

**SECTION 2:**  
**AUDITED FINANCIAL STATEMENTS**

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**AUDITORS INDEPENDENCE DECLARATION UNDER S 307C  
OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF TRANSPORT HERITAGE NSW LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2020 there have been no contraventions of:

- (i) The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

Castletons Auditing Services



Wayne H Price  
Partner

Sydney  
29 September 2020

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**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2020

Transport Heritage NSW (ABN 25 000 570 463)	Note	2020 \$'000's	2019 \$'000's
Revenue including Government Funding Stream 1 recognised		7,183	8,611
Government Funding Streams 2 and 3, and Special Purpose Funds recognised		2,800	2,451
Other Income		340	3
Changes in inventories and finished goods/work in progress		27	4
Raw materials and consumables used - coal and diesel		(109)	(208)
Depreciation and amortisation expenses		(243)	(204)
Interest on Lease Liabilities		(2)	N/A
Advertising and promotion expenses		(160)	(183)
Employee benefits expenses		(2,933)	(2,998)
Service provision expenses		(3,355)	(4,504)
Administration expenses		(387)	(532)
Other expenses		(13)	-
Government Funding Streams 2 and 3, and Special Purpose Funds expensed		(2,800)	(2,451)
<b>Current year surplus before income tax</b>	<b>2</b>	<b>348</b>	<b>(12)</b>
Income tax expense		-	-
<b>Net current year surplus</b>		<b>348</b>	<b>(12)</b>
Net current year surplus attributable to members of the Company		348	(12)

## Statement of Financial Position

As at 30 June 2020

Transport Heritage NSW (ABN 25 000 570 463)	Note	2020 \$'000's	2019 \$'000's
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	13,146	15,823
Account receivables and other debtors	5	1,100	66
Inventories on hand	6	174	201
Other current assets	7	61	101
<b>Total Current Assets</b>		<b>14,481</b>	<b>16,191</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	454	584
Right-of-use assets	9	139	-
<b>Total Non-Current Assets</b>		<b>593</b>	<b>584</b>
<b>TOTAL ASSETS</b>		<b>15,074</b>	<b>16,775</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and other payables	10	755	2,064
Lease liabilities	11	55	-
Employee provisions	12	319	260
<b>Total Current Liabilities</b>		<b>1,129</b>	<b>2,324</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	11	84	-
Employee provisions	12	62	33
Government Funding Streams 1, 2 and 3, and Special Purpose Funds	13	11,169	12,104
<b>Total Non-Current Liabilities</b>		<b>11,315</b>	<b>12,137</b>
<b>TOTAL LIABILITIES</b>		<b>12,444</b>	<b>14,462</b>
<b>NET ASSETS</b>		<b>2,631</b>	<b>2,313</b>
<b>FUNDS / EQUITY</b>			
Retained surplus		867	768
Business Reserve Fund		164	164
General Restoration Fund		741	741
Glasgow Bequest Fund		610	641
JDR Bequest Fund		249	-
<b>TOTAL FUNDS / EQUITY</b>		<b>2,631</b>	<b>2,313</b>

## Statement of Changes in Equity

For the year ended 30 June 2020

	Retained Surplus \$'000's	Business Reserve Fund \$'000's	General Restoration Fund \$'000's	Glasgow Bequest Fund \$'000's	JDR Bequest Fund \$'000's	Total \$'000's
<b>BALANCE AT 01 JULY 2018</b>	<b>780</b>	<b>164</b>	<b>741</b>	<b>917</b>	<b>-</b>	<b>2,602</b>
<b>Comprehensive income</b>						
Surplus attributable to members of the Company	(12)	-	-	(277)	-	(289)
Other comprehensive income for the year	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2019</b>	<b>768</b>	<b>164</b>	<b>741</b>	<b>641</b>	<b>-</b>	<b>2,313</b>
<b>Comprehensive income</b>						
Surplus attributable to members of the Company	99	-	-	(31)	249	317
Other comprehensive income for the year	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2020</b>	<b>867</b>	<b>164</b>	<b>741</b>	<b>610</b>	<b>249</b>	<b>2,631</b>

### Business Reserve Fund

There were no projects undertaken requiring expenditure from the Business Reserve Fund during the financial year ended 30 June 2020.

### General Restoration Fund

There were no projects approved requiring expenditure from the General Restoration Fund during the financial year ended 30 June 2020.

The THNSW Board approved during the year expenditure from the General Restoration Fund for the reconstruction of the THNSW-owned collection item J&A Brown No 5 to display condition for permanent display at the NSW Rail Museum. This project is expected to commence during the next financial year.

### Glasgow Bequest Fund

The THNSW Board previously approved a budget allocation of \$500,000 from the Glasgow Bequest Fund for the Southern Aurora Overhaul Project - Detailed Scoping followed by approval of Stage 1 (Critical Safety/Operational) works for Group 1 of the Southern Aurora cars which commenced during FY 2018/19 and was completed during FY 2019/20.

Interest earned during FY 2019/20 was \$15k and expenditure was \$46k resulting in a net movement of (\$31k). This brings final total expenditure to \$463k for this project.

The THNSW Board approved during the year the remainder of the Glasgow Bequest Fund be allocated to the refurbishment of the DUB Set 63 carriages as a dedicated Loop

Line set to support growing THNSW's operations on the Loop Line in line with THNSW's Strategic Plan. This project is expected to commence during the next financial year.

### JDR Bequest Fund

THNSW was a residual beneficiary of the estate of the late John David Richards receiving the very generous donation of some \$249k in the form of a bequest during the year. In accordance with the THNSW Investment & Interest Policy these monies will be held separately as a non-conditional bequest to be known as the "JDR Bequest" until spent for approved purposes.

## Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$'000's	2019 \$'000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations (including Government Funding Stream 1)		7,218	8,442
Receipts from donations, bequests		303	169
Receipts (net) from Government Funding Streams 2 and 3, and Special Purpose Funds		(935)	5,919
Payments to suppliers and employees		(9,028)	(6,793)
Interest received		2	3
Interest paid		-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>17</b>	<b>(2,440)</b>	<b>7,740</b>
<b>CASH FLOWS INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(24)	(167)
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(24)</b>	<b>(167)</b>
<b>CASH FLOWS FINANCING ACTIVITIES</b>			
Leasing costs		(230)	-
Interest received - Bequest		17	12
<b>Net cash provided by (used in) financing activities</b>		<b>(213)</b>	<b>12</b>
Net increase (decrease) in cash held		(2,677)	7,584
Cash on hand at the beginning of the financial year		15,823	8,238
<b>Cash on hand at the end of the financial year</b>	<b>4</b>	<b>13,145</b>	<b>15,823</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

These financial statements are for Transport Heritage NSW Limited (Non-Reporting) as an individual Company, incorporated and domiciled in Australia. Transport Heritage NSW Limited (the "Company" or "THNSW") is a company limited by guarantee and is a not-for-profit, registered charity.

These financial statements were authorised for issue on 29 September 2020 by the Directors of the Company.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Directors have prepared the financial statements on the basis that the company is a non-reporting Company because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest thousand dollars.

#### ACCOUNTING POLICIES

##### a. Revenue

Non-reciprocal funding deeds revenue is recognised in profit or loss when the Company obtains control of the funding and it is probable that the economic benefits gained from the funding will flow to the Company and the amount of the funding can be measured reliably.

If conditions are attached to the funding which must be satisfied before the Company is eligible to receive the contribution, the recognition of the funding as revenue will be deferred until those conditions are satisfied. This also means that the Company is allowed to carry non-reciprocal funding over for use in subsequent years.

When funding deed revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the funding revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the funding is recognised as income on receipt.

Transport Heritage NSW Limited receives non-reciprocal contributions of assets from the NSW Government and other parties for zero or a nominal value. These assets are recognised at fair value, where

possible, on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue in accordance with THNSW's Investment & Interest Policy introduced from the financial year ended 30 June 2017.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Interest revenue is also recognised in accordance with THNSW's Investment & Interest Policy introduced from the financial year ended 30 June 2017.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax (GST).

##### b. Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.



### c. Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received

#### Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5 - 20%
Leasehold improvements, other	4 - 15%
Assets under custody	Term of custody or previously determined period.
Right-of-use (Lease) Assets	Subject to lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable

amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These

improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initial measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment including locomotives, rolling stock, real property and collection objects that have been contributed at no cost, or for nominal cost by RailCorp or other Government entities, including custody plant and equipment, are recognised at no value.

improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets comprise the initial measurement over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipated to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### Company as lessor

The Company does not act as a lessor in relation lease contracts.

### e. Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset, i.e., trade date accounting is adopted.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts, including fees, transaction costs and other premiums or discounts, through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly, i.e., unforced, transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are

recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

#### (iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

#### (v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### g. Employee Provisions

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits are recognised as part of accounts payable and other payables in the statement of financial position.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

### h. Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### i. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding funding deed receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

### j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### k. Income Tax

No provision for income tax has been raised as Transport Heritage NSW Limited is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

### m. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### n. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

### o. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount normally paid within 30 days of recognition of the liability.

### p. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### Key estimates

##### (i) Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

##### (ii) Judgements

As disclosed in note 9, provision for the impairment of trade receivables included in accounts as 30 June 2020 is amount of \$0 (2019 \$0) as general provision for impairment of receivables. The Directors believe that the provision of impairment of receivables is adequate provision for any bad debts.

### q. Economic Dependence

Transport Heritage NSW Limited is dependent on the Transport for NSW funding deeds for the majority of its revenue used to operate the business. The original funding deeds were to expire on 30 June 2019 however Transport Heritage NSW has entered into a Deed of Variation with Transport for NSW to vary and extend the funding and the current funding deed for a further three financial years until 30 June 2022. At the date of this report the THNSW Board of Directors has no reason to believe that Transport for NSW will not continue to support Transport Heritage NSW Limited.

### r. New and Amended Accounting Policies Adopted

#### Initial application of AASB 16

The Company has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 01 July 2019. In accordance with AASB 16 the comparatives for the FY 2018/2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low value leases) recognised as operating leases under AASB 117: *Leases* where the Company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 01 July 2019 was used to discount the lease payments. THNSW has applied the NSW Treasury's published rates as THNSW's lessee's

incremental borrowing rate for the applicable periods.

Right-of-use assets leases were measured and recognised in the statement of financial position as at 01 July 2019 by taking into consideration the lease liability, pre-paid and accrued lease payments previously recognised as at 01 July 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 01 July 2019 have been accounted for in the same as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117: *Lease and interpretation 4: Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application;
- not applying AASB 16 to leases previously not identified as contain a lease under AASB 117 and Interpretation 4.

There was no reclassification of property, plant and equipment to right-of-use assets on 01 July 2019 due to the implementation of AASB 16 as no finance leased assets existed prior to that date.

### AASB 1058

AASB 1058 is applicable for annual reporting periods commencing on or after 01 January 2019 and applies when an NFP enters into a transaction where the consideration to acquire an asset is significantly less than fair value of the asset principally to enable the NFP to further its objectives or receives volunteer services the recognition of which is only mandatory for Government or public sector entities.

The Company did not acquire any assets for which the consideration is significantly less than fair value during the financial year ended 30 June 2020. The Company has elected as an accounting policy choice not to recognise a monetary value for volunteer services. Estimated annual volunteer hours are included within THNSW's Annual Report.

### s. Going Concern Basis

The financial statements of the Company have been prepared on a going concern basis. The Directors believe that the Company will be able to pay all its debts as and when they become due and payable.

### t. Rounding in the Presentation of Figures

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.

## NOTE 2: NET CURRENT YEAR SURPLUS

	2020 \$'000's	2019 \$'000's
<b>A. SIGNIFICANT REVENUE</b>		
The following significant revenue items is relevant in explaining the financial performance:		
Programs & Events - Museums	497	844
Programs & Events - Rail Operations	729	1,701
Other Commercial Activities (including Retail)	313	373
Marketing	-	-
Heritage & Collections	-	-
Fleet Maintenance	67	405
Facilities	2	-
THNSW Board	-	-
Membership	95	89
Donations & Gifts	303	169
Interest received	2	3
Government Funding Stream 1	5,149	5,000
Corporate Services and other	366	29
Government Funding Deed		
Government Funding Streams 2 and 3, and Special Purpose Funds		
• TfNSW Funding Stream 2 (FS#2)	1,870	1,507
• TfNSW Funding Stream 3 (FS#3)	179	182
• TfNSW Special Purpose Funding (SPF)	751	761
<b>Total Revenues</b>	<b>10,323</b>	<b>11,064</b>

Corporate Services and other includes Federal Government coronavirus pandemic support measures received during the last quarter of the financial year. Pandemic support measures received include both JobKeeper and cash flow boost business activity statement

credits. The first JobKeeper program announced, so-called JobKeeper 1.0, applies until 28 September 2020. Subsequently the Federal Government has announced the extension of JobKeeper over two additional extension periods, so-called JobKeeper 2.0, from 28

September 2020 until 28 March 2021. THNSW will continue to apply for JobKeeper whilst ever this support measures continues and THNSW is eligible. An additional cash flow boost credit will be received in the first quarter of the next FY 2020-21.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.

	2020 \$'000's	2019 \$'000's
<b>B. EXPENSES</b>		
Programs & Events - Museums	418	647
Programs & Events - Rail Operations	780	1,367
Other Commercial Activities (including Retail)	139	261
Marketing	365	390
Heritage & Collections	305	347
Fleet Maintenance	2,210	2,237
Facilities	1,144	1,714
THNSW Board	28	20
Stakeholder & Relationship Management	75	79
Depreciation and amortisation:		
• Plant and equipment	141	192
• Leasehold improvements and other	12	12
• Assets under custody	-	-
• Right-of-use Assets	89	-
<b>Total depreciation and amortisation expenses</b>	<b>243</b>	<b>204</b>
Employee provisions - Superannuation	241	250
Rental expenses on operating leases:		
• Minimum lease payments	-	7
• Contingent rentals	-	-
<b>Total rental expenses</b>	<b>-</b>	<b>7</b>
Rental expenses on operating leases:		
• Short-term lease expenses	-	-
• Low value lease expenses	7	-
<b>Total rental expenses</b>	<b>7</b>	<b>-</b>
Interest on lease liabilities	2	-
Corporate Services and other	1,189	1,073
Auditor's Remuneration:		
• Auditing activities	30	30
• Other audit related services	-	-
• Non-audit services	-	-
<b>Total Auditor's Remuneration</b>	<b>30</b>	<b>30</b>
Government Funding Streams 2 and 3, and Special Purpose Funds expensed		
• TfNSW Funding Stream 2 (FS#2)	1,870	1,507
• TfNSW Funding Stream 3 (FS#3)	179	182
• TfNSW Special Purpose Funding (SPF)	751	761
<b>Total Expenses</b>	<b>9,975</b>	<b>11,076</b>

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.



### NOTE 3: DIVIDENDS

Clause 36.2 of the Constitution of Transport Heritage NSW Limited specifically prohibits the payment of dividends by the Company.

### NOTE 4: CASH & CASH EQUIVALENTS

	2020 \$'000's	2019 \$'000's
Cash on hand	5	5
Cash at bank - deposits on call	1,018	2,085
Cash at bank - term deposits & higher interest earning deposits	12,123	13,733
	<b>13,146</b>	<b>15,823</b>

### NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2020 \$'000's	2019 \$'000's
<b>CURRENT</b>		
Trade receivables	1,100	66
Less: provision for impairment of receivables	-	-
Other receivables	-	-
	<b>1,100</b>	<b>66</b>

### NOTE 6: INVENTORIES ON HAND

	2020 \$'000's	2019 \$'000's
<b>CURRENT</b>		
At cost:		
Stock on hand	160	131
Operational fleet spare parts	14	70
	<b>174</b>	<b>201</b>

### NOTE 7: OTHER CURRENT ASSETS

	2020 \$'000's	2019 \$'000's
Prepayments	61	101
	<b>61</b>	<b>101</b>

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.

### NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2020 \$'000's	2019 \$'000's
Museum exhibits - at cost	75	75
Less accumulated depreciation	-	-
<b>Net carrying amount</b>	<b>75</b>	<b>75</b>
Leasehold property improvements - at cost	315	315
Less accumulated depreciation	(261)	(249)
<b>Net carrying amount</b>	<b>54</b>	<b>66</b>
Other plant, equipment and motor vehicles - at cost	1,198	1,174
Less accumulated depreciation	(874)	(733)
<b>Net carrying amount</b>	<b>325</b>	<b>442</b>
<b>Total net carrying amount</b>	<b>454</b>	<b>584</b>

### NOTE 9: RIGHT-OF-USE ASSETS

The Company's right-of-use assets include office space (property) and a forklift (equipment).

#### Options to extend or terminate

The leases of the Company do not contain the option to extend. Any extension would be under a new lease arrangement. Clauses enabling extension or termination at the option of the Company are negotiated where possible to provide the Company opportunities to manage leases aligned to its strategies.

	2020 \$'000's	2019 \$'000's
<b>i. AASB 16 related amount recognised in the balance sheet</b>		
Leased property	135	N/A
Less accumulated depreciation	(80)	N/A
<b>Net carrying amounts</b>	<b>55</b>	<b>N/A</b>
Leased equipment	94	N/A
Less accumulated depreciation	(9)	N/A
<b>Net carrying amount</b>	<b>84</b>	<b>N/A</b>
<b>Total right-of-use assets</b>	<b>139</b>	<b>N/A</b>
<b>Movement in carrying amounts</b>		
Leased property recognised on initial application of AASB16	131	N/A
Addition to right-of-use assets	3	N/A
Less accumulated depreciation	(80)	N/A
<b>Net carrying amounts</b>	<b>55</b>	<b>N/A</b>
Leased equipment recognised on initial application of AASB16	94	N/A
Addition to right-of-use assets	-	N/A
Less accumulated depreciation	(9)	N/A
<b>Net carrying amounts</b>	<b>84</b>	<b>N/A</b>
<b>ii. AASB 16 related amount recognised in the statement of income</b>		
Depreciation charge related to right-of-use assets	89	N/A
Interest expenses on lease liabilities	2	N/A
Short-term lease expenses	-	N/A
Low value assets lease expenses	-	N/A



## NOTE 10: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2020 \$'000's	2019 \$'000's
<b>CURRENT</b>		
Trade creditors and accruals	481	947
Tour/Event sales in advance	117	146
Sundry creditors	157	972
	<b>755</b>	<b>2,064</b>

## NOTE 11: LEASE LIABILITIES

	2020 \$'000's	2019 \$'000's
<b>CURRENT</b>		
Lease Liabilities	55	N/A
	<b>55</b>	<b>N/A</b>
<b>NON-CURRENT</b>		
Lease Liabilities	84	N/A
	<b>84</b>	<b>N/A</b>

## NOTE 12: EMPLOYEE PROVISIONS

	2020 \$'000's	2019 \$'000's
<b>CURRENT</b>		
Annual Leave	290	245
Long Service Leave	29	15
	<b>319</b>	<b>260</b>
<b>NON-CURRENT</b>		
Annual Leave	-	-
Long Service Leave	62	33
	<b>62</b>	<b>33</b>
	<b>380</b>	<b>293</b>

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.

## NOTE 13: FUNDING DEEDS

	2020 \$'000's	2019 \$'000's
<b>NON-CURRENT</b>		
<b>TfNSW Funding Stream 1 (FS#1)</b>		
Opening balance	-	-
Funding amount received	5,149	5,000
Interest received	-	-
Funding amount expensed	(5,149)	(5,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>TfNSW Funding Stream 2 (FS#2)</b>		
Opening balance	3,995	4,723
Funding amount received	1,874	1,850
Interest received	71	129
Funding amount expensed	(3,795)	(2,707)
<b>Balance at the end of the year</b>	<b>2,145</b>	<b>3,995</b>
<b>TfNSW Funding Stream 3 (FS#3)</b>		
Opening balance	107	139
Funding amount received	177	150
Interest received	-	1
Funding amount expensed	(179)	(182)
<b>Balance at the end of the year</b>	<b>105</b>	<b>107</b>
<b>TfNSW Special Purpose Funding (SPF)</b>		
Opening balance	8,002	1,323
Funding amount received	1,600	7,430
Interest received	112	10
Funding amount expensed	(796)	(761)
<b>Balance at the end of the year</b>	<b>8,918</b>	<b>8,002</b>
<b>Total Funding remaining as at 30 June</b>	<b>11,169</b>	<b>12,104</b>

THNSW has entered a Funding Deed with the NSW Government, via Transport for NSW (TfNSW), to care for and manage the NSW State-owned Heritage Transport Collection and to deliver a wide range of activities to support the Transport Heritage Sector in NSW.

The Funding Deed with the NSW Government provides specific funding to THNSW for the following purposes:

#### TfNSW Funding Stream 1 (FS#1)

Annual funding allocated specifically to THNSW's Business Operations, including a minimum of \$1.0 million which must be used for operational rolling stock fleet maintenance. The THNSW Board determines THNSW's annual business plan and annual business operations budget, including the allocation of FS#1 funds to be used and the use of THNSW's own-generated revenue raised through its various activities.

For FY 2019/20 TfNSW approved an additional allocation of \$1.3m to FS#1 funding for the year. These monies were made available from uncommitted FS#2 funds carried over from previous years.

#### TfNSW Funding Stream 2 (FS#2)

Annual funding for the purposes of Portfolio Management of the NSW Government-owned heritage transport assets. Allocation of the annual funding is determined by the

Independent Funding & Advisory Panel (IFAP) appointed by the NSW Government.

As noted above, \$1.3m of uncommitted FS#2 funds carried over from previous years were reallocated to FS#1 monies and are included in the funding amount expensed for FS#2 shown above; \$0.6m of uncommitted FS#2 funds were reallocated as SPF monies and \$25k allocated to FS#3 monies for the annual Transport Heritage Grants Program (THGP). Additional FS#2 expenditure for FY 2019/20 was \$1.9m as shown at Note 2a.

#### TfNSW Funding Stream 3 (FS#3)

Annual funding for the Transport Heritage Grants Program. Allocation of the annual funding is determined by the Independent Funding & Advisory Panel (IFAP) appointed by the NSW Government.

As noted above, TfNSW approved an additional allocation of \$25k to FS#3 monies for FY 2019/20 from uncommitted FS#2 monies carried over from previous years.

#### TfNSW Special Purpose Funding (SPF)

THNSW has also entered into a Special Projects Funding Deed with the NSW Government under which specific funding is allocated to specific projects. Allocation of Special Purpose Funds to specific projects is determined by TfNSW. In FY 2019/20 there were two (2) approved projects being the Locomotive 3801 Reconstruction Project and the Loop Line Product Development Study.

There were three key adjustments to SPF monies held by THNSW during FY 2019/20. Firstly, the reallocation of \$0.6m from FS#2 monies as noted above. Secondly, TfNSW transferred the first instalment of \$1.0m to SPF to be held for the upgrade of the Loop Line as per the NSW Government's election commitment of \$5.5m which is to be received over three years in annual instalments. Thirdly, return transfer of \$45k to TfNSW to pay for Heritage Hub works by TfNSW.

## NOTE 14: CAPITAL AND LEASING COMMITMENTS

	2020 \$'000's	2019 \$'000's
<b>OPERATING LEASE COMMITMENTS</b>		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable - minimum lease payments:		
• not later than 12 months	7	7
• between 12 months and five years	12	16
• later than five years	-	-
	<b>19</b>	<b>23</b>

## NOTE 15: RELATED PARTIES TRANSACTIONS

### a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director (whether executive or otherwise) is considered key management personnel.

The Total number of key management personnel at the end of FY 2019/20 was eight Directors (non-remunerated by THNSW), the CEO and six managers (employees) reporting directly to the CEO.

	2020 \$'000's	2019 \$'000's
<b>KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
• Salaries	1,077	1,075
• Minimum mandatory superannuation contributions	102	102
	<b>1,179</b>	<b>1,177</b>

### b. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management individually or collectively with close family members.

	2020 \$'000's	2019 \$'000's
<b>COMPANY CONTROLLED BY DIRECTOR AND/OR CLOSE FAMILY MEMBERS</b>		
• Short term benefits	-	-
• Post-employment benefits	-	-
• Purchase of client support services	-	-
	-	-

### c. Payments to the Chair

During the year following payment was made by Transport for NSW (TfNSW) to the Chair, for services in leading the Transport Heritage NSW Board during their term.

	2020 \$'000's	2019 \$'000's
<b>PAYMENT FOR SERVICES AS CHAIR</b>		
• Rob Mason - commenced as Chair 01 March 2017	35	35
	<b>35</b>	<b>35</b>

## NOTE 16: CONTINGENT LIABILITIES

### a. Contingent Liabilities

There were no contingent liabilities at the reporting date relating to the normal operations of THNSW.

## NOTE 17: CASH FLOW INFORMATION

	2020 \$'000's	2019 \$'000's
<b>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH NET CURRENT YEAR SURPLUS</b>		
Net current year surplus	348	(12)
Non-cash flow in current year surplus		
• Depreciation and amortisation	243	204
• Net(gain) loss on disposal of property, plant and equipment	-	8
• Net (gain) loss from reserve transfer	(46)	(289)
• (increase)/decrease in accounts receivable and other debtors	(1,034)	634
• (increase)/decrease in prepayments	40	2
• (increase)/decrease in inventories on hand	27	4
• (decrease)/increase in grants received in advance	(935)	5,919
• (decrease)/increase in accounts payable and other payables	(1,170)	1,209
• (decrease)/increase in provisions	87	61
<b>Net Cash From Operating Activities</b>	<b>(2,440)</b>	<b>7,740</b>

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. As a result some numbers may not add up to totals shown due to rounding.

## NOTE 18: ECONOMIC DEPENDENCY

Railway operations which include tours and charters, are a significant part of the company's operation. Tours and charter operations are dependent on effective restoration, maintenance and operation of the heritage fleet, including track access and safety accreditation, and are

dependent upon continued support from the general public.

Funding provided by TfNSW under a Funding Deed provides a minimum annual funding amount for the duration of the Funding Deed. As per Note: 1.q., the original funding deeds

were to expire on 30 June 2019 however Transport Heritage NSW has entered into a Deed of Variation with Transport for NSW to vary and extend the funding and the current funding deed for a further three financial years until 30 June 2022.

## NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to the reporting date that required adjustment to the financial statements or disclosure into the financial statements.

## NOTE 20: 3801 LIMITED

3801 Limited was incorporated on 05 June 1985 as a non-profit company limited by guarantee. THNSW and the Australian Railway Historical Society (NSW Division) are the two Management Members of 3801 Ltd. It should be noted that 3801 Ltd registered a new public-facing

business name, East Coast Heritage Rail, however its Company Name and ABN are unchanged.

THNSW is not represented on the Board or any Committee of 3801 Limited, however remains a Management Member. The liability of THNSW was limited to \$250.00,

unchanged from the previous financial year, as at 30 June 2020.

However THNSW formally resigned its Management Membership of 3801 Limited effective from 30 June 2020 and as such removing this liability from future years.

## NOTE 21: MEMBERS GUARANTEE

Transport Heritage NSW Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20.00 towards meeting any outstanding obligations of the Company. At 30 June 2020, the number of members was 1,770 (excluding Complimentary and Honorary members).

## NOTE 22: COMPANY DETAILS

The registered office of the company is:

Suite 011, International Business Centre, 2 Cornwallis Street, South Eveleigh NSW 2015

The principal places of business are:

Suite 011, International Business Centre, 2 Cornwallis Street, South Eveleigh NSW 2015

10-20 Barbour Road, Thirlmere NSW 2572

17B Tusculum Road, Valley Heights NSW 2777

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TRANSPORT HERITAGE NSW LIMITED**

**Report of the Financial Report**

We have audited the financial report of Transport Heritage NSW Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Transport Heritage NSW Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TRANSPORT HERITAGE NSW LIMITED**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Castletons Auditing Services**



**Wayne H Price**  
Partner

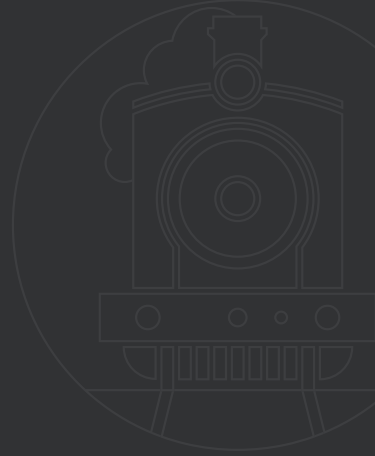
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Sydney  
29 September 2020







# TRANSPORT HERITAGE

NSW

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