



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

NSW HERITAGE OFFICE

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the NSW Heritage Office:

- (a) presents fairly the Office's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

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

The Director's Role

The financial report is the responsibility of the Director of the NSW Heritage Office. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues, 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 Director 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 Director had failed in his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the NSW Heritage Office,
- that the NSW Heritage Office 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.

A handwritten signature in cursive script, appearing to read 'M P Aboud'.

M P Aboud CPA
Director of Audit

SYDNEY
27 October 2003

HERITAGE OFFICE

STATEMENT BY DEPARTMENT HEAD

Pursuant to Section 45F of the Public Finance and Audit Act 1983, I state that :

1. The accompanying statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Financial Reporting Code for Budget Dependant Agencies, the Public Finance and Audit (General) Regulation, 2000 (as applicable) and the Treasurer's Directions.
2. The Statements exhibit a true and fair view of the financial position of the Heritage Office as at 30th June 2003, and transactions for the year then ended.

There are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.


REECE MCDOUGALL
DIRECTOR
HERITAGE OFFICE

Dated: 23/10/03

HERITAGE OFFICE

Statement of Financial Performance for the Year Ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	3,034	3,071	2,843
Other operating expenses	2(b)	1,631	1,952	1,523
Maintenance		39	48	32
Depreciation and amortisation	2(c)	147	145	91
Grants and subsidies	2(d)	3,350	2,467	7,893
Total Expenses		8,201	7,683	12,382
Less:				
Retained Revenue				
Investment income	3(a)	33	152	26
Grants and contributions	3(b)	17	58	566
Other revenue	3(c)	84	298	105
Total Retained Revenue		134	508	697
(Loss) / Gain on disposal of non-current assets	4	(207)	0	(5)
Net Cost of Services	18	8,274	7,175	11,690
Government Contributions:				
Recurrent appropriation	5	6,507	6,507	6,305
Capital appropriation	5	1,454	1,454	5,102
Acceptance by the Crown Entity of employee benefits and other liabilities	6	381	122	260
Cash transfer to Consolidated Fund		0	0	(30,000)
Total Government Contributions		8,342	8,083	(18,333)
SURPLUS / (DEFICIT) FOR THE YEAR FROM OPERATING ACTIVITIES		68	908	(30,023)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		0	0	0
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		68	908	(30,023)

[The accompanying notes form part of these statements]

HERITAGE OFFICE**Statement of Financial Position as at 30 June 2003**

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
ASSETS				
Current Assets				
Cash	8	521	1,979	761
Receivables	9	244	431	206
Total Current Assets		765	2,410	967
Non-Current Assets				
Receivables	9	512	806	138
Plant and Equipment	11	308	11,749	640
Total Non-Current Assets		820	12,555	778
Total Assets		1,585	14,965	1,745
LIABILITIES				
Payables	12	113	478	394
Provisions	13	294	246	241
Total Liabilities		407	724	635
Total Liabilities		407	724	635
Net Assets		1,178	14,241	1,110
EQUITY				
Reserves		0	720	0
Accumulated Funds	14	1,178	13,521	1,110
Total Equity		1,178	14,241	1,110

[The accompanying notes form part of these statements]

HERITAGE OFFICE**Statement of Cashflows for the Year ended 30 June 2003**

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(2,721)	(2,893)	(2,645)
Grants and subsidies		(3,350)	(2,467)	(7,893)
Other		(2,349)	(2,450)	(1,500)
Total Payments		(8,420)	(7,810)	(12,038)
Receipts				
Interest Received		21	162	23
Other		464	844	628
Total Receipts		485	1,006	651
Cash Flows from Government				
Recurrent appropriation		6,507	4,907	6,305
Capital appropriation		1,454	772	5,102
Cash reimbursements from the Crown Entity		130	122	92
Cash transfers to Consolidated Fund		0	0	(30,000)
Net Cash Flow From Government		8,091	5,801	(18,501)
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	156	(1,003)	(29,888)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of Land and Buildings, Plant and Equipment		(22)	(3,152)	(315)
Advance repayment received		0	1,890	0
Advances made		(374)	0	29
NET CASH FLOWS USED ON INVESTING ACTIVITIES		(396)	(1,262)	(286)
NET INCREASE / (DECREASE) IN CASH		(240)	(2,265)	(30,174)
Opening cash and cash equivalents		761	3,623	30,935
CLOSING CASH AND CASH EQUIVALENTS	8	521	1,358	761

[The accompanying notes form part of these statements]

HERITAGE OFFICE

Summary of Compliance with Financial Directives

	2003				2002			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure	Capital Appropriation	Expenditure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
Appropriation Act	4,907	4,907	772	772	6,305	6,305	102	102
	4,907	4,907	772	772	6,305	6,305	102	102
OTHER APPROPRIATIONS / EXPENDITURE								
Treasurer's Advance	1600	1600	682	682	0	0	5000	5000
	1600	1600	682	682	0	0	5,000	5000
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	6,507	6,507	1,454	1,454	6,305	6,305	5,102	5102
Amount drawn down against Appropriation		6,507		1,454		6,305		5102
Liability to Consolidated Fund		0		0		0		0

Notes to the Summary of Compliance with Financial Directives

- (a) The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first, (except where otherwise identified or prescribed)
- (b) The Liability to Consolidated Fund is calculated as the difference between "Amount drawn down against Appropriation" and "Total Expenditure / Net Claim on Consolidated Fund".
- (c) Treasurer's Advance appropriation was provided for:
- Supplementation for security and maintenance at Linwood Hall \$100,000.
 - Review of Fee Structure \$ 100,000.
 - To meet outstanding Heritage Grants Commitments \$ 1,400,000.00.
 - Cost overruns for the refurbishment of the King's School \$ 682,000.

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Heritage Office (the Office), was formed on 1 July 1996 and is responsible for administration of the Heritage Act, 1977. It has a major education and promotional role to encourage conservation of the State's Heritage assets.

The Office is a separate reporting entity. There are no other entities under its control.

As the Office is a single program entity, the financial operations disclosed in the Statement of Financial Performance and Statement of Financial Position are those of the Office program. Accordingly, a separate supplementary program statement has not been prepared.

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 Office's financial statements are a general purpose financial report which has been prepared on an accrual 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.

The financial statements are prepared in accordance with historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Administered Activities

The Office does not administer any activities on behalf of the Crown Entity.

(d) Revenue Recognition

Revenue is recognised when the Office has control of the good, or right to receive, it is probable that the economic benefit will flow to the Office and the amount of 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 Office 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. The Office did not have a liability to Consolidated Fund at 30 June 2003 (Nil \$2002).

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services i.e. user charges. User charges are recognised as revenue when the Office 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".

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

(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. This is in accordance with AASB 1028 applicable for this financial year. The previous Standard required the nominal basis to use remuneration rates current as at the reporting date.

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

(ii) Accrued salaries and wages – reclassification

As a result of the adoption of Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", accrued salaries and wages and on-costs have been reclassified to "payables" instead of "provisions" in the Statement of Financial Position and the related note disclosures, for the current and comparative period. On the face of the Statement of Financial Position and in 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 13 "Provisions".

(iii) Long Service Leave and Superannuation

The Office's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Office accounts for the liability as having being extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured on a present value basis. The liabilities that are expected to be settled more than twelve months after the reporting date is measured as at the present value of the estimated future cash outflows to be made by employers in respect of services provided by employees up to the reporting date. The present value method is based on the remuneration rates on what the entity expects to pay at each reporting date for all employees with five or more years of service. This means that where it is expected that employees will receive a pay rise after reporting date, the increased pay rate is used in determining the employee benefit liabilities.

The simple factors derived by the Government Actuary to increase the long service leave liability and related on-costs to approximate present value calculations have been used in determining the liabilities.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Authorities Superannuation Fund 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 entity 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 prescribed time limits and where the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring.

(f) Insurance

The Office'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.

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

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

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- * the amount of GST incurred by the Office 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 Office. 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.

(i) Plant and Equipment

Plant and equipment costing \$5,000 and above individually 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 valuation 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 price is not available, the asset's fair value is measured as its market buying price i.e. the replacement cost of the asset's remaining future economic benefits. The agency is a not for profit entity with no cash generating operations.

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

(k) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis against all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Office.

Depreciation Rates	% Rate
Computer equipment	25.00
General plant and equipment	14.28
Leasehold improvements	Over the initial period of the lease

(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

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The leasing transactions of the Office are restricted to operating leases of motor vehicles. 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 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.

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

(o) Payables

These amounts represent liabilities for goods and services provided to the office and other amounts, including interest.

(p) 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 i.e. per the audited financial statements (rather than carried forward estimates).

2. EXPENSES

(a) EMPLOYEE RELATED EXPENSES

	2003	2002
	\$'000	\$'000
Employee related expenses comprise the following specific items:		
Salaries and wages (including recreation leave)	2,477	2,386
Superannuation	226	179
Long service leave	141	79
Workers compensation insurance	22	14
Payroll and fringe benefits tax	155	174
Payroll tax on superannuation	13	11
	3,034	2,843

The Office charges the full cost of long service leave and the current service cost of superannuation to operations. However, as the Office liability for long service and superannuation is assumed by the Crown Entity, the Office accounts for the liability as having been extinguished. This result is non-monetary revenue described as "Acceptance by Crown Entity of employee entitlements and other liabilities" (Refer Note 1(e)(iii)).

(b) OTHER OPERATING EXPENSES

	2003	2002
	\$'000	\$'000
Auditor's remuneration		
- audit or review of the financial reports	17	17
Operating lease rental payments - minimum lease payments	197	289
Insurance	15	10
Corporate services	295	142
Consultancies	184	431
Public relations costs	93	155
Other	830	479
	1,631	1,523

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

(c) Depreciation expense

	2003	2002
	\$'000	\$'000
Depreciation		
Plant and equipment	147	91
	147	91

(d) Grants and subsidies

	2003	2002
	\$'000	\$'000
Environmental heritage grants	0	44
Heritage 2001 grant program	1,912	2,849
The former King's School restoration contribution to Corporation Sole	1,438	0
Linnwood Hall acquisition contribution to Corporation Sole	0	5,000
	3,350	7,893

3. REVENUES**(a) Investment income**

	2003	2002
	\$'000	\$'000
Interest	33	26
	33	26

(b) Grants and contributions

	2003	2002
	\$'000	\$'000
Commonwealth Government - Shipwreck Program	17	56
Other	0	510
	17	566

(c) OTHER REVENUE

	2003	2002
	\$'000	\$'000
Miscellaneous income	84	105
	84	105

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

	2003	2002
	\$'000	\$'000
Proceeds from disposal	0	1
Written down value of assets disposed	(207)	(6)
	(207)	(5)

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

5. APPROPRIATIONS

	2003 \$'000	2002 \$'000
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	6,507	6,305
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0
	6,507	6,305
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	6,507	6,305
	6,507	6,305
Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	1,454	5,102
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0
	1,454	5,102
Comprising:		
Capital appropriations (per Statement of Financial Performance)	1,454	5,102
	1,454	5,102

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

	2003 \$'000	2002 \$'000
The following liabilities and / or expenses have been assumed by the Crown Entity.		
Superannuation	227	170
Long service leave	141	79
Payroll tax	13	11
	381	260

7. PROGRAMS / ACTIVITIES OF THE HERITAGE OFFICE

The Heritage Office conducts one program:

Objective: To enhance the community's understanding of heritage and to improve the conservation of heritage items.

8. CURRENT ASSETS – CASH

	2003 \$'000	2002 \$'000
- Cash at bank and on hand	521	761
	521	761

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank.

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:

Cash (per Statement of Financial Position)	521	761
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>521</u>	<u>761</u>

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

9. CURRENT / NON-CURRENT ASSETS – RECEIVABLES

	2003	2002
	\$'000	\$'000
Current		
Sale of goods and services	156	133
Other debtors	229	94
	<u>385</u>	<u>227</u>
Less: Provision for doubtful debts	141	21
	244	206
Non-Current		
Repayable advances	512	258
Less: Provision for doubtful debts	0	120
	<u>512</u>	<u>138</u>

10. RESTRICTED ASSETS

There are no restricted assets held by the entity.

11. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	2003	2002
	\$'000	\$'000
Plant and Equipment		
At Fair Value	531	989
	<u>531</u>	<u>989</u>
Less Accumulated Depreciation	223	349
	<u>223</u>	<u>349</u>
Total Plant and Equipment At Net Book Value	308	640

Reconciliations

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year is set out below:

Plant and Equipment

	2003	2002
	\$'000	\$'000
Carrying amount at start of year	640	421
Additions	23	316
Disposals	(481)	(6)
Depreciation expense	(147)	(91)
Writeback on disposal	273	0
Carrying amount at end of year	<u>308</u>	<u>640</u>

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

12. CURRENT LIABILITIES – PAYABLES

	2003	2002
	\$'000	\$'000
Accrued salaries and wages	69	60
Creditors	44	344
	113	394

13. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

	2003	2002
	\$'000	\$'000
Employee benefits and related on-costs		
Recreation leave	222	173
Payroll tax	67	68
Workers Compensation Insurance	5	0
	294	241
Aggregate employee benefits and related on-costs		
Provisions	294	241
Accrued Salaries, wages and on-costs (Note 12)	69	60
	363	301

14. CHANGES IN EQUITY

Changes in Equity - movement	Accumulated Funds		Total Equity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	1,110	31,133	1,110	31,133
<u>Changes in equity-other than transactions with owners as owners</u>	0	0	0	0
Total	1,110	31,133	1,110	31,133
<u>Changes in equity-other than transactions with owners as owners</u>				
Surplus / (Deficit) for the year	68	(30,023)	68	(30,023)
Total	68	(30,023)	68	(30,023)
Balance at the end of the financial year	1,178	1,110	1,178	1,110

15. COMMITMENTS FOR EXPENDITURE**(a) Other Expenditure Commitments**

	2003	2002
	\$'000	\$'000
Total operating expenditure which have not been recognised at balance date:		
Not later than one year	43	1794
Total (including GST)	43	1794

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

(b) Operating Lease Commitments

The Office has no occupancy commitment in regard to its location at the former King's School.

The Office has commitments to motor vehicle leases through State Fleet.

	2003 \$'000	2002 \$'000
Not later than one year	19	17
Later than one year and not later than five years	6	23
Total	25	40

16. CONTINGENT LIABILITIES

The Office is not aware of any contingent liabilities associated with its operations.

17. BUDGET REVIEW

Net Cost of Services

The actual Net Cost of Services was higher than budget by \$1.1m. This was primarily due to higher grant expenditure of \$883,000.

Assets and Liabilities

Current assets were below budget by \$1.64M. Cash was below budget by \$1.46M, as a result of T-Corp Investments totalling \$2.11M being recorded in the financial statements of the Corporation Sole "Minister Administering the Heritage Act, 1977".

Non-current assets were below budget by \$11.74M, being largely attributable to Property, Plant and Equipment totalling \$12.23M being recorded in the Corporation Sole "Minister Administering the Heritage Act, 1977".

Cash Flows

Net cash flows from operating activities were above budget by \$1.16M, partly due to supplementation received from government for grant payments and restoration of the former King's School. Receipts were below budget by \$0.52M due to the receipt of lower levels of retained revenue.

Cash flows from investing activities were below budget by \$0.87M, partly due to Property, Plant and Equipment of \$3.3M being recorded in the Corporation Sole "Minister Administering the Heritage Act, 1977".

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

	2003 \$'000	2002 \$'000
Net Cash used on operating activities	156	(29,888)
- Cash Flows from Government / Appropriations	(7,961)	18,593
- Acceptance by the Crown Entity of employee benefits and other liabilities.	(381)	(260)
- Depreciation	(147)	(91)
- Decrease / (increase) in provisions	(53)	(30)
- Increase / (decrease) in prepayments and other assets	38	46
- Decrease / (increase) in creditors	281	(55)
- Write back non-current assets	(207)	(5)
Net Cost of Services	(8,274)	(11,690)

HERITAGE OFFICE

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

19. FINANCIAL INSTRUMENTS

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either the Office or counterparties. These include Cash at Bank, Receivables and Accounts Payable. Classes of instruments are recorded at cost and carried at net fair value.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average rate during the year was 3.75% (2001-2002 3.52%), and the rate at year end was 3.75% (2001-2002 3.73%).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debt is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Bank Overdraft

The Office does not have any bank overdraft facility.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or 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 payments. No interest was paid during the year (2001-2002 \$Nil).

20. AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date which affect the financial reports.

(END OF AUDITED FINANCIAL STATEMENTS)



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

CORPORATION SOLE 'MINISTER ADMINISTERING THE HERITAGE ACT 1977'

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Corporation Sole 'Minister Administering the Heritage Act 1977':

- (a) presents fairly the Corporation Sole's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Minister's Role

The financial report is the responsibility of the Minister. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

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

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

- evaluated the accounting policies and significant accounting estimates used by the Corporation Sole 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 Minister had failed in his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation Sole,
- 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.

A handwritten signature in black ink, appearing to read 'R J Sendt'.

R J Sendt
Auditor-General

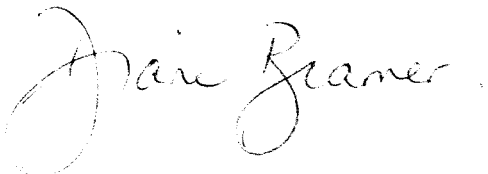
SYDNEY
31 October 2003

STATEMENT BY CORPORATION SOLE
“MINISTER ADMINISTERING THE HERITAGE ACT, 1977”

Pursuant to the Public Finance and Audit Act, 1983, and in my capacity as Corporation Sole, titled “Minister administering the Heritage Act, 1977” I declare that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Corporation Sole “Minister Administering the Heritage Act, 1977” as at 30th June 2003, and
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit (General) Regulation, 2000 and the Treasurer’s Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



DIANE BEAMER MP
MINISTER FOR JUVENILE JUSTICE
MINISTER FOR WESTERN SYDNEY
MINISTER ASSISTING THE MINISTER FOR INFRASTRUCTURE
AND PLANNING (PLANNING ADMINISTRATION)

Dated: 28th / 10 / 03

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"**Statement of Financial Performance for the year ended 30 June 2003**

	Note	2003 \$'000	2002 \$'000
Revenue			
Revenue from ordinary activities			
Interest on Investments		183	440
Statutory Fees and Other Charges		242	197
Miscellaneous (Includes grant received for the former King's School's Restoration)		1,456	5,006
		1,881	5,643
Expenditure			
Expenditure from ordinary activities			
Conservation Grants and Advances	4	1,527	1,801
		1,527	1,801
National Estate Program	12	111	32
Administration Expenses	5(a)	602	312
Depreciation	5(b)	9	11
		2,249	2,156
(DEFICIT) / SURPLUS FOR THE YEAR FROM OPERATING ACTIVITIES		(368)	3,487
TOTAL REVENUES, EXPENSES AND VALUATION			
ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		0	0
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(368)	3,487

[The accompanying notes form part of these statements]

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT,1977"**Statement of Financial Position as at 30 June 2003**

	Note	2003 \$'000	2002 \$'000
Current Assets			
Cash	7	2,136	5,311
Receivables	8(a),9	45	273
Total Current Assets		2,181	5,584
Non-Current Assets			
Receivables	8(a)	594	668
		594	668
Land and Building	10	11,478	8,164
		11,478	8,164
Total Non-Current Assets		12,072	8,832
TOTAL ASSETS		14,253	14,416
Current Liabilities			
Payables	11	289	84
Total Current Liabilities		289	84
TOTAL LIABILITIES		289	84
NET ASSETS		13,964	14,332
Equity			
Retained surplus	13	13,244	13,612
Reserves		720	720
TOTAL EQUITY		13,964	14,332

[The accompanying notes form part of these statements]

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT,1977"**Statement of Cash Flows for the year ended 30th June 2003**

	Note	2003 \$'000	2002 \$'000
Cash Flow from Operating Activities			
Payments			
Administrative Expenses		(397)	(271)
Conservation Grants Paid		(1,527)	(1,801)
National Estate Program		(111)	(32)
		(2,035)	(2,104)
Receipts			
Interest Received		180	437
Statutory Fees and Other Charges		242	197
Other		1,675	4,817
		2,097	5,451
Net Cash provided by Operating Activities	15	62	3,347
Cash Flow from Investing Activities			
Repayable Conservation Advances		86	34
Purchase of Property, Plant and Equipment		(3,323)	(6,292)
Net Cash Used in Investing Activities		(3,237)	(6,258)
Net Decrease in Cash		(3,175)	(2,911)
Opening Cash Balance		5,311	8,222
CLOSING CASH BALANCE	7	2,136	5,311

[The accompanying notes form part of these statements]

CORPORATION SOLE “MINISTER ADMINISTERING THE HERITAGE ACT, 1977”

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

1. STATEMENT OF PRINCIPAL ACTIVITY

The Corporation Sole “Minister Administering the Heritage Act, (the Corporation Sole), was constituted under the Heritage Act 1977”. The main activity is the administration of finance operations of the Heritage Act 1977.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of Accounting

The Corporation Sole’s financial statements are a general purpose financial report which has been prepared on an accrual basis, in accordance with applicable Australian Accounting Standards; Urgent Issues Group (UIG) consensus views and other authoritative pronouncements of the Australian Accounting Standards; the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the Financial Reporting Directions 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 land and buildings, which are recorded at valuation (Refer Note 2.2), 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. The accounting policies adopted are consistent with those of the previous year.

2.2 Land and Buildings

Section 112 of the Heritage Act, 1977 allows the Corporation Sole to acquire Land and Buildings. The Corporation Sole’s policy in respect to Land and Buildings is :

(a) Valuation

The Corporation Sole has adopted the following valuation basis, which reflects the heritage and historic nature of the Corporation Sole’s properties :

- Heritage / Historic Houses – at market value; and
- Land surrounding Heritage / Historic Houses – at market value.

(b) Depreciation

Depreciation is provided on a straight line basis against assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its life .

Depreciation Rates	Rate %
Heritage / Historic Houses	3.00

Depreciation has been provided for Heritage / Historic Houses from 1 July 1994.

(c) Costs

Costs include the cost of acquisition and improvements undertaken but does not include administrative costs.

2.3 Investments

Investments are made in accordance with Part 1 investment powers under Schedule 4 of the Public Authorities (Financial Arrangements) Act, 1987.

2.4 Reserves

Reserves are maintained to meet accounting standard requirements. Refer to Note 13 for details. 2.5 Conservation Grants, Advances and Guarantees Section 106 of the Heritage Act 1977 allows the payment of Conservation Grants and Advances to private individuals and organisations. The Advances are repayable and may be interest bearing or interest free. The Act also allows the Corporation Sole to guarantee bank loans that have been made for certain conservation purposes. No current guarantees are in place with the Corporation Sole.

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

2.5 Conservation Grants, Advances and Guarantees

Section 106 of the Heritage Act 1977 allows the payment of Conservation Grants and Advances to private individuals and organisations. The Advances are repayable and may be interest bearing or interest free. The Act also allows the Corporation Sole to guarantee bank loans that have been made for certain conservation purposes. No current guarantees are in place with the Corporation Sole.

2.6 Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either the Corporation Sole or its counterparties. These include Cash at Bank, Receivables, Investments and Accounts Payable. Classes of instruments are recorded at cost and are carried at net fair value.

The terms, conditions and accounting policies applied by the Corporation Sole in relation to Financial Instruments are set out in Note 17.

2.7 Revenue Recognition

Revenue arising from the sale of goods and disposal of other assets is recognised when the Corporation Sole has passed control of other assets to the buyer and consideration is expected by the Corporation Sole, whether or not cash has been received.

Revenue from the rendering of services is recognised as and when services have been rendered and there is a valid claim against external parties, whether or not cash has been received.

Investment income is recognised for the total period of the investment whether or not cash has been received.

The recognition of grants and contributions is detailed in Note 2.5.

Revenues arising from the contribution of assets to the Corporation Sole are recognised when the Corporation Sole gains control of an asset or the right to receive the asset.

2.8 Insurance

The Corporation Sole'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.

2.9 Accounting for the 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 Corporation Sole 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 the item expense.
- * receivables and payables are stated with the amount of GST included.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are consistent with those used in 2001/2002.

4. CONSERVATION GRANTS AND ADVANCES

Conservation Grants and Advances - movements	2003 \$'000	2002 \$'000
Outstanding Commitments - 1 July	448	2,230
Plus new commitments	3,905	859
Less commitments rescinded	840	840
	3,513	2,249
Less Payments	1,527	1,801
Outstanding Commitments - 30 June	1,986	448

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

5. EXPENSES**(a) ADMINISTRATION EXPENSES**

Administration Expenses comprised of:	2003 \$'000	2002 \$'000
Employee related payments	92	23
Repairs and Maintenance	38	2
Board fees	105	104
Consultancy fees	74	35
General administration	71	49
Travel	3	4
Audit fees	11	11
Administrative fee (Refer Note 6)	24	84
National Estate Program Adjustment	177	0
Total	595	312

(b) DEPRECIATION

Depreciation comprised:	2003 \$'000	2002 \$'000
Buildings	9	11
Total Depreciation	9	11

6. ASSISTANCE RENDERED

Financial, Human Resources, IT and other corporate services were provided by the Central Corporate Service Unit (Department of Commerce). The Corporation Sole paid an administrative fee of \$24,327 (2001/2002 \$84,000) for services rendered.

7. CASH ASSETS

Cash and Investments	2003 \$'000	2002 \$'000
- Cash at Bank	959	(175)
- Treasury Corporation (Hour-Glass Facilities)	1,177	5,486
Total Cash and Investments	2,136	5,311

Treasury Corporation Hour-Glass investments are shown at Market Valuation. Investment income has not been fully realised. (Refer Note 17). Treasury Corporation Hour-Glass investments do not include Trust funds of \$ 932,746 invested with Treasury Corporation (refer note 16 and 17).

8. REPAYABLE CONSERVATION ADVANCES

Repayable Conservation Advances are made to individuals and organisations for conservation purposes (Refer Note 2.5). Security in the form of mortgage, caveat, bill of exchange or promissory note is held for all repayable advances.

(a) Repayable Conservation Advances	2003 \$'000	2002 \$'000
- Current Assets	29	41
- Non-Current Assets	594	668
Total	623	709

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"**Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003**

(b) Repayable Conservation Advances - movements	2003 \$'000	2002 \$'000
- Opening Balance - 1 July	709	743
	709	743
- Less: Repayments	86	34
Closing Balance - 30 June	623	709

Repayable advances written off during the year amounted to Nil (2001/2002 \$Nil).

As at 30 June, 2003 Repayable Conservation Advances included in Current and Non-Current Assets payable to the Corporation Sole amounted to \$623,000 (2001/2002 \$709,000). A condition of these grants is that they are repayable, indexed by the CPI, on the sale of the property. The indexed amounts of these advances are brought to account on repayment.

9. OTHER RECEIVABLES

Accounts Receivable comprises:	2003 \$'000	2002 \$'000
- Sundry Debtors	16	232
Total Accounts Receivable	16	232

No provision for Doubtful Debts has been made as all receivables are considered collectable.

Reconciliations	2003 \$'000	2002 \$'000
Repayable Conservation Advances - Current	29	41
Sundry Debtors	16	232
	45	273

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

	2003 \$'000	2002 \$'000
(i) Land and Buildings		
- At Valuation	1,200	1,200
- At Cost	5,314	5,308
	6,514	6,508
- Accumulated Depreciation on Buildings	86	77
- Written down Value	6,428	6,431
	2003 \$'000	2002 \$'000
(ii) Capital Works In Progress		
- At Cost	5,050	1,733
- Written down Value	5,050	1,733
TOTAL PROPERTY, PLANT & EQUIPMENT AT NET BOOK VALUE	11,478	8,164

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years are set out below.

	Land and Building \$000	Capital works in Progress \$000	Total \$000
2003			
Carrying amount at 30 June 2002	6,431	1,733	8,164
Additions	6	3,317	3,323
Transfers	0	0	0
Net revaluation increment	0	0	0
Depreciation expense	(9)	0	(9)
Depreciation written back on disposal	0	0	0
Carrying amount at end of year	6,428	5,050	11,478

- (a) Additions to Land and Buildings represent acquisition cost, cost of improvements and refurbishing undertaken by the Corporation Sole.
- (b) Land and Buildings located at Hillview, Sutton Forest were valued by County Valuations Pty Limited, Independent Real Estate Valuers, on 30 June 1999 as follows:
- Heritage / Historic Houses – at market value (\$350,000)
 - Land surrounding Heritage / Historic Houses – at market value (\$750,000)
- (c) The Corporation Sole holds title to "Tusculum", 1/3 Manning Street, Potts Point, which has been leased for 99 years commencing 1 May, 1987, and recorded at nominal value in the Corporation Sole's financial report.
- (d) The Corporation Sole holds title to "Exeter Farm", Parklea, which was given as a Deed of Gift to the Minister in 1997/98. Land and buildings have been valued by County Valuations Pty Limited, Independent Real Estate Valuers, on 30 June 1999 as follows:
- Land – (\$100,000)
 - Buildings – \$ Nil
- (e) The Corporation Sole is undertaking the restoration of the Old King's School at Parramatta. Amount spent during the year was \$3,316,096.
- (f) The Corporation Sole acquired Linnwood Hall Property at \$5 million in June 2002.

11. PAYABLES

Accounts Payable comprises:	2003 \$'000	2002 \$'000
- Other Operating Expenses	112	84
- Repayment of National Estate Program (refer note 12)	177	0
Total Accounts Payable	289	84

12. RESTRICTED ASSETS

National Estate Program

The National Estate Program is funded by the Commonwealth Government for the restoration, preservation and improvement of landscapes and buildings of special significance. Details of the National Estate Program are provided below.

National Estate Program - movements	2003 \$'000	2002 \$'000
Balance of unexpended funds at the beginning of the financial year	288	320
Less: Grants Paid	111	32
Unexpended funds payable	177	0
Balance at the end of the financial year	0	288

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

13. CHANGES IN EQUITY**(a) RETAINED SURPLUS**

	2003	2002
	\$'000	\$'000
Balance at the beginning of the financial year	13,612	10,125
Surplus / (Deficit) for the year from ordinary activities	(368)	3,487
Balance at the end of the financial year	13,244	13,612

(b) RESERVES

Asset Revaluation Reserve	Land 2003 \$'000	Buildings 2003 \$'000	Total 2003 \$'000	Total 2002 \$'000
- Balance at the beginning of the financial year	195	525	720	720
Balance at the end of the financial year	195	525	720	720

14. CONTINGENT LIABILITY

At 30 June 2003 (30 June 2002 \$ Nil) there were no known contingent liabilities relating to the Corporation Sole.

15. NOTE TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand and investments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position in Note 7.

(b) Reconciliation of Cash Flows from Operating Activities to Operating Surplus	2003	2002
	\$'000	\$'000
- Operating Surplus / (Deficit)	(368)	720
- Decrease / (Increase) in Receivables	216	(192)
- Increase / (Decrease) in Payables	205	41
- Adjustment for Non-Cash Items - Depreciation	9	11
Net Cash Flow from Operating Activities	62	3,347

16. TRUST FUNDS

The following funds are excluded from the Financial Statements as the Corporation Sole must use them for the conservation purposes as detailed in agreements with the State and Commonwealth Governments as shown.

(a) St Mary's Cathedral

The Corporation Sole holds funds \$143,535 (2002 \$127,613) in trust for the Conservation of St Mary's Cathedral, Sydney. The funds have been provided by the Commonwealth Government.

(b) St Andrew's Cathedral

The Corporation Sole holds funds \$166,632 (2002 \$153,568) in trust for the Conservation of St Andrew's Cathedral, Sydney. The funds have been provided by the Commonwealth and State Governments.

(c) Old Government House at Port Macquarie

The Corporation Sole holds funds \$622,577 (2002 \$762,379) in trust for the conservation of the Old Government House at Port Macquarie. The funds have been provided by the State Government.

CORPORATION SOLE “MINISTER ADMINISTERING THE HERITAGE ACT, 1977”

Notes accompanying and forming part of the financial statements for the financial year ended 30 June 2003

17. PRESENTATION AND DISCLOSURE OF FINANCIAL INSTRUMENTS

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to Treasury. The average earning rate for the year was 3.75% (2001–2002 3.52%) and the rate at year end was 3.75% (2001–2002 3.73%).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Recoverable Advances

All recoverable advances are recognised as amounts receivable at balance date. Collectability of recoverable advances is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). Security in the form of mortgage, bill of exchange or promissory note is held for all recoverable advances. The carrying amount approximates net fair value.

Hour-Glass Facilities

The Corporation Sole has investments in TCorp’s Hour-Glass facilities. The Corporation Sole’s investments are represented by a number of units of a managed investment pool, with each particular pool having different investment horizons and being comprised of 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 Corporation Sole’s investments are:	2003 \$’000	2002 \$’000
Cash Facility	190	3,106
Cash Plus Facility	283	392
Medium Term Growth Facility	1,637	3,028
Total	2,110	6,526

These investments are generally able to be redeemed with seven days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Corporation Sole’s share of the underlying assets of the facility and those assets are stated as net fair value. Corporation Sole’s investment in TCorp’s Hour-Glass facilities include the Trust funds held for conservation purposes (refer note 16).

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or 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 statement is received. Treasurer’s Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2001/2002 \$ Nil).

18. AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date which affect the financial reports.

END OF AUDITED FINANCIAL STATEMENTS