivables that were past due or impaired at year end.

Liquidity risk

Liquidity risk is the risk that RBMC will be unable to meet its payment obligations when they fall due. RBMC continuously manages risk through monitoring future cash flows and commitment maturities. During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral and RBMC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority may automatically pay the supplier simple interest. No interest for late payment was made during the 2013-14 year (2012-13 $Nil).

The table below summarises the maturity profile of RBMC's financial liabilities together with any interest rate exposure.

Maturity Analysis			**$'000**		
	Weighted Average Effective Int. Rate	**Nominal Amount**	**<1 yr**	**1 - 5 yrs**	**>5 yrs**
2014					
Financial Liabilities					
Creditors	-	-	-	-	-
2013					
Financial Liabilities					
Creditors	-	19	19	-	-

16. Financial instruments (continued)

(d) 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. RBMC's exposure to market risk is primarily through interest rates on cash and cash equivalents. RBMC does not have any exposure to foreign currency risk, does not enter into commodity contracts and does not trade in derivatives of any nature.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined below for interest rate risk. A reasonably possible change of +/ - 1 per cent 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. RBMC's exposure to interest rate risk follows.

Interest rate risk

		-1%		+1%	
	Carrying amount $'000	**Surplus/ (Deficit) $'000**	**Equity $'000**	**Surplus/ (Deficit) $'000**	**Equity $'000**
2014					
Financial assets					
Cash and cash equivalents	22	-	-	-	-
Receivables	19	-	-	-	-
2013					
Financial assets					
Cash and cash equivalents	1,004	(10)	-	10	-
Investments (at call)	4,287	(43)	-	43	-
Receivables	3	-	-	-	-
Financial liabilities					
Payables	19	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held for strategic rather than trading purposes. RBMC has no direct equity investments. RBMC held units in the following Hour-Glass investment trusts:

Facility	**Investment Sectors**	**Investment Horizon**	**2014 $'000**	2013 $'000
Cash facility	Cash, Money market instruments	Up to 1.5 years	-	460
Strategic cash facility	Cash, Money market instruments	1.5 years to 3 years	-	3,827
Medium-term growth facility	Cash, Money market instruments, Australian & International Bonds, Listed Property, Australian Shares	3 years to 7 years	-	6,192

The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily. NSW TCorp is trustee for the above facility and is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of the facility in accordance with a mandate agreed by the parties. Significant portions of administration are also outsourced to an external custodian. Investment in the Hour-Glass facilities limits RBMC's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for the cash facility using historical based volatility information collected over a ten year period, quoted at two standard deviations (ie. 95% probability).

The TCorp Hour-Glass investment facilities are designated at fair value through the Statement of Comprehensive Income and therefore any changes in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility.

16. Financial instruments (continued)

Facility	Change in Unit Price	**2014** **$'000**	2013 $'000
Cash facility	+/- 1%	-	5
Strategic Cash facility	+/- 1%	-	38
Medium term Growth facility	+/- 6%	-	372

(a) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value

(ii) Fair value recognised in the statement of financial position

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2014 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Investment facility	-	-	-	**-**
	-	-	-	**-**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2013 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Investment facility	-	10,019	-	**10,019**
	-	10,019	-	**10,019**

There were no transfers between Level 1 or 2 during the periods.

The value of the Hour-Glass Investments is based on RBMC'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.

(b) Foreign currency risk

RBMC has no material exposure to foreign currency risk.

(c) Derivative financial instruments

During the financial year ended 30 June 2014, RBMC had no known exposure to derivatives (2013: Nil).

16. Related party disclosures

Directors

The names of persons that were Directors or the equivalent of Directors or officers of Residual Business Management Corporation at any time during the financial year were as follows:

Dominic Schuster - General Manager (equivalent to a Managing Director) – appointed 1 September 2012
Mark Guest – Secretary & Comptroller – ceased 30 June 2013

Ultimate parent entity

The ultimate parent entity of RBMC is the New South Wales Government

Transactions with related parties

There were no related party transactions

Key management personnel compensation

	2014 $	2013 $
Short term benefits - RBMC	-	147,920
Total key management personnel compensation	-	147,920

17. Remuneration of General Managers

Income paid or payable, or otherwise made available, to the General Managers by members of the Corporation and related parties in connection with the management of the Corporation	-	29,944
The number of General Managers whose income from members of the Corporation and related parties was within the following bands:		
$0 - $9,999	-	1
$20,000 - $29,000	-	1

18. Auditor's Remuneration

	2014 $'000	2013 $'000
Amounts paid to, or due and payable to, the Auditor General of NSW for:		
- audit of the financial report of the entity	32	43

The above audit fees of $32,000 recognised by the Corporation are in relation to the 2012-13 financial year and 2011-12 financial year.

The Crown Entity has assumed the liability to pay for the Corporation's audit fee of $36,000 (excl. GST) for the 2013-14 financial year and the $11,403 (excl. GST) for the 2012-13 financial year.

20. Increase/Decrease in Net Assets from Equity Transfers

Land transferred to Macquarie Generation ($553 thousand) and Delta Electricity ($25 thousand) by vesting order dated 28 January 2014. The transfer had a $578 thousand impact on net assets.

Land transferred to Government Property NSW ($32 thousand) by Government Property NSW Amendment (Transfer of Property) Order (No 2) 2014 dated 20 June 2014. The transfer had a $32 thousand impact on net assets.

Defined benefit superannuation ($7.53 million) and cash ($11.76 million) transferred to Crown Finance Entity. The transfer had a $4.23 million impact on net assets.

21. Change in Accounting Policy

Revised AASB 119: Employee Benefits

Revised AASB 119 applies to RBMC for the first time in 2013-14. The revised standard requires the return on assets, which is recognised within surplus / (deficit), to be calculated using the same interest rate that is used to discount the superannuation liabilities. Previously, the return on assets included within surplus / (deficit) was based on the expected return on the assets. The difference between the two measurements has been disclosed within the actuarial gains / (losses) on defined benefits as part of Other Comprehensive Income.

The following 2012-13 comparatives have been restated following the application of the revised standard:

Impact of total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

Line item	2012-13 Previously reported $'000	Revision $'000	Restated amount $'000
Statement of comprehensive income			
- Employee expenses	-	415	415
- Other revenue	768	(768)	-
Net result	**971**	**(1,183)**	**(212)**
Other comprehensive income			
Actuarial gains on defined benefit plans	3,077	1,183	4,260
Total comprehensive income	**4,048**	**-**	**4,048**

21 Change in Accounting Policy (continued)

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

Line item	2012-13		
	Previously reported $'000	Revision $'000	Restated amount $'000
Statement of financial position			
Total assets	**12,109**	**-**	**12,109**
Non-current liabilities			
Provisions	7,730	1,311	9,041
Total non-current liabilities	**7,730**	**1,311**	**9,041**
Total liabilities	**7,749**	**1,311**	**9,060**
Net assets	**4,360**	**(1,311)**	**3,049**
Equity			
Reserves	623	-	623
Accumulated funds	3,737	(1,311)	2,426
Total equity	**4,360**	**(1,311)**	**3,049**
Opening accumulated funds at 1 July 2012	(311)	(1,986)	(2,297)
Total equity	**312**	**(1,986)**	**(1,674)**

22. Events after the Reporting Period

In December 2013 the Treasurer approved the wind-up of RBMC. RBMC is in the process of winding up and has engaged PPB Advisory in this process.

During July 2014 RBMC transferred the remaining land to NSW Trade & Investment.

End of audited Financial Statements

Internal Audit and Risk Management Statement for the 2013–14 Financial Year for State Rail Authority Residual Holding Corporation and Liability Management Ministerial Corporation

I, Philip Gaetjens am of the opinion that the State Rail Authority Residual Holding Corporation and Liability Management Ministerial Corporation have internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I am of the opinion that the Audit and Risk Committee for State Rail Authority Residual Holding Corporation and Liability Management Ministerial Corporation is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. In 2013-14 the Chair and Members of the Audit and Risk Committee were:

- Independent Chair, Peter Lucas (April 2012 – April 2015)
- Independent Member, Carolyn Burlew (September 2009 – September 2015)
- Independent Member, Jon Tyers (August 2012 – August 2015)
- Independent Member, Garry Dinnie (June 2013 – June 2017)
- Non-independent Member, Kevin Cosgriff (February 2013 – resigned January 2014)

These processes provide a level of assurance that enables the senior management of the entities to understand, manage and satisfactorily control risk exposures.

As required by the Treasury Circular, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

PG

Philip Gaetjens, Secretary

Date: 1-8-2014

Internal Audit and Risk Management Statement for the 2013–14 Financial Year for Residual Business Management Corporation

I, Dominic Schuster, General Manager of the Residual Business Management Corporation (RBMC), am of the opinion that RBMC has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I am of the opinion that the Audit and Risk Committee for RBMC is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. In 2013-14 the Chair and Members of the Audit and Risk Committee were:

- Independent Chair, Peter Lucas (April 2012 – April 2015)
- Independent Member, Carolyn Burlew (September 2009 – September 2015)
- Independent Member, Jon Tyers (August 2012 – August 2015)
- Independent Member, Garry Dinnie (June 2013 – June 2017).

These processes provide a level of assurance that enables senior management to understand, manage and satisfactorily control risk exposures.

As required by the Treasury Circular, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

Dominic Schuster, General Manager
Date: 22 October 2014

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