CENTENNIAL parklands

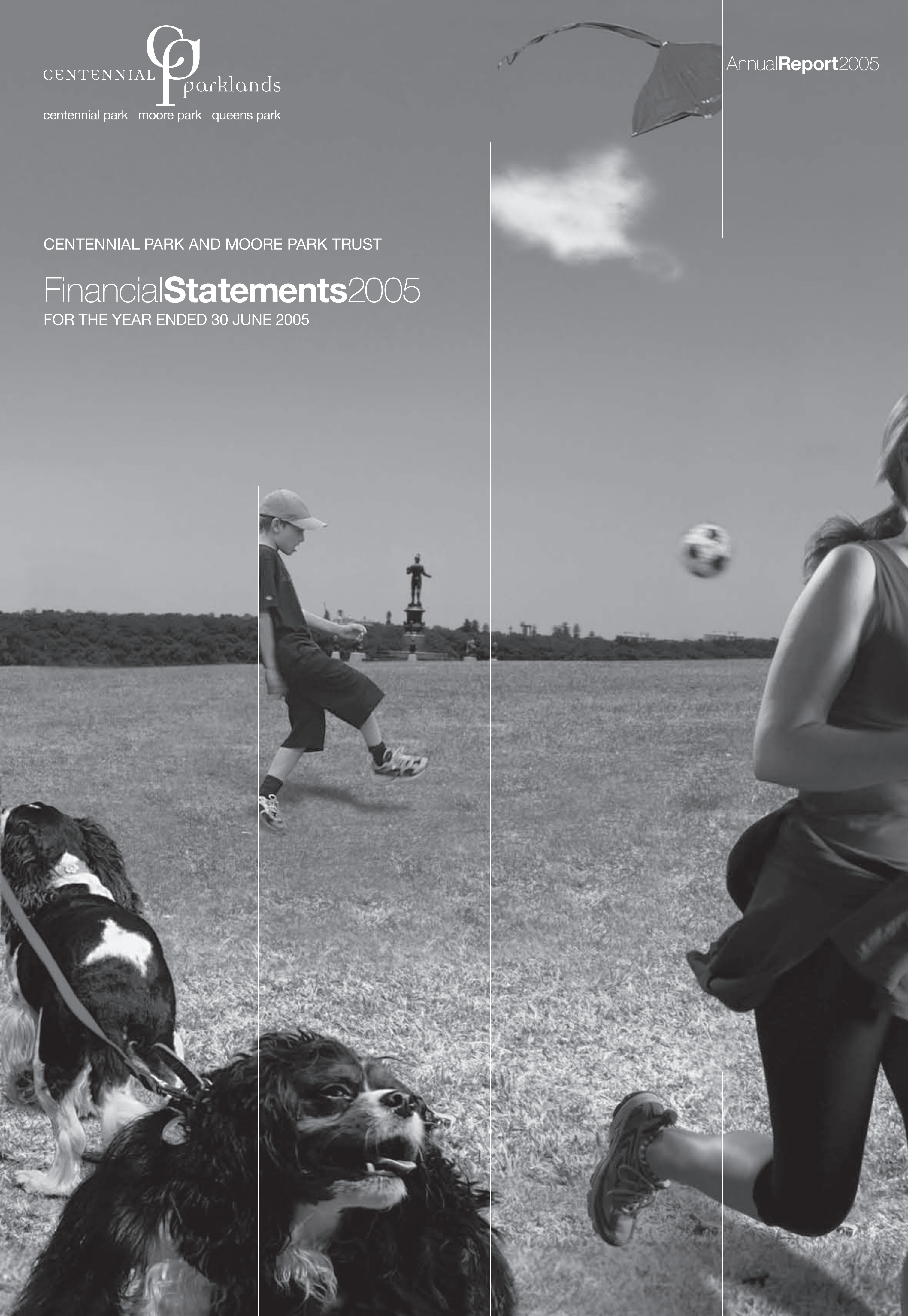
centennial park moore park queens park

AnnualReport2005

CENTENNIAL PARK AND MOORE PARK TRUST

FinancialStatements2005

FOR THE YEAR ENDED 30 JUNE 2005



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005

Statement by Members of the Trust

Pursuant to Section 41C(1C) of the *Public Finance and Audit Act 1983*, we state that:

a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Financial Reporting Code for Budget Dependent General Government Sector agencies*, the *Public Finance and Audit Regulation 2000* (as applicable) and *The Treasurer's Directions*;

b) the statements exhibit a true and fair view of the financial position and transactions of the Centennial Park and Moore Park Trust; and

c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Professor John Niland AC
Trust Chairman

Mr John Walker
Trustee

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

CENTENNIAL PARK AND MOORE PARK TRUST

To Members of the New South Wales Parliament

Qualified Audit Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been required had the limitations referred to in the qualification paragraph below not existed, the financial report of the Centennial Park and Moore Park Trust:

(a) presents fairly the Trust's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

(b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

Qualification

The Trust leases certain facilities for which it receives a minimum base rental and a percentage of the sales turnover from the lessee.

As described in note 3(b) the lessee has not provided information to the Trust to enable it to confirm that all lease revenues arising from the lease agreement have been recognised as investment income. I have not been able to reliably estimate this amount because the information is held by the lessee.

Because the limitation impacts on the determination of investment income, I am unable to quantify or express an opinion on the completeness of revenue relating to this item.

The Trustees' Role

The financial report is the responsibility of the Trustees of the Centennial Park and Moore Park Trust. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Trustees in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Trustees had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Trust,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.

R Sendt

R J Sendt
Auditor-General

SYDNEY
30 November 2005

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Actual 2005 $'000	Budget 2005 $'000	Actual 2004 $'000
Expenses				
Operating expenses				
Employee related	2(a)	4,799	4,880	4,889
Other operating expenses	2(b)	8,920	6,035	6,747
Maintenance		3,459	3,858	3,731
Depreciation and amortisation	2(c)	4,705	4,494	4,464
Total Expenses		21,883	19,267	19,831
Less:				
Retained Revenue				
Sale of goods and services	3(a)	6,712	3,767	3,316
Investment income	3(b)	7,133	8,033	8,610
Retained taxes, fees and fines	3(c)	158	200	264
Grants and contributions	3(d)	2,868	4,047	90
Other revenue	3(e)	331	7	737
Total Retained Revenue		17,202	16,054	13,017
Loss on disposal of non-current assets	4	(108)	–	(42)
Net Cost of Services	23	4,789	3,213	6,856
Government Contributions				
Recurrent appropriation	5(a)	2,368	2,274	3,668
Capital appropriation	5(b)	7,915	7,915	5,786
Acceptance by the Crown Entity of employee benefits and other liabilities	7	492	482	495
Total Government Contributions		10,775	10,671	9,949
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		5,986	7,458	3,093
SURPLUS/(DEFICIT) FOR THE YEAR		5,986	7,458	3,093
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve	18	46,615	–	834
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	18	52,601	7,458	3,927

The accompanying notes form part of these statements.

Statement of Financial Position

AS AT 30 JUNE 2005

	Notes	Actual 2005 $'000	Budget 2005 $'000	Actual 2004 $'000
ASSETS				
Current Assets				
Cash	9	1,082	4,510	7,195
Receivables	10	1,358	1,096	1,096
Inventories	11	223	55	55
Other financial assets	12	4,412	4,292	4,126
Total Current Assets		7,075	9,953	12,472
Non-Current Assets				
Property, Plant and Equipment				
– Land and Buildings	13(a)	454,919	422,573	415,414
– Plant and Equipment	13(b)	1,386	1,366	1,327
– Infrastructure Systems	13(c)	196,105	183,584	181,386
Total Property, Plant and Equipment		652,410	607,523	598,127
Other	14	134	134	143
Total Non-Current Assets		652,544	607,657	598,270
Total Assets		659,619	617,610	610,742
LIABILITIES				
Current Liabilities				
Payables	15	2,085	5,154	5,154
Provisions	16	357	365	365
Other	17	713	787	787
Total Current Liabilities		3,155	6,306	6,306
Non-Current Liabilities				
Provisions	16	53	35	35
Other	17	7,737	7,738	8,328
Total Non-Current Liabilities		7,790	7,773	8,363
Total Liabilities		10,945	14,079	14,669
Net Assets		648,674	603,531	596,073
EQUITY				
Reserves	18	118,027	71,412	71,412
Accumulated funds	18	530,647	532,119	524,661
Total Equity		648,674	603,531	596,073

The accompanying notes form part of these statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Actual 2005 $'000	Budget 2005 $'000	Actual 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		4,689	4,942	4,541
Other		18,385	13,278	9,764
Total Payments		23,074	18,220	14,305
Receipts				
Sale of goods and services		6,729	3,767	3,296
Retained taxes, fees and fines		158	200	264
Interest received		242	83	304
Rent received		6,224	7,784	8,315
Other		2,362	3,743	2,774
Total Receipts		15,715	15,577	14,953
Cash Flows from Government				
Recurrent appropriation		2,368	2,274	3,668
Capital appropriation		7,915	7,915	5,786
Cash reimbursements from the Crown Entity		349	274	220
Total Cash Flows from Government		10,632	10,463	9,674
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	3,273	7,820	10,322
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		57	–	–
Purchase of land and buildings, plant and equipment and infrastucture systems		(9,443)	(10,505)	(10,154)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(9,386)	(10,505)	(10,154)
NET INCREASE/(DECREASE) IN CASH		(6,113)	(2,685)	168
Opening cash and cash equivalents		7,195	7,195	7,027
CLOSING CASH AND CASH EQUIVALENTS	9	1,082	4,510	7,195

The accompanying notes form part of these statements.

Summary of Compliance with Financial Directives

FOR THE YEAR ENDED 30 JUNE 2005

	2005				2004			
	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	2,274	2,274	7,915	7,915	3,668	3,668	5,953	5,786
Section 27 PF & AA	40	40						
Other Appropriations/ Expenditure								
Treasurer's Advance	54	54						
	2,368	2,368	7,915	7,915	3,668	3,668	5,953	5,786
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund								
(includes transfer payments)	2,368	2,368	7,915	7,915	3,668	3,668	5,953	5,786
Amount drawn down against Appropriation		2,368		7,915		3,668		5,786
Liability to Consolidated Fund		0		0		0		0

Note: The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Centennial Park and Moore Park Trust is a reporting entity. There are no other entities under its control.

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

(b) Basis of Accounting

The Trust's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the *Public Finance and Audit Act 1983* and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 'Accounting Policies' is considered.

Except for certain investments and land and buildings, plant and equipment and infrastructure systems, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

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

(c) Administered Activities

The Trust does not administer or control activities on behalf of the Crown.

(d) Revenue Recognition

Revenue is recognised when the Trust has control of the good or right to receive, it is probable that the economic benefits will flow to the Trust and the amount of the revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Trust obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as lia bilities rather than revenue. There were no amounts required to be repaid during the year ended 30 June 2005 ($nil in 2004).

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services (ie user charges). User charges are recognised as revenue when the Trust obtains control of the assets that result from them.

(iii) Investment Income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS 17 'Accounting for Leases'. Rent received in advance is recognised as revenue over the period to which the prepaid rent refers.

(e) Employee Benefits and Other Provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

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

(ii) Long Service Leave and Superannuation

The Trust's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits and other Liabilities'.

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 (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Other Provisions

Other provisions exist when the Trust has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as result of past transactions or other past events. These provisions are recognised when it is probable that future sacrifice of economic benefits will be required and the amount can be measured reliably.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

(f) Insurance

The Trust'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 experience.

(g) Accounting for Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where: the amount of GST incurred by the Trust 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 expense.

Receivables and payables are stated with the amount of GST included.

(h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

(i) Plant and Equipment

Plant and equipment individually costing $5,000 or more or which form part of a network (eg computers) are capitalised.

(j) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the 'Guidelines for the Valuation of Physical Non-Current Assets at Fair Value' (TPP 03–02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling prices are not available, the assets' fair value is measured as its market buying price (ie the replacement cost of the assets remaining future economic benefits). The Trust is a not for profit entity with no cash generating operations.

Buildings, plant and equipment and infrastructure systems (excluding land and trees) are valued based on the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to the existing asset. Land is valued on an existing use basis, subject to any restrictions or enhancements since acquisition. Trees are valued on either a market value or compensation value basis.

Each class of physical non-current asset (excluding trees which are part of infrastructure assets) has been revalued every 5 years. The last such revaluation was completed on 30 June 2002 and, except for plant and equipment, was based on an independent assessment. Further to this, H P Consultants Pty Ltd provided an escalation factor to be applied to both cost and accumulated depreciation as at 30 June 2005 to align the carrying amount of each asset to its fair value. New buildings completed during the financial year to 30 June 2005 have been included at original cost.

Trees are now revalued on an annual basis effective from 1 July 2001. The valuation methodology uses a market value/ compensation value basis at 5 yearly intervals (the last valuation on this basis was carried out on 30 June 1999 and the Trust will carry out a valuation on this basis in 2005/06) to establish the base value. This base value is then updated on an annual basis taking into account the following factors:

- New tree plantings
- Tree removals
- Trees damaged or affected by disease
- Decline in value of over-mature trees
- Age class adjustments for young, semi-mature and mature trees to reflect growth
- Movements in the consumer price index.

This annual adjustment basis was used for the first time at 30 June 2002 and will be applied annually in between each five yearly revaluation. The last adjustment to the base value was carried out on 31 May 2005.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset account to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

Revaluation increments are directly credited to the asset revaluation reserve, 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 surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as an expense in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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 asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

(k) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Trust. Land and trees are not depreciable assets. In addition, the turfing of parklands (excluding golf course fairways and greens) is considered to have a useful life greater than 200 years and is not depreciated.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Major depreciation periods are:

✦ Buildings	25–80 years
✦ Plant and Equipment	4–10 years
✦ Infrastructure Systems	
Roads, paths, gates and fences	25–150 years
Underground services	20–70 years
Golf Course fairways and greens	100 years
Lakes and ponds	100 years

(l) Maintenance and Repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(m) Leased Assets

The Trust has entered into operating leases under which the lessor substantially retains all the risks and benefits incidental to ownership of the leased asset.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(n) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(o) Other Financial Assets

‘Other financial assets’ are generally recognised at cost, with the exception of TCorp Hour-Glass Facilities which are measured at market value.

For current ‘other financial assets’, revaluation increments and decrements are recognised in the Statement of Financial Performance.

(p) Payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts, including interest. Interest is accrued over the period it becomes due.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is calculated using the weighted average or ‘first in first out’ method.

(r) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

(s) Expenditure on Management Agreements

Expenditure incurred on entering into agreements for the outsourcing of management of Trust commercial operations is accumulated in respect of each agreement. The expenditure is carried forward and amortised over the term of the respective management agreements.

(t) Other Assets

Other assets including prepayments are recognised on a cost basis.

CENTENNIAL PARK AND MOORE PARK TRUST

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

2. EXPENSES

	2005 $'000	2004 $'000
(a) Employee related		
Salaries and wages (including recreation leave)	3,885	3,941
Superannuation	354	333
Long service leave	127	142
Workers’ compensation insurance	118	178
Payroll tax and fringe benefits tax	288	273
Other	27	22
Total	4,799	4,889
(b) Other operating		
Auditor’s remuneration		
– audit of the financial reports	45	37
Bad and doubtful debts	–	40
Operating lease rental expense		
– minimum lease payments	77	113
Golf Club operations		
– cost of sales	780	–
– operating expenses		
pro shop and driving range	724	–
food and beverage	558	–
administration and other	909	–
Insurance	1,098	992
Consultants	143	181
Power and water	194	166
Legal fees	197	1,233
Waste removal and cleaning	485	551
Security	627	704
Training	42	85
Telephone	104	61
Fees for service	408	548
Supplies and materials	150	117
IT maintenance	323	471
Printing and advertising	351	405
Internal audit	89	107
Other	1,616	936
Total	8,920	6,747
(c) Depreciation and amortisation		
Depreciation		
Buildings	1,909	1,765
Infrastructure systems	2,417	2,283
Plant and equipment	370	407
Total	4,696	4,455
Amortisation		
Amortisation of capitalised expenditure on management agreements	9	9
Total	9	9
Total depreciation and amortisation	4,705	4,464

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

3. REVENUES

	2005 $'000	2004 $'000
(a) Sale of goods and services		
Rendering of services		
Use of recreational facilities*	6,710	3,316
Minor user charges	2	–
Total	6,712	3,316

* The Trust subsidised one organisation by charging concessional rates on golf course green fees. The subsidy was to Moore Park Golf Club for $nil (2004: $260,154).

	2005 $'000	2004 $'000
(b) Investment income		
Interest	528	436
Rents[1,2]	6,605	8,174
Total	7,133	8,610

1. The Trust subsidised one organisation by charging concessional rates on licence fees.The subsidy was to KU Children's Services for $66,622 (2004: $66,622).

2. Included in rents is turnover rent received in relation to the lease of the Family Entertainment Quarter. By letter dated 28 September 2005 the Trust was advised that the turnover rent for this facility for the year ended 30 June 2005 was $0.62 million and this amount has been included in the financial statements as revenue for the 2005 financial year. In discussions with the operator of this facility, Gandel Retail Management (Gandel), the Trust has become aware that revenue related to casual tenants and events held on the premises was not included as part of the turnover rent calculation. To date Gandel have not been able to supply estimates of that revenue and the Trust does not have sufficient information to reliably estimate the shortfall in turnover rent. The Trust is continuing discussions with Gandel in an attempt to resolve this issue.

	2005 $'000	2004 $'000
(c) Retained taxes, fees and fines		
Fines received from issuance of infringement notices for breaches of Trust regulations	158	264
Total	158	264
(d) Grants and contributions		
Grants		
Moriah War Memorial College	80	–
Randwick Council	116	–
NSW Crown Finance Entity	125	–
NSW Heritage Office	–	85
Total	321	85
Contributions of assets		
State Transit Authority	1,400	–
Roads and Traffic Authority	1,147	–
Donations	–	5
Total	2,547	5
Total grants and contributions	2,868	90
(e) Other revenue		
Insurance recoveries	131	45
Recoup (Visitor Services Agency)	–	364
Legal Fee recoveries	95	318
Expense recoveries	77	–
Other	28	10
Total	331	737

4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	2005 $'000	2004 $'000
Proceeds from disposal of plant and equipment	57	–
Less Written down value of assets disposed	(165)	(42)
Net gain/(loss) on disposal of plant and equipment	(108)	(42)

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

5. APPROPRIATIONS

	2005 $'000	2004 $'000
(a) Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	2,368	3,668
Total	2,368	3,668
Comprising: Recurrent appropriations (per Statement of Financial Performance)	2,368	3,668
	2,368	3,668
b) Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	7,915	5,786
Total	7,915	5,786
Comprising: Capital appropriations (per Statement of Financial Performance)	7,915	5,786
	7,915	5,786

6. INDIVIDUALLY SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance:

	2005 $'000	2004 $'000
Revenue		
Recovery of Legal Costs (refer to Note 3(e))	95	318
Transfer of a parcel of infrastructure assets from State Transit Authority (refer to Note 3(d))	1,400	–
Transfer of a parcel of land from the Road Traffic Authority (refer to Note 3(d))	1,147	–
Expenses		
Legal Costs incurred from disputes concerning licence agreements with third parties (refer to Note 2(b))	197	1,233

7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity:

	2005 $'000	2004 $'000
Superannuation	353	333
Long service leave	118	142
Payroll tax	21	20
Total	492	495

8. PROGRAMS/ACTIVITIES OF THE TRUST

For budget purposes the Centennial Park and Moore Park Trust is a single program agency. The objective of the program is to manage the sustainable development of diverse urban parkland and leisure facilities on behalf of the community. The program covers the protection and enhancement of Centennial Parklands; the provision of equitable high quality recreational and cultural opportunities for the enjoyment of Sydneysiders and visitors alike; and the promotion of the recreational, historical, scientific, educational, cultural and environmental values of Trust lands.

9. CURRENT ASSETS – CASH

	2005 $'000	2004 $'000
Cash at bank and on hand	345	2,848
Deposits at call	737	4,347
Total	1,082	7,195

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and deposits on call. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2005 $'000	2004 $'000
Cash (per Statement of Financial Position)	1,082	7,195
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,082	7,195

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

10. CURRENT ASSETS – RECEIVABLES

	2005 $'000	2004 $'000
Sale of goods and services	307	324
Rent receivable	143	427
GST recoverable from Australian Taxation Office	467	271
Amounts due from NSW Treasury	–	49
Other debtors	481	65
	1,398	1,136
Less Provision for doubtful debts	(40)	(40)
Total	1,358	1,096

11. CURRENT ASSETS – INVENTORIES

	2005 $'000	2004 $'000
Shop, Bar and Food at cost	223	55
Total	223	55

12. CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2005 $'000	2004 $'000
Tcorp – Hour Glass Facility Trust	4,412	4,126
Total	4,412	4,126

13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2005 $'000	2004 $'000
(a) Land and Buildings		
At Fair Value	474,847	432,953
Less Accumulated Depreciation	(19,928)	(17,539)
	454,919	415,414
(b) Plant and Equipment		
At Fair Value	2,767	2,610
Less Accumulated Depreciation	(1,381)	(1,283)
	1,386	1,327
(c) Infrastructure Systems		
(i) Trees		
At Fair Value	97,462	96,803
	97,462	96,803
(ii) Other		
At Fair Value	154,461	130,613
Less Accumulated Depreciation	(55,818)	(46,030)
	98,643	84,583
Total Infrastructure Systems	196,105	181,386
Total Property, Plant and Equipment At Net Book Value	652,410	598,127

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are all set out below:

2005	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems – Trees $'000	Infrastructure Systems – Other $'000	Total $'000
Carrying amount at start of year	415,414	1,327	96,803	84,583	598,127
Additions	5,822	639	51	6,017	12,529
Disposals	(148)	(17)	–	–	(165)
Revaluation Adjustment	35,559	–	608	10,448	46,615
Reclassification	181	(193)	–	12	–
Depreciation expense	(1,909)	(370)	–	(2,417)	(4,696)
Carrying amount at end of year	454,919	1,386	97,462	98,643	652,410

(d) Revaluations

Infrastructure Systems – Trees

Valuation of trees was independently undertaken by Mr P Martin E.D., PhD, FALAST. The valuation is dated 10 August 2005 and was carried out as at 31 May 2005.

The valuation methodology uses a market value/compensation value basis at 5 yearly intervals (the last valuation on this basis was carried out on 30 June 1999 by Mr P Martin) to establish the base value. This base value is then updated on an annual basis taking into account the following factors:

- New tree plantings
- Tree removals
- Trees damaged or affected by disease
- Decline in value of over-mature trees
- Age class adjustments for young, semi-mature and mature trees to reflect growth
- Movements in the consumer price index.

The base value is formulated based upon a limited body of factual interpretive information gathered by the valuer and used in the development of mathematical models with a view to deriving an estimate of the value of the trees in Centennial Parklands from tree inventory information compiled by the Trust. The information contained in the valuation has been developed for the purpose of generating meaningful estimates of asset value for populations of trees using standard tree inventory data. As such, the value attributed to any given tree in the data base is derived from a statistical process and must not be used as a substitute for a fully measurable valuation by a properly qualified and experienced person where a value is required in relation to compensation claims or similar matters for either an individual tree or a small number of trees. The last adjustment to the base value was carried out in May 2005.

(e) Work in progress

Included in property, plant and equipment are the following amounts of work in progress which will not commence to be depreciated until construction is completed or the items are installed ready for use:

	2005 $'000	2004 $'000
Buildings	1,294	1,771
Plant and Equipment	39	1,082
Infrastructure Systems – Roads, fences, gates and underground services	3,619	2,723
Total	4,952	5,576

14. NON-CURRENT ASSETS – OTHER

	2005 $'000	2004 $'000
Expenditure incurred on management agreements at cost	172	172
Accumulated amortisation	(38)	(29)
Total	134	143

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

15. CURRENT LIABILITIES – PAYABLES

	2005 $'000	2004 $'000
Accrued salaries and wages	179	272
Creditors	1,725	4,592
Other	181	290
Total	2,085	5,154

16. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2005 $'000	2004 $'000
Employee benefits and related on-costs		
Recreation leave	351	361
Long Service Leave on-costs	59	39
Total	410	400
Aggregate employee benefits and related on-costs		
Provisions – current	357	365
Provisions – non-current	53	35
Accrued salaries, wages and on-costs (Note 15)	179	272
Total	589	672

17. OTHER LIABILITIES

	2005 $'000	2004 $'000
Current		
Income received in advance – rent	590	590
Income received in advance – other	123	197
Total	713	787
Non-Current		
Income received in advance – rent	7,737	8,328
Total	7,737	8,328

18. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation		Total Equity	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance at the beginning of the financial year	524,661	521,568	71,412	70,578	596,073	592,146
Surplus/(Deficit) for the year	5,986	3,093			5,986	3,093
Increment on revaluation of:						
Land and Buildings	–	–	35,559	–	35,559	–
Infrastructure systems			11,056	834	11,056	834
Plant and Equipment	–	–	–	–	–	–
Balance at the end of the financial year	530,647	524,661	118,027	71,412	648,674	596,073

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the 'Revaluation of Physical Non-Current Assets' and 'Investments', as discussed in Note 1.

CENTENNIAL PARK AND MOORE PARK TRUST

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

19. COMMITMENTS FOR EXPENDITURE

	2005 $'000	2004 $'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of infrastructure works contracted for at balance date and not provided for in the financial statements:		
Not later than one year	4,778	2,575
Total (including GST)	4,778	2,575

The commitments shown above include input tax credits of $418K (2004 – $224K) expected to be recoverable from the Australian Tax Office.

	2005 $'000	2004 $'000
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	67	72
Later than one year and not later than 5 years	75	42
Total (including GST)	142	114

The commitments shown above include input tax credits of $13K (2004 – $10K) expected to be recoverable from the Australian Tax Office.

20. PAYMENTS TO TRUST MEMBERS

No loans, advances or other payments have been provided to the Chairman or members of the Centennial Park and Moore Park Trust.

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at 30 June 2005 the Trust had no contingent liabilities. As at 30 June 2004 the Trust had contingent liabilities of around $135,000 related to legal matters.

Contingent Assets

As at 30 June 2005 the Trust had no contingent assets.

22. BUDGET REVIEW

Net cost of services

The actual net cost of services was higher than budget by $1.6 million. This variance arose for the following reasons:

(a) Expenses were above budget by $2.6 million, reflecting mainly the costs of operating the Moore Park Golf Club which was acquired on 30 June 2004. The budget was adopted before the acquisition and did not include the operating costs.

(b) Sales of goods and services were above budget by $2.9 million, reflecting mainly sales from the Golf Club Shop. The budget was adopted before the acquisition of the Moore Park Golf Club and did not include provision for shop sales.

(c) Revenue from investments was below budget by $0.9 million primarily due to low turnover rent on leased premises.

(d) Revenues from grants and contributions were below budget by $1.2 million, mainly due to delays in the transfer of assets to the Trust from other agencies. These assets are to be acquired at no cost.

(e) Other revenue exceeded budget by $0.3 million, mainly due to the recoupment of expenses and insurance recoveries.

Assets and liabilities

Total assets were higher than budget by $42.0 million. The main reason for this was the unbudgeted net increase in the asset revaluation reserve of $46.6 million. This was partly offset by lower cash at balance date of $3.4 million, due to the paying out of creditors prior to the introduction of a new financial information system in July 2005.

Cash flows

Net cash flows from operating activities were below budget by $4.5 million. This was due primarily to higher than budgeted debtors and lower creditors.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

Reconciliation of cash flows from operating activities to the net cost of services as reported in the Statement of Financial Performance:

	2005 $'000	2004 $'000
Net cash used on operating activities	3,273	10,322
Cash flows from Government/Appropriations	(10,283)	(9,454)
Acceptance by the Crown Entity of employee benefits and other liabilities	(492)	(495)
Depreciation and amortisation	(4,705)	(4,464)
Increment on other financial assets	286	132
Net (loss)/gain on disposal of plant and equipment	(108)	(42)
(Increase)/decrease in employee provisions	(10)	(30)
Increase/(decrease) in receivables	262	(575)
Increase/(decrease) in other assets	168	55
Assets acquired free of liability	2,547	–
(Increase)/decrease in creditors	3,608	(2,698)
(Increase)/decrease in income received in advance	665	393
Net cost of services	(4,789)	(6,856)

24. NON-CASH FINANCING AND INVESTING ACTIVITIES

Property, Plant and Equipment

	2005 $'000	2004 $'000
The following acquisition is not reflected in the Statement of Cash Flows		
Land and infrastructure assets acquired at nominal consideration and included in the financial statements at fair value (refer Note 3 (d)).	2,547	–

25. FINANCIAL INSTRUMENTS

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the business cash management account rate as determined by the bank. Cash also includes deposits at call in the TCorp Cash and Cash Plus Facilities (refer to the paragraph below – Hour-Glass Facilities).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales of goods and services are made on 14-day terms.

For other receivables the credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on other receivables. The carrying amount approximates net fair value.

Hour-Glass Investment Facilities

The Trust has investments in TCorp's Hour-Glass Investment facilities. The Trust's investment is represented by a number of units in managed investment's within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Trust's Investment's are:

	2005 $'000	2004 $'000
Cash		
Cash Facility	737	4,347
	737	4,347
Other financial assets		
Bond Market Facility	4,412	4,126
	4,412	4,126

These investments are generally able to be redeemed with up to five business days notice (dependant on the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Trust's share of the value of the underlying assets of the facility and is stated at net fair value.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

25. FINANCIAL INSTRUMENTS *continued*

Bank Overdraft

The Trust does not have a bank overdraft facility.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was awarded during the year.

Other Current Liabilities

The liabilities are recognised for amounts due to be paid in the future for refundable bonds lodged by the hirers of Trust facilities. Amounts owing (which are unsecured) are refunded once the hiring conditions have been fulfilled. No interest is paid on bonds held.

26. LEASES

The Trust has entered into a number of agreements whereby land and buildings owned by the Trust are leased to third parties for the purpose of operating various commercial enterprises. The term of these agreements range from one year to 50 years.

	2005 $'000	2004 $'000
Details of the assets leased are:		
Land and buildings		
Gross amount of leased assets	87,672	79,598
Accumulated depreciation	(5,469)	(5,637)
	82,203	73,961
Depreciation expense for the year	955	930
Future minimum lease payments receivable		
Not later than one year	4,683	4,655
Later than one year and not later than five years	14,560	14,651
Later than five years	111,217	114,675
Total future minimum lease payments	130,460	133,981

27. MANAGEMENT AGREEMENT

On 29 June 2001 the Trust entered into a Management Deed with Playbill Venue Management Pty Limited (PVM). The agreement is for a term of 20 years and grants PVM the right to manage the Hordern Pavilion and Royal Hall of Industries and other associated rights in return for an annual licence fee payable monthly in advance. Under the agreement PVM had the right to elect to prepay part of the annual licence fee. On 31 October 2001 PVM elected to prepay part of the rent in accordance with the Management Deed. An amount was subsequently received on 9 November 2001. As explained in Note 1(d)(iii) rent received in advance is recognised as revenue over the period to which the prepaid rent refers (in this case the remaining term of the licence agreement). PVM's obligations under the Management Deed have been guaranteed by Lend Lease Development Pty Limited.

28. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Trust will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) from the reporting period beginning 1 July 2005. The Trust is managing the transition to the AEIFRS through a working group with representatives from major operational units of the Trust. Its brief is to identify areas that will be impacted by adoption of the international accounting standards, quantify the impact and provide supporting documentation to Treasury and the Audit Office. Deloitte has been engaged to assist in identifying the impact areas, resolving any issues and compiling the supporting documentation.

All phases of the brief have been completed with the Trust identifying the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector.

The impacts on key areas have been determined taking into account Treasury's likely mandates.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

28. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *continued*

Detailed below is the working group's estimate, as at the date of preparing the 30 June 2005 financial report, of the estimated financial impacts of AEIFRS on the Trust's equity and profit/loss. The group does not anticipate any material impacts on its cash flows.

The actual effect of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the Urgent Issues Group Interpretations and/or emerging accepted practice in its interpretation and application. The Trust's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005–2006.

(a) Reconciliation of Key Aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:

	Note	30 June 2005** $'000	1 July 2004* $'000
Total equity under AGAAP		649,116	596,073
Adjustments to Accumulated Funds:			
Write back asset revaluation reserve for investment properties	1	18,031	10,045
Adjustments to Other Reserves			
Write back asset revaluation reserve for investment properties	1	(18,031)	(10,045)
Total equity under AEIFRS		649,116	596,073

* *adjustments as at the date of transition*
** *cumulative adjustments as at the date of transition plus the year ended 30 June 2005*

Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS:

	Note	30 June 2005 $'000
Surplus/(deficit) under AGAAP		
Investment properties – reversal of depreciation charge	1	869
Surplus/(deficit) under AEIFRS		

Based on the above, if AEIFRS were applied in 2004–2005 this would decrease the Net Cost of Services from $4,789K to $3,920K.

Note 1: Under AASB 140 Investment Property and Treasury's indicative mandates, investment properties will be recognised at fair value. In contrast to its current treatment as property, plant and equipment, investment properties at fair value will not be depreciated and changes in fair value will be recognised in the operating statement rather than the asset revaluation reserve. This means that:

- Any asset revaluation reserve balances relating to such property will be written back to accumulated funds as at 30 June 2004.
- Depreciation expenditure and the escalation adjustment applied to these properties for 2004–2005 will be adjusted against Net Cost of Services and Surplus/(Deficit) for the year ended 30 June 2005.

The above adjustments are based on the assumption that fair value movements in investment properties in 2004–2005 will be equivalent to the net of the depreciation charge and escalation factor. These properties will be fully revalued in 2005–2006 in conjunction with adoption of new accounting standards.

(b) Financial Instruments

In accordance with NSW Treasury's indicative mandates, the Trust will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. These Standards will apply from 1 July 2005.

None of the information provided above includes any impacts for financial instruments. However, when these standards are applied, they are likely to impact on accumulated funds (on first ad option) and the amount and volatility of surplus/deficit. Further, the impact of these standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

28. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *continued*

(c) Grant Recognition for not-for profit Entities

The Trust will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004.

However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments.* If the ED 125 approach is applied, revenue and/or expense recognition will not occur until either the Trust supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

29. AFTER BALANCE DATE EVENTS

No events have occurred subsequent to balance date, which will materially affect the financial statements.

End of audited financial statements.


CENTENNIAL parklands
centennial park moore park queens park