Financial **Statements** 2005-06

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

STATEMENT BY MEMBERS OF THE TRUST

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

a) 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

Independent Audit Report

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 (the Trust):

- presents fairly the Trust's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Trustees' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Trust, for the year ended 30 June 2006.

The Trustees of the Trust are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order 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 Standards and statutory requirements, and I:

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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

R Hegarty FCPA
Director, Financial Audit Services

SYDNEY
27 October 2006

Operating Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 $'000	Budget 2006 $'000	Actual 2005 $'000
Expenses excluding gains/ (losses)				
Operating expenses				
Personnel services	2(a)	4,950	4,709	4,799
Other operating expenses	2(b)	11,845	9,473	12,379
Depreciation and amortisation	2(c)	4,507	4,680	3,836
Total Expenses excluding gains/ (losses)		21,303	18,862	21,014
Less:				
Revenue				
Sale of goods and services	3(a)	7,643	3,566	6,712
Investment revenue	3(b)	7,625	8,811	7,133
Retained taxes, fees and fines	3(c)	259	207	158
Grants and contributions	3(d)	80	4,747	2,868
Other revenue	3(e)	37,656	7	823
Total Revenue		53,263	17,338	17,694
Loss on disposal	4	(152)	-	(108)
Other gains/ (losses)	5	(10,820)	-	7,986
Net Cost of Services	25	(20,988)	1,524	(4,558)
Government Contributions				
Recurrent appropriation	6(a)	2,715	2,328	2,368
Capital appropriation	6(b)	4,616	4,516	7,915
Total Government Contributions		7,331	6,844	10,283
SURPLUS FOR THE YEAR		28,319	5,320	14,841

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 $'000	Budget 2006 $'000	Actual 2005 $'000
Net increase/ (decrease) in property, plant and equipment revaluation reserve		34,009	-	38,629
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		34,009	-	38,629
Surplus for the Year		28,319	5,320	14,841
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	20	62,328	5,320	53,470

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 JUNE 2006

	Notes	Actual 2006 $'000	Budget 2006 $'000	Actual 2005 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	9	1,699	2,343	1,082
Receivables	10	1,118	1,358	1,358
Inventories	11	231	223	223
Financial assets at fair value	12	4,583	4,584	4,412
Total Current Assets		7,631	8,508	7,075
Non-Current Assets				
Property, Plant and Equipment				
– Land and Buildings	13(a)	375,132	377,289	377,608
– Plant and Equipment	13(b)	1,068	1,301	1,272
– Infrastructure Systems	13(c)	266,611	198,347	194,554
Total Property, Plant and Equipment		642,811	576,937	573,434
Investment property	14	72,287	79,731	79,731
Intangible assets	15	87	112	114
Other	16	124	124	134
Total Non-Current Assets		715,309	656,904	653,413
Total Assets		722,940	665,412	660,488
LIABILITIES				
Current Liabilities				
Payables	17	2,323	2,085	2,085
Provisions	18	338	357	357
Other	19	1,210	713	713
Total Current Liabilities		3,871	3,155	3,155
Non-Current Liabilities				
Provisions	18	52	53	53
Other	19	7,146	7,147	7,737
Total Non-Current Liabilities		7,198	7,200	7,790
Total Liabilities		11,068	10,355	10,945
Net Assets		711,871	655,057	649,543
EQUITY				
Reserves	20	134,005	107,982	99,996
Accumulated funds	20	577,866	547,075	549,547
Total Equity		711,871	655,057	649,543

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 $'000	Budget 2006 $'000	Actual 2005 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		5,014	4,051	4,689
Other		11,572	13,130	18,385
Total Payments		16,586	17,181	23,074
Receipts				
Sale of goods and services		8,154	3,566	6,729
Retained taxes, fees and fines		256	200	158
Interest received		82	135	242
Rent received		7,043	8,482	6,224
Other		350	7,497	2,362
Total Receipts		15,885	19,880	15,715
Cash Flows from Government				
Recurrent appropriation		2,715	2,328	2,368
Capital appropriation		4,616	4,516	7,915
Cash reimbursements from the Crown Entity		(32)	-	349
Total Cash Flows from Government		7,299	6,844	10,632
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	6,598	9,543	3,273
CASH FLOWS USED IN INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		8	-	57
Purchase of land and buildings, plant and equipment and infrastucture systems		(5,989)	(8,282)	(9,443)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(5,981)	(8,282)	(9,386)
NET INCREASE/(DECREASE) IN CASH		617	1,261	(6,113)
Opening cash and cash equivalents		1,082	1,082	7,195
CLOSING CASH AND CASH EQUIVALENTS	9	1,699	2,343	1,082

The accompanying notes form part of these financial statements.

Summary of Compliance with Financial Directives

FOR THE YEAR ENDED 30 JUNE 2006

	2006				2005			
	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	2,328	2,328	4,516	4,516	2,274	2,274	7,915	7,915
Section 27 PF & AA	-	-	-	-	40	40	-	-
Other Appropriations/Expenditure								
Treasurer's Advance	330	330	100	100	54	54	-	-
Section 28 PF & AA	57	57						
	2,715	2,715	4,616	4,616	2,368	2,368	7,915	7,915
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund								
(includes transfer payments)	2,715	2,715	4,616	4,616	2,368	2,368	7,915	7,915
Amount drawn down against Appropriation		2,715		4,616		2,368		7,915
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 Report

FOR THE YEAR ENDED 30 JUNE 2006

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, as previously, 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 2006 have been authorised for issue by the Trust on 27 October 2006.

(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));
- the requirements of the *Public Finance and Audit Act 1983* and *Regulation 2005*; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment and investment property 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.

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.

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

Under previous Accounting Standards, financial instruments were recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which were measured at fair value.

Reconciliations of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 30.

(d) Administered Activities

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

(e) Income Recognition

Income 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.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income 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. Any liability is disclosed in Note 19 as part of 'Current liabilities – Other'. The amount will be repaid and the liability will be extinguished next financial year.

(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 Service/s

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) 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 paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long-term annual leave.

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

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

(ii) Long Service Leave and Superannuation

The Trust's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Trust 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 'Personnel services received free of charge'. Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 06/09) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in The Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

(iii) Other Provisions

Other provisions exist when: the Trust has a present legal, equitable or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

(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) 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.

(i) 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).

(j) 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.

(k) 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 05-3). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property* Information on investment property is separately discussed at Note 1 (r).

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 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 31 May 2006) to establish the base value. This base value is then updated on an annual basis taking into account the following factors:

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

- 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 next adjustment to the base value will be carried out on 31 May 2007.

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.

(k) Revaluation of Property, Plant and Equipment (Cont'd)

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.

(l) 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.

(m) 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

(n) Major Inspection Costs

When each major inspection is performed, the labour cost of performing major inspections

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(o) 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.

(p) 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.

(q) 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 Operating Statement in the periods in which they are incurred.

(r) Investment Properties

The Trust owns properties held to earn rentals and/or for capital appreciation. The investment properties are stated at fair value supported by market evidence at the balance sheet date. Gains or losses arising from changes in fair value are included in the Operating Statement in the period in which they arise. No depreciation is charged on investment properties.

(s) 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 pargraph (l)).

(t) Loans and Receivables – Year ended 30 June 2006 (refer Note 1 (ad) for 2004-05 policy)

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 Operating 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.

(u) 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.

(v) Investments – Year ended 30 June 2006
(refer Note 1 (ad) for 2004-05 policy)

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.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

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 Operating Statement.

(w) 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 Operating Statement.

Any reversals of impairment losses are reversed through the Operating 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.

(x) De-recognition of Financial Assets and Financial Liabilities – Year ended 30 June 2006

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
- where 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.

(y) Other Assets

Other assets are recognised on a cost basis.

(z) Payables – Year ended 30 June 2006

(refer Note 1 (ad) for 2004-05 policy)

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.

(aa) 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 Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts (i.e. per the audited financial statements rather than carried forward estimates).

(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) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A (refer paragraph (ad) below). The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132/139 is further discussed in Note 30.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

(ad) Financial Instruments Accounting Policy for 2004-05 Comparative Period

Investment Income

Interest revenue is recognised as it accrues. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible 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.

Other Financial Assets

Other financial assets are generally recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current other financial assets revaluation increments and decrements are recognised in the same manner as physical non-current assets.

For current other financial assets revaluation increments and decrements are recognised in the Operating Statement.

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.

(ae) 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 these standards and their possible impact on the financial report, if any, in the period of their initial application.

		AASB Amendment	Application date of Standard	Application date for Trust
No impact on financial report				
AASB 1	First Time Adoption of AEIFRS	2005-10	1/1/2007	1/7/2007
AASB 2	Business Combinations	2005-6	1/1/2006	1/7/2006
AASB 114	Segment Reporting	2005-10	1/1/2007	1/7/2007
AASB 119	Employee Benefits	New Standard	1/1/2006	1/7/2006
AASB 121	The Effects of Changes in Foreign Exchange Rates	2006-1	1/1/2006	1/7/2006
AASB 124	Related Party Disclosures	2004-3	1/1/2006	1/7/2006
Impact under Evaluation				
The effect of changes in the following standards are still being evaluated, as such the effect of any change can not be reasonably be estimated.				
AASB 7	Financial Instruments: Disclosure	New Standard	1/1/2007	1/7/2007
AASB 117	Leases	2005-10	1/1/2007	1/7/2007
AASB 132	Financial Instruments: Disclosure and Presentation	Various	1/1/2007	1/7/2007
AASB 139	Financial Instruments: Recognition and Measurement	2005-10	1/1/2007	1/7/2007

The following new standards have no application to the Trust.

AASB 4	Insurance Contracts
AASB 133	Earnings per Share
AASB 1023	General Insurance Contracts
AASB 1038	Life Insurance Contracts

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000

2 EXPENSES

(a) Personnel services

Personnel services costs acquired from the Department of the Arts, Sport and Recreation comprised:

	2006 $'000	2005 $'000
Salaries and wages (including recreation leave)	4,032	3,885
Superannuation – defined benefit plans	28	50
Superannuation – defined contribution plans	310	304
Long service leave	99	127
Workers' compensation insurance	125	118
Payroll tax and fringe benefits tax	280	288
Other	77	27
Total Personnel Services	4,950	4,799

Personnel services were provided to the Trust by the Department of Tourism, Sport and Recreation for the period 1 July 2005 to 2 March 2006; and subsequently, following an administrative restructure, by the Department of the Arts, Sport and Recreation from 3 March 2006 to 30 June 2006 in accordance with NSW TC 06/13 (21 June 2006).

The amount of personnel services costs that have been capitalised in particular fixed asset accounts and therefore excluded from the above totalled $360,529 (2005: $349,000).

The Trust has provided goods and services to the Centennial Parklands Foundation amounting to $139,665 during the year ended 30 June 2006 (2005: $153,039)

(b) Other operating

	2006 $'000	2005 $'000
Auditor's remuneration		
– audit of the financial reports	55	45
Bad debts	(3)	-
Operating lease rental expense		
– minimum lease payments	81	77
Golf Club operations		
– cost of sales	1,286	780
– operating expenses		
Pro shop and driving range	916	724
Food and beverage	409	558
Administration and other	1,226	909
Maintenance	2,493	3,459
Insurance	782	1,098
Consultants	88	143
Power and water	184	194
Legal fees	216	197
Waste removal and cleaning	511	485
Security	905	627
Training	65	42
Telephone	73	104
Fees for service	459	408

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
2 EXPENSES (CONTINUED)		
Supplies and materials	85	150
IT maintenance	245	323
Printing and advertising	328	351
Internal audit	113	89
Other	1,329	1,615
Total	11,845	12,379
** Reconciliation*		
Maintenance expense, as above	2,493	3,459
Maintenance related employee expenses included in Note 2(a)	87	39
Total maintenance expenses included in Note 2(a) and 2(b)	2,580	3,498
(C) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	1,257	1,040
Infrastructure systems	2,798	2,417
Plant and equipment	345	291
Total	4,400	3,748
Amortisation		
Amortisation of capitalised expenditure on management agreements	10	9
Amortisation of intangible assets	97	79
Total	107	88
Total depreciation and amortisation	4,507	3,836
3 REVENUES		
(a) Sale of goods and services		
Rendering of services		
Use of recreational facilities	7,642	6,710
Minor user charges	1	2
Total	7,643	6,712
(b) Investment revenue		
Interest – TCorp Hour-Glass Investment Facilities	213	476
Interest – Bank	40	52
Rents [1,2]	7,372	6,605
Total	7,625	7,133

1. The Trust subsidised one organisation by charging concessional rates on licence fees. The subsidy was to KU Children's Services for $128,388 (2005: $66,622).

2. The Trust has resolved the issue it had with Gandel over the calculation of the turnover rent for The Entertainment Quarter in 2004-05. The negotiations were completed earlier this year and as a result the Trust has recognised an amount of $0.46 million as investment revenue in 2005-06 which represents the balance of the 2004-05 turnover rent.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
3 REVENUES (CONTINUED)		
(c) Retained taxes, fees and fines		
Fines received from issuance of infringement notices for breaches of Trust regulations	259	158
Total	259	158
(d) Grants and contributions		
Grants		
Centennial Parklands Foundation	80	-
Moriah War Memorial College	-	80
Randwick Council	-	116
NSW Crown Finance Entity	-	125
Total	80	321
Contributions of assets		
State Transit Authority	-	1,400
Roads and Traffic Authority	-	1,147
Total	-	2,547
Total grants and contributions	80	2,868
(e) Other revenue		
Assets recognised first time:		
Land and Buildings	83	-
Infrastructure Systems – Trees (Note 13(e))	35,930	-
Infrastructure Systems – Other	1,349	-
Personnel services received free of charge	137	492
Insurance recoveries	60	131
Legal Fee recoveries	-	95
Expense recoveries	81	77
Other	16	28
Total	37,656	823
4 GAIN/(LOSS) ON DISPOSAL		
Gain/(Loss) on disposal of plant and equipment		
Proceeds from disposal	8	57
Less Written down value of assets disposed	(160)	(165)
Net gain/(loss) on disposal of plant and equipment	(152)	(108)
5 OTHER GAINS / (LOSSES)		
Investment property revaluation (decrement)/increment	(10,820)	7,986
Total	(10,820)	7,986

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
6 APPROPRIATIONS		
(a) Recurrent appropriations		
Total recurrent draw-downs from NSW Treasury		
(per Summary of Compliance)	2,715	2,368
less: Liability to Consolidated Fund	-	-
(per Summary of Compliance)		
Total	2,715	2,368
Comprising:		
Recurrent appropriations (per Operating Statement)	2,715	2,368
	2,715	2,368
(b) Capital appropriations		
Total capital draw-downs from NSW Treasury		
(per Summary of Compliance)	4,616	7,915
less: Liability to Consolidated Fund	-	-
(per Summary of Compliance)		
Total	4,616	7,915
Comprising:		
Capital appropriations (per Operating Statement)	4,616	7,915
	4,616	7,915

7 INDIVIDUALLY SIGNIFICANT ITEMS

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

	2006 $'000	2005 $'000
Revenue		
Assets recognised for the first time (refer to Note 3(e))	37,362	-
Recovery of Legal Costs (refer to Note 3(e))	-	95
Transfer of a parcel of infrastructure assets from State Transit Authority (refer to Note 3(d))	-	1,400
Transfer of a parcel of land from the Road Traffic Authority (refer to Note 3(d))	-	1,147
Expenses		
Legal Costs incurred from disputes concerning licence agreements with third parties (refer to Note 2(b))	216	197

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

8 PROGRAMS / ACTIVITIES OF THE TRUST

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

	2006 $'000	2005 $'000
9 CURRENT ASSETS – CASH		
Cash at bank and on hand	1,221	345
Deposits at call	478	737
Total	1,699	1,082
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:		
Cash and cash equivalents (per Balance Sheet)	1,699	1,082
Closing Cash and Cash Equivalents (per Cash Flow Statement)	1,699	1,082
10 CURRENT ASSETS – RECEIVABLES		
Sale of goods and services	276	307
Retained taxes, fees and fines	13	10
Rent receivable	483	143
GST recoverable from Australian Taxation Office	72	467
Amounts due from NSW Treasury	31	-
Other debtors	268	471
	1,142	1,398
Less Allowance for impairment	(24)	(40)
Total	1,118	1,358
11 CURRENT ASSETS – INVENTORIES		
Held for resale		
Shop, Bar and Food at cost	231	223
Total	231	223
12 CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE		
Tcorp – Hour Glass Facility Trust	4,583	4,412
Total	4,583	4,412

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
13 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
At Fair Value	392,879	393,015
Less Accumulated Depreciation	(17,747)	(15,407)
Net carrying amount	375,132	377,608
(b) Plant and Equipment		
At Fair Value	2,497	2,435
Less Accumulated Depreciation	(1,429)	(1,163)
Net carrying amount	1,068	1,272
(c) Infrastructure Systems		
(i) Trees		
At Fair Value	164,146	97,462
Net carrying amount	164,146	97,462
(ii) Other		
At Fair Value	162,162	152,721
Less Accumulated Depreciation	(59,697)	(55,629)
Net carrying amount	102,465	97,092
Total Infrastructure Systems	266,611	194,554
Total Property, Plant and Equipment At Net Carrying Amount	642,811	573,434

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

13 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 2006	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems – Trees $'000	Infrastructure Systems – Other $'000	Total $'000
Carrying amount at start of year	377,608	1,272	97,462	97,092	573,434
Additions	1,832	159	17	3,821	5,829
Assets recognised first time	83	-	35,930	1,349	37,362
Disposals	(23)	(12)		(124)	(159)
Net revaluation increment less revaluation decrements	153	(6)	30,737	3,125	34,009
Transfer to Investment Property	(3,264)				(3,264)
Depreciation expense	(1,257)	(345)	-	(2,798)	(4,400)
Net carrying amount at end of year	375,132	1,068	164,146	102,465	642,811

Year ended 30 June 2006	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems – Trees $'000	Infrastructure Systems – Other $'000	Total $'000
Carrying amount at start of year	345,350	1,178	96,803	83,032	526,363
Additions	5,692	595	51	6,017	12,355
Disposals	(148)	(17)	-	-	(165)
Net revaluation increment less revaluation decrements	27,573	-	608	10,448	38,629
Reclassification	181	(193)	-	12	-
Depreciation expense	(1,040)	(291)	-	(2,417)	(3,748)
Net carrying amount at end of year	377,608	1,272	97,462	97,092	573,434

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

13 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Revaluations

Land

For land assets, FPV Consultants have previously provided an escalation factor to be applied to align the carrying amount of each asset to its fair value. As at 30 June 2006 the valuer considered that no escalation factor should be applied based on a review of market sales evidence.

Buildings and Infrastructure Systems – Other

For building and infrastructure assets (excluding trees), H P Consultants Pty Ltd provided an escalation factor to be applied to both cost and accumulated depreciation as at 30 June 2006 to align the carrying amount of each asset to its fair value. New buildings completed during the financial year to 30 June 2006 have been included at original cost.

Infrastructure Systems – Trees

Valuation of trees was independently undertaken by Prof P Martin E.D., PhD, FALAST. The valuation is as at 31 May 2006. The valuation methodology uses a market value/compensation value basis at 5 yearly intervals to establish the base value. The base value is formulated based upon a limited body of factual interpretive information gathered by the valuer and used in the development of mathematical models with a view to deriving an estimate of the value of the trees in Centennial Parklands from tree inventory information compiled by the Trust. The information contained in the valuation has been developed for the purpose of generating meaningful estimates of asset values for populations of trees using standard tree inventory data. As such, the value attributed to any given tree in the data base is derived from a statistical process and must not be used as a substitute for a fully measurable valuation by a properly qualified and experienced person where a value is required in relation to compensation claims or similar matters for either an individual tree or a small number of trees.

(e) Assets recognised for the first time

During 2005-06 a detailed survey of the tree population was carried out across the whole of Centennial Parklands.

As a result of this process an additional 7,000 trees were added to the tree data base which had not been included in past tree revaluations. The additional trees were valued at $39.5m and have been disclosed in revenue as assets recognised for the first time.

(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:

	2006 $'000	2005 $'000
Buildings	284	1,294
Plant and Equipment	77	39
Infrastructure Systems – Roads, fences, gates and underground services	2,291	3,619
Total	2,652	4,952

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
14 INVESTMENT PROPERTY		
FAIR VALUE		
Opening balance as at 1 July	79,731	71,615
Additions – subsequent expenditure	112	130
Disposal and assets held for sale		-
Net gain / (loss) from fair value adjustment	(10,820)	7,986
Land reclassified as an investment property	3,264	-
Closing balance as at 30 June	72,287	79,731

Operating lease agreements are in place for the Entertainment Precinct, Fox Studios and the Royal Hall of Industries and Hordern Pavilion. These assets have been assessed as investment properties based on the following criteria:

- The properties are leased to commercial operators and generate significant rental income for the Trust
- Cash flows generated are largely independent of the other assets held by the Trust.

In addition the holding of these properties does not directly contribute to the Trust's objectives as set out in the Centennial Park and Moore Park Trust Act and they could be sold separately.

Investment properties are valued annually at fair value by FPV Consultants, BEM Property Consultants Pty Ltd and Derek Hill who are independent, professionally qualified valuers with recent experience in the location and category of investment properties held by the Trust.

The following amounts have been recognised in the operating statement:

	2006 $'000	2005 $'000
Rental income	5,424	4,601
Direct operating expenses arising from investment properties that generate rental income	19	66
Direct operating expenses that did not generate rental income	-	-

In relation to the Royal Hall of Industries and Hordern Pavilion, the Trust has an obligation under the Management Deed to make repairs in order to maintain the structural integrity and soundness of the buildings and certain services.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
15 INTANGIBLE ASSETS		
Software		
Cost (gross carrying amount)	402	332
Accumulated amortisation	(315)	(218)
Net carrying amount	87	114

Total Intangible Assets at net carrying amount

	Software $'000	Total $'000
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)
Other movements		
Net carrying amount at end of year	87	87

	Software $'000	Total $'000
Year ended 30 June 2005		
Net carrying amount at start of year	148	148
Additions	44	44
Amortisation (recognised in 'depreciation and amortisation')	(78)	(78)
Other movements		
Net carrying amount at end of year	114	114

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
16 NON-CURRENT ASSETS – OTHER		
Expenditure incurred on management agreements at cost	172	172
Accumulated amortisation	(48)	(38)
Total	124	134
17 CURRENT LIABILITIES – PAYABLES		
Personnel services	136	179
Creditors	1,995	1,725
Other	192	181
Total	2,323	2,085
18 CURRENT / NON-CURRENT LIABILITIES – PROVISIONS		
Personnel services	390	410
Aggregate personnel services payables and related on-costs		
Provisions – current	338	357
Provisions – non-current	52	53
Accrued personnel services expenses and on-costs (Note 17)	136	179
Total	526	589
19 CURRENT/NON-CURRENT LIABILITIES – OTHER		
Current		
Income received in advance – rent	591	590
Income received in advance – other	619	123
Total	1,210	713
Non-Current		
Income received in advance – rent	7,146	7,737
Total	7,146	7,737

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

20 CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation		Total Equity	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of the financial year	549,547	524,661	99,996	71,412	649,543	596,073
AASB 139 first time adoption	-	10,045	-	(10,045)	-	-
Restated opening balance	549,547	534,706	99,996	61,367	649,543	596,073
Changes in equity-other than transactions with owners as owners						
Surplus / (Deficit) for the year	28,319	14,841	-	-	28,319	14,841
Increment on revaluation of:						
Land and Buildings	-	-	153	27,573	153	27,573
Plant and Equipment	-	-	(6)	-	(6)	-
Infrastructure systems	-	-	33,862	11,056	33,862	11,056
Total	28,319	14,841	34,009	38,629	62,328	53,470
Balance at the end of the financial year	577,866	549,547	134,005	99,996	711,871	649,543

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.

	2006 $'000	2005 $'000

21 COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of infrastrucure works contracted for at balance date and not provided for in the financial statements:		
Not later than one year	160	4,778
Total (including GST)	160	4,778

The commitments shown above include input tax credits of $13K (2005: $418K) 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	78	67
Later than one year and not later than 5 years	151	75
Total (including GST)	229	142

The commitments shown above include input tax credits of $21K (2005: $13K) expected to be recoverable from the Australian Tax Office

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

22 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.

23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at 30 June 2006 the Trust had no contingent liabilities.

Contingent Assets

As at 30 June 2006 the Trust had no contingent assets.

24 BUDGET REVIEW

Net cost of services

The actual net cost of services was better than budget by $22.5m. This variance arose for the following reasons:

(a) Other revenue was above budget by $37.7m primarily due to assets recognised in the financial statements for the first time.

(b) Sale of goods and services was above budget by $4.1m. This is mainly because when the budget was formulated revenue from the Moore Park Golf business was budgeted on a net basis (revenue less expenses) as the business is managed by an external party. This accounting policy was subsequently changed and revenues are now reported on a gross basis with expenses recorded as part of operating expenses thus accounting for operating expenses being above budget by $2.4m.

Offsetting the above favourable variances were:

(c) Other losses of $10.8m primarily reflect a reduction in the fair value of one of the Trust's investment properties.

(d) Grants and contributions were below budget by $4.7m as the Trust was unable to source external funding for some of its capital program.

(e) Investment revenue was below budget by $1.2m reflecting lower turnover rent from one of the Trust's investment properties primarily due to a worse than expected trading performance.

Assets and liabilities

Total assets were higher than budget by $57.0m. The main reason for this was the unbudgeted net increase in the asset revaluation reserve of $34m and assets recognised for the first time amounting to $37.4m. Offsetting this was a writedown in the Trust's investment properties of $10.8m.

Cash flows

Net cash flows from operating activities were below budget by $2.9m. This was due primarily to lower than expected grants to support the capital program.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
25 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:		
Net cash used on operating activities	6,598	3,273
Cash flows from Government/Appropriations	(7,300)	(10,283)
Assets recognised first time	37,362	-
Depreciation and amortisation	(4,507)	(3,836)
Increment on other financial assets	171	286
Net (loss)/gain on disposal of plant and and equipment	(160)	(108)
Net (loss)/gain from fair value adjustment on investment property	(10,820)	7,986
(Increase)/decrease in employee provisions	20	(10)
Increase/(decrease) in receivables	(241)	262
Increase/(decrease) in other assets	8	168
Assets acquired free of liability	-	2,547
(Increase)/decrease in creditors	(237)	3,608
(Increase)/decrease in income received in advance	94	665
Net cost of services	20,988	4,558

26 NON-CASH FINANCING AND INVESTING ACTIVITIES

Property, Plant and Equipment

	2006 $'000	2005 $'000
The following acquisition is not reflected in the Statement of Cash Flows		
Land and infrastructure assets acquired at nominal consideration and included in the financial statements at fair value (refer Note 3 (d)).	-	2,547

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

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. 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.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

27 FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2006 $'000	2005 $'000
Cash		
Cash Facility	478	737
	478	737
Financial assets at fair value		
Bond Market Facility	4,583	4,412
	4,583	4,412

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. The Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was awarded during the year.

Other Current Liabilities

The liabilities are recognised for amounts due to be paid in the future for refundable bonds lodged by the hirers of Trust facilities. Amounts owing (which are unsecured) are refunded once the hiring conditions have been fulfilled.

No interest is paid on bonds held.

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.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

28 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 terms of these agreements range from one year to 50 years.

	2006 $'000	2005 $'000
Details of the assets leased are:		
Land and buildings		
Gross amount of leased assets	69,044	83,831
Accumulated depreciation	(2,160)	(1,629)
	66,884	82,202
Depreciation expense for the year	90	86
Future minimum lease payments receivable		
Not later than one year	4,565	4,683
Later than one year and not later than five years	17,801	14,560
Later than five years	133,262	111,217
Total future minimum lease payments	155,628	130,460

29 MANAGEMENT AGREEMENT

On 29 June 2001 the Trust entered into a Management Deed with Playbill Venue Management Pty Limited (PVM). The agreement is for a term of 20 years and grants PVM the right to manage the Hordern Pavilion and Royal Hall of Industries and other associated rights in return for an annual licence fee payable monthly in advance. Under the agreement PVM had the right to elect to prepay part of the annual licence fee. On 31 October 2001 PVM elected to prepay part of the rent in accordance with the Management Deed. An amount was subsequently received on 9 November 2001. As explained in Note 1(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 Lend Lease Development Pty Limited.

30 THE FINANCIAL IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

The Trust has applied the Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP.

The Trust has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect NSW Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus / (deficit) as reported under previous AGAAP are shown below:

There are no material impacts on the Trust's cash flows.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

30 THE FINANCIAL IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS) (CONTINUED)

(a) Reconciliations – 1 July 2004 and 30 June 2005

Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:

	Note	30 June 2005 ** $000	1 July 2004 * $000
Total equity under previous AGAAP		648,674	596,073
Adjustments to accumulated Funds:			
Write back of asset revaluation reserve and depreciation expense for investment properties	1	18,900	10,045
Adjustments to other reserves			
Write back asset revaluation reserve for investment properties	1	(18,031)	(10,045)
Total equity under AEIFRS		649,543	596,073

* *adjustments as at the date of transition*

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

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

Year ended 30 June 2005	Note	$000
Surplus / (deficit) under AGAAP		5,986
Write back of depreciation and recognition of fair value adjustments for investment properties	1	8,855
Surplus / (deficit) under AEIFRS		14,841

Based on the above, if AEIFRS were applied in 2004/05 this would improve the Net Cost of Services by $8.855m

Note 1: Under AASB 140 Investment Property and Treasury's indicative mandates, investment property must be recognised at fair value. In contrast to the previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the operating statement rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds.

Unrealised gains recognised in the operating statement have increased and depreciation expense has decreased as a consequence.

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2006

30 THE FINANCIAL IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS) (CONTINUED)

(b) Financial Instruments – 1 July 2005 first time adoption impacts

As discussed in Note 1 (c), the comparative information for 2004/05 for financial instruments has not been restated and is presented in accordance with previous AGAAP. AASB 132 and AASB 139 have been applied from 1 July 2005.

There has been no financial impact on the 1 July 2005 AEIFRS opening equity as a result of the adoption of AASB 132 and AASB 139.

(c) Grant Recognition

As a not-for-profit entity, the Trust has applied the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004.

However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments* and ED 147 *Revenue from Non-Exchange Transactions (Including Taxes and Transfers).*

If the ED 125 and ED 147 approach is applied, revenue and/or expense recognition will not occur until either the Trust supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 and ED 147 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

31 AFTER BALANCE DATE EVENTS

During the second half of the 2005-2006 financial year the Trust was in negotiations with the Australian Jockey Club (AJC) for the AJC to lease Trust land at the corner of Alison Road and Doncaster Avenue Randwick. The lease was signed in August 2006 and is effective from 1 August 2006. The lease is for 10 years, with a 10 year option.


CENTENNIAL parklands
centennial park moore park queens park