2014–15

Annual Reports

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

Table of Contents

Crown Entity Related Entities' Annual Reports 2014–15

Appendices

Contact Details
Crown Finance
NSW Treasury
52 Martin Place, Sydney
(enter via 127 Phillip St)
Sydney, NSW 2000

Executive Reception
Monday to Friday
8.30 am to 5.30 pm
Tel: 02 9228 4426
Fax: 02 9221 7029

Postal address:
NSW Treasury
GPO Box 5469
Sydney, NSW 2001

Inquiries
Head of Crown Entity Finance
Crown Finance
NSW Treasury
Telephone:(02) 9228 5697
Fax :(02) 9228 3210

This annual report was produced wholly by NSW Treasury officers.
There were no external production costs and the annual report
is available in electronic format only on the
NSW Treasury website: **www.treasury.nsw.gov.au**

30 October 2015

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 2015

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 2015, 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 2015, 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* (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 preparing 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 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 an 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 management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

12 August 2015
SYDNEY

State Rail Authority Residual Holding Corporation

Financial Statements
for the year ended 30 June 2015

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 State Rail Authority Residual Holding Corporation's financial performance for the year ended 30 June 2015 and financial position as at 30 June 2015; 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.

Rob Whitfield
Secretary

11 August 2015

State Rail Authority Residual Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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. 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 52 Martin 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 2015. 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 NSWTC15-03.

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.

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 $3,850 (2014: $5,885).

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

Assets are future economic benefits controlled by SRARHC and is only recognised in the Statement of Financial Position if it is probable that the future economic benefits embodied in the asset will eventuate and the asset possesses a cost or other value that can be measured reliably.

LIABILITIES

Liabilities are the future sacrifices of economic benefits that SRARHC is presently obliged to make as a result of past transactions or other past events. A liability is recognised in the Statement of Financial Position when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably

TAXATION

The activities of the SRARHC are exempt from income tax.

3. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities.

4. 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 2015

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 2015, 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 Department as at 30 June 2015, 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* (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 preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A 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 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 an 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 management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

12 August 2015
SYDNEY

Lotteries Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2015

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 2015 and financial position as at 30 June 2015; 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 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.

Rob Whitfield
Secretary

11 August 2015

Lotteries Assets Ministerial Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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 2015

	2015 $000	2014 $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 2015

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 2015. 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 NSWTC15-03.

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.

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, $3,850 inclusive of GST (2014: $5,885).

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

Assets are future economic benefits controlled by LAMHC and is only recognised in the Statement of Financial Position if it is probable that the future economic benefits embodied in the asset will eventuate and the asset possesses a cost or other value that can be measured reliably.

LIABILITIES

Liabilities are the future sacrifices of economic benefits that LAMHC is presently obliged to make as a result of past transactions or other past events. A liability is recognised in the Statement of Financial Position when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably

3. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities.

4. 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 2015

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 2015, 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 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 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 an 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 management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

11 September 2015
SYDNEY

Liability Management Ministerial Corporation

Financial Statements
for the year ended 30 June 2015

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 2015 and financial position as at 30 June 2015; 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 2015* 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.

Maryanne Mrakovcic
Acting Secretary

10 September 2015

Liability Management Ministerial Corporation

Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Expenses excluding losses				
Other operating expenses	3	20	60	20
Total expenses excluding losses		**20**	**60**	**20**
Revenue				
Investment revenue	4	8,075	4,000	5,421
Grants and contributions	5	17,713	17,713	16,709
Total revenue		**25,788**	**21,713**	**22,130**
Net result		**25,768**	**21,653**	**22,110**
Other comprehensive income		-	-	-
Total comprehensive income		**25,768**	**21,653**	**22,110**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Financial Position
as at 30 June 2015

	Note	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Assets				
Current assets				
Cash and cash equivalents	6	21	105	101
Receivables	7	3	6	1
Total current assets		**24**	**111**	**102**
Non-current assets				
Financial assets at fair value	8	83,550	79,131	57,693
Total non-current assets		**83,550**	**79,131**	**57,693**
Total assets		**83,574**	**79,242**	**57,795**
Liabilities				
Current liabilities				
Payables	9	22	60	11
Total current liabilities		**22**	**60**	**11**
Total liabilities		**22**	**60**	**11**
Net assets		**83,552**	**79,182**	**57,784**
Equity				
Accumulated funds		83,552	79,182	57,784
Total equity		**83,552**	**79,182**	**57,784**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Changes in Equity
for the year ended 30 June 2015

	Total Equity
	$'000
Balance at 1 July 2014	**57,784**
Net result for the year	25,768
Total other comprehensive income	-
Total comprehensive income for the year	**25,768**
Transactions with owners in their capacity as owners	-
Balance at 30 June 2015	**83,552**
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**

The accompanying notes form part of these financial statements.

Liability Management Ministerial Corporation

Statement of Cash Flow
for the year ended 30 June 2015

	Note	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Cash flows from operating activities				
Payments				
Other		11	61	27
Total payments		**11**	**61**	**27**
Receipts				
Grants and contributions		17,713	17,713	16,709
Interest received		4	2,491	7
Other		1	5	2
Total receipts		**17,718**	**20,209**	**16,718**
Net cash flows from operating activities	6	**17,707**	**20,148**	**16,691**
Cash flows from investing activities				
Purchase of investments		(24,864)	(20,148)	(18,593)
Investment revenue		7,077	-	1,901
Net cash flows from investing activities		**(17,787)**	**(20,148)**	**(16,692)**
Net cash flows from financing activities		**-**	**-**	**-**
Net decrease in cash and cash equivalents		**(80)**	**-**	**(1)**
Opening cash and cash equivalents		101	105	102
Closing cash and cash equivalents		**21**	**105**	**101**

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 52 Martin 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 2015* 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 2015. The standards and interpretations issued or amended have been reviewed and they have no significant 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 TC15/03.

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. Control over contributions is normally obtained upon receipt of cash.

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. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are outlined in Note 12.

	2015 $'000	2014 $'000

3. OTHER OPERATING EXPENSES

Audit fees	20	20

4. INVESTMENT REVENUE

Revenue from financial assets held at fair value		
Hour-Glass Investment Facility	7,077	1,901
Gains/(losses) from financial assets held at fair value		
Hour-Glass Investment Facility	994	3,513
Bank interest	4	7
	8,075	**5,421**

5. GRANTS AND CONTRIBUTIONS

Contributions from the Crown Entity	17,713	16,709

6. CASH AND CASH EQUIVALENTS

Cash held at financial institutions	21	101

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

Net cash flows from operating activities	**17,707**	**16,691**
Gain on investments	8,071	5,414
Decrease/(Increase) in liabilities	(11)	5
(Decrease)/Increase in assets	1	-
Net result for the year	**25,768**	**22,110**

7. CURRENT RECEIVABLES

GST receivable	3	1

8. NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE

Hour-Glass Investment Facility	83,550	57,693

As at 30 June 2015, total investments of the LMMC are financial assets designated at fair value through profit or loss.

9. PAYABLES

	2015 $'000	2014 $'000
Other accruals	22	11

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 of improving the accuracy of the funding plan to fully fund superannuation liabilities. Management has overall responsibility for the establishment and oversight of risk management, investment strategy, monitoring and reviewing the performance of investments and service providers.

Financial instrument categories

	Note	Category	Carrying amount 2015 $'000	Carrying amount 2014 $'000
Financial assets				
Cash and cash equivalents	6	N/A	21	101
Financial assets at fair value	8	At fair value through profit or loss (designated as such upon initial recognition)	83,550	57,693
Financial liabilities				
Payables	9	Payables (measured at cost)	22	11
Total			**83,549**	**57,783**

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 12.61 per cent (2014: 13.38 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 amount	- 1%		+ 1%	
		Net Result	Equity	Net Result	Equity
	$'000	$'000	$'000	$'000	$'000
2015					
Financial assets					
Cash and cash equivalents	21	-	-	-	-
2014					
Financial assets	101	(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	2015 $'000	2014 $'000
Long Term Growth Facility	Cash, money market instruments, Australian bonds, listed property, Australian & International shares	7 years and over	83,550	57,693

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	
	2015 %	2014 %	2015 $'000	2014 $'000
Long Term Growth Facility	+/- 15	+/- 15.0	+/-12,533	+/- 8,654

Currency risk

LMMC has foreign currency exposure within its investment in TCorp's HGIF. The Hour-Glass Long Term Growth Facility (LTGF) has approximately 35% foreign currency exposure (30% of LTGF is allocated to unhedged international shares and 5% to unhedged emerging market shares).
The level of foreign exchange exposure within LTGF may change from time to time depending on currency levels and market conditions.

(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 2015 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
2015								
Cash and cash equivalents	-	-	-	21	-	-	-	21
2014								
Cash and cash equivalents	-	-	-	101	-	-	-	101

By classification of counterparty	Governments	Bank	Other	Total
2015				
Cash and cash equivalents	-	21	-	21
2014				
Cash and cash equivalents	-	101	-	101

Fair value

The financial assets and liabilities of LMMC at the reporting date comprise mainly monetary financial assets and their carrying values approximate to 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).

	Level 1	Level 2	Level 3	Total
2014-15	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
TCorp's HGIF	-	83,550	-	**83,550**
	-	**83,550**	**-**	**83,550**
2013-14				
Financial assets at fair value				
TCorp's HGIF	-	57,693	-	**57,693**
	-	**57,693**	**-**	**57,693**

11. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets or contingent liabilities as at the reporting date (2014: Nil).

12. BUDGET REVIEW

Hour Glass Long Term Growth Facility full year investment revenue of $8.071 million reflected an investment return of 12.61% pa which is above the budgeted return rate of 5.81%pa.

13. EVENTS AFTER THE REPORTING DATE

There are no material 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 2015

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 2015, 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 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

The Secretary is responsible for preparing 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 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 an 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 management, 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.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

19 October 2015
SYDNEY

Electricity Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2015

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 2015 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 2015* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the NSW Treasurer.

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

Rob Whitfield
Secretary
13th October 2015

Electricity Assets Ministerial Holding Corporation

Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Expenses excluding losses				
Operating expenses	3	2,260	782	5,226
Finance costs	11	2,214	1,722	1,679
Total expenses excluding losses		**4,474**	**2,504**	**6,905**
Revenue				
Transfers to the Crown Entity	4	-	-	(71,680)
Investment revenue	5	2,324	2,925	-
Grants and contributions	6	-	-	71,680
Other revenue	7	2,467	-	316
Total revenue		**4,791**	**2,925**	**316**
Net result		**317**	**421**	**(6,589)**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**317**	**421**	**(6,589)**

The accompanying notes form part of these financial statements.

Electricity Assets Ministerial Holding Corporation

Statement of Financial Position
as at 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
ASSETS				
Current assets				
Cash and cash equivalents	8	74,671	67,394	75,321
Receivables	9	1,425	-	177
Total current assets		**76,096**	**67,394**	**75,498**
Non-current assets				
Receivables	9	386	-	268
Total non-current assets		**386**	**-**	**268**
Total assets		**76,482**	**67,394**	**75,766**
LIABILITIES				
Current liabilities				
Payables	10	82	-	6,874
Provision for outstanding claims	11	4,675	3,720	4,512
Total current liabilities		**4,757**	**3,720**	**11,386**
Non-current liabilities				
Provision for outstanding claims	11	40,027	39,877	39,155
Total non-current liabilities		**40,027**	**39,877**	**39,155**
Total liabilities		**44,784**	**43,597**	**50,541**
Net assets		**31,698**	**23,797**	**25,225**
Equity				
Accumulated funds		31,698	23,797	25,225
Total equity		**31,698**	**23,797**	**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 2015

	Notes	Accumulated funds $'000	Total equity $'000
Balance at 1 July 2014		**25,225**	**25,225**
Net result for the year		317	317
Other comprehensive income		-	-
Total comprehensive result for the year		**317**	**317**
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	12	6,156	6,156
Balance at 30 June 2015		**31,698**	**31,698**
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	12	31,814	31,814
Balance at 30 June 2014		**25,225**	**25,225**

The accompanying notes form part of these financial statements.

Electricity Assets Ministerial Holding Corporation

Statement of Cash Flows
for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Cash flows from operating activities				
Payments				
Employee related		-	(370)	-
Claim payments	11	(2,828)	-	(2,120)
Other		(8,141)	(5,392)	(54)
Total payments		**(10,969)**	**(5,762)**	**(2,174)**
Receipts				
Transfers to the Crown Entity	4	-	-	(71,680)
Interest received		1,823	2,925	-
Grants and contributions	6	-	-	71,680
Other		8,296	-	14,345
Total receipts		**10,119**	**2,925**	**14,345**
Net cash flows from operating activities	13	**(850)**	**(2,837)**	**12,171**
Net cash flows from investing activities		**-**	**-**	**-**
Net cash flows from financing activities		**-**	**-**	**-**
Net increase/(decrease) in cash		**(850)**	**(2,837)**	**12,171**
Opening cash and cash equivalents		75,321	70,231	-
Cash transferred in as a result of administrative restructuring	12	200	-	63,150
Closing cash and cash equivalents	8	**74,671**	**67,394**	**75,321**

The accompanying notes form part of these financial statements.

**Notes to the financial statements
for the year ended 30 June 2015**

NOTES INDEX

1. Electricity Assets Ministerial Holding Corporation Information
2. Summary of Significant Accounting Policies
3. Operating Expenses
4. Transfers to the Crown Entity
5. Investment Revenue
6. Grants and Contributions
7. Other Revenue
8. Cash and Cash equivalents
9. Receivables
10. Payables
11. Provision for Outstanding Claims
12. Increase in Net Assets from Equity Transfers
13. Reconciliation of Cash Flows from Operating Activities to Net Result
14. Financial Instruments
15. Contingent Assets and Contingent Liabilities
16. Budget Review
17. 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). The 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.

During the current reporting period, the residual assets, rights and liabilities of Green State Power and Macquarie Generation were vested in EAMHC through various vesting orders.

EAMHC is a NSW government entity and is a not-for-profit entity. Its principal office is at 52 Martin 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

The principal accounting policies adopted in the preparation of the financial statements are set out below.

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 2015* 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.

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.

Statement of compliance

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

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.

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 2015. There is no significant impact to the reported results and position, as well as the information currently disclosed in the EAMHC financial statements on adoption of these 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 15/03.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

Investment revenue

Investment revenue relates to interest revenue and is recognised using the effective interest method as set out in AASB139 *Financial Instruments: Recognition and Measurement*.

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.

Other revenue

The following specific recognition criteria are used to measure the income:

(i) Petroleum exploration royalty

Macquarie Generation’s rights, title and interests in relation to the petroleum exploration licence issued under the *Petroleum (Onshore) Act 1991* (NSW) was vested in EAMHC on 30 January 2015. Under the royalty deeds, EAMHC is entitled to receive a cash payment based on the volume of resources extracted under the petroleum exploration licenses from AGL Upstream Investments Pty Limited. The revenue is recognised as in accordance with *AASB 118 Revenue*, based on the volume of resources extracted each period.

(ii) Recovery revenue

Recovery revenue are 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.

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 11).

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 legal or constructive 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.

Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in the Note 16.

3. OPERATING EXPENSES

	2015 $'000	2014 $'000
Claims expenses		
New claims incurred	-	23
Adjustment to existing outstanding claims[1]	1,649	(19,065)
	1,649	**(19,042)**
Management fees		
Management fees	133	589
	133	**589**
Other operating expenses		
Actuarial expenses	121	159
Audit fees - audit of financial statements	51	51
Consultants	33	-
Receivables waived[2]	-	23,283
Other	273	186
	478	**23,679**
Total operating expense	**2,260**	**5,226**

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 12 and was 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 represents 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. INVESTMENT REVENUE

Bank interest	2,324	-
	2,324	**-**

6. GRANTS AND CONTRIBUTIONS

	2015 $'000	2014 $000
Grant from the Crown Entity	-	71,680
	-	**71,680**

7. OTHER REVENUE

Eraring Energy claims proceeds[1]	1,350	-
Petroleum exploration royalty	112	-
Recovery revenue	933	316
Other	72	-
	2,467	**316**

[1.] Eraring Energy claims proceeds - 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. The right to the claim was transferred to EAMHC via vesting order. At the time of the transfer, it was early in legal proceedings and the potential recovery amount cannot be reliably measured. It was treated as a contingent assets by Eraring Energy (pre-transfer) and EAMHC (post transfer). The claims reached a full settlement on 28 November 2014 and the claims proceeds was received by EAMHC in January 2015.

8. CASH AND CASH EQUIVALENTS

Cash at bank	74,671	75,321
	74,671	**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)	**74,671**	**75,321**
Closing cash and cash equivalents (per Statement of Cash Flows)	**74,671**	**75,321**

Refer to Note 14 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

9. RECEIVABLES

	2015 $'000	2014 $'000
Expected future recoveries (discounted)	433	299
Interest receivables	501	-
Petroleum exploration royalty receivables	19	-
GST receivables	832	146
Other	26	-
	1,811	**445**
Current	1,425	177
Non-current	386	268
	1,811	**445**

10. PAYABLES

Interest payable to Consolidated Fund	-	2,060
Claims payable	10	3,745
Management fee payable	-	648
Other	72	421
	82	**6,874**

11. PROVISIONS FOR OUTSTANDING CLAIMS

	Dust Disease	Non Dust Disease	2015 Total	2014 Total
	$'000	$'000	$'000	$'000
Opening balance	42,912	755	43,667	-
Transfer - in	-	-	-	63,150
Additions	-	-	-	23
Payments	(1,650)	(1,178)	(2,828)	(2,120)
Actuarial (gain)/loss	221	1,428	1,649	(19,065)
Unwinding of discounts	2,199	15	2,214	1,679
Closing balance	**43,682**	**1,020**	**44,702**	**43,667**
Current	4,495	180	4,675	4,512
Non-current	39,187	840	40,027	39,155
	43,682	**1,020**	**44,702**	**43,667**

(a) The weighted average expected term to settlement from the balance date of the outstanding claims is estimated to be between 6.67 to 11.3 years (2014: 9.7 years) for dust disease liabilities and 4 years (2014: 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	
	2015	2014	2015	2014
	%	%	%	%
Not later than one year				
Inflation rate	2.5 - 3.0	3.50	3.50	3.50
Discount rate	4.75	5.25	2.42	2.84
Superimposed inflation	2.0 - 2.5	2.25	-	-
Later than one year				
Inflation rate	2.75 - 3.80	3.50	3.50	3.50
Discount rate	4.75	5.25	2.42	2.84
Superimposed inflation	2.0 - 2.25	2.25	-	-

11. PROVISION FOR OUTSTANDING CLAIMS (continued)

Sensitivity Analysis

The outstanding claims liabilities 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. Sensitivity analysis of the key valuation assumption changes for the Dust Disease and Non Dust Disease liabilities and their impact are shown in the following tables:

(a) Dust Disease as at 30 June 2015

Variable	Movement in variable	Net Central Estimate $'000	Impact of Change $'000	% Impact
Net Central Estimate[1]		41,328		
Risk free rate		46,777	5,449	13.2%
Discount rate	+1%	37,782	-3,546	-8.6%
	-1%	45,522	4,194	10.1%
Inflation rate	+1%	45,530	4,202	10.2%
	-1%	37,712	-3,616	-8.7%
Superimposed inflation rate	+1%	45,581	4,252	10.3%
	-1%	37,680	-3,648	-8.8%
Seed Reports[2]	+1 claim	45,500	4,171	10.1%
	-1 claim	37,157	-4,171	-10.1%
Incidence Curves[3]	+15% IBNR claims	46,916	5,587	13.5%
	-15% IBNR claims	35,741	-5,587	-13.5%
Average Claim Size	+10%	45,053	3,725	9.0%
	-10%	37,604	-3,725	-9.0%

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.

11. PROVISION FOR OUTSTANDING CLAIMS (continued)

(b) Dust Disease as at 30 June 2014

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.

11. PROVISION FOR OUTSTANDING CLAIMS (continued)

(c) Non Dust Disease as at 30 June 2015

Variable	Movement in variable	Net Central Estimate $'000	Impact of Change $'000	% Impact
Net Central Estimate[1]		885		
Risk free rate		876	-9	-1.0%
Discount rate	+1%	851	-34	-3.8%
	-1%	921	36	4.1%
Inflation rate	+1%	920	35	4.0%
(not explicitly modelled)	-1%	851	-33	-3.8%
Superimposed inflation rate	+1%	920	35	4.0%
(not explicitly modelled)	-1%	851	-33	-3.8%

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

(d) Non Dust Disease as at 30 June 2014

Variable	Movement in variable	Net Central Estimate $'000	Impact of Change $'000	% Impact
Net Central Estimate[2]		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%

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

12. 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 from Eraring Energy, Delta Electricity, Macquarie Generation and Green State Power to EAMHC in the 2014 and 2015 financial years. The following are the assets and liabilities transferred through equity:

	2015 $'000	2014 $'000
Assets transferred in		
Cash and cash equivalents	200	63,150
Receivables	5,977	31,814
Other assets	30	-
Total assets	**6,207**	**94,964**
Liabilities transferred in		
Payables	51	-
Provision for outstanding claims	-	63,150
Total liabilities	**51**	**63,150**
Net assets from equity transfers	**6,156**	**31,814**

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

	2015 $'000	2014 $'000
Net cash flows from operating activities	**(850)**	**12,171**
Adjustments for:		
Finance costs	(2,214)	(1,679)
Actuarial loss on claims expense	(1,649)	(44,085)
Admin Restructure - Transfer In	-	-
Decrease in outstanding claims	2,828	65,247
Decrease/(increase) in payables	6,843	(6,874)
Decrease in receivables	(4,641)	(31,369)
Net result	**317**	**(6,589)**

14. 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 2015 $'000	Carrying amount 2014 $'000
Financial Assets				
Cash and cash equivalents	8	N/A	74,671	75,321
Receivables[1]	9	Loan and receivables measured at amortised cost	546	-
Financial liabilities				
Payables[2]	10	Financial liabilities measured at amortised cost	75	6,777

1. Excludes statutory receivables of $0.832 mil (2014: $0.146 mil) and expected recoveries receivable of $0.433 mil (2014: $0.299 mil).
2. Excludes statutory payables of $7,000 (2014: $97,000).

(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 2014. 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.

14. FINANCIAL INSTRUMENTS (continued)

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
2015					
Cash and cash equivalents	74,671	(747)	(747)	747	747
2014					
Cash and cash equivalents	75,321	(753)	(753)	753	753

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.

(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.

14. FINANCIAL INSTRUMENTS (continued)

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

	Weighted average effective interest rate	Nominal amount	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 Year	1 - 5 Years	> 5 Years
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015								
Payables	-	75	-	-	75	75	-	-
Total financial liabilities	**-**	**75**	**-**	**-**	**75**	**75**	**-**	**-**
2014								
Payables	-	6,777	-	-	6,777	6,777	-	-
Total financial liabilities	**-**	**6,777**	**-**	**-**	**6,777**	**6,777**	**-**	**-**

The payables are non-interest bearing and EAMHC has no exposure to foreign currency risk.

15. 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, the Treasurer issued various vesting orders which transferred specific assets, rights and liabilities from Eraring Energy, Delta Electricity, Green State Power and Macquarie Generation to EAMHC. The assets, rights and liabilities vested in EAMHC have exposures to various contingent assets and contingent liabilities.

Contingent Assets

Various recovery receivables, claims and proceedings were transferred to EAMHC during 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 2015.

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (continued)

Sale of Green State Power

Under the Sale and Purchase Agreement and vesting order effective from 8 December 2014, EAMHC is liable for all present and future Workers Compensation and dust diseases claims by any employee, former employee of Green State Power or by any other Workers Compensation claimant in relation to their employment with or service provided to Green State Power prior to the Sale. It is not reasonably possible to estimate the liabilities for future claims at the reporting date. However, in the event any claim arises, EAMHC is able to recoup the cost of claims from a third-party insurer as the liabilities are insured by Green State Power and the insurance entitlement was also transferred to EAMHC prior to the Sale.

EAMHC is liable for any indemnities provided by Green State Power to its directors or officers that accrue or relate to the period prior to Sale. There are no known claims at 30 June 2015. In the event any claim arises, EAMHC is able to recoup the cost of claims from a third-party insurer through the director and officer insurance policies hold with third-party insurer.

EAMHC is also liable for liabilities associated with any formal dispute resolution proceeding and the termination of employees to which Green State Power is party of. There are no known claims at 30 June 2015.

Sale of Macquarie Generation

Under the Sale and Purchase Agreement and vesting order effective from 30 January 2015, EAMHC has the following contingent assets that were transferred from Macquarie Generation:

- recovery rights in relation to directors and officers insurance policy, Legal Expense, Statutory and Business Practices Liability insurance policy
- rights, title and interest associated with Petroleum Exploration Licences.

EAMHC has exposures to the following Macquarie Generation liabilities:

- liability in relation to any disputes, claims, litigation proceeding
- Workers Compensation liabilities and claims
- employees termination related claims
- payables, including all invoices outstanding to be paid by Macquarie Generation
- director and officers indemnities claim.

There are no known claims at 30 June 2015.

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 Eraring Energy vested in EAMHC

Included in the assets and liabilities vesting in EAMHC from Eraring 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.

16. BUDGET REVIEW

Net result

EAMHC made a net profit of $0.3 million in 2015, $0.1 million lower than budget.

Total expenses were $4.5 million which was $2 million higher than budget. This was mainly due to the change in discount rate from 5.25 percent to 4.75 percent when valuing the Dust Disease liabilities in 2015. The reduction in discount rate was necessary to reflect the lower risk free rate and lower investment return global wise.

Total revenue for 2015 was $4.8 million which exceeded the budget by $1.9 million. This was mainly due to an one-off claims settlement received in relation to an Eraring Energy power station damage claim of $1.4 million. Claims recovery revenue was $0.6m higher than budget due to recovery action conducted by GIO and QBE on behalf of EAMHC.

Assets and Liabilities

Total assets for the year were $76.5 million which exceeded the budget by $9 million. Upon dissolution of Macquarie Generation (MacGen), $6.2 million of cash and receivables were vested in EAMHC. The receivables had been collected by year-end. The one-off claims settlement received in relation to the Eraring Energy power station damage claim of $1.4m also boosted the cash balance at year end. These events were not anticipated and not budgeted for.

Receivables at 2015 year end were $1.4 million. This was mainly due to the late settlement of NSW Self Insurance Corporation (SICorp) annual contribution invoice and $0.5m interest withheld by TBS which was accounted for as interest receivable in EAMHC's financial statements.

Total liabilities were $44.8 million and were $1.2 million higher than budget mainly due to a change in discount rate stated above which increased the Dust Disease liabilities in 2015.

Cash flows

The actual cash flows used in operating activities were $0.8 million, $2 million less than budget.

Cash payments were $11 million and were $5.2 million higher than budget due to the following factors and payments made in 2015:

- EAMHC does not have employee related expenses. The $0.4 million employee related expense in the budget column was in relation to workers' compensation claim payments. Actual claims payments made during the year were $2.83 million. The relevant budgeted amount for claim payments was included in the "other payments".
- Other payments were $2.8 million higher than budget mainly due to unbudgeted payments made in respect of outstanding payables at last year end (Note 10). This largely related to the initial EAMHC setup cost for outsourced arrangements with SICorp and claims providers. Also, in the absence of a section 13A working account, $2 million interest payable to Consolidated Fund was outstanding at last year end. These payables were made in 2015 financial year and were not anticipated in the budget. The above variance is partially offset by the inclusion of $5 million claims payments as "other payments" in the budgeted amount.

Cash receipts were $10.1 million, $7.2 million higher than budget. This was mainly due to the $6.2 million cash and receivables vested in EAMHC upon dissolution of MacGen and are discussed above. One-off claims settlement received in relation to Eraring Energy power station damage claim of $1.4m also boost the receipts.

17. 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 Residual Business Management Corporation to efficiently manage and wind-up residual matters associated with the former Pacific Power Corporation.

Staffing

Administration and accounting services are provided by staff of the NSW Treasury. The Residual Business Management Corporation had no staff of its own.

Note

The Residual Business Management Corporation was dissolved on 8 January 2015 with all assets, rights and liabilities at that date assumed by the Crown.

Residual Business Management Corporation

Financial Statements
for the period 1 July 2014 to 8 January 2015

AUDITOR-GENERAL NEW SOUTH WALES

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 8 January 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the period 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 8 January 2015, and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (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 General Manager's Responsibility for the Financial Statements

The General Manager is responsible for preparing 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 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 an 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:

- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

27 April 2015
SYDNEY

Statement by the General Manager

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 financial position, financial performance of Residual Business Management Corporation as at and for the period 1 July 2014 to 8 January 2015 ;

(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* , the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;

(c) 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 20 day April 2015.

Dominic Schuster

General Manager

Statement of Comprehensive Income
for the period 1 July 2014 to 8 January 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Expenses excluding losses			
Operating expenses			
- Employee expenses	3(a),11	-	344
- Other operating expenses	3(b)	54	182
Total expenses excluding losses		54	526
Revenue			
Investment revenue	4(a)	-	521
Other revenue	4(b)	3	-
Total revenue		3	521
Net result		**(51)**	**(5)**
Other comprehensive income			
Items that will not be reclassified to net result			
Net decrease in property surplus	9	-	(3)
Items that may be reclassified to net result			
Actuarial gains on defined benefit plans	11	-	1,852
Total other comprehensive income		**-**	**1,849**
Total comprehensive income		**(51)**	**1,844**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 8 January 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	6	-	22
Receivables	7	-	19
Non-current assets held for sale	9,10	-	10
Total current assets		**-**	**51**
Non-current assets			
Other receivables	8	-	-
Property, plant and equipment			
- Land	9,10	-	-
Total non-current assets		**-**	**-**
Total assets		**-**	**51**
Liabilities			
Current liabilities		-	-
Non-current liabilities			
Provisions - Defined benefit superannuation scheme	11	-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**-**	**-**
Net assets		**-**	**51**
Equity			
Reserves		-	-
Accumulated funds		-	51
Total equity		**-**	**51**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the period 1 July 2014 to 8 January 2015

	Notes	Accumulated Funds $'000	Asset Revaluation Reserve $'000	Total $'000
Balance at 1 July 2014		**51**	**-**	**51**
Net result for the year		(51)	-	(51)
Other comprehensive income		-	-	-
Total comprehensive income for the year		**(51)**	**-**	**(51)**
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfers	14	-	-	-
Balance at 8 January 2015		**-**	**-**	**-**
Balance at 1 July 2013		**2,426**	**623**	**3,049**
Net result for the year		(5)	-	(5)
Other comprehensive income				
Actuarial gains on defined benefit plans	11	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	14	(4,842)	-	(4,842)
Balance at 30 June 2014		**51**	**-**	**51**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the period 1 July 2014 to 8 January 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Cash flows from operating activities			
Payments			
Payments to suppliers	3(b)	(15)	(221)
Total payments		**(15)**	**(221)**
Receipts			
Sale of goods and services		-	3
Interest received		-	127
Other	4(b)	3	-
Total receipts		**3**	**130**
Net cash flows from operating activities	12	**(12)**	**(91)**
Cash flows from investing activities			
Proceeds from sale of investments		-	10,873
Net cash flows from investing activities		**-**	**10,873**
Net increase/(decrease) in cash		**(12)**	**10,782**
Opening cash and cash equivalents		22	1,004
Cash transferred out as a result of administrative restructuring	14	(10)	(11,764)
Closing cash and cash equivalents	6	**-**	**22**

The accompanying notes form part of these financial statements.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

1. Information on the Residual Business Management Corporation

Residual Business Management Corporation (RBMC) is a NSW statutory body under schedule 2 of the *Public Finance and Audit Act 1983* established on 1 July 2003 following the enactment of the *Pacific Power (Dissolution) Act 2003.* The address of RBMC is Level 27, 52 Martin Place, Sydney NSW 2000.

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

RBMC enabling legislation, the *Pacific Power (Dissolution) Act 2003*, has been repealed. The RBMC was dissolved on 8 January 2015. The *Statute Law (Miscellaneous Provisions) Act (No 2) 2014* required that on dissolution, all assets, rights and liabilities of the RBMC be transferred to the Crown.

RBMC's financial statements for the period 1 July 2014 to 8 January 2015 were authorised for issue by the General Manager on the date the accompanying Statement by the General Manager is signed.

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.

2. Summary of Significant Accounting Policies

(a) 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 are prepared on the basis that the RBMC is a discontinued operation. Therefore, 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.

(b) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include 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 2015. The reported results and position, as well as the information currently disclosed in the financial statements of the RBMC will not change on adoption of these pronouncements as they do not result in any changes to existing accounting policies.

RBMC does not intend to early adopt any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC15/03.

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 period.

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

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

2. Summary of Significant Accounting Policies (continued)

(c) Comparative information

The RBMC financial statements were prepared as at 8 January 2015, being the date that RBMC dissolved. The comparative reporting period is a twelve month period ended 30 June 2014.

(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.

(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.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

2. Summary of Significant Accounting Policies (continued)

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.

(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'.

2. Summary of Significant Accounting Policies (continued)

(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.

(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 for further disclosures regarding fair value measurements of non-financial assets.

Notes to the financial statements for the period 1 July 2014 to 8 January 2015

2. Summary of Significant Accounting Policies (continued)

(j) Dividend calculation

Dividends are calculated with reference to the TPP 14-4 Financial Distribution policy for Government Business. In 2015 no dividend was paid (2014: $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 2 (g)(iii).

(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.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

3. Expenses Excluding Losses

	2015 $'000	2014 $'000
(a) Employee related expenses		
Superannuation - defined benefit plans	-	344
	-	**344**
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	39	32
Insurance	15	46
Consultants	-	62
Other sundry costs	-	42
Total other operating expenses	**54**	**182**

4. Revenue

(a) Investment revenue		
Interest revenue	-	126
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	-	395
Total investment revenue	**-**	**521**
(b) Other revenue		
Other	3	-
Total other revenue	**3**	**-**

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

5. Income Tax Expense

	2015 $'000	2014 $'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	(51)	(5)
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax at 30%	(15)	(2)
Less:		
Tax effect of:		
Tax losses (utilised) not brought to account	15	2
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.

	2015 $'000	2014 $'000
Unused tax losses for which no deferred tax asset has been recognised	22,680	22,629
Unused capital losses for which no deferred tax asset has been recognised	1,058	1,058
	23,738	**23,687**
Potential deferred tax assets at 30% not brought to account	7,121	7,106

The deferred tax benefits disclosed above become obsolete upon the dissolution of RBMC.

6. Current Assets – Cash and Cash Equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	-	22
	-	**22**

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:

	2015 $'000	2014 $'000
Cash and cash equivalents (per Statement of Financial Position)	**-**	**22**
Closing cash and cash equivalents (per Statement of Cash Flows)	**-**	**22**

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

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

7. Current Receivables

	2015 $'000	2014 $'000
Other	-	19
	-	**19**

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

8. Other Receivables

Contract receivables	-	3,324
Less impairment	-	(3,324)
Total non-curent assets - intangibles	-	-
Movement in contract receivables		
Contract receivables carried forward	3,324	3,324
Transfer to Crown Entity	(3,324)	-
Contract receivable balance	**-**	**3,324**
Movement in the allowance for impairment		
Accumulated impairment carried forward	(3,324)	(3,324)
Transfer to Crown Entity	3,324	-
Impairment balance	**-**	**(3,324)**

RBMC was dissolved on 8 January 2015 with all assets, rights and liabilities assumed by the Crown. Prior to the transfer, RBMC has a gross royalty right receivable of at least $3,324,383.95 (2014: $3,324,383.95) from CSG Solar AG Group which is subject to credit risk exposure. These royalty rights are not past due but they are considered impaired as CSG Solar AG Group is insolvent at 8 January 2015. A claim has been made with the Liquidator. As at 30 June 2014, the gross receipt was considered as non-recoverable and was fully impaired.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

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

	2015 $'000	2014 $'000
Land at 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.

	2015 $'000	2014 $'000
Carrying amount at start of year	-	623
Transfer to assets held for sale	-	(10)
Transfer to other agencies	-	(610)
Revaluation decrements	-	(3)
Carrying amount at end of year	-	-

On 26 June 2014, the Treasurer approved the wind up of RBMC and issued a vesting order to transfer property, plant and equipment to various government agencies. Land waiting to be transferred is presented as assets held for sale. Please refer to Note 14 for equity transfer and Note 17 for additional disclosure. Fair value measurement of plant and equipment are disclosed in Note 10.

10. Fair Value Measurement of Non-Financial Assets

(a) Fair value hierarchy

2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Non-current assets held for sale - land	-	-	-	-
	-	**-**	**-**	**-**

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.

Notes to the financial statements for the period 1 July 2014 to 8 January 2015

11. Defined Benefit Superannuation Schemes

There are no unfunded defined benefit superannuation liability as at the reporting date. In accordance with the vesting order signed 26 June 2014, the unfunded defined benefit superannuation liability of $7.53 million was transferred to the Crown Finance Entity at 30 June 2014.

The following disclosures are only relevant for the comparative reporting period.

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.

Notes to the financial statements for the period 1 July 2014 to 8 January 2015

11. 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	-	-	-	-
1. Deficit/(surplus)	-	-	-	-
2. Future Service Liability (Note 2)	-	-	-	-
3. Surplus in excess of recovery available from schemes (-1.-2. And subject to a minimum of zero)	-	-	-	-
4. 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.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

11. 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	**-**	**-**	**-**	**-**

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

11. 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)**

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

11. 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.

12. Reconciliation of Cash Flows from Operating Activities to Deficit for the Year

	2015 $'000	2014 $'000
Net cash flows from operating activities	**(12)**	**(91)**
Non-cash superannuation charge in net result	-	(344)
Unrealised gain in investment	-	395
Increase in receivables and other assets	5	16
(Increase)/decrease in payables	(44)	19
Net result	(51)	(5)

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

13. Financial Instruments

RBMC has no financial instruments at the reporting date. The following disclosures are only relevant for the comparative reporting period.

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
Financial assets			
Cash and cash equivalents	6	N/A	22

(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, at 30 June 2014, RBMC has gross royalty rights receivable over time from CSG Solar AG of at least $3,324,383.95. The table below states these gross receipts at their recoverable amount discounted to present value, which is 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 30 June 2014 is set in the following table: (There were no past due balances at 30 June 2014).

Financial Instrument	Government Institutions	Australian Banks	CSG Solar AG Group	Commercial Entities	Total
	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000
(a) Financial assets					
Cash & Deposits	-	22	-	-	**22**
Receivables at amortised cost					
Royalty rights			3,324		**3,324**
Impairment			(3,324)		**(3,324)**
Net Royalty			-		**-**
Total	**-**	**22**	**-**	**-**	**22**

Cash, cash equivalents and short-term investments
Cash comprises bank balances with financial institution. Interest is earned on daily bank balances.

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 reporting date.

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

13. Financial Instruments (continued)

(c) 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.

		-1%		+1%	
Interest rate risk	**Carrying amount $'000**	**Surplus/ (Deficit) $'000**	**Equity $'000**	**Surplus/ (Deficit) $'000**	**Equity $'000**
2014					
Financial assets					
Cash and cash equivalents	22	-	-	-	-
Receivables	19	-	-	-	-

(d) Other price risk

RBMC has no material exposure to other price risk.

(e) Derivative financial instruments

During the financial year ended 30 June 2014, RBMC had no known exposure to derivatives.

14. Decrease in Net Assets from Equity Transfers

RBMC enabling legislation, the *Pacific Power (Dissolution) Act 2003*, was repealed and the Corporation was dissolved on 8 January 2015. As part of the windup of RBMC, the following are assets and liabilities were transferred through equity:

	2015 $'000	**2014 $'000**
Assets transferred out		
Cash and cash equivalents		
- Transferred to Crown	10	11,764
Land - held for sale		
- Transferred to NSW Trade and Investment	10	-
Land		
- Transferred to Macquarie Generation	-	553
- Transferred to Delta Electricity	-	25
- Transferred to Government Property NSW	-	32
Receivables		
- Transferred to Crown Entity	24	-
Total assets	**44**	**12,374**
Liabilities transferred out		
Payables		
- Transferred to Crown Entity	44	-
Provision for defined benefit superannuation liabilities		
- Transferred to Crown Entity	-	7,532
Total liabilities	**44**	**7,532**
Decrease in net assets from equity transfers	**-**	**4,842**

Notes to the financial statements
for the period 1 July 2014 to 8 January 2015

15. Events after the Reporting Period

There are no events subsequent to reporting date requiring disclosure.

End of audited Financial Statements

Ports Assets Ministerial Holding Corporation

Ports Assets Ministerial Holding Corporation

Charter

The Ports Assets Ministerial Holding Corporation (PAMHC) was established on 26 November 2012 by the *Ports Assets (Authorised Transactions) Act 2012* (the Act). This Act authorises and provides for the transfer to the private sector of the State's ports.

Objectives

The Act establishes the Ports Assets Ministerial Holding Corporation to hold ports 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 ports 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.

Staffing

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

Ports Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2015

INDEPENDENT AUDITOR'S REPORT

Ports Assets Ministerial Holding Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Ports Assets Ministerial Holding Corporation (the Corporation), which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entities. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entities as at 30 June 2015, and of their financial performance and 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Secretary of the Treasury's Responsibility for the Financial Statements

The Secretary is responsible for preparing 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 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 an 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 or the consolidated entities
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the 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 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

2 October 2015
SYDNEY

Ports Assets Ministerial Holding Corporation

Financial Statements
for the year ended 30 June 2015

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 Ports Assets Ministerial Holding Corporation's financial position as at 30 June 2015 and the financial performance for the year then ended; and

(f) 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 2015* 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.

Chi

Caralee McLiesh
Acting Secretary

30 September 2015

Ports Assets Ministerial Holding Corporation

Statement of Comprehensive Income
for the year end 30 June 2015

	Notes	Actual Consolidated 2015 $'000	Budget Consolidated 2015 $'000	Actual Consolidated 2014 $'000	Actual Parent 2015 $'000	Actual Parent 2014 $'000
Expenses excluding losses						
Operating expenses	3	30,858	31,421	20,608	25	20
Grants and subsidies	4	-	-	-	1,500	-
Total expenses excluding losses		**30,858**	**31,421**	**20,608**	**1,525**	**20**
Revenue						
Transfers to Crown Entity	5(a)	-	(5,613)	(3,580)	-	(1,914)
Sale of goods and services	5(b)	-	36,855	1,284	-	-
Investment revenue	5(c)	90	11,652	81	54	1,982
Other revenue	5(d)	42,414	-	30,162	-	-
Grants and Contributions	5(e)	-	-	2,000	-	2,000
Total Revenue		**42,504**	**42,894**	**29,947**	**54**	**2,068**
Net result		**11,646**	**11,473**	**9,339**	**(1,471)**	**2,048**
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**11,646**	**11,473**	**9,339**	**(1,471)**	**2,048**

The accompanying notes form part of these financial statements.

Ports Assets Ministerial Holding Corporation

Statement of Financial Position
as at 30 June 2015

	Notes	Actual Consolidated 2015 $'000	Budget Consolidated 2015 $'000	Actual Consolidated 2014 $'000	Actual Parent 2015 $'000	Actual Parent 2014 $'000
Assets						
Current assets						
Cash and cash equivalents	6	2,198	1,537	2,177	579	2,072
Receivables	7	133	8	-	12	-
Total current assets		**2,331**	**1,545**	**2,177**	**591**	**2,072**
Non-current assets						
Receivables	7	177,192	177,192	165,548	-	-
Investments	8	-	-	-	156,983	156,983
Total non-current assets		**177,192**	**177,192**	**165,548**	**156,983**	**156,983**
Total assets		**179,523**	**178,737**	**167,725**	**157,574**	**159,055**
Liabilities						
Current liabilities						
Payables	9	500	77	348	34	44
Total current liabilities		**500**	**77**	**348**	**34**	**44**
Total liabilities		**500**	**77**	**348**	**34**	**44**
Net assets		**179,023**	**178,660**	**167,377**	**157,540**	**159,011**
Equity						
Accumulated funds		179,023	178,660	167,377	157,540	159,011
Total equity		**179,023**	**178,660**	**167,377**	**157,540**	**159,011**

The accompanying notes form part of these financial statements.

Ports Assets Ministerial Holding Corporation

Statement of Changes in Equity
for the year ended 30 June 2015

	Consolidated Accumulated Funds 2015 $'000	Consolidated Total 2015 $'000	Parent Accumulated Funds 2015 $'000	Parent Total 2015 $'000
Balance at beginning of year	167,377	167,377	159,011	159,011
Net result for the year	11,646	11,646	(1,471)	(1,471)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**11,646**	**11,646**	**(1,471)**	**(1,471)**
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	-	-	-	-
Balance at end of year	**179,023**	**179,023**	**157,540**	**157,540**

	Consolidated Accumulated Funds 2014 $'000	Consolidated Total 2014 $'000	Parent Accumulated Funds 2014 $'000	Parent Total 2014 $'000
Balance at beginning of year	137,647	137,647	136,572	136,572
Net result for the year	9,339	9,339	2,048	2,048
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**9,339**	**9,339**	**2,048**	**2,048**
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	20,391	20,391	20,391	20,391
Balance at end of year	**167,377**	**167,377**	**159,011**	**159,011**

The accompanying notes form part of these financial statements.

Ports Assets Ministerial Holding Corporation

Statement of Cash Flows
for the year ended 30 June 2015

	Notes	Actual Consolidated 2015 $'000	Budget Consolidated 2015 $'000	Actual Consolidated 2014 $'000	Actual Parent 2015 $'000	Actual Parent 2014 $'000
Cash flows from operating activities						
Payments						
Operating expenses- Other		34,375	31,427	20,387	628	-
Grants and subsidies		-	-	-	1,500	-
Total payments		**34,375**	**31,427**	**20,387**	**2,128**	**-**
Receipts						
Sale of goods and services		-	36,855	-	-	-
Interest received		71	8	81	48	68
Other		34,325	8	24,063	587	4
Transfers to the Crown Entity		-	(5,613)	(3,580)	-	(1,914)
Grants and contributions		-	-	2,000	-	2,000
Total Receipts		**34,396**	**31,258**	**22,564**	**635**	**158**
Net cash flows from operating activities	10	21	(169)	2,177	(1,493)	158
Cash flows from investing activities						
Dividend received		-	-	-	-	1,914
Net cash flows from investing activities		-	-	-	-	1,914
Net cash flows from financing activities		**-**	**-**	**-**	**-**	**-**
Net increase/decrease in cash		**21**	**(169)**	**2,177**	**(1,493)**	**2,072**
Opening cash and cash equivalents		2,177	1,706	-	2,072	-
Closing cash and cash equivalents	6	**2,198**	**1,537**	**2,177**	**579**	**2,072**

The accompanying notes form part of these financial statements.

NOTES INDEX

1. PORTS ASSETS MINISTERIAL HOLDING CORPORATION INFORMATION

The Ports Assets Ministerial Holding Corporation (PAMHC) was created on 26 November 2012 by the *Ports Assets (Authorised Transactions) Act 2012 (the Act)*. The object of this Act is to authorise and facilitate the transfer to the private sector of the State's ports.

On 1 January 2013, the Treasurer authorised the transfer of specific assets, rights and liabilities relating to the relevant assets at Port Botany, Enfield, Cooks River and Port Kembla from Sydney Ports Corporation and Port Kembla Port Corporation to the Port Botany Lessor Pty Ltd (PBL) and Port Kembla Lessor Pty Ltd (PKL). On 31 May 2013, these Companies entered into 99-year finance leases with an external acquirer. On the same date, the ownership of these Companies was transferred from Sydney Ports Corporation and Port Kembla Port Corporation to PAMHC.

On 1 January 2014, the Treasurer authorised the transfer of specific assets, rights and liabilities relating to the relevant assets at the Port of Newcastle from Newcastle Port Corporation to Port of Newcastle Lessor Pty Limited (PNL). On the 30 May 2014, a 98-year finance lease was executed with an external acquirer and the relevant assets were derecognised by PNL. Upfront proceeds received from the acquirer were paid direct to the Restart NSW Fund, the NSW Government's priority infrastructure fund. On the same date, Newcastle Port Corporation's interest in the equity of the PNL was transferred to the PAMHC.

The functions of the PAMHC are:

- to hold ports assets acquired by it or transferred to it
- to carry on any activities or business that relate to any ports assets held by it, including demanding, collecting and receiving charges, levies, rates and fees, and
- such other functions for the purposes of an authorised transaction as may be prescribed by the regulations.

The PAMHC is a NSW government entity. The PAMHC is a not-for-profit entity. Its principal office is at 52 Martin Place, Sydney NSW 2000, Australia.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

- Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of *the Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the PAMHC (Parent Entity) as at 30 June 2015 and the results of all controlled entities for the period then ended. The PAMHC and its controlled entities, PBL, PKL and PNL (together the Ports Lessor Companies), together are referred to in these financial statements as the consolidated entity. The effects of all transactions and balances between entities in the consolidated entity are eliminated in full.

The consolidated reporting entity is consolidated as part of the NSW Total State Sector Accounts.

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. 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 and notes comply with applicable Australian Accounting Standards including Australian Accounting Interpretations.

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.

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 2015. The reported results and position, as well as the information currently disclosed in the financial statements of the entity will not change on adoption of these pronouncements as they do not result in any changes to existing accounting policies.

The PAMHC and its controlled entities have not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 15/03.

New, revised or amending standards and interpretations

The PAMHC and its controlled entities have 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 PAMHC and its controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 PAMHC and the amount is reliably measurable. The PAMHC uses the following criteria to recognise and measure income:

(i) Transfers to the Crown Entity

Transfers to the Crown Entity relates to Port Logistics Contribution (PLC) levied by the PBL and subsequently transferred to the Crown Entity. PBL had recognised the PLC revenue from 1 January 2013 to 19 September 2013 prior to entering into the Deed of Novation. This recognises the transfer of PLC revenue to the Crown Entity and is accounted for when the control of the contribution is transferred.

(ii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the assets.

PLC income is levied by the PBL to an external party (Port Botany Operations Pty Limited as trustee for the Port Botany Unit Trust) in accordance with the Port Logistics Contribution Deed and is recognised on an accrual basis. A Deed of Novation was entered on 20 September 2013 which novated the PLC income to PAMHC effective from the novation date. Until the date of novation, the PLC income is a contractual arrangement between PBL and the external party. The income earned from 1 January 2013 to 19 September 2013 is ordinary revenue of PBL and consolidated into PAMHC's result. The PLC income earned after 19 September 2013 was collected by PAMHC and treated as administered revenue as PAMHC is collecting the revenue on behalf of the Crown.

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB139 *Financial Instruments: Recognition and Measurement*.

(iv) Other revenue

Land tax and council rates incurred are recoupable from lessees under the lease contracts and are recognised on an accrual basis.

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

(v) Grants and contributions

Grants and contributions are recognised when the entity obtains control of the contribution. Control of contribution is normally obtained upon the receipt of cash.

EXPENSES

Expenses are recognised when incurred.

Land Tax is recognised as an expense in the period in which it is incurred and based on land tax assessment notices issued by Office of State Revenue.

Council rates are recognised as expenses when incurred and based on rate notices issued by the council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Grants and subsidies expenses comprise of cash contributions provided to the lessor companies. They are recognised as expense when PAMHC transfers control of the assets comprising of the contribution.

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.

Trade receivables

Trade 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.

An allowance for impairment of receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due. Financial difficulties of the debtors and default of payments are considered objective evidence of impairment. Bad debts are written off as incurred against the provision for impairment.

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases

PAMHC has no operating lease arrangements.

Finance leases

The Ports Lessor Companies are lessors in 99 and 98 year leases which are classified as finance leases as they are deemed to have transferred substantially all of the risks and rewards incidental to ownership of the leased assets to the lessee.

Finance lease accounting requires the Ports Lessor Companies to recognise finance leased assets as a receivable equal to the net investment in the lease, which is defined as the gross investment in the lease discounted at the interest rate implicit in the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Ports Lessor Companies and any unguaranteed residual value accruing to the Ports Lessor Companies. The unguaranteed residual value represents the amount the Ports Lessor Companies expect to recover from the value of the leased assets at the end of the lease term that is not guaranteed in any way by either the lessee or third parties unrelated to the Ports Lessor Companies. As all of the payments under the finance leases have been paid upfront by the successful bidders, the Ports Lessor Companies gross investment in these leases comprises only the unguaranteed residual value of the assets which will be handed back to the Ports Lessor Companies at the expiry of the lease term.

The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased assets and any initial direct costs of the Ports Lessor Companies.

The Ports Lessor Companies residual interest in the leased assets has been independently valued by external consultants as at 30 June 2013 (PBL and PKL) and 30 June 2014 (PNL) and will be regularly re-assessed at least every five years. The expected residual value will depend upon specific factors such as the nature of the asset, volatility of land values, the rate of technological change and competitive conditions.

Investments

Investments represent the PAMHC's 100 per cent interest in the shares of the Ports Lessor Companies. Investments in subsidiaries are accounted for at cost.

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.

Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the entity as a purchaser 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 expenses 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 and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY TRANSFERS

The transfer of net assets between entities as a result of an administrative restructure, transfer of programs / functions and parts thereof between NSW public sector entities 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 AASB1004 *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.

ADMINISTERED ACTIVITIES

The entity administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as the entity's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

The accrual basis of accounting and applicable accounting standards have been adopted.

The PLC and Newcastle Community Contribution (NCC) are the administered activities of PAMHC. Detail of the accounting treatment of PLC is disclosed in Note 2 under the revenue (sale of goods and services section).

The NCC is levied by PAMHC to the Newcastle Port Manager in accordance with the Newcastle Community Contribution Deed. It is a statutory charge levied to the Newcastle Port Manager in operation of the port. PAMHC is a collection agent acting on behalf of the Crown. The NCC is passed on to the Consolidated Fund upon receipt and is recognised on an accrual basis as administered revenue.

BUDGETED AMOUNTS

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Other amendments made to the budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 14.

3. OPERATING EXPENSES

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Operating Expenses				
Land tax	21,604	16,963	-	-
Audit fees - audit of financial statements	85	93	25	20
Contractors	-	10	-	-
Council rates (i)	8,201	3,467	-	-
Other	968	75	-	-
	30,858	**20,608**	**25**	**20**

(i) Council Rates

The 2013-14 council rates recognised represent council rates issued to the PBL and PKL in respect of the March and June 2014 quarter. Prior to that, the council rates were issued directly to the lessees by the councils. The council rates are fully recouped from the lessees under the lease contract.

4. GRANTS AND SUBSIDIES

Grants and subsidies (i)	-	-	1,500	-
	-	**-**	**1,500**	**-**

(i) Grants and contributions

The grants were provided by the PAMHC to the Port Lessors to cover the recurrent costs and working capital needs for current and future reporting periods. This is in accordance with the Treasurers' direction dated 26 June 2014 which provided initial $2 million of grants to the parent entity PAMHC.

5. REVENUE

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
(a) Transfers to the Crown Entity				
Transfers to the Crown Entity	-	(3,580)	-	(1,914)
	-	**(3,580)**	**-**	**(1,914)**
(b) Sale of goods and services				
Port logistics contribution income (i)	-	1,284	-	-
	-	**1,284**	**-**	**-**
(c) Investment revenue				
Interest income	90	81	54	68
Dividends	-	-	-	1,914
	90	**81**	**54**	**1,982**
(d) Other revenue				
Land tax and rates recoverable from tenants (ii)	21,604	16,940	-	-
Council rates recoverable from tenants (ii)	8,199	3,461	-	-
Finance income (iii)	11,644	9,680	-	-
Other	967	81	-	-
	42,414	**30,162**	**-**	**-**
(e) Grants and contributions				
Grants received from the Crown	-	2,000	-	2,000
	-	**2,000**	**-**	**2,000**
Total revenue	**42,504**	**29,947**	**54**	**2,068**

(i) Port logistics contribution income

The income relates to ports logistics contribution levied by the PBL to an external party (Port Botany Operations Pty Limited as trustee for the Port Botany Unit Trust) in accordance with the Port Logistics Contribution Deed up to 19 September 2013. A Deed of Novation was entered on 20 September 2013 which novated the PLC received from 20 September 2013 to PAMHC. The PLC earned by PAMHC from 20 September 2013 are administered revenue. Refer to Note 12 for details.

(ii) Land tax and council rates recoverable from tenants

This relates to NSW land tax and council rates recovered from the lessee for occupying and subleasing land held by the Ports Lessor Companies under the finance leases.

(iii) Finance income

At the date of execution of the 99 and 98 year finance leases, the Consolidated Entity recognised a finance lease receivable representing the entity's net investment in the leases. As the lease payments were received upfront, no further payments will be received by the Consolidated Entity and the residual assets will be accreted over the term of the leases as finance income.

6. CASH AND CASH EQUIVALENTS

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Cash at bank	2,198	2,177	579	2,072
	2,198	**2,177**	**579**	**2,072**

For the purpose of the Statement of Cash Flows, cash and cash equivalents represents cash at bank and on hand.

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)	**2,198**	**2,177**	**579**	**2,072**
Closing cash and cash equivalents (per Statement of Cash Flows)	**2,198**	**2,177**	**579**	**2,072**

Refer to Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. RECEIVABLES

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current				
Interest receivable	19	-	6	-
Recoupment receivable	106	-	-	-
GST receivable	8	-	6	-
	133	**-**	**12**	**-**
Non-Current				
Finance lease receivable [(i)]	177,192	165,548	-	-
	177,192	**165,548**	**-**	**-**

(i) Finance lease receivable

The Ports Lessor Companies are lessors in a 99 year finance lease covering the land and affixed property, plant and equipment at Port Kembla, Port Botany, Enfield Intermodal Logistics Centre and Cooks River Empty Container Park and 98 year finance lease covering the land and affixed property, plant and equipment at the Port of Newcastle.

Finance lease accounting requires the Ports Lessor Companies to recognise a finance lease receivable equal to the net investment in the lease. As the lease payments were received upfront, the net investment in the lease corresponds to the present value of the assets that will revert to the Ports Lessor Companies on expiry of the leases. No further payments will be received by the Ports Lessor Companies, and this residual asset will be accreted over the term of the lease period. Finance income of $11.644 million (2014: $9.680 million) was recognised in the period (refer to Note 5(d)).

The valuation has been carried out by external advisers as at 30 June 2013 for Port Botany and Port Kembla. The valuation for Port Newcastle was carried out by external advisers as at 30 June 2014. Management will regularly re-assess the carrying value in future periods, which will depend upon specific factors such as the level of improvements undertaken by the lessee, volatility of land values, the rate of technological change and competitive conditions.

The leases contain two clauses which deal with improvements made by the lessee to the existing land and fixtures, and the acquisition of additional land for port use. Any improvements made to the existing land vest in the Ports Lessor Companies immediately, and are already included in the anticipated value of the assets that will revert to the Ports Lessor Companies on expiry of the lease, as it has been assumed that a working port will be returned. In addition, acquisitions or the lease of additional land by the lessee are subject to an option which allows the Ports Lessor Companies to acquire or lease the additional land.

As an option to buy non-financial items that will not be settled net in cash, the option has been classified as an executory contract which will only be accounted for on exercise.

8. INVESTMENTS

Investment in subsidiaries	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Opening balance as at 1 June	-	-	156,983	136,592
Additions, transferred in by a vesting orders:				
Investment in Port Newcastle Lessor Pty Limited	-	-	-	20,391
Closing balance as at 30 June	**-**	**-**	**156,983**	**156,983**

9. PAYABLES

Current				
Payables and accruals	99	208	34	42
GST Payables	401	140	-	2
	500	**348**	**34**	**44**

Payables are non-interest bearing and are generally on 30 day terms.

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

Cash Flows from operating activities	**21**	**2,177**	**(1,493)**	**158**
Add back: non cash items and non-operating activities				
Finance income	11,644	9,680	-	-
Dividends from subsidiaries	-	-	-	1,914
Increase/(Decrease) in receivables	133	(2,297)	12	-
(Increase)/decrease in payables	(152)	(221)	10	(24)
Net Result	**11,646**	**9,339**	**(1,471)**	**2,048**

11. FINANCIAL INSTRUMENTS

The Corporation's principal financial instruments are cash deposits held with the NSW Treasury Banking System at Westpac Banking Corporation. These instruments expose the Corporation to interest rate risk on cash balances held and credit risk on short term receivables. These financial instruments arise from the Corporation's operations and are required to finance those operations. The Corporation does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Secretary has overall responsibility for the establishment and oversight of risk management and review policies for managing risk.

(a) Financial instrument categories

Financial instruments [i]	Note	Categories	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Financial Assets						
Cash and cash equivalents	6	N/A	2,198	2,177	579	2,072
Receivables	7	Loans and receivables at amortised cost	115	-	6	-
Financial Liabilities						
Payables	9	Financial liabilities measured at amortised cost	91	208	31	42

(i) Excludes prepayments and statutory receivables/payables which are not within the scope of AASB7 'Financial Instruments', and excludes lease receivables which only represent the unguaranteed residual value.

The Corporation's financial instruments, receivables and payables, are valued at amortised cost.

The Corporation's investments in its subsidiaries are reported as 'available for sale' as it is not held for trading. In measuring the fair value of the investments, the Corporation is exposed, through its residual interest in the lessor companies' assets leased under a 99 and 98 year finance lease, to fluctuations in the value of the relevant lands and affixed property, plant and equipment.

(b) Credit risk

Credit risk arises when there is possibility that the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash and receivables. No collateral is held by the Corporation.

Cash

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

11. FINANCIAL INSTRUMENTS (continued)

Receivables

All trade debtors are recognised as amounts receivable at balance date. The collection of receivables 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 receivables, unless otherwise agreed, is 30 days.

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

(c) 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 Corporation's exposure to market risk is primarily through interest rates on cash and cash equivalents. The Corporation does not have any exposure to foreign currency risk, does not enter into commodity contracts and does not trade derivatives.

The effect on the Corporation's net result 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, which is recommended by TCorp and 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. The Corporation's exposure to interest rate risk follows.

	Carrying amount	-1%		+1%	
		Net result	Equity	Net result	Equity
2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	2,198	(22)	(22)	22	22
2014					
Cash and cash equivalents	2,177	(22)	(22)	22	22

The Corporation has no exposure to changes in future cash flows associated with the leases, as cash consideration was received up front at the time of execution and remitted directly to the Restart NSW Fund.

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and commitment maturities. There were no defaults on payables in the current year. No assets have been pledged as collateral and the Corporation's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

Further, the Treasurer had issued a letter of comfort to PAMHC subsidiary Ports Lessor Companies stating that the State will provide financial support to enable the Ports Lessor Companies to meet its debts obligations as required from time to time.

The payables 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 Treasury Circular 11/12. If trade terms are not specified, payment is made no

11. FINANCIAL INSTRUMENTS (continued)

later than the end of the month following the month in which an invoice or a statement is received. Treasury Circular 11/12 allows the Minister to award interest for late payment. There has been no interest awarded for late payment to date.

The table below summarises the maturity profile of the PAMHC consolidated financial liabilities.

	Weighted average effective interest rate	Nominal amount	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 Year	1 - 5 Years	> 5 Years
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015								
Payables	-	91	-	-	91	91	-	-
Total financial liabilities	**-**	**91**	**-**	**-**	**91**	**91**	**-**	**-**
2014								
Payables	-	208	-	-	208	208	-	-
Total financial liabilities	**-**	**208**	**-**	**-**	**208**	**208**	**-**	**-**

The payables are non-interest bearing and the entity has no exposure to foreign currency risk.

12. ADMINISTERED ITEMS

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Administered Revenue				
Ports Logistics Contribution (i)	5,931	4,266	5,931	4,266
Newcastle Community Contribution (ii)	1,000	85	1,000	85
Total Administered Revenue	**6,931**	**4,351**	**6,931**	**4,351**

(i) Port Logistics Contribution (PLC)

The PLC is levied by Port Botany Lessor Pty Limited (a controlled entity of PAMHC) to an external party (Port Botany Operations Pty Limited as trustee for the Port Botany Unit Trust) in accordance with the Port Logistics Contribution Deed. A Deed of Novation was entered into on 20 September 2013 which novated the PLC income received with effect from 20 September 2013 to PAMHC. Income received from 20 September 2013 is treated as Administered Revenue. Port Botany Lessor Pty Limited became a controlled entity of PAMHC on 31 May 2013.

(ii) Newcastle Community Contribution (NCC)

The NCC is levied by PAMHC to the Newcastle Port Manager in accordance with the Newcastle Community Contribution Deed. It is a statutory charge levied to the Newcastle Port Manager in operation of the port. PAMHC is a collection agent acting on behalf of the Crown. The NCC is passed on to the Consolidated Fund upon receipt and is recognised on an accrual basis as administered revenue.

Administered Assets				
Receivables	1,992	1,457	1,992	1,457
Total Administered Assets	**1,992**	**1,457**	**1,992**	**1,457**

13. CONTINGENT LIABILITIES AND CONTIGENT ASSETS

Contingent Liabilities

- In entering the 99 year lease of land and fixtures at Port Kembla, Port Botany and Enfield and 98 year lease at Port of Newcastle, PAMHC through its subsidiary Port Lessor Companies, has indemnified the Port Lessees in respect of pre-existing environmental damage or contamination at relevant sites.

  PAMHC officers are not aware of any known claims under the indemnity.

- Under the transaction documents, the Ports Lessor Companies must provide limited compensation to financiers if the Ports Leases are terminated for any reason, including default / breaches of the Port Leases, insolvency of the Port Lessees or Port Managers and force majeure. The compensation payable by the Ports Lessor Companies to financiers if either Port Lease is terminated is capped at the lesser of:
  - the remaining value of the Port Lease; and
  - the debt owed to financiers “attributable” to the Port; and
  - a “debt cap” benchmarked against debt appropriate to a long term investment grade credit rating.

  At balance date, there have been no breaches of the leases or other events that could result in lease termination.

Contingent Assets

- The State has guaranteed the payment of any compensation by the Ports Lessor Companies for the above ‘transaction documents’ contingent liability.
- If any Port Lease terminates, then the Ports Lessor Companies can regain possession of the Port land and chattels which are the subject of the Port Lease and certain subleases, and the Port Lessor can deal with them subject to the terms of the transaction documents and all applicable laws. The circumstances in which the Port Lessor may terminate the Port Lease are governed by the Port Lease and other transaction documents.

- The Ports Lessor Companies hold bank guarantees from the Port Lessees to cover any environmental liability and obligations under the leases/subleases. The guarantee is available in the event that the Port Lessees breach and fail to remedy within 30 days of receiving written notice of the breach.

  At balance date, the Ports Lessor Companies have not issued any written notices for breach of the leases.
- The Treasurer has confirmed that the State will provide financial support to the Ports Lessor Companies as may be required from time to time to enable the Ports Lessor Companies to meet their debts as and when they become due and payable.

14. BUDGET REVIEW

Net result

For the year ended 30 June 2015, PAMHC's net result is $11.646 million which is in-line with the budget result and exceeded budget by $0.173 million.

Operating expense is $30.858 million and $0.563 million less than the budget. That is mainly attributable to the fact that council rate budgeted for Port of Newcastle Lessor Pty Ltd (PNL) is no longer required as the it is now billed directly by the council to the lessee. Total revenue is $0.39 million lower than the budget for the same reason.

There are mis-alignments and classification in the budget paper for the revenue items. Finance lease income was incorrectly classified as investment revenue rather than the other revenue in the budget paper, that has caused actual investment revenue being $11.562 million below the budget by comparison. Lease recoupment was incorrectly classified as revenue from sale of goods and services at budget which caused the $36.855 million variance between actual and budget, and $42.414 million for the other revenue line item. A deed of novation was entered by PAMHC and Port Botany Lessor Pty Ltd which transferred the right to the Port Logistic Contribution income to PAMHC and be treated as "administrated revenue". That has contributed to the $5.613 million variance in the "Transfers to Crown Entity" line item.

Assets and Liabilities

Total assets for the year are $179.523 million which has increased by $0.786 million compared with the budget. Cash and cash equivalents is $2.198 million, which is $0.661 million higher than the budget mainly due to timing variance in the payment and recoupment of land tax for PNL. As a result, GST of $0.40 million for the lease recoupment was withheld by PNL at 30 June 2015 and is due to be paid to Australian Taxation Office (ATO) on 21 July 2015. Budget has assumed that GST for the lease recoupment is remitted to ATO by 30 June 2015. This also caused the higher than budgeted payable of $0.423 million. Delay in the water recoupment caused the current receivable being $0.125 million higher than the budget.

Cash flows

The actual cash flows from operating activities were $0.19 million higher than budget which is in-line with the budget. Cash payments was $2.948 million higher and cash receipts was $3.138 million higher than budget mainly due to unbudgeted $3.4 million GST received and paid to ATO on recoupment of expenses received. Offsetting this was a change in operational arrangement where budgeted council rate for PNL were billed directly by the council to the lessee by passing PNL.

Cash and cash equivalents held at reporting date were $0.661 million higher than budget mainly due to timing variance where lease recoupment at PNL were conducted near year end causing GST withheld on lease recoupment being higher than budget.

15. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to reporting date requiring disclosure.

End of audited financial statements

Internal Audit and Risk Management Statement for the 2014–15 Financial Year for the State Rail Authority Residual Holding Corporation

I, Caralee McLiesh, Acting Secretary of NSW Treasury, am of the opinion that the State Rail Authority Residual Holding Corporation (SRARHC) 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 is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Peter Lucas, (April 2012 – April 2017)
- Independent Member 1, Carolyn Burlew, (September 2009 – October 2015)
- Independent Member 2, Jon Tyers, (August 2012 – October 2015)
- Independent Member 3, Garry Dinnie, (June 2013 – June 2017)

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following other departments/statutory bodies:

- Treasury
- Liability Management Ministerial Corporation (LMMC)

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

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer and Minister for Industrial Relations.

Caralee McLiesh
Acting Secretary

Date: 17 September 2015

Internal Audit and Risk Management Statement for the 2014–15 Financial Year for the Liability Management Ministerial Corporation

I, Caralee McLiesh, Acting Secretary of NSW Treasury, am of the opinion that the Liability Management Ministerial Corporation (LMMC) 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 is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Peter Lucas, (April 2012 – April 2017)
- Independent Member 1, Carolyn Burlew, (September 2009 – October 2015)
- Independent Member 2, Jon Tyers, (August 2012 – October 2015)
- Independent Member 3, Garry Dinnie, (June 2013 – June 2017)

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following other departments/statutory bodies:

- Treasury
- State Rail Authority Residual Holding Corporation (SRARHC)

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

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer and Minister for Industrial Relations.

Caralee McLiesh
Acting Secretary

Date: 17 September 2015

www.treasury.nsw.gov.au