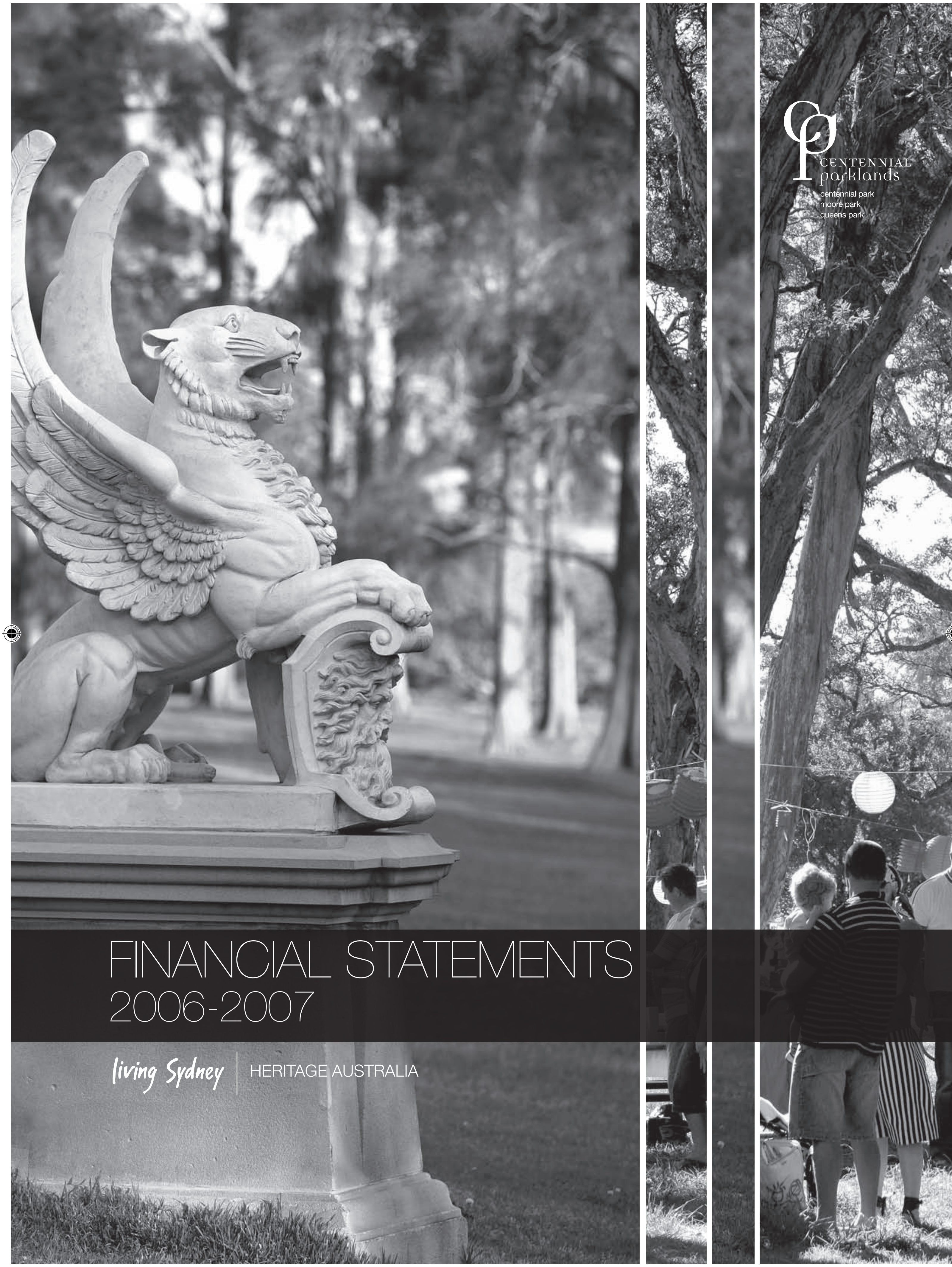

CENTENNIAL parklands

centennial park
moore park
queens park

FINANCIAL STATEMENTS 2006-2007

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Centennial Park and Moore Park Trust
Financial Statements

For the Year Ended 30 June 2007

Statement by Members of the Trust

Pursuant to Section 41C 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 *Public Finance and Audit Regulation 2005* (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

INDEPENDENT AUDIT REPORT

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Centennial Park and Moore Park Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Centennial Park and Moore Park Trust, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Centennial Park and Moore Park Trust as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Trustees' Responsibility for the Financial Report

The members of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDIT REPORT

My opinion does *not* provide assurance:

- about the future viability of the Trust,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 Hegarty FCPA
Director, Financial Audit Services

25 October 2007
SYDNEY

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Actual 2007 $'000	Actual 2006 $'000
REVENUE			
Sale of goods and services		8,050	7,643
Investment revenue		8,509	7,625
Retained taxes, fees and fines		192	259
Grants		7,194	7,411
Other revenue		1,734	37,656
Total Revenue	2	**25,679**	**60,594**
EXPENSES			
Personnel services		5,010	4,950
Other operating		12,221	11,845
Depreciation and amortisation		5,854	5,148
Loss/(Gain) on disposal of assets		(25)	152
Total Expenses	3	**23,060**	**22,095**
SURPLUS FOR THE YEAR		**2,619**	**38,499**

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2007

	Actual 2007 $'000	**Actual 2006 $'000**
Net increase in property, plant and equipment revaluation reserve	11,387	23,831
Total income and expense recognised directly in equity	**11,387**	**23,831**
Surplus for the Year	2,619	38,499
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	**14,006**	**62,330**

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	Actual 2007 $'000	Actual 2006 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,823	1,699
Trade and other receivables	6	1,634	1,118
Inventories	7	183	231
Financial assets at fair value	8	5,133	4,583
Total Current Assets		**10,773**	**7,630**
Non-Current Assets			
Property, Plant and Equipment			
Land and buildings		456,576	446,059
Plant and equipment		1,151	1,068
Infrastructure systems		269,423	267,971
Total Property, Plant and Equipment	9	727,150	715,098
Intangible assets	10	150	87
Other	11	115	124
Total Non-Current Assets		**727,415**	**715,310**
Total Assets		**738,188**	**722,940**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	3,367	2,713
Other	13	1,417	1,210
Total Current Liabilities		**4,784**	**3,923**
Non-Current Liabilities			
Other	13	7,527	7,146
Total Non-Current Liabilities		**7,527**	**7,146**
Total Liabilities		**12,311**	**11,069**
NET ASSETS		**725,877**	**711,871**
Equity			
Reserves		135,213	123,826
Accumulated funds		590,664	588,045
TOTAL EQUITY	14	**725,877**	**711,871**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Actual 2007 $'000	Actual 2006 $'000
CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES			
Payments			
Personnel services		4,988	5,014
Other		15,568	11,572
Total Payments		**20,556**	**16,586**
Receipts			
Sale of goods and services		7,525	8,154
Retained taxes, fees and fines		192	256
Interest received		363	82
Rent received		12,399	7,043
Grants		6,922	7,379
Other		834	270
Total Receipts		**28,235**	**23,184**
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	**7,679**	**6,598**
CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES			
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		150	8
Purchase of land and buildings, plant and equipment and infrastructure systems		(5,375)	(5,989)
Purchase of financial assets		(330)	–
Net Cash Flows Used in Investing Activities		**(5,555)**	**(5,981)**
Net Increase in Cash		2,124	617
Opening cash and cash equivalents		1,699	1,082
CLOSING CASH AND CASH EQUIVALENTS	5	**3,823**	**1,699**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

The Trust is a not-for-profit entity (as profit is not its principal objective) and is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

As a result of the Public Sector Employment Legislation Amendment Act 2006 (PSELAA), the reporting of employees of the Trust has changed. They are now reported as employees of the Department of the Arts, Sport and Recreation rather than employees of the Trust. As a result of this amendment, the Trust reports employee related information as "personnel services" in its financial statements.

These financial statements for the year ended 30 June 2007 have been authorised for issue by the Trust on 23rd October 2007

(b) Basis of Preparation

The Trust's financial statements are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- AASB interpretations; and
- the requirements of the Public Finance and Audit Act and Regulations.

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

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

Where necessary, comparative information has been reclassified to ensure consistent presentation with the current year.

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

(c) Statement of Compliance

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

(d) Administered Activities

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

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants
Contributions from the NSW Government and other bodies are recognised as revenue when the Trust obtains control over the assets comprising the contributions. Control is normally obtained upon the receipt of cash.

(ii) Sale of Goods
Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services
Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Revenue
Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term. Rent received in advance is recognised as revenue over the period to which the prepaid rent refers.

(f) Personnel Services

Personnel services to the Trust are provided by the Department of the Arts, Sport and Recreation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(g) 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 claim experience.

(h) 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.

(i) Income Tax

The activities of the Trust are exempt from the provisions of the Income Tax Assessment Act and other Federal legislation, with the exception of the requirement to pay fringe benefit tax and goods and services tax.

(j) 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 the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

(k) Capitalisation Thresholds

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

(l) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

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 2007 and, except for plant and equipment, was based on an independent assessment.

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 31 May 2006) 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(l) Revaluation of Property, Plant and Equipment (Continued)

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 next adjustment to the base value will be carried out on 30 June 2008.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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 are separately restated.

For other assets, 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 credited directly 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.

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

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

(m) Impairment of Property, Plant and Equipment

As a not-for-profit entity the Trust is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(n) Correction of Errors

As outlined in Note 9(g) the Trust has corrected the accounting treatment for four properties which were classified in the 2006 financial statements as Investment Properties in accordance with AASB 140 Investment Property. The properties have now been reclassified as Property, Plant and Equipment in the 2007 financial statements in accordance with AASB 116 Property, Plant and Equipment.

Based on a detailed review of the nature of the properties Trust management has concluded that the properties contribute, at least in part, to the Trust's service delivery and social delivery objectives and that the properties are held for strategic purposes. The properties therefore fall within the exclusion set out in AASB 140 Investment Property at paragraph Aus9.1. As a result, reclassification as Property, Plant and Equipment means that the accounting treatment of these assets is the same as the balance of the Trust's land, building and infrastructure assets. Principally this means that depreciation will be recorded as an expense in the Income Statement on the depreciable component of the previously designated investment property assets and asset valuation increments will no longer be recorded as revenue but credited to the asset revaluation reserve (unless reversing a decrement previously expensed). Asset decrements will continue to be taken directly to the Income Statement unless reversing a previous increment.

The error has been corrected by restating each of the affected financial statement line items for the prior year as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Income Statement	Actual 2005-06 $'000
Expenses	
Increase in depreciation and amortisation expense	640
Other gains (losses)	
Decrease in other losses (asset decrement)	10,820
Total change in other gains (losses)	10,820
(Decrease)/increase in surplus for the year	**10,180**

Balance Sheet	Actual 2005-06 $'000
NON-CURRENT ASSETS	
Property, Plant and Equipment	
Land and buildings	70,927
Infrastructure systems	1,360
Total increase in Property, Plant and Equipment	72,287
Investment property	
Decrease in Investment property	(72,287)
Net effect on Total Non-Current Assets	**–**
EQUITY	
Increase/(decrease) in Reserves	(10,180)
(Decrease)/increase in Accumulated Funds	10,180
Net effect on Equity	**–**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(o) Depreciation of Property, Plant and Equipment

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 components of assets are recognised and depreciated over their shorter useful lives.

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

(p) Major Inspection Costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(r) Maintenance

Day-to-day servicing costs or 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.

(s) Leased Assets

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

Operating lease payments are charged to the Income Statement in the periods in which they are incurred.

(t) Intangible Assets

The Trust recognises intangible assets only if it is probable that future economic benefits will flow to the Trust and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Trust's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Trust's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity the Trust is effectively exempted from impairment testing (refer paragraph (m)).

(u) Loans and Receivables

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(v) Inventories

Inventories held for distribution are stated at the lower of cost and current replacement cost. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Trust would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(w) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Trust determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss – The Trust subsequently measures investments classified as "held for trading" or designated "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Gains or losses on these assets are recognised in the Income Statement..

(x) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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

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

(y) De-recognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Trust transfers the financial asset where:

- substantially all the risks and rewards have been transferred; or
- the Trust has not transferred substantially all the risks and rewards, if the Trust has not retained control.

Where the Trust has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Trust's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(z) Other Assets

Other assets are recognised on a cost basis.

(aa) Payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(ab) 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.

(ac) New Australian Accounting Standards issued but not effective

At reporting date a number of Australian Accounting Standards have been issued by the AASB but are not yet operative. These have not been early adopted by the Trust. The following is a list of thoese standards that will have an impact on the financial report:

- AASB 7 Financial Instruments: Disclosures – potentially more substantial risk related disclosures relating to credit, liquidity and market risk.
- AASB 101 Presentation of Financial Statements – prescribes the basis for presentation of the financial statements
- AASB 2007-4 Amendments to Australian Accounting Standards Arising from ED 151 and Other Amendments – to fully comply with International Financial Reporting Standards
- AASB 2007-5 Amendments to Australian Accounting Standards - Inventories Held for Distribution by Not- for-Profit Entities - inventories to be measured at cost adjusted where applicable for any loss of service potential

These standards will be implemented for the 2007/08 financial year.

	2007 $'000	2006 $'000
2. REVENUES		
(a) Sale of goods and services		
Rendering of services		
Use of recreational facilities	8,049	7,642
Minor user charges	1	1
Total	**8,050**	**7,643**
(b) Investment revenue		
Interest - TCorp Hour-Glass Investment Facilities	531	213
Interest - Bank	53	40
Rents	7,925	7,372
Total	**8,509**	**7,625**
(c) Retained taxes, fees and fines		
Fines received from issuance of infringement notices for breaches of Trust regulations	192	259
Total	**192**	**259**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
2. REVENUES (CONTINUED)		
(d) Grants		
NSW Government*	–	7,331
Department of the Arts, Sport and Recreation*	6,922	–
Sydney Swans	9	–
NSW Rugby Union Limited	10	–
Centennial Parklands Foundation	253	80
Total	**7,194**	**7,411**

** Conditions on NSW Government Grants - the Trust has an obligation to achieve outcomes as agreed with NSW Treasury and outlined in its yearly business plan*

	2007 $'000	2006 $'000
(e) Other revenue		
Assets recognised first time:		
• Land and Buildings	244	83
• Infrastructure Systems - Trees (Note 9(e))	–	35,930
• Infrastructure Systems - Other	1,049	1,349
Personnel services received free of charge	–	137
Insurance recoveries	102	60
Legal Fee recoveries	91	–
Expense recoveries	215	81
Other	33	16
Total	**1,734**	**37,656**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
3. EXPENSES		
(a) Personnel services		
Salaries and wages (including recreation leave)	4,353	4,032
Superannuation - defined benefit plans	–	28
Superannuation - defined contribution plans	311	310
Long service leave	2	99
Workers' compensation insurance	94	125
Payroll tax and fringe benefits tax	234	280
Other	16	76
Total	**5,010**	**4,950**

Personnel services were provided to the Trust by the Department of the Arts, Sport and Recreation.

The amount of personnel services costs that have been capitalised in particular fixed asset accounts and therefore excluded from the above totalled $510,230 (2006 :$360,529).

The Trust has provided goods and services to the Centennial Parklands Foundation amounting to $169,222 during the year ended 30 June 2007 (2006 :$139,665).

	2007 $'000	2006 $'000
(b) Other operating		
Bad debts	19	(3)
Operating lease rental expense:		
- minimum lease payments	76	81
Golf Course operations:		
- cost of sales	1,192	1,286
- operating expenses		
pro shop and driving range	832	916
food and beverage	457	409
administration and other	744	1,226
Maintenance	3,009	2,493
Insurance	739	782
Consultants	34	88
Power and water	233	184
Legal fees	367	216
Waste removal and cleaning	595	511

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
3. EXPENSES (CONTINUED)		
Security	772	905
Training	52	65
Telephone	75	73
Fees for service	965	459
Supplies and materials	103	85
IT maintenance	128	244
Printing and advertising	311	328
Other	1,518	1,497
Total	**12,221**	**11,845**
* *Reconciliation*		
Maintenance expense, as above	3,009	2,493
Maintenance related employee expenses included in Note 3(a)	134	87
Total maintenance expenses included in Note 3(a) and 3(b)	**3,143**	**2,580**
(c) Depreciation and amortisation		
Depreciation		
Buildings	1,989	1,871
Infrastructure systems	3,495	2,825
Plant and equipment	317	345
Total	**5,801**	**5,041**
Amortisation		
Amortisation of capitalised expenditure on management agreements	9	10
Amortisation of intangible assets	44	97
Total	**53**	**107**
Total depreciation and amortisation	**5,854**	**5,148**
(d) Gain/(Loss) on Disposal of Assets		
Gain/(Loss) on disposal of plant and equipment		
Proceeds from disposal	150	8
Less Written down value of assets disposed	(125)	(160)
Total	**25**	**(152)**

4. INDIVIDUALLY SIGNIFICANT ITEMS

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

Revenue		
Assets recognised for the first time (refer to Note 2(e))	1,293	37,362
Expenses		
Legal Costs incurred from disputes concerning licence agreements with third parties (refer to Note 3(b))	–	216

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	784	1,221
Deposits at call	3,039	478
Total	**3,823**	**1,699**

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled to cash at the end of the financial year to the Cash Flow Statement as follows:

	2007 $'000	2006 $'000
Cash and cash equivalents (per Balance Sheet)	3,823	1,699
Closing Cash and Cash Equivalents (per Cash Flow Statement)	**3,823**	**1,699**

	2007 $'000	2006 $'000
6. CURRENT ASSETS - RECEIVABLES		
Sale of goods and services	311	276
Retained taxes, fees and fines	16	13
Rent receivable	639	483
GST recoverable from Australian Taxation Office	320	71
Amounts due from NSW Treasury	–	31
Other debtors	369	268
Total	**1,675**	**1,142**
Less Allowance for impairment	(41)	(24)
Total	**1,634**	**1,118**
7. CURRENT ASSETS - INVENTORIES		
Held for resale		
Shop, Bar and Food at cost	183	231
Total	**183**	**231**
8. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE		
TCorp - Hour Glass Facility Trust	5,133	4,583
Total	**5,133**	**4,583**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
At Fair Value	489,085	473,438
Less Accumulated Depreciation	(32,509)	(27,379)
Net carrying amount	**456,576**	**446,059**
(b) Plant and Equipment		
At Fair Value	2,671	2,497
Less Accumulated Depreciation	(1,520)	(1,429)
Net carrying amount	**1,151**	**1,068**
(c) Infrastructure Systems		
(i) Trees		
At Fair Value	166,143	164,146
Net carrying amount	**166,143**	**164,146**
(ii) Other		
At Fair Value	177,056	164,288
Less Accumulated Depreciation	(73,776)	(60,463)
Net carrying amount	**103,280**	**103,825**
Total Infrastructure Systems	**269,423**	**267,971**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT NET CARRYING AMOUNT	**727,150**	**715,098**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2007	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems - Trees $'000	Infrastructure Systems - Others $'000	Total $'000
Carrying amount at start of year	446,059	1,068	164,146	103,825	715,098
Additions	1,584	525	60	3,130	5,299
Assets recognised first time	244	–	–	1,048	1,292
Disposals	–	(125)	–	–	(125)
Net revaluation increment less revaluation decrements	10,679	–	1,937	(1,229)	11,387
Depreciation expense	(1,990)	(317)	–	(3,494)	(5,801)
Net Carrying amount at end of year	**456,576**	**1,151**	**166,143**	**103,280**	**727,150**
Year ended 30 June 2006					
Carrying amount at start of year	455,850	1,272	97,462	98,581	653,165
Additions	1,944	159	17	3,821	5,941
Assets recognised first time	83	–	35,930	1,349	37,362
Disposals	(23)	(12)	–	(124)	(159)
Net revaluation increment less revaluation decrements	(9,924)	(6)	30,737	3,024	23,831
Depreciation expense	(1,871)	(345)	–	(2,826)	(5,042)
Net Carrying amount at end of year	**446,059**	**1,068**	**164,146**	**103,825**	**715,098**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Revaluations

Land

(i) Land comprising Centennial Park, Queens Park and Moore Park totalling 360.57 hectares was independently valued by Mr. E Ferdinands AAPI (Val.). The valuation was formulated on the basis of market buying price or the best available market evidence where market prices cannot be observed. Land has been valued on an unimproved or "raw land" basis ie the valuation excludes any built improvements as follows:

- Construction of Moore Park Golf Course
- The ponds and landscaping immediately surrounding the ponds
- Landscaping which forms part of structures built on the land
- Internal roads, paths and cycle ways
- Turfing of the Parklands
- Underground water supply, irrigation and drainage
- Any structures built on the land including fencing and bollards
- Trees and shrubs
- Any other structural improvement on the land

The valuation is dated 30 June 2007 and values the land at $398,920,754.

(ii) Land comprising the Royal Hall of Industries and Horden Pavillion site (1.89 hectares) was independently valued by Mr R.H. Timmermans, B Com (Prop Econ) AAPI and Mr. G.C. Rowe B Bus FAPI. The valuation was based on market buying price or the best available market evidence where market prices cannot be observed.

The valuation is dated 30 June 2007 and values the land at $2,125,000.

Buildings and Infrastructure Systems-Other

Valuation of buildings and infrastructure systems (landscaping, ponds and underground services) was independently undertaken by Mr. R.H. Timmermans B Com (Prop Econ) AAPI and Mr. G.C. Rowe B Bus FAPI. The basis of valuation was depreciated replacement cost as at 30 June 2007. The valuation is dated
30 June 2007.

Infrastructure Systems - Trees

Valuation of trees was independently undertaken by Mr P Martin E.D., PhD, FALAST (the last valuation on this basis was carried out on 31 May 2006 by Mr. P. Martin). The valuation is as at 31 May 2007. The valuation methodology uses a market value/ compensation value basis at 5 yearly intervals to establish the base value.

The base value is then updated on an annual basis taking into account the following:

- 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 trees to reflect growth
- Movement 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 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 values for populations of trees using standard tree inventory data. As such, the value attributed to any given tree in the database 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.

(e) Assets recognised for the first time

During the full revaluation of assets carried out in 2006-07, a number of building and infrastructure assets were located that had not been recognised previously. The additional assets were valued at $1.3 million and have been disclosed in revenue as assets recognised for the first time.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(f) 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:

	2007 $'000	2006 $'000
Buildings	1,621	284
Plant and Equipment	103	77
Infrastructure Systems - Roads, fences, gates and underground services	4,107	2,291
Total	**5,831**	**2,652**

(g) Investment Property

Property comprising the Entertainment Quarter, Fox Studios, the Royal Hall of Industries and land adjacent to the Randwick Racecourse were recognised in the 2006 audited financial statements as Investment Property based on current commercial rental arrangements. Following advice provided by NSW Treasury, these properties have been reclassified as Land and Buildings under AEIFRS. In these financial statements the comparative figures for 2006 have been amended to reflect this change.

	2007 $'000	2006 $'000
10. INTANGIBLE ASSETS		
Software		
Cost (gross carrying amount)	509	402
Accumulated amortisation	(359)	(315)
Net carrying amount	150	87
Other		
Cost (gross carrying amount)		

	Software $'000	Total $'000
Year ended 30 June 2007		
Net carrying amount at start of year	87	87
Additions	107	107
Amortisation (recognised in "depreciation and amortisation")	(44)	(44)
Net carrying amount at end of year	150	150
Year ended 30 June 2006		
Net carrying amount at start of year	114	114
Additions	70	70
Amortisation (recognised in "depreciation and amortisation")	(97)	(97)
Net carrying amount at end of year	87	87

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $'000	2006 $'000
11. NON-CURRENT ASSETS - OTHER		
Expenditure incurred on management agreements at cost	172	172
Accumulated amortisation	(57)	(48)
Total	**115**	**124**
12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Personnel services	502	526
Creditors	2,656	1,995
Other	209	192
Total	**3,367**	**2,713**
Aggregate personnel services payables and related on-costs		
Provisions - current	457	390
Accrued personnel services expenses and on-costs	45	136
Total	**502**	**526**
13. CURRENT/NON-CURRENT LIABILITIES - OTHER		
Current		
Income received in advance - rent	733	591
Income received in advance - other	684	619
Total	**1,417**	**1,210**
Non-Current		
Income received in advance - rent	7,527	7,146
Total	**7,527**	**7,146**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Accumulated Funds		Asset Revaluation		Total Equity	
	2007	2006	2007	2006	2007	2006
14. CHANGES IN EQUITY						
Balance at the beginning of the financial year	588,045	549,546	123,826	99,995	711,871	649,541
AASB 139 first time adoption	–	–	–	–	–	–
Restated opening balance	**588,045**	**549,546**	**123,826**	**99,995**	**711,871**	**649,541**
Changes in equity-other than transactions with owners as owners						
Surplus for the year	2,619	38,499	–	–	2,619	38,499
Increment on revaluation of:						
Land and Buildings	–	–	10,679	(9,924)	10,679	(9,924)
Plant and Equipment	–	–	–	(6)	–	(6)
Infrastructure systems	–	–	708	33,761	708	33,761
Total	**2,619**	**38,499**	**11,387**	**23,831**	**14,006**	**62,330**
Balance at the end of the financial year	**590,664**	**588,045**	**135,213**	**123,826**	**725,877**	**711,871**

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets.

	2007 $'000	2006 $'000
15. COMMITMENTS FOR EXPENDITURE		
(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	418	160
Total (including GST)	**418**	**160**
The commitments shown above include input tax credits of $38K (2006 - $13K) expected to be recoverable from the Australian Tax Office		
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	81	78
Later than one year and not later than 5 years	146	151
Total (including GST)	**227**	**229**
The commitments shown above include input tax credits of $21K (2006 - $21K) expected to be recoverable from the Australian Tax Office		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

16. 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.

	2007 $'000	2006 $'000
17. REMUNERATION OF AUDITORS		
Audit Office of NSW - audit of financial statements*	49	55
Deloitte Touche Tohmatsu - internal audit services	92	113

** No other amounts were paid to the Audit Office of NSW*

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at 30 June 2007 the Trust had no contingent liabilities (2006: $Nil).

Contingent Assets

As at 30 June 2007 the Trust had no contingent assets (2006: $Nil).

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FROM OPERATIONS

Reconciliation of cash flows from operating activities to the Surplus as reported in the Income Statement:

	2007 $'000	2006 $'000
Surplus for the Year	**2,619**	**38,499**
Assets recognised first time	(1,293)	(37,362)
Depreciation and amortisation	5,854	5,148
Increment on doubtful debts provision	18	–
Increment on other financial assets	(221)	(172)
Net loss/(gain) on disposal of plant and equipment	(25)	160
Increase/(decrease) in employee provisions	21	(20)
(Increase)/decrease in receivables	(354)	210
(Increase)/decrease in other assets	(156)	(8)
Increase/(decrease) in creditors	612	237
Increase/(decrease) in income received in advance	604	(94)
Net Cash Flows from Operating Activities	**7,679**	**6,598**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

20. FINANCIAL INSTRUMENTS

The Trust's principal financial instruments are outlined below. These financial instruments arise directly from the Trust's operations or are required to finance the Trust's operations. The Trust does not enter into or trade financial instruments for speculative purposes. The Trust does not use financial derivatives.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed below.

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 uncollectible, are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates 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 allowance for impairment). No interest is earned on other receivables. The carrying amount approximates 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 Investments are:

	2007 $'000	2006 $'000
Cash		
Cash Facility	3,039	478
Total	**3,039**	**478**
Financial assets at fair value		
Bond Market Facility	5,133	4,583
Total	**5,133**	**4,583**

These investments are generally able to be redeemed with up to five business days notice (dependent 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 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 fair value, based on the market value.

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

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

Fair value

Financial instruments are carried at (amortised) cost, with the exception of TCorp Hour Glass facilities, which are carried at fair value. However, the fair value of the other classes of financial instruments approximates their carrying value.

21. 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.

	2007 $'000	2006 $'000
Details of the assets leased are:		
Land and buildings		
Gross amount of leased assets	93,179	79,442
Accumulated depreciation	(15,069)	(12,558)
Total	**78,110**	**66,884**
Depreciation expense for the year	**676**	**732**
Future minimum lease payments receivable		
Not later than one year	5,330	4,565
Later than one year and not later than five years	19,748	17,801
Later than five years	130,868	133,262
Total future minimum lease payments	**155,946**	**155,628**

22. MANAGEMENT AGREEMENT

On the 29th 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(e)(iv) 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 bank guarantee

23. AFTER BALANCE DATE EVENTS

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

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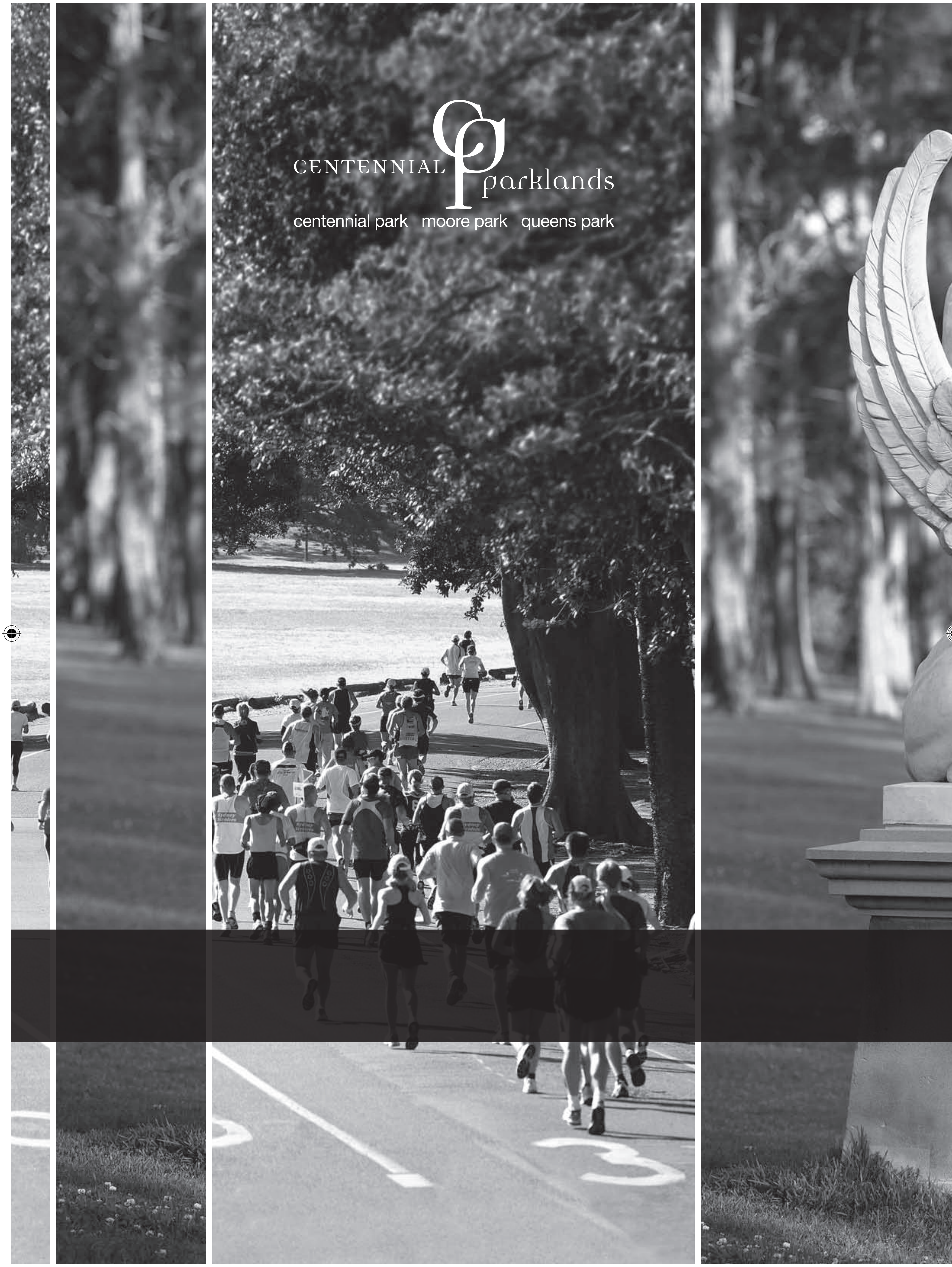
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