Annual Report and Financial Report

of the

Residual Business Management Corporation

For the Year Ended

30 June 2013

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RESIDUAL BUSINESS MANAGEMENT CORPORATION

THE 2013 FINANCIAL YEAR IN REVIEW

Financial Summary

Residual Business Management Corporation (RBMC) is a NSW State-owned statutory corporation. During the 30 June 2013 financial year Residual Business Management Corporation was the only entity left in what was previously the Residual Business Management Group (the Group).

The RBMC result for the financial year ended 30 June 2013 was a profit of $4,047,701.43 (2012: a loss of $10,366,115.25).

RBMC's worth, at 30 June 2013 was a surplus of $4,360,107.45 (2012: surplus of $312,406.02).

RBMC's financial position has improved in the past financial year due to actuarial forecasts regarding the present value of the future defined benefit superannuation fund liabilities. Due to the high level of current cash and investment reserves, accounting for RBMC on a going concern basis is appropriate.

Reserves

RBMC previously maintained high levels of cash and investment reserves because its residual business activities were both risky and complex.

It is expected that in the 2014 financial year cash reserves will be reduced through the payment of a dividend to NSW Treasury (contingent upon the value of superannuation liabilities).

No material matter has arisen since the end of the financial year that would have a significant effect on the succeeding financial year.

Background to and Responsibilities of Residual Business Management Corporation

Under the Pacific Power (Dissolution) Act 2003 ('the Act'), Pacific Power was dissolved on 1 July 2003. RBMC was constituted and assumed the assets, rights and responsibilities of Pacific Power. This represented an ongoing chapter in the energy reform process that commenced in 1994 with the demerger of Pacific Power's generation and transmission businesses into newly formed State-Owned Corporations.

RBMC is a statutory corporation managed by a general manager with accountability to the NSW State Treasurer. The objectives of the Corporation are to:

- Manage its assets, rights and liabilities effectively and responsibly;
- Operate at least as efficiently as any comparable business;
- Minimise the risk exposure of the State arising from its activities; and
- Achieve efficient and timely winding up of residual business activities.

Under the Act, employees of Pacific Power at the time of its restructure became employees of RBMC, retaining their existing terms and conditions of employment and other entitlements, including superannuation and all leave entitlements.

RBMC will continue to deal with the residual assets and liabilities of the former Pacific Power corporation in order to manage an orderly wind-up of residual matters and ensure that any obligations of a continuing nature are dealt with appropriately.

THE 2013 FINANCIAL YEAR IN REVIEW (Continued)

Since 1 August 2012 NSW Treasury has been transferring RBMC management roles to NSW Treasury officials. Effective 1 July 2013 all governance and accounting functions had been transferred to NSW Treasury.

At 30 June 2013, and for the prior year, RBMC had only one direct employee, that being the General Manager. RBMC previously relied upon a specialist team of consultants that had experience in operating the residual business activities of the Group. At the present time all management of RBMC has been moved back NSW Treasury.

RESIDUAL BUSINESS MANAGEMENT CORPORATION

STATUTORY INFORMATION 2013

This 2013 Annual Report reflects RBMC's current function, that being the management of residual matters from Pacific Power's businesses and investments.

PRINCIPAL OFFICE

Residual Business Management Corporation
C/- NSW Treasury
L27 Governor Macquarie Tower
Sydney NSW 2000
Telephone: 02 9228 4567
Email: contact@treasury.nsw.gov.au

Investment in Pacific Solar Pty Limited

On the demerger of Pacific Power, RBMC also became the parent entity of a majority controlled subsidiary company, Pacific Solar Pty Limited. During the previous financial year (2012), the Pacific Solar Board, with the approval of all shareholders including RBMC, resolved to buy back the shares held by the minority shareholders of the subsidiary company. The buy-back process was completed on 24 February 2012 and Pacific Solar then became a fully owned subsidiary of RBMC. Pacific Solar was then wound up and deregistered as a solvent entity on 9 May 2012.

CODE OF CONDUCT

Pacific Power's Code of Conduct is still in place and the Code is still considered to be appropriate in its current form.

CONSULTANT FEES

During the financial year ended 30 June 2013 RBMC did not incur consultant expenses, compared with $31,380.06 in 2012.

CONSUMER RESPONSE

Former subsidiary companies of RBMC interfaced with the community, mainly through general business dealings and warranty services. RBMC 'put the customer first' and insisted on ethical behaviour when dealing with consumers, service providers and the community.

CORPORATE STRUCTURE

All RBMC governance power vests with its *General Manager*, Mr Dominic Schuster. Under the Act he is responsible to the NSW State Treasurer and as applicable, the nominated Minister. Mr Schuster was appointed by NSW Treasury on 1 September 2012 to replace the former General Manager. The *General Manager's* role and duties are defined in the Act.

The *General Manager* was previously supported by Mr Mark Guest as the RBMC *Corporation Secretary & Comptroller.*

CREDIT CARD USAGE

RBMC had no corporate credit cards on issue during the current or prior year.

STATUTORY INFORMATION 2013 (continued)

DISABILITY REPORT AND WORKFORCE DIVERSITY

RBMC is committed to the principles of consultation, equity and diversity. At 30 June 2013 RBMC has one direct employee, its General Manager, who is a full time employee of NSW Treasury.

ENERGY MANAGEMENT PROGRAM

RBMC has reduced its electricity consumption through the efficient conduct of its operations. Until 30 June 2013 the head office was a shared arrangement located in the energy sustainable suburb of Newington, near Sydney Olympic Park.

On 1 July 2013 the head office was moved to the Sydney City location of NSW Treasury.

FRAUD AND CORRUPTION PREVENTION

Throughout the financial year RBMC continued its strong commitment to fraud and corruption prevention through maintaining strong corporate governance and the segregation of key duties. No reports of suspected corruption, maladministration and serious and substantial waste were received during the year and the results of the annual internal audit were favourable.

GOVERNMENT INFORMATION (PUBLIC ACCESS) STATEMENT

RBMC did not process any formal Government Information (Public Access) applications during the period 1 July 2012 to 30 June 2013, but a number of former employees and contractors regularly seek clarification of past Pacific Power matters.

The organisation's compliance with the Government Information (Public Access) Act 2009 did not raise any major issues during the reporting period.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

There were no funds granted during the period 1 July 2012 to 30 June 2013 or during the prior year.

INTERNET DETAILS

RBMC's website is located at www.pacificpower.nsw.gov.au.

MINISTER

RBMC is a special purpose corporation that reports to and is ultimately controlled by the NSW Treasurer under the relevant Energy Minister's delegation.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

For the five year period ended 30 June 2013 there were no lost time injuries.

STATUTORY INFORMATION 2013 (continued)

ENVIRONMENTAL REGULATION AND RECYCLING PERFORMANCE

RBMC's corporate environmental policy, goals, objectives and targets, and the associated management program, are aligned with community expectations.

RBMC has not been the subject of prosecution in respect of its performance under any regulations during the reporting period and no prosecutions are known to be pending. RBMC is committed to responsible waste management and recycles toner cartridges and all waste paper-based materials.

PERFORMANCE STATEMENTS

During the period to 30 June 2013 the current General Manager received no remuneration from RBMC.

PRIVACY AND PERSONAL INFORMATION

RBMC's processes for managing staff information meet the principles of the Privacy and Personal Information *Act* 1998.

RBMC controls personal information relating to former employees of Pacific Power. This information is stored under appropriate arrangements in the NSW Government Records Repository. Individuals are provided with access to information relating to them without excessive delay or expense through requests made to the General Manager.

PROGRAM EVALUATION RESULTS

Business Plans and Performance Processes are in place and are used to measure results against overall strategic objectives.

RISK MANAGEMENT AND INSURANCE

Insurable risks are covered by a program of self-retained risk and external insurance with the NSW Government's insurance provider. Risk management is the responsibility of the RBMC General Manager.

SENIOR EXECUTIVE SERVICE, STAFF NUMBERS AND SUPERANNUATION

RBMC has one remaining direct employee that being the General Manager. RBMC did not employ any personnel at or above an Executive Officer Grade 5.

At 30 June 2013 RBMC was responsible for the superannuation obligations of 44 (2012: 46) former employees. The gross calculated defined benefit superannuation liability, with respect of these former employees at 30 June 2013 was $30.9M (2012: $32.5M). Superannuation funds invested to cover this liability amounted to $23.2M at 30 June 2013 (2012: $20.9M).

TIME FOR PAYMENT OF ACCOUNTS

RBMC seeks to pay all undisputed accounts on time. During the financial year ending 30 June 2013 and prior, all accounts properly received were paid in a timely manner. No interest was paid or is payable as a result of late payments by RBMC.

STATUTORY INFORMATION 2013 (continued)

THE COMMUNITY RELATIONS COMMISSION AND PRINCIPLES OF MULTICULTURALISM STATEMENTS

RBMC exists as a special purpose risk management entity whose operations are subject to legislative restrictions. Our primary purpose is to manage the residual assets, liabilities and risks arising as part of the NSW Government's energy reform processes that have not been transferred to other State Corporations.

Our Corporation understands and is strongly committed to supporting the NSW Government's legislated principles of multiculturalism.

End of the statutory report.

RESIDUAL BUSINESS MANAGEMENT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent Entity 2013 $'000	Parent Entity 2012 $'000
Continuing operations					
Sale of goods		-	15	-	-
Revenue		-	15	-	-
Cost of sales		-	(29)	-	-
Gross profit		-	(14)	-	-
Other revenue	2(a)	**646**	628	**646**	1,259
Other income	2(b)	**768**	813	**768**	823
Depreciation and amortisation	3(a)	-	(9)	-	-
Occupancy expenses	3(b)	**(4)**	(23)	**(4)**	-
Administrative expenses	3(c)	**(263)**	(535)	**(263)**	(347)
Other expenses	3(d)	**(120)**	(31)	**(120)**	(760)
Net (loss)/gain on sale of investments		**(56)**	(159)	**(56)**	(159)
Profit from continuing operations before income tax		**971**	670	**971**	816
Income tax expense	4(a)	-	-	-	-
Profit from continuing operations after income tax		**971**	670	**971**	816
Net profit for the year		**971**	670	**971**	816
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) on defined benefit plans	21(b)	**3,077**	(11,036)	**3,077**	(11,036)
Other comprehensive income/(loss)for the year		**3,077**	(11,036)	**3,077**	(11,036)
Total comprehensive income/(loss) for the year		**4,048**	(10,366)	**4,048**	(10,220)
Profit/(Loss) for the year is attributed to:					
Non-controlling interest		-	(146)	-	-
Owners of the parent		**971**	816	**971**	816
		971	670	**971**	816
Total comprehensive income/(loss) for the year is attributed to:					
Non-controlling interest		-	(146)	-	-
Owners of the parent		**4,048**	(10,220)	**4,048**	(10,220)
		4,048	(10,366)	**4,048**	(10,220)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

RESIDUAL BUSINESS MANAGEMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent Entity 2013 $'000	Parent Entity 2012 $'000
Current assets					
Cash and cash equivalents	5	**1,004**	1,041	**1,004**	1,041
Financial assets	6	**10,479**	10,240	**10,479**	10,240
Trade and other receivables	7	**3**	26	**3**	26
Total current assets		**11,486**	11,307	**11,486**	11,307
Non-current assets					
Other receivables	8	-	-	-	-
Property, plant and equipment	9	**623**	623	**623**	623
Total non–current assets		**623**	623	**623**	623
Total assets		**12,109**	11,930	**12,109**	11,930
Current liabilities					
Trade and other payables	10	**19**	43	**19**	43
Total current liabilities		**19**	43	**19**	43
Non-current liabilities					
Provisions	11	**7,730**	11,575	**7,730**	11,575
Total non-current liabilities		**7,730**	11,575	**7,730**	11,575
Total liabilities		**7,749**	11,618	**7,749**	11,618
Net assets		**4,360**	312	**4,360**	312
Equity					
Asset revaluation reserve	9(b)	**623**	623	**623**	623
Retained earnings/(losses)		**3,737**	(311)	**3,737**	(311)
Total equity		**4,360**	312	**4,360**	312

The statement of financial position is to be read in conjunction with the notes to the financial statements.

RESIDUAL BUSINESS MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Consolidated 2013	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
At 1 July 2012	**623**	**(311)**	**312**	-	**312**
Profit for the period	-	971	971	-	971
Other comprehensive income	-	3,077	3,077	-	3,077
Total comprehensive income		**4,048**	**4,048**	-	**4,048**
Transactions with owners in their capacity as owners:					
Dividend paid	-	-	-	-	-
Share buy-back	-	-	-	-	-
At 30 June 2013	**623**	**3,737**	**4,360**	-	**4,360**

Consolidated 2012	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
At 1 July 2011	**623**	**11,909**	**12,532**	**528**	**13,060**
Profit for the period	-	816	816	(146)	670
Other comprehensive loss	-	(11,036)	(11,036)	-	(11,036)
Total comprehensive loss		**(10,220)**	**(10,220)**	**(146)**	**(10,366)**
Transactions with owners in their capacity as owners:					
Dividend paid	-	(2,000)	(2,000)	-	(2,000)
Share buy-back	-	-	-	(382)	(382)
At 30 June 2012	**623**	**(311)**	**312**	-	**312**

Parent 2013	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000		Total $'000
At 1 July 2012	**623**	**(311)**	**312**	-	**312**
Profit for the period	-	971	971	-	971
Other comprehensive income	-	3,077	3,077	-	3,077
Total comprehensive income	-	**4,048**	**4,048**	-	**4,048**
Dividend paid	-	-	-	-	-
At 30 June 2013	**623**	**3,737**	**4,360**	-	**4,360**

Parent 2012	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000		Total $'000
At 1 July 2011	**623**	**11,909**	**12,532**	-	**12,532**
Profit for the period	-	816	816	-	816
Other comprehensive loss	-	(11,036)	(11,036)	-	(11,036)
Total comprehensive loss	-	**(10,220)**	**(10,220)**	-	**(10,220)**
Dividend paid	-	(2,000)	(2,000)	-	(2,000)
At 30 June 2012	**623**	**(311)**	**312**	-	**312**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

RESIDUAL BUSINESS MANAGEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $'000 Inflows/ (Outflows)	Consolidated 2012 $'000 Inflows/ (Outflows)	Parent Entity 2013 $'000 Inflows/ (Outflows)	Parent Entity 2012 $'000 Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		**12**	69	**12**	24
Payments to suppliers and employees		**(303)**	(626)	**(303)**	(325)
Interest & distributions received		**660**	653	**660**	573
Net cash inflow from operating activities	12(a)	**369**	96	**369**	272
Cash flows from investing activities					
Dividends received		-	-	-	670
Investments acquired		**(606)**	(773)	**(606)**	(805)
Investments redeemed		**200**	2,600	**200**	2,550
Proceeds from disposal of investments		-	-	-	265
Net cash inflow/(outflow) from investing activities		**(406)**	1,827	**(406)**	2,680
Cash flows from financing activities					
Dividends paid		-	(2,000)	-	(2,000)
Share buy-back (paid to minorities)		-	(382)	-	-
Net cash outflow from financing activities		-	(2,382)	-	(2,000)
Net increase/(decrease) in cash and cash equivalents held		**(37)**	(459)	**(37)**	952
Cash and cash equivalents at the beginning of the financial year		**1,041**	1,500	**1,041**	89
Cash and cash equivalents at the end of the year	12(b)	**1,004**	1,041	**1,004**	1,041

The statement of cash flows is to be read in conjunction with the notes to the financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Residual Business Management Corporation (RBMC) is a statutory body constituted under the Pacific Power (Dissolution) Act 2003 and domiciled in Australia. The financial statements for the year ended 30 June 2013 were authorised for issue by the General Manager on the date the accompanying Statement by the General Manager was signed.

Basis of preparation

The financial statements are general purpose financial statements, which 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 and
- Treasurer's Directions.

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments held for trading. Any non-current assets which are held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

Basis of consolidation

2012-13
For the financial year ended 30 June 2012 RBMC was the parent company of a consolidated Group. The last subsidiary of RBMC, Pacific Solar Pty Limited, was wound-up and deregistered on 9 May 2012 and so from that date, RBMC became a single entity. 2013 Consolidated figures are shown for comparative purposes only.

2011-12
For the financial year ended 30 June 2012, defined subsidiaries were those entities over which RBMC had the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible were considered when assessing whether a group controls another entity.

In the process of preparing consolidated statements for RBMC, all transactions and balances between consolidated entities are eliminated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Investments in subsidiaries held by RBMC were accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries were recorded as a component of other revenues in the separate income statement of the parent entity, and did not impact the recorded cost of the investment. Upon the receipt of dividend payments from subsidiaries, the parent assessed whether any indicators of impairment of the carrying value of the investment in the subsidiary existed. Where such indicators existed, to the extent that the carrying value of the investment exceeded its recoverable amount, an impairment loss was recognised as a net fair value loss on an available-for-sale financial asset in the comprehensive income section of the statement of comprehensive income.

The acquisition of subsidiaries was accounted for using the acquisition method of accounting. The acquisition method of accounting involved recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed were measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) was goodwill or a discount on acquisition.

Statement of compliance

The financial statements and notes comply with 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.

Statement of compliance

New standards and interpretations not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013. With the exception of AASB 119 *Employee Benefits*, it is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

The main changes to due to the amendment to AASB 119, applicable from 2013-14, are:

- the interest income component will replace the expected return on assets. Interest income is calculated using a different discount rate to expected return on assets, which will lead to an increase to the expense reported in the Statement of Comprehensive Income
- the standard does not allow investment credits to be netted off against the superannuation contributions tax. This will change the calculation of the defined benefit liability presented in the Statement of Financial Position. As a result, the defined benefit liability and the expense to the defined benefit cost will increase.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of compliance (continued)

The estimated financial impact of changes to AASB 119 will be an increase to employee related expenses of $1.2 million, the offsetting reduction is to other comprehensive income. Total defined benefit superannuation liabilities will increase by $1.3 million.

RBMC has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSWTC 13/03.

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

Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to RBMC and the revenue can be reliably measured. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met. Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax and rebates. Revenue and expenses are recognised for the major business activities as follows:

Interest revenue

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

Unrealised gains or losses

Unrealised gains or losses on the Hour-Glass investment Facilities are recognised through the profit or loss to reflect the current fair value of the investment. Those unrealised gains will be deducted from other comprehensive income in the period in which the realised gains / losses are recognised in the statement of comprehensive income.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is recognised to the extent that it is probable that future taxable 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 a 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. 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.

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.

Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses. Impairment charges are brought to account as described in Note 1(Impairment).

Cash and cash equivalents

For purposes of the Statement of Cash Flows, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Acquisitions of assets

Items of plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition and, where relevant, the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. After initial recognition, the plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Any individual items that have a fair value of less than $500 are expensed during the year in which the expenditure is incurred. Items of property, plant and equipment are depreciated and amortised as described in Note 1(Depreciation of property, plant and equipment). All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment

Depreciation is charged to the Statement of Comprehensive Income on a 'straight-line' basis over the estimated useful life of each part of an item of property, plant and equipment, taking into account estimated residual values. Assets are depreciated or amortised from the date of acquisition.

The residual values and useful lives of the assets are reviewed, and the depreciation and amortisation rates and methods adjusted if appropriate, on an annual basis. When these changes are made the adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset (in both the current and prior year) are as follows:

Asset class	Rate	Method
Plant and equipment	20%	Straight-line

Sale of non-current assets

Non-current assets sold during the year

In the course of its continuing activities, other transactions (including the sale of non-current assets such as investments and operating assets) may be undertaken that are incidental to the main revenue generating activities of RBMC. The results of such transactions are presented by netting the sale proceeds on disposal less selling cost and the carrying value of the asset at the date control of the asset passes to the buyer.

Impairment

RBMC assesses asset impairment at each reporting date by evaluating conditions specific to RBMC that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No additional impairment with respect of RBMC's intangible and contract receivable assets has been recognised in the financial year ending 30 June 2013 (2012: $Nil).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the pre-tax rate that reflects the current market assessment of the time value of money). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of a receivable carried at recoverable amount is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to RBMC prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Intangibles

Prior to the current year, RBMC had assessed its acquired non –'thin film' intellectual property to be impaired so a full impairment provision had been recognised. RBMC has reviewed the recoverability of its royalty receivable right from CSG Solar AG. The continued insolvency of this German company, that acquired the Corporation's 'thin film' intellectual property, has meant the termination of the Corporation's rights in relation to this intellectual property. RBMC is awaiting the liquidation distribution but the General Manager is expecting no material return.

Investments

The Hour-Glass Investment Facilities are recognised at fair value through profit or loss using the second leg of the fair value option. The unrealised movement in the fair value of the Hour-Glass Investment Facilities is reported in the line item 'Other income'.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend calculation

Dividends are calculated with reference to the Treasury Policy and Guideline Paper TPP 09-06 "Financial Distribution Policy for Government Businesses". In 2013 no dividend was paid (2012: $2,000,000.00).

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.

Superannuation defined benefits

The superannuation defined benefit obligation recognised in the statement represents the present value of the defined benefit obligation, and as reduced by the fair value of plan assets. RBMC recognises the net deficiency in its defined benefit superannuation funds. Actuarial gains or losses are recognised in other comprehensive income in the period in which they occur.

Property

RBMC's property accounting policy is to only recognise land that it both owns and controls. The fair value of RBMC's property is established at the end of each financial year based on the best information then available. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use, which is a use that is physically possible, legally permissible and financially feasible. Revaluation increments are credited directly to asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that asset previously recognised as an expense in the profit or loss, the increment is recognised immediately as revenue in the profit or loss. Revaluation decrements are recognised immediately as expenses in the profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the asset, they are debited directly to the asset revaluation reserve.

The fair value of RBMC's properties were provided by NSW Land and Property Information – Valuation Services. The date of the most recent valuation occurred on 30 June 2012.

NOTE 2 – OTHER REVENUE AND INCOME

		Consolidated		Parent Entity	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
(a) Other revenue					
Interest received or receivable [1]		**646**	628	**646**	589
Dividend from controlled entity		**-**	-	**-**	670
Total other revenue		**646**	628	**646**	1,259
(b) Other income					
Revaluation gain on T Corp units		**-**	151	**-**	151
Reimbursements		**-**	-	**-**	10
Superannuation gain on defined benefit schemes[2]	21(b)	**768**	662	**768**	662
Total other income		**768**	813	**768**	823

[1] Interest revenue relates to investments with the TCorp Hourglass facilities and cash with banks.

[2] Excludes superannuation actuarial gains of $3,076,586 (2012: losses of $11,035,456) included in other comprehensive income. (Refer notes 21 and 22).

NOTE 3 – EXPENSES

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(a) Depreciation and amortisation	-	9	-	-
(b) Occupancy expenses				
Operating lease rental expense	**4**	23	**4**	-
(c) Administrative expenses				
Auditors' remuneration	**43**	88	**43**	65
Directors' remuneration	**30**	123	**30**	82
Document storage	-	1	-	1
Insurance premiums	**53**	77	**53**	58
Business Manager	**118**	170	**118**	101
Travel	**1**	1	**1**	1
Other sundry costs	**18**	75	**18**	39
Total administrative expenses	**263**	535	**263**	347
(d) Other expenses				
Revaluation loss on T Corp units	**112**	-	**112**	-
Impairment loss of subsidiary	-	-	-	760
Legacy costs	**8**	31	**8**	-
Total other expense	**120**	31	**120**	760

NOTE 4 – INCOME TAX EXPENSE

As a Statutory Body prescribed in the Public Finance and Audit Act 1983, RBMC is required to pay income tax equivalents to NSW Treasury.

	Consolidated 2013	Consolidated 2012	Parent Entity 2013	Parent Entity 2012
(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Operating profit/(loss) before income tax	**971**	670	**971**	816
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2012: 30%)				
Economic entity	**291**	201	**291**	-
Parent entity	-	-	-	245
Add: Tax effect of non-deductible sundry items	-	1	-	-
Less: Tax effect of tax losses (utilised) not brought to account	**(291)**	(202)	**(291)**	(245)
Income tax expense equivalent	-	-	-	-

NOTE 4 – INCOME TAX EXPENSE (continued)

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000

Deferred tax assets not brought to account

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

Unused tax losses for which no deferred tax asset has been recognised	**22,199**	23,170	**22,199**	23,170
Unused capital losses for which no deferred tax asset has been recognised	**1,058**	1,058	**1,058**	1,058
	23,257	24,228	**23,257**	24,228
Potential deferred tax assets at 30% not brought to account	**6,977**	7,268	**6,977**	7,268

NOTE 5 - CURRENT ASSETS – CASH

Cash at bank	**1,004**	1,041	**1,004**	1,041
Total cash & cash equivalents	**1,004**	1,041	**1,004**	1,041

For reconciliation of cash and cash equivalents to the Statement of Cash Flows, refer to Note 12 (b).

NOTE 6 - CURRENT ASSETS – FINANCIAL ASSETS

TCorp Hour-Glass cash facilities	**10,479**	10,240	**10,479**	10,240
Total financial assets	**10,479**	10,240	**10,479**	10,240

NOTE 7 - CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Other debtors	**1**	10	**1**	10
Interest receivable	**2**	16	**2**	16
Total trade and other receivables	**3**	26	**3**	26

NOTE 8 - OTHER RECEIVABLES

Contract receivables	**3,324**	3,324	**3,324**	3,324
Less impairment	**(3,324)**	(3,324)	**(3,324)**	(3,324)
Total other receivables	**-**	-	**-**	-

Movement in the allowance for impairment

Accumulated impairment carried forward	**(3,324)**	(8,407)	**(3,324)**	(3,324)
Acc. impairment written-back/(booked)	**-**	5,083	**-**	-
Impairment balance 30 June	**(3,324)**	(3,324)	**(3,324)**	(3,324)

NOTE 9 – NON-CURRENT ASSERTS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Land at fair value	**623**	623	**623**	623
a) Reconciliation of written down value of asset classes				
Non-current				
Land at fair value	**623**	623	**623**	623
Additions	-	-	-	-
Disposals	-	-	-	-
Total	**623**	623	**623**	623

NOTE 10 - PAYABLES

Current				
Trade creditors	**7**	25	**7**	25
Other creditors and accruals	**12**	18	**12**	18
Total current payables	**19**	43	**19**	43

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are settled on 30 day terms.
(ii) Sundry creditors are non-interest bearing and normally settled on 30 day terms.
(iii) Details of the terms and condition of the related party payable are set out in Note 16.

NOTE 11 - PROVISION

Non-current				
Superannuation net liability (Note 21)	**7,730**	11,575	**7.730**	11,575
Total provisions	**7,730**	11,575	**7,730**	11,575

NOTE 12 - CASH FLOW INFORMATION

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(a) Reconciliation of profit for the year after tax to net cash flows from operating activities				
Profit after income tax	**971**	670	**971**	816
Non-cash items				
Loss on investments	**168**	8	**168**	8
Depreciation of non – current assets	**-**	9	**-**	-
Gains on superannuation defined benefit schemes	**(768)**	(662)	**(768)**	(662)
Investment activity transactions				
Dividends from investments	**-**	-	**-**	(670)
Changes in assets and liabilities				
Increase/(decrease) in trade and other debtors	**8**	(3)	**8**	(7)
Increase in financial assets	**-**	-	**-**	760
Increase in inventory	**-**	12	**-**	-
Increase/(decrease) in other assets	**14**	33	**14**	(16)
(Increase)/decrease in other creditors	**(7)**	14	**(7)**	18
(Increase)/decrease in creditors	**(17)**	15	**(17)**	25
Net cash flow from operating activities	**369**	96	**369**	272
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents	**1,004**	1,041	**1,004**	1,041
Balance as per Statement of Cash Flows	**1,004**	1,041	**1,004**	1,041

(c) Acquisitions and disposal of entities

On the 9 May 2012 RBMC disposed of Pacific Solar Pty Limited. It was deregistered on 9 May 2012. RBMC acquired the remaining assets of Pacific Solar Pty Limited, being intellectual property. There were no other acquisitions or disposal of entities during the year ended 30 June 2013.

(d) Financing Arrangements

RBMC had no external financing arrangements for the year ended 30 June 2013 and 30 June 2012.

NOTE 13 - COMMITMENTS FOR LEASE EXPENDITURE

At 30 June 2013 there are no lease commitments (2012: $2,232).

NOTE 14 - CONTINGENT LIABILITIES

There have been a number of long-past legal actions taken against RBMC, which were defended. The actions appear to have ceased without recent cost or exposure to RBMC. However, it is prudent to advise that future legal costs, and if applicable settlement, will be less than $50,000 in the unlikely event that the actions are re-instigated and lost.

NOTE 15 – CONTINGENT ASSETS

On 21 January 2013 the liquidators of HIH Australia advised that RBMC had established a final insurance scheme claim of $38,704.38 payable to RBMC from any recovered reserves of HIH Australia. The recovery will be recognised as income when it is virtually certain that the recovery will be received.

NOTE 16 - RELATED PARTY DISCLOSURES

Directors

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

Residual Business Management Corporation

Dominic Schuster – General Manger (equivalent to a Managing Director) – Appointed 1 Sept. 2012
Andrew d'Apice – Former General Manger– Ceased 31 August 2012
Mark Guest – Secretary & Comptroller – Ceased 30 June 2013

Transactions with related parties

All related party transactions were unsecured and based on normal terms and conditions.

Other Entities

During the year RBMC paid remuneration to a registered Chartered Accountancy company directed and ultimately owned by Mark Guest of $117,975.48 (2012: $184,987.61). This fee represents market rate remuneration for the services of Mark Guest, three part-time tertiary qualified staff and the supply of the Corporation's registered office. As part of the Pacific Solar wind-up, RBMC agreed by resolution that it would assume responsibility for the contract entitlements of Mark Guest's Firm. The Pacific Solar contract entitlements expired on 6 September 2012. Mr Guest's Firm continued to work on specific Pacific Solar related matters until mid-August 2012 and incidental matters until the date of the signing of this report.

By 9 May 2012 RBMC's former subsidiary Pacific Solar Pty Limited had been wound-up and deregistered as a solvent entity. Prior to the deregistration the realisable assets of the former substantial loss making subsidiary had been distributed to the shareholders of Pacific Solar including RBMC. On 5 March 2012 the residual warranty stock, obsolete equipment and remaining warranty business was sold by RBMC, at arms-length, to a client of Mr Guest's Firm. Part of the consideration was the servicing, at the acquirers cost, of any new warranty claims that arose for a period of twelve-months after the date of sale. By 5 March 2013 the business acquisition had successfully completed without dispute. At the date of the signing of this report, the acquiring company has paid Mr Guest and his Firm a total of $545.45 in accounting and tax agent fees. These amounts were paid for professional accounting services at market rates.

NOTE 17 - KEY MANAGEMENT PERSONNEL COMPENSATION

Consolidated	**2013**	2012
	$	$
Short-term benefits – RBMC	**147,920**	182,222
Short-term benefits – Pacific Solar Pty Limited	**-**	119,843
Termination benefits	**-**	-
Total key management personnel compensation	**147,920**	302,065

Parent entity

Short-term benefits	**147,920**	182,222
All other long term, termination or post-employment benefits	**-**	-
	147,920	182,222

In addition a benefit less than $200 (2012: $250) in credit card reward points was derived via the use of personal credit cards to make corporate payments on a normal executive use basis.

NOTE 18 - REMUNERATION OF GENERAL MANAGERS

	Consolidated		**Parent Entity**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Income paid or payable, or otherwise made available, to the General Managers by members of the Corporation and related parties in connection with the management of RBMC	**29,944**	122,636	**29,944**	81,698
The number of General Managers whose income from members of RBMC and related parties was within the following bands.	**Number**	Number	**Number**	Number
$0 - $9,999	**1**	3	**1**	-
$20,000 - $29,999	**1**	-	**1**	-
$60,000 – $69,999	**-**	2	**-**	1

In addition, at the consolidated level, benefits less than $200 (2012: $250) in credit card reward points was derived via the use of a personal credit card to make corporate payments on a normal executive use basis.

No share options were or are held directly or indirectly by the Directors during the period or at balance date or during the prior year.

NOTE 19 - AUDITOR'S REMUNERATION

	Consolidated		Parent Entity	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Amounts paid to, or due and payable to, the Auditor General of NSW for:				
- audit of the financial report of the entity and all other entities in the Group	**43**	88	**43**	65
- other services in relation to the entity and all other entities in the Group	**-**	-	**-**	-

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

RBMC's principal financial instruments comprise receivables, payables, investments, cash and term deposits. These financial instruments arise directly from the RBMC's operations or are required to finance RBMC's activities. The RBMC does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes.

(a) Risk exposures and responses

RBMC's main risks arising from financial instruments are outlined below, together with RBMC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

RBMC's General Manager has overall responsibility for the establishment and oversight of risk management, and he reviews and agrees policies for the management of risk. Risk management policies are established to identify and analyse the risks faced by RBMC and to set risk limits and controls to monitor the risks. Compliance with policies is reviewed by the General Manager on a continuous basis.

(b) Financial instrument risk defined

The main financial instrument risks that RBMC could be exposed to through its financial instruments are as follows:

Interest Rate Risk

RBMC is exposed to fluctuations in interest rates to the extent of the level of its invested cash.

Credit Risk

The exposure to credit risk, excluding the value of any collateral or other security held, is the carrying amount of any provisions for impairment of RBMC's recognised financial assets, as is disclosed in the Statement of Financial Position and notes to these financial statements.

Liquidity Risk

RBMC manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained to fund creditor obligations.

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign Currency Risk

RBMC may be exposed to fluctuations in foreign currencies with respect of royalty rights receivable.

Price Risk

RBMC is not currently exposed to any material commodity price risk.

Sections (e) to (i) of this note considers in detail those risk areas relevant to RBMC.

(c) Financial instrument categories

Financial Instrument Class	Table A		Total	
	Note	Category	2013 $'000	2012 $'000
(a) Financial assets				
Cash and deposits	5	Cash	1,004	1,041
Investments (at call)	6	Financial assets designated at fair value through profit or loss	10,479	10,240
Other receivables	7	Other receivables (at amortised cost)	3	26
Total financial assets			11,486	11,307
(b) Financial liabilities				
Payables	10	Trade creditors and accruals measured at amortised cost	19	43
Total financial liabilities			19	43
Net financial assets			11,467	11,264

(d) Financial instruments recognition policy

All RBMC financial assets and liabilities have been recognised at the reporting date at their net fair values. The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash, cash equivalents and short-term investments – the carrying amount approximates fair value because of their short time maturity.

TCorp Hour-Glass cash facilities – the carrying amount approximates fair value because the underlying trust assets are liquid investments and the financial instrument is redeemable at call.

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 the year end.

Contract and royalty receivables – the carrying amounts reflect impairment and discount to present value adjustments that derive an approximate fair value.

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Financial instruments recognition policy (continued)

Non-current investments/securities – for financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security. The carrying amount reflects an impairment that derives the approximate fair value.

Unrecognised financial instruments – There are no unrecognised financial instruments.

The entity 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 $'000	Level 2 $'000	Level 3 $'000	2013 Total $'000
Financial assets at fair value				
TCorp Hour-Glass	-	10,479	-	**10,479**
	-	**10,479**	-	**10,479**

The table above includes only financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

The aggregate net fair values and carrying amounts of financial instruments are disclosed in the statement of financial position and the supporting notes to these financial statements.

(e) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument or its revenue or costs will fluctuate due to changes in market interest rates. RBMC's exposure to interest rate risk and the effective interest rates of its financial assets and liabilities at the reporting date, are set out on the following pages.

In respect of income-earning financial assets and interest-bearing financial liabilities the table on the following page sets out the carrying amount, by maturity date of the financial instruments exposed to interest rate risk at reporting date.

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest rate risk (continued)

Table B

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the Statement of Financial Position	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
(i) Financial assets												
Cash at bank	**1,004**	41	-	1,000	-	-	-	-	-	-	**1,004**	1,041
Cash trust	**460**	10,240	-	-	-	-	-	-	-	-	**460**	10,240
Strategic cash trust	**3,827**	-	-	-	-	-	-	-	-	-	**3,827**	-
Medium term investment trust	**6,192**	-	-	-	-	-	-	-	-	-	**6,192**	-
Trade and other receivables	-	-	-	-	-	-	-	-	**3**	26	**3**	26
Total financial assets	**11,483**	10,281	-	1,000	-	-	-	-	**3**	26	**11,486**	11,307
Weighted average interest rate %	**4.89**	4.89	-	5.85	-	-	-	-	-	-		
(ii) Financial liabilities												
Trade creditors, accruals and other creditors	-	-	-	-	-	-	-	-	**19**	43	**19**	43
Total financial liabilities	-	-	-	-	-	-	-	-	**19**	43	**19**	43
Weighted average interest rate %	-	-	-	-	-	-	-	-	-	-		
Net financial assets (liabilities)	**11,483**	10,281	-	1,000	-	-	-	-	**(16)**	(17)	**11,467**	11,264

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest rate risk (continued)

Interest rate risk scenario and sensitivity analysis

RBMC invests in secure bank term deposits and with the NSW Government's Treasury Corporation (T Corp). RBMC holds large cash reserves to deal with its legacy business issues and to enable it to enforce its contractual rights in relation to the intellectual property it has developed. Interest rate movements have a large impact on the results of RBMC

TCorp Hour-Glass facilities

Exposure to interest rate risk primarily arises through the investment in the TCorp Hour Glass Investment Facilities, which are held for strategic rather than trading purposes. RBMC holds units in the following Hour-Glass investment trusts.

			Consolidated		Parent	
Facility	**Investment Sectors**	**Investment Horizon**	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Cash facility	Cash, Money market instruments	Up to 1.5 years	**460**	10,240	**460**	10,240
Strategic Cash Facility	Cash, Money market instruments	1.5 years to 3 years	**3,827**	-	**3,827**	-
Medium Term Growth Facility	Cash, Money market instruments, Australian & International Bonds, Listed Property, Australian Shares	3 years to 7 years	**6,192**	-	**6,192**	-

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

The impact on profit / loss 2013 is as follows:

		Consolidated		Parent	
Facility	**Change in Unit Price**	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Cash facility	+/-1%	**5**	102	**5**	102
Strategic Cash Facility	+/-1%	**38**	-	**38**	-
Medium Term Growth Facility	+/-6%	**372**	-	**372**	-

TCorp provides sensitivity analysis information for the cash facility using historical based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass investment facilities are designated at fair value through the profit or loss and therefore any changes in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June each year for each facility. However, as the cash fund primarily reflects the Reserve Bank market interest rate the following analysis best indicates the profit impact.

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Credit risk

Credit Risk is the risk of financial loss arising to RBMC from the default of another party with a contract or financial position with RBMC. RBMC has material credit risk exposure to the CSG Solar AG Group, in that at reporting date, RBMC has gross royalty rights receivable over time from CSG Solar AG of a least $3,324,383.95 (2012: $3,324,383.95). The table below states these gross receipts at their recoverable amount discounted to present value, which is Nil (2012: $Nil), these written down values, being the balances reflected in these financial statements. These royalty rights are not past due but they are considered fully impaired. RBMC policy is that all customers that wish to trade on credit terms are subject to a credit worthiness review.

RBMC's maximum exposure to credit risk and the applicable counter party is represented by the carrying amounts of its financial assets at reporting date as is set out in the following table: (There was no past due balances at 30 June 2013.)

Table C Financial Instrument	Government Institutions		Australian Banks		CSG Solar AG Group		Other Commercial entities		**Total**	
Consolidated	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
(a) Financial assets										
Cash and deposits	-	-	**1,004**	1,041	-	-	-	-	**1,004**	1,041
TCorp trusts	**10,479**	10,240	-	-	-	-	-	-	**10,479**	10,240
Trade receivables & other	-	-	-	-	-	-	**3**	26	**3**	26
Royalty rights					**3,324**	3,324	-	-	**3,324**	3,324
Impairment	-	-	-	-	**(3,324)**	(3,324)	-	-	**(3,324)**	(3,324)
Total	**10,479**	10,240	**1,004**	1,041	-	-	**3**	26	**11,486**	11,307

(g) Liquidity risk

Liquidity risk arises from the financial liabilities of RBMC and its subsequent ability to meet the obligations to repay the liabilities as and when they fall due. As is disclosed above RBMC maintains a high level of cash reserves to cover its material credit and warranty risks. RBMC has ongoing administrative costs require ongoing funding. RBMC will further address liquidity risk upon receipt of royalty rights. The following table provides the maturity dates of RBMC's financial liabilities by bands.

NOTE 20 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Liquidity risk (continued)

Table D Maturity Bands	**2013 less than one year $'000**	2012 less than one year $'000	**2013 more than 1 less than 2 years $'000**	2012 more than 1 less than 2 years $'000	**2013 more than 2 less than 5 years $'000**	2012 more than 2 less than 5 years $'000	**2013 More than 5 years $'000**	2012 More than 5 years $'000	**2013 Total $'000**	2012 Total $'000
Financial liabilities Trade creditors	**7**	25	-	-	-	-	-	-	**7**	25
Other creditors	**12**	18	-	-	-	-	-	-	**12**	18
Total financial liabilities	19	43	-	-	-	-	-	-	19	43

(h) Foreign currency risk

At the present time, RBMC has no material exposure to foreign currency risk. RBMC's above mentioned royalty rights are paid in Australian dollars. However, subject to participant sales and solar panel efficiency levels, additional royalties may arise, and such would be calculated based on the value of the Euro. Currency hedging will be considered by RBMC when material royalty receipts are expected.

(i) Derivative financial instruments

During the financial year ending 30 June 2013 and prior, RBMC had no known exposure to derivatives.

NOTE 21 - SUPERANNUATION INFORMATION

(a) Superannuation income recognition policy

RBMC recognises the net total of the following amounts in profit or loss:

- Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- Interest cost is the increase in the present value of the defined benefit obligation which arises because the benefits are one period closer to settlement;
- Expected return on plan assets is based on market expectations at the beginning of the period, for returns over the life of the related obligation; and on any reimbursement rights;
- Past service cost (to the extent required to be recognised) is the increase in the defined benefit obligation from changes to post-employment benefits relating to employee service in prior periods; and
- Curtailments or settlements are amendments to the terms of the plan and/or number of employees covered by the plan

RBMC recognises defined benefit actuarial superannuation gains and losses in other comprehensive income.

(b) Superannuation obligations

All former employees were entitled to varying levels of benefits on retirement, disability or death. The superannuation plans (State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-Contributory Superannuation Scheme (SANCS) provide defined benefits based on years of service and final average salary. Employees contributed to the plans and the contribution of RBMC was and remains legally enforceable. All Schemes are closed to new members.

NOTE 21 - SUPERANNUATION INFORMATION (continued)

(b) Superannuation obligations (continued)

The following is the superannuation position of RBMC as at 30 June 2013. The superannuation assets and liabilities recognised in the statement of financial position are listed at the bottom of the table.

	SASS		SANCS		SSS		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Member numbers								
Contributors	-	-	-	-	-	-	-	-
Deferred benefits	-	-	-	-	**3**	3	**3**	3
Pensioners	**2**	2	-	-	**39**	39	**41**	41
Pensions fully commuted	-	-	-	-	**2**	2	**2**	2
Totals	**2**	2	-	-	**44**	44	**46**	46
Superannuation position for AASB119 purposes	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Accrued liability	**(386)**	(437)	-	-	**(30,541)**	(32,024)	**(30,927)**	(32,461)
Estimate reserve account balance	**289**	193	**115**	283	**22,793**	20,410	**23,197**	20,886
Sub-total	**(97)**	(244)	**115**	283	**(7,748)**	(11,614)	**(7,730)**	(11,575)
Future Service Liability (Note 1)	-	-	-	-	-	-	-	-
Surplus in excess of recovery available from Schemes	-	-	-	-	-	-	-	-
Net asset / (liability) to be recognised in statement of financial position	**(97)**	(244)	**115**	283	**(7,748)**	(11,614)	**(7,730)**	(11,575)

Note 1: 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 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and 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.

As is set out above, at 30 June 2013 RBMC had a gross calculated defined benefit superannuation liability, with respect of former employees of $30,926,873 (2012: $32,461,163). Superannuation funds invested to cover this liability amounted to $23,196,478 (2012: $20,886,294). The aforementioned superannuation liability and surplus position has been calculated by an independent and qualified actuary. The calculated deficiency of invested funds versus the anticipated superannuation liabilities at 30 June 2013 was a balance of $7,730,395 (2012: $11,574,869).

NOTE 21 - SUPERANNUATION INFORMATION (continued)

(b) Superannuation obligations (continued)

The reconciliation of the present value of the defined benefit obligations is as follows:

	For the year ended 30 June 2013			Total	Total
	SASS	SANCS	SSS	**2013**	2012
	$'000	$'000	$'000	**$'000**	$'000
Present value of partly funded defined benefit obligation at beginning of the year	(437)	-	(32,024)	**(32,461)**	(23,642)
Current service cost	-	-	-	-	-
Interest cost	(13)	-	(961)	**(974)**	(1,216)
Contributions by fund participants	-	-	-	-	-
Actuarial gains/ (losses)	124	(211)	1,428	**1,341**	(9,149)
Benefits paid	(60)	211	1,016	**1,167**	1,546
Past service cost	-	-	-	-	-
Curtailments	-	-	-	-	-
Settlements	-	-	-	-	-
Business Combinations	-	-	-	-	-
Exchange rate changes	-	-	-	-	-
Present value of partly funded defined benefit obligations at end of the year	**(386)**	-	**(30,541)**	(30,927)	(32,461)

The reconciliation of the fair value of fund assets is as follows:

	For the year ended 30 June 2013			Total	Total
	SASS	SANCS	SSS	**2013**	2012
	$'000	$'000	$'000	**$'000**	$'000
Fair value of fund assets at beginning of the year	193	283	20,410	**20,887**	22,441
Expected return / (loss) on fund assets	16	24	1,702	**1,742**	1,878
Actuarial gains / (losses)	21	18	1,697	**1,736**	(1,887)
Employer contributions	-	-	-	-	-
Contributions by fund participants	-	-	-	-	-
Benefits paid	60	(211)	(1,016)	**(1,167)**	(1,546)
Settlements	-	-	-	-	-
Exchange rate changes	-	-	-	-	-
Fair value of fund assets at end of the year	**290**	**114**	**22,793**	**23,197**	20,886

The reconciliation of the assets and liabilities recognised in the statement of financial position is follows:

	For the year ended 30 June 2013			Total	Total
	SASS	SANCS	SSS	**2013**	2012
	$'000	$'000	$'000	**$'000**	$'000
Present value of partly funded defined benefit obligations at end of the year	(386)	-	(30,541)	**(30,927)**	32,461
Fair value of fund assets at end of year	289	115	22,793	**23,197**	(20,886)
Subtotal	(97)	115	(7,748)	**(7,730)**	(11,575)
Unrecognised past service cost	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-
Adjustment for limitation on net assets	-	-	-	-	-
Net asset / (liability) recognised in the statement of financial position at end of year	(97)	**115**	(7,748)	(7,730)	(11,575)

NOTE 21 - SUPERANNUATION INFORMATION (continued)

(b) Superannuation obligations (continued)

	For the year ended 30 June 2013				
	SASS	SANCS	SSS	**2013 Total**	2012 Total
Components recognised in profit or loss by component	$'000	$'000	$'000	**$'000**	$'000
Current service cost	-	-	-	-	-
Interest cost	(13)	-	(961)	**(974)**	(1,216)
Expected return on fund assets (net of expenses)	16	24	1,702	**1,742**	1,878
Past service cost	-	-	-	-	-
Movement in adjustment for limitation on net asset	-	-	-	-	-
Curtailment or settlement gain / (loss)	-	-	-	-	-
Total included in 'Other income' in the statement of comprehensive income (refer also note 2(b))	**3**	**24**	**741**	**768**	662

	For the year ended 30 June 2013				
	SASS	SANCS	SSS	**2013 Total**	2012 Total
Components recognised in other comprehensive income	$'000	$'000	$'000	**$'000**	$'000
Actuarial gains / (losses) recognised in year	145	(193)	3,125	**3,077**	(11,036)

Cumulative amount recognised in other comprehensive income

The cumulative amount of actuarial gains and losses since 1 July 2005 recognised in other comprehensive income is an accumulated loss of $11,144,000 (2012: accumulated loss of $$14,221,000).

(c) Superannuation obligations - actuarial loses outside the statement of comprehensive income

Amounts not recognised in the statement of comprehensive income and expenses are as follows:

	For the year ended 30 June 2013				
	SASS	SANCS	SSS	**2013 Total**	2012 Total
	$'000	$'000	$'000	**$'000**	$'000
Actuarial (losses)	-	-	-	-	-
Adjustment for limit on net asset	-	-	-	-	-
Total loss not recognised in the income statement	-	-	-	-	-

NOTE 21 - SUPERANNUATION INFORMATION (continued)

(d) Superannuation asset classes

The percentage invested in each asset class at the balance sheet date:

	30 June 2013	30 June 2012
Australian equities	**30.4%**	28.0%
Overseas equities	**26.1%**	23.7%
Australian fixed interest securities	**6.9%**	4.9%
Overseas fixed interest securities	**2.2%**	2.4%
Property	**8.3%**	8.6%
Cash	**13.1%**	19.5%
Other	**13.0%**	12.9%

All Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers.

Other superannuation provision information related to AASB 119 is disclosed at Note 22.

AASB 119 requires organisations to provide detailed narrative information regarding the key economic and demographic assumptions underlying the reported defined benefits superannuation account balances. The assumptions and calculations are generic to all NSW Government agencies and they are set out in Note 22.

NOTE 22 - AASB 119 SUPERANNUATION INFORMATION, VALUATION METHOD AND PRINCIPAL ACTUARIAL ASSUMPTIONS

The followings are the superannuation asset and liability assumptions and calculations generic to all NSW Government agencies.

The expected rate of return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Scheme assets are as follows:

	For the year ended 30 June 2013			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Actual loss / (return) on fund assets	(36)	(43)	(3,398)	**(3,477)**

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

NOTE 22 - AASB 119 SUPERANNUATION INFORMATION, VALUATION METHOD AND PRINCIPAL ACTUARIAL ASSUMPTIONS (continued)

(b) Economic assumptions

	30 June 2013	30 June 2012
Salary increase rate (excluding promotional increases) 2013/2014	**2.25% pa**	2.5% pa
Salary increase rate (excluding promotional increases) 2014/2015	**2.25% pa**	
Salary increase rate (excluding promotional increases) 2015/2016 to 2019/2020	**2.00% pa**	
Salary increase rate (excluding promotional increases) 2020 onwards	**2.50% pa**	
Rate of CPI increase	**2.5% pa**	2.5% pa
Expected rate of return on assets backing pension liabilities	**8.60% pa**	8.60% pa
Expected rate of return on assets backing other liabilities	**8.60% pa**	8.60% pa
Discount rate	**3.80% pa**	3.06% pa

(c) Demographic assumptions

The demographic assumptions underlying the calculated actuarial balances of the RBMC Superannuation Schemes are generic to all NSW Government agencies.

(d) Historical information

	For the year ended 30 June 2013			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(386)	-	(30,541)	**(30,927)**
Fair value of fund assets	289	115	22,793	**23,197**
Surplus/(Deficit) in fund	(97)	115	(7,748)	**(7,730)**
Experience adjustments – liabilities	124	(211)	1,428	**1,341**
Experience adjustments – assets	21	18	1,697	**1,736**

	For the year ended 30 June 2012			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(437)	-	(32,024)	**(32,461)**
Fair value of fund assets	193	282	20,411	**20,886**
Surplus/(Deficit) in fund	(244)	282	(11,613)	**(11,575)**
Experience adjustments – liabilities	(157)	3	(8,995)	**(9,149)**
Experience adjustments – assets	(22)	(23)	(1,841)	**(1,886)**

	For the year ended 30 June 2011			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(339)	-	(23,303)	**(23,642)**
Fair value of fund assets	269	279	21,893	**22,441**
Surplus/(Deficit) in fund	(70)	279	(1,410)	**(1,201)**
Experience adjustments – liabilities	12	(6)	135	**141**
Experience adjustments – assets	-	(1)	(18)	**(19)**

NOTE 22 - AASB 119 SUPERANNUATION INFORMATION, VALUATION METHOD AND PRINCIPAL ACTUARIAL ASSUMPTIONS (continued)

(d) Historical information (continued)

	For the year ended 30 June 2010			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(344)	-	(23,342)	**(23,686)**
Fair value of fund assets	258	263	21,217	**21,738**
Surplus in fund	(86)	263	(2,125)	**(1,948)**
Experience adjustments – liabilities	(8)	(3)	(1,079)	**(1,090)**
Experience adjustments – assets	2	1	133	**136**

	For the year ended 30 June 2009			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(336)	-	(21,959)	**(22,295)**
Fair value of fund assets	254	244	20,292	**20,790**
Surplus in fund	(83)	244	(1,666)	**(1,505)**
Experience adjustments – liabilities	(65)	15	(3,875)	**(3,925)**
Experience adjustments – assets	(55)	(48)	(4,259)	**(4,362)**

(e) Expected contributions

	For the year ended 30 June 2013			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Expected employer contributions to be paid in the next reporting period	-	-	-	-

	For the year ended 30 June 2012			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Expected employer contributions to be paid in the next reporting period	-	-	-	-

NOTE 22 - AASB 119 SUPERANNUATION INFORMATION, VALUATION METHOD AND PRINCIPAL ACTUARIAL ASSUMPTIONS (continued)

(f) Funding arrangements for employer contributions

i. Surplus/deficit

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

	For the year ended 30 June 2013				
	SASS	SANCS	SSS	**Total 2013**	Total 2012
	$'000	$'000	$'000	**$'000**	$'000
Accrued benefits	(252)	-	(18,237)	**(18,489)**	(17,342)
Net market value of Fund assets	289	115	22,793	**23,197**	20,886
Total net surplus/(deficiency)	**37**	**115**	**4,556**	**4,708**	3,544

ii. Contribution recommendations

The recommended contribution rates are as follows:

For the year ended 30 June 2013		
SASS	SANCS	SSS
multiple of member contributions	% member salary	Multiple of member contributions
0.00	0.00	0.00

For the year ended 30 June 2012		
SASS	SANCS	SSS
multiple of member contributions	% member salary	Multiple of member contributions
0.00	0.00	0.00

iii. Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

iv. Economic assumptions

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted-average assumptions	**2013**	2012
Expected rate of return on Fund assets backing current pension liabilities	**8.3% pa**	8.3% pa
Expected rate of return on Fund assets backing other liabilities	**7.3% pa**	7.3% pa
Expected salary increase rate	**2.7% pa then 4.0% pa after 6 years**	4.0% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

NOTE 22 - AASB 119 SUPERANNUATION INFORMATION, VALUATION METHOD AND PRINCIPAL ACTUARIAL ASSUMPTIONS (continued)

(g) Nature of asset / (liability)

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

NOTE 23 - EVENTS OCCURRING AFTER REPORTING DATE

Effective 1 July 2013 all governance and accounting functions had been transferred to NSW Treasury.

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

On the 26 June 2014 a vesting order was executed by the Treasurer transferring the residual assets, rights and liabilities of RBMC to various Government agencies. During June 2014, land was transferred to Essential Energy, Macquarie Generation , Delta Electricity and the Government Property NSW via equity transfers. Land transferred to Macquarie Generation and Delta electricity were small lots that were either occupied by Macquarie Generation or Delta Electricity, or adjoin lots owned by these entities. The defined benefit superannuation liability was transferred to the Crown Finance Entity at 30 June 2014 and RBMC's remaining cash assets were transferred to the Consolidated Fund.

End of audited financial statements

RESIDUAL BUSINESS MANAGEMENT CORPORATION

Statement Concerning the Financial Statements
For the year ended 30 June 2013

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 Group, state that in my opinion:

1. the accompanying financial statements exhibit a true and fair view of the Residual Business Management Corporation's financial performance for the year ended 30 June 2013 and financial position as at 30 June 2013;

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

3. There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable; and

4. I am not aware of any circumstances at the date of this declaration that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.

Signed at Sydney on the 16 day September 2014.

Dominic Schuster
General Manager

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

Opinion

In my opinion, the financial statements:

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

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

The General Manager's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

Aaron Green
Director, Financial Audit Services

17 September 2014
SYDNEY