Annual Report 2004

CENTENNIAL PARK AND MOORE PARK TRUST

Financial Statements

For the Year Ended 30 June 2004

CENTENNIAL parklands

centennial park   moore park   queens park

Financial Statements

For the Year Ended 30 June 2004

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

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

CENTENNIAL PARK AND MOORE PARK TRUST

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Centennial Park and Moore Park Trust:

(a) presents fairly the Trust's financial position as at 30 June 2004 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 sections 41B and 41BA of the *Public Finance and Audit Act 1983* (the Act).

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

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, the summary of compliance with financial directives 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 the Trustees had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Trust,
- that the Trust has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

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.

J Kheir BEc, FCPA
Director of Audit

SYDNEY
2 November 2004

Statement of Financial Performance

For the Year Ended 30 June 2004

	Notes	Actual 2004 $'000	Budget 2004 $'000	Actual 2003 $'000
Expenses				
Operating expenses				
Employee related	2(a)	4,889	5,023	4,821
Other operating expenses	2(b)	6,747	5,704	5,413
Maintenance		3,731	3,769	3,685
Depreciation and amortisation	2(c)	4,464	4,334	4,339
Total Expenses		19,831	18,830	18,258
Less:				
Retained Revenue				
Sale of goods and services	3(a)	3,316	3,146	3,029
Investment income	3(b)	8,610	7,748	7,621
Retained taxes, fees and fines	3(c)	264	200	215
Grants and contributions	3(d)	90	914	1,327
Other revenue	3(e)	737	20	288
Total Retained Revenue		13,017	12,028	12,480
Loss on disposal of non-current assets	4	(42)	-	(14)
Net Cost of Services	23	6,856	6,802	5,792
Government Contributions				
Recurrent appropriation	5(a)	3,668	3,668	3,664
Capital appropriation	5(b)	5,786	5,953	2,156
Acceptance by the Crown Entity of employee benefits and other liabilities	7	495	372	587
Total Government Contributions		9,949	9,993	6,407
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		3,093	3,191	615
SURPLUS/(DEFICIT) FOR THE YEAR		3,093	3,191	615
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve		834	-	1,312
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	18	3,927	3,191	1,927

The accompanying notes form part of these statements.

Statement of Financial Position

As at 30 June 2004

	Notes	Actual 2004 $'000	Budget 2004 $'000	Actual 2003 $'000
ASSETS				
Current Assets				
Cash	9	7,195	7,166	7,027
Receivables	10	1,096	1,521	1,671
Inventories	11	55	-	-
Other financial assets	12	4,126	4,168	3,994
Total Current Assets		12,472	12,855	12,692
Non-Current Assets				
Property, Plant and Equipment				
– Land and Buildings	13(a)	415,414	413,580	414,659
– Plant and Equipment	13(b)	1,327	1,115	1,076
– Infrastructure Systems	13(c)	181,386	180,584	177,036
Total Property, Plant and Equipment		598,127	595,279	592,771
Other	14	143	153	153
Total Non-Current Assets		598,270	595,432	592,924
Total Assets		610,742	608,287	605,616
LIABILITIES				
Current Liabilities				
Payables	15	5,154	3,647	3,591
Provisions	16	365	351	336
Other	17	787	590	590
Total Current Liabilities		6,306	4,588	4,517
Non-Current Liabilities				
Provisions	16	35	35	35
Other	17	8,328	8,327	8,918
Total Non-Current Liabilities		8,363	8,362	8,953
Total Liabilities		14,669	12,950	13,470
Net Assets		596,073	595,337	592,146
EQUITY				
Reserves	18	71,412	70,578	70,578
Accumulated funds	18	524,661	524,759	521,568
Total Equity		596,073	595,337	592,146

The accompanying notes form part of these statements.

Statement of Cash Flows

For the Year Ended 30 June 2004

	Notes	Actual 2004 $'000	Budget 2004 $'000	Actual 2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		4,541	4,748	4,397
Other		9,764	12,571	9,553
Total Payments		14,305	17,319	13,950
Receipts				
Sale of goods and services		3,296	2,996	3,305
Retained taxes, fees and fines		264	200	236
Interest received		304	160	340
Rent received		8,315	7,414	6,693
Other		2,774	3,738	1,637
Total Receipts		14,953	14,508	12,211
Cash Flows from Government				
Recurrent appropriation		3,668	3,668	3,664
Capital appropriation		5,786	5,953	2,156
Cash reimbursements from the Crown Entity		220	171	212
Total Cash Flows from Government		9,674	9,792	6,032
NET CASH FLOWS FROM OPERATING ACTIVITIES		10,322	6,981	4,293
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		-	25	15
Purchase of land and buildings, plant and equipment and infrastucture systems		(10,154)	(6,867)	(3,558)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(10,154)	(6,842)	(3,543)
NET INCREASE/(DECREASE) IN CASH		168	139	750
Opening cash and cash equivalents		7,027	7,027	6,277
CLOSING CASH AND CASH EQUIVALENTS		7,195	7,166	7,027

The accompanying notes form part of these statements.

Supplementary financial statements Summary of Compliance with Financial Directives

For the Year Ended 30 June 2004

	2004				2003			
	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	3,668	3,668	5,953	5,786	3,664	3,664	2,156	2,156
	3,668	3,668	5,953	5,786	3,664	3,664	2,156	2,156
Total Appropriations/ Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	**3,668**	**3,668**	**5,953**	**5,786**	**3,664**	**3,664**	**2,156**	**2,156**
Amount drawn down against Appropriation		3,668		5,786		3,664		2,156
Liability to Consolidated Fund		–		–		–		–

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 Statements

For the Year Ended 30 June 2004

1. Summary of significant accounting policies

(a) Reporting Entity

The Centennial Park & 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 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 liabilities rather than revenue. There were no amounts required to be repaid during the year ended 30 June 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) Accrued salaries and wages-reclassification

As a result of the adoption of the Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets', accrued salaries and wages and on-costs has been reclassified to 'payables' instead of 'provisions' in the Statements of Financial Position and the related note disclosures, for the current and comparative period. On the face of the Statement of Financial Positions and in the notes, reference is now made to 'provisions' in place of 'employee entitlements and other provisions'. Total employee benefits (including accrued salaries and wages) are reconciled in Note 16 'Provisions'.

(iii) Long Service Leave and Superannuation

The agency'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 Entitlements and other Liabilities'.

Long service leave is measured using present value methodology. In the past, as permitted in AASB 1028, the Crown has relied on the short-hand method to approximate the present value of long service leave, based on the remuneration rates at year-end for all employees with five or more years of service. However, recent calculations by the Government Actuary indicate that this approach for budget dependent agencies resulted in liabilities that are lower than what would have been calculated by more accurate present value calculations. As long service leave is assumed by the Crown, the only effects on the Trust's operating results of this changed methodology will be in respect of those on-costs not assumed by the Crown.

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.

(iv) 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 a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

Any provisions for restructuring are recognised either when a detailed formal plan has been developed or will be developed within a prescribed time limit and where the Trust has raised a valid expectation in those effected by the restructuring that it will carry out the restructuring.

(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 is not available, the asset's fair value is measured as its market buying price, ie the replacement cost of the asset's 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.

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) 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 30 June 2004.

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.

CENTENNIAL PARK AND MOORE PARK TRUST

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

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.

(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.

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

2 EXPENSES	2004 $'000	2003 $'000
(a) Employee related		
Salaries and wages (including recreation leave)	3,941	3,848
Superannuation	333	330
Long service leave	142	251
Workers' compensation insurance	178	158
Payroll tax and fringe benefits tax	273	212
Other	22	22
Total	4,889	4,821
(b) Other operating		
Auditor's remuneration		
– audit of the financial reports	37	36
Bad and doubtful debts	40	13
Operating lease rental expense		
– minimum lease payments	113	163
Insurance	992	746
Consultants	181	196
Power and water	166	193
Legal fees	1,233	543
Waste removal and cleaning	551	691
Security	704	713
Training	85	76
Telephone	61	118
Fees for service	548	605
Supplies and materials	117	113
IT maintenance	471	235
Printing and advertising	405	341
Internal audit	107	63
Conservation management plan	–	15
Other	936	553
	6,747	5,413
(c) Depreciation and amortisation		
Depreciation		
Buildings	1,765	1,758
Infrastructure systems	2,283	2,191
Plant and equipment	407	380
	4,455	4,329
Amortisation		
Amortisation of capitalised expenditure on management agreements	9	10
	9	10
Total depreciation and amortisation	4,464	4,339

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

3 REVENUES	2004 $'000	2003 $'000
(a) Sale of goods and serices		
Rendering of services		
Use of recreational facilities*	3,316	3,026
Minor user charges	–	3
	3,316	3,029

** The Trust subsidised one organisation by charging concessional rates on golf course green fees. The subsidy was to Moore Park Golf Club for $260,154 (2003: $204,833).*

	2004 $'000	2003 $'000
(b) Investment income		
Interest	436	622
Rents*	8,174	6,999
	8,610	7,621

** The Trust subsidised one organisation by charging concessional rates on licence fees. The subsidy was to KU Children's Services for $66,622 (2003: $64,745).*

	2004 $'000	2003 $'000
(c) Retained taxes, fees and fines		
Fines received from issuance of infringement notices for breaches of Trust regulations	264	215
	264	215
(d) Grants and contributions		
Grants		
Moriah College	85	–
NSW Heritage Office	–	14
Total grants	85	14
Contributions of assets		
State Transit Authority	–	1,300
Donations	5	13
Total contributions of assets	5	1,313
Total grants and contributions	90	1,327
(e) Other revenue		
Insurance recoveries	45	49
Recoup (Visitor Services Agency)	364	222
Legal Fees	318	–
Other	10	17
	737	288
4 LOSS ON DISPOSAL OF NON-CURRENT ASSETS		
Proceeds from disposal of plant and equipment	–	15
Less Written down value of assets disposed	(42)	(29)
Net loss on disposal of plant and equipment	(42)	(14)
5 APPROPRIATIONS		
(a) Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	3,668	3,664
Total	3,668	3,664
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)		
	3,668	3,664

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

	2004 $'000	2003 $'000
(b) Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	5,786	2,156
Total	5,786	2,156
Comprising: Capital appropriations (per Statement of Financial Performance)	5,786	2,156
	5,786	2,156

6 INDIVIDUALLY SIGNIFICANT ITEMS

The following significant revenue item is relevant in explaining the financial performance:

	2004 $'000	2003 $'000
Revenue		
Recovery of Legal Costs (refer to Note 28)	318	–
Transfer of a parcel of land from State Transit Authority	–	1,300
Expenses		
Legal Costs incurred from disputes concerning licence agreements with third parties (refer to Note 28)	1,233	–

7 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

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

	2004 $'000	2003 $'000
Superannuation	333	330
Long service leave	142	237
Payroll tax	20	20
	495	587

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 progrm covers the protection and enhancement of Centennial Parklands; the provision of equitabe high quality recreational and cultural opportunities for the enjoyment of Sydneysider's and visitors alike; and the promotion of the recreational, historical, scientific, educatonal, cultural and environmental values of Trust lands.

9 CURRENT ASSETS – CASH

	2004 $'000	2003 $'000
Cash at bank and on hand	2,848	894
Deposits at call	4,347	6,133
	7,195	7,027

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:

	2004 $'000	2003 $'000
Cash (per Statement of Financial Position)	7,195	7,027
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	7,195	7,027

10 CURRENT ASSETS – RECEIVABLES

	2004 $'000	2003 $'000
Sale of goods and services	324	344
Rent receivable	427	961
GST recoverable from Australian Taxation Office	271	345
Amounts due from NSW Treasury	49	–
Other debtors	65	61
	1,136	1,711
Less Provision for doubtful debts	(40)	(40)
Total	1,096	1,671

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

	2004 $'000	2003 $'000
11 CURRENT ASSETS – INVENTORIES		
Shop, Bar and Food	55	–
Total	55	–
12 CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Tcorp – Hour Glass Facility Trust	4,126	3,994
Total	4,126	3,994
13 NON-CURRENT ASSETS – PLANT AND EQUIPMENT		
(a) Land and Buildings		
At Fair Value	432,953	430,433
Less Accumulated Depreciation	(17,539)	(15,774)
	415,414	414,659
(b) Plant and Equipment		
At Fair Value	2,610	2,092
Less Accumulated Depreciation	(1,283)	(1,016)
	1,327	1,076
(c) Infrastructure Systems		
(i) Trees		
At Fair Value	96,803	95,944
	96,803	95,944
(ii) Other		
At Fair Value	130,613	124,866
Less Accumulated Depreciation	(46,030)	(43,774)
	84,583	81,092
Total Infrastructure Systems	181,386	177,036
Total Property, Plant and Equipment At Net Book Value	598,127	592,771

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year are set out below.

2004	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems – Trees $'000	Infrastructure Systems – Other $'000	Total $'000
Carrying amount at start of year	414,659	1,076	95,944	81,092	592,771
Additions	2,520	682	25	5,792	9,019
Disposals		(24)		(18)	(42)
Revaluation Adjustment			834		834
Depreciation expense	(1,765)	(407)		(2,283)	(4,455)
Carrying amount at end of year	415,414	1,327	96,803	84,583	598,127

(d) Revaluations

Infrastructure Systems - Trees

Valuation of trees was independently undertaken by Mr P Martin E.D., PhD, FALAST. The valuation is dated 17 July 2004. 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 Ma

- 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 continued

For the Year Ended 30 June 2004

The base value
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 re
revaluation was carried out in June 2004.

(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:

	2004 $'000	2003 $'000
Buildings	1,771	235
Plant and Equipment	1,082	–
Infrastructure Systems – Roads, fences, gates and underground services	2,723	4,049
	5,576	4,284

14 NON-CURRENT ASSETS – OTHER

Expenditure incurred on management agreements at cost	172	172
Accumulated amortisation	(29)	(19)
	143	153

15 CURRENT LIABILITIES – PAYABLES

Accrued salaries and wages	272	181
Creditors	4,592	3,129
Other	290	281
	5,154	3,591

16 CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits and related on-costs		
Recreation leave	361	332
Long Service Leave on-costs	39	39
	400	371
Aggregate employee benefits and related on-costs		
Provisions – current	365	335
Provisions – non-current	35	36
Accrued salaries, wages and on-costs (Note 15)	272	181
	672	552

17 OTHER LIABILITIES

Current		
Income received in advance – rent	590	590
Income received in advance – other	197	–
	787	590
Non-Current		
Income received in advance – rent	8,328	8,918
	8,328	8,918

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

18 CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation		Total Equity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Balance at the beginning of the financial year	521,568	520,953	70,578	69,266	592,146	590,219
Surplus / (Deficit) for the year	3,093	615	–	–	3,093	615
Increment on revaluation of:						
Land and Buildings	–	–	–	–	–	–
Infrastructure systems	–	–	834	1,312	834	1,312
Plant and Equipment	–	–	–	–	–	–
Balance at the end of the financial year	524,661	521,568	71,412	70,578	596,073	592,146

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.

19 COMMITMENTS FOR EXPENDITURE

	2004 $'000	2003 $'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	2,575	2,515
Total (including GST)	2,575	2,515

The commitments shown above include input tax credits of $224K (2003 – $229K) 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	72	107
Later than one year and not later than 5 years	42	65
Total (including GST)	114	172

The commitments shown above include input tax credits of $10K (2003 - $16K) 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

As at 30 June 2004 the Trust had contingent liabilities of around $135,000 related to legal matters.

22 BUDGET REVIEW

Net cost of services

The actual net cost of services was in line with budget. Both revenue and expenses were higher than budget by approximately $1 million for the following reasons:

(a) Revenue from investments exceeded budget by $0.86 million due to higher than expected revenue from the rental of Trust properties and higher than expected interest on Trust cash balances.
(b)
(c) Offsett
to delays in the transfer of assets to the Trust from other agencies. These assets are to be acquired at no cost.
(d) Expenses were above budget by approximately $1 million reflecting significant legal expenses incurred during the year in relation to the Moore Park Golf Club Limited and Fox Entertainment Precinct Pty Limited legal disputes.

Assets and liabilities

Total assets
2002 – 2003 and spent in 2003 – 2004 which was not included in the original budget.

Cash flows

Net cash flows from operating activities exceeded budget by $3.4million. This was due primarily to higher than anticipated creditors.

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

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:

	2004 $'000	2003 $'000
Net cash used on operating activities	10,322	4,293
Cash flows from Government/Appropriations	(9,454)	(5,820)
Acceptance by the Crown Entity of employee benefits and other liabilities	(495)	(587)
Depreciation and amortisation	(4,464)	(4,339)
Increment on other financial assets	132	283
Net (loss)/gain on disposal of plant equipment	(42)	(14)
(Increase)/decrease in employee provisions	(30)	(110)
Increase/(decrease) in receivables	(575)	478
Increase/(decrease) in other assets	55	–
Assets acquired free of liability	–	1,300
(Increase)/decrease in creditors	(2,698)	(1,867)
(Increase)/decrease in income received in advance	393	591
Net cost of services	**(6,856)**	**(5,792)**

24 NON-CASH FINANCING AND INVESTING ACTIVITIES

Property, Plant and Equipment

The following acquisition is not reflected in the Statement of Cash Flows		
Land acquired at nominal consideration and included in the financial statements at fair value (refer Note 3 (d)	–	1,300

25 FINANCIAL INSTRUMENTS

Cash

Cash c
as determi
Hour-Glass Facilities).

Receivables

All trade debtor
which are known to
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:

	2004 $'000	2003 $'000
Cash		
Cash Facility	4,347	6,133
	4,347	6,133
Other financial assets		
Bond Market Facility	4,126	3,994
	4,126	**3,994**

These investments are generally able to be redeemed with up to five business days notice (dependant on the facility). The value of the investments
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 Statements continued

For the Year Ended 30 June 2004

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.

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.

	2004 $'000	2003 $'000
Details of the assets leased are:		
Land and buildings		
Gross amount of leased assets	79,598	85,447
Accumulated depreciation	(5,637)	(6,788)
	73,961	78,659
Depreciation expense for the year	930	1,065
Future minimum lease payments		
Not later than one year	4,655	4,891
Later than one year and not later than five years	14,651	16,603
Later than five years	114,675	118,748
Total future minimum lease payments	133,981	140,242

27 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(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 SETTLEMENT OF LEGAL DISPUTES

During the year the Trust was involved in litigation in relation to Moore Park Golf Club Limited and, in a separate matter, the Fox ntertainment Precinct Pty Limited.

Moore Park Golf Club Limited commenced legal proceedings against the Trust during the 2002 – 2003 financial year in relation to a dispute over a licence agreement with the Trust. During 2003 – 2004 discussions were held between the Trust and the Club with the purpose of seeking a commercial settlement of the dispute. Following significant progress with these discussions the Club applied to the Supreme Court to have the legal proceedings dismissed and this occurred on 12 March 2004. Subsequent negotiations culminated on 30 June 2004 with the Trust entering into a business sale agreement and acquiring all of the business assets of the Moore Park Golf Club Limited for a consideration of $1.63 million. Agreements were also entered into to provide the Club with office accommodation and for member access to the golf course under an access fee arrangement.

During 2003 – 2004 Fox Entertainment Pty Limited (Fox) commenced legal proceedings in the Equity Division of the Supreme Court seeking rectification of a turnover rent clause in its lease with the Trust. The matter was heard in February 2004 and on 26 March 2004 Justice Barrett handed down his judgement. The claim by Fox for rectification of the lease was dismissed and an order made for Fox to pay outstanding turnover rent and the Trust's costs. In May 2004 Fox lodged a Notice of Appeal without appointment. This issue was settled on 30 June 2004 as part of the formal agreements for the assignment of the lease to Colonial First State. Settlement included payment of the Trust's costs amounting to $350,000 (including GST) and withdrawal of the appeal.

Notes to and forming part of the Financial Statements continued

For the Year Ended 30 June 2004

29 ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Trust will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The Trust is managing the transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

NSW Treasury is assisting departments to manage the transition by developing policies, including mandates of options; presenting training seminars to all departments; providing a website with up-to-date information to keep departments informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

NSW Treasury is assisting departments in identifying any differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure concistency at the whole of government level, NSW Treasury has advised the Trust of options it is likely to mandate, and will confirm these during 2004 – 05. This disclosure reflects these likely mandates.

The Trust's accounting policies may be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005 – 06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 116 *Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*
- AASB 119 *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.
- AASB 1004 *Contributions* applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.
- AASB 139 *Financial Instrument Recognition and Measurement* results in the recognition of financial instruments that were previously off balance sheet, including derivatives. The standard adopts a mixed measurement model and requires financial instruments held for trading and available for sale to be measured at fair value and valuation changes to be recognised in profit or loss or equity, respectively. Previously they were recognised at cost. This may increase the volatility of the operating result and balance sheet.

  To achieve full harmonisation with GFS, entities would need to designate all financial instruments at fair value through profit or loss. However, at this stage it is unclear whether this option will be available under the standard and, if available, whether Treasury will mandate this option for all departments.

30 AFTER BALANCE DATE EVENTS

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

End of audited financial statements