

SECTION 2:
AUDITED FINANCIAL STATEMENTS

Auditor's Independence Declaration

To the Board of Directors of Transport Heritage NSW Limited

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Transport Heritage NSW Limited.

As the lead audit partner for the audit of the financial report of Transport Heritage NSW Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- A. the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- B. any applicable code of professional conduct in relation to the audit.

CASTLETONS AUDITING SERVICES
Chartered Accountants



Wayne H Price
Partner
Sydney, 26 September 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

Transport Heritage NSW (ABN 25 000 570 463)	Note	2023 \$'000's	2022 \$'000's
Revenue including Government Funding Stream 1 recognised		9,214	8,227
Government Funding Streams 2 and 3, and other Funding recognised		7,762	2,792
Other Income		-	-
Changes in inventories and finished goods/work in progress		(100)	(36)
Raw materials and consumables used - coal and diesel		(253)	(72)
Depreciation and amortisation expenses		(127)	(169)
Interest on Lease Liabilities		(1)	(1)
Advertising and promotion expenses		(412)	(280)
Employee benefits expenses		(3,652)	(3,369)
Service provision expenses		(4,279)	(3,966)
Administration expenses		(390)	(324)
Other expenses		-	-
Government Funding Streams 2 and 3, and other Funding expensed		(7,762)	(2,792)
Current year surplus before income tax	2	-	10
Income tax expense		-	-
Net current year surplus		-	10
Net current year surplus attributable to the Company		-	10

Statement of Financial Position

As at 30 June 2023

Transport Heritage NSW (ABN 25 000 570 463)	Note	2023 \$'000's	2022 \$'000's
ASSETS			
Current Assets			
Cash and cash equivalents	4	19,008	25,959
Account receivables and other debtors	5	406	134
Inventories on hand	6	349	250
Other current assets	7	120	50
Total Current Assets		19,883	26,393
Non-Current Assets			
Property, plant and equipment	8	8,844	8,882
Right-of-use assets	9	28	47
Total Non-Current Assets		8,872	8,929
TOTAL ASSETS		28,754	35,322
LIABILITIES			
Current Liabilities			
Accounts payable and other payables	10	1,375	2,507
Employee provisions	12	349	331
Funding Deeds	13	15,515	20,990
Total Current Liabilities		17,239	23,828
Non-Current Liabilities			
Lease Liabilities	11	29	48
Employee provisions	12	192	155
Total Non-Current Liabilities		220	203
TOTAL LIABILITIES		17,460	24,031
NET ASSETS		11,295	11,291
FUNDS / EQUITY			
Retained Surplus		913	913
Asset Revaluation Reserve	14	8,392	8,392
Business Reserve Fund		321	321
General Restoration Fund		729	729
Glasgow Bequest Fund		615	612
JDR Bequest Fund		324	324
TOTAL FUNDS / EQUITY		11,295	11,291

Statement of Changes in Equity

For the year ended 30 June 2023

	Retained Surplus \$'000's	Asset Revaluation Reserve \$'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
BALANCE AT 01 JULY 2021	909	8,392	321	783	611	323	11,339
Comprehensive income							
Surplus attributable to the Company	10	-	-	(54)	-	-	(44)
Other comprehensive income for the year	(6)	-	-	-	1	1	(4)
BALANCE AT 30 JUNE 2022	913	8,392	321	729	612	324	11,291
Comprehensive income							
Surplus attributable to the Company	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	3	-	3
BALANCE AT 30 JUNE 2023	913	8,392	321	729	615	324	11,295

Asset Revaluation Reserve

The Asset Revaluation Reserve was established in the previous year ended 30 June 2021 as explained at Note 1c and Note 14.

Business Reserve Fund

There were no projects undertaken requiring expenditure from the Business Reserve Fund during the financial year ended 30 June 2023.

General Restoration Fund

There was no expenditure from this Fund during FY 2022/23.

Glasgow Bequest Fund

There was no expenditure from this Fund during FY 2022/23 however less than \$3k in interest was earned during the year.

JDR Bequest Fund

There was no expenditure from this Fund during FY 2022/23 however less than \$1k in interest was earned during the year.

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$'000's	2022 \$'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations (including Government Funding Stream 1)		9,158	8,174
Receipts from donations, bequests		57	53
Receipts (net) from Government Funding Streams 2 and 3, and Special Purpose Funds		(5,475)	8,704
Payments to suppliers and employees		(10,640)	(7,086)
Interest received		17	-
Interest paid		-	-
Net cash (used in)/generated from operating activities	18	(6,884)	9,845
CASH FLOWS INVESTING ACTIVITIES			
Payments for property, plant and equipment		(51)	(192)
Proceeds from sale of property, plant and equipment		-	-
Net cash (used in)/generated from investing activities		(51)	(192)
CASH FLOWS FINANCING ACTIVITIES			
Leasing costs		(19)	(18)
Interest received - Bequest		3	2
Interest received - prior year adjustment		-	(6)
Net cash provided by (used in) financing activities		(16)	(22)
Net increase (decrease) in cash held		(6,951)	9,631
Cash on hand at the beginning of the financial year		25,959	16,328
Cash on hand at the end of the financial year	4	19,008	25,959

Notes to the Financial Statements

For the year ended 30 June 2023

FINANCIAL REPORTING FRAMEWORK

These financial statements cover 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 26 September 2023 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 Entity has concluded that the requirements set out in AASB 10 and AASB 128 are not applicable as the initial assessment on its interests in other entities indicated that it does not have any subsidiaries, associates or joint ventures. Hence, the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

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 Recognition

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 which is reviewed periodically. Conditional donations and bequests are recognised as revenue at the time those monies are used for the stipulated purpose or in accordance with the specific terms and conditions that are to be satisfied.

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.

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 from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

Museum Collection

A comprehensive revaluation report of the rolling stock in the Museum Collection owned by the Company was provided by AON Valuation Services on 28 August 2019. In many cases these collection assets had been acquired at no or little cost in prior years and were recognised at no value.

The valuation was undertaken in accordance with Australian Accounting Standards (including AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment) and with NSW Treasury's Asset Valuation Policy (NSW Treasury Policy Paper TPP 14-01 Valuation of Physical Non-Current Assets at Fair Value). The company in its financial reporting for FY 2020/21 reflected revaluation as at 30 April 2021 after rolling stock report was assessed and accepted by the company.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, however excluding freehold land and the Company owned museum collection, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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.
Freehold land	Not depreciated
Museum Collection	Not depreciated
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 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 Museum Collection is not depreciated as it has an indeterminate useful life. Preservation and management policies are in place and actively implemented to maintain these collections in perpetuity.

d. Leases

Company as lessee

At the inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability is recognised by the Company where the Company is a lessee. However all contracts that are classified as short-term leases (a lease with a remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

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.

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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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 5, no provision for the impairment of trade receivables has been included in accounts as at 30 June 2023. The Directors believe that there are no outstanding payments deemed to be bad debts relating to the period.

o. 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 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. Transport Heritage NSW has entered into a second 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 2025. 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.

p. New and Amended Accounting Policies

There were no new Accounting Standards or Interpretations issued by the Australian Accounting Standards Board (AASB) which were mandatory for the current reporting period that were applicable to the Entity.

q. 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.

r. 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

For the year ended 30 June 2023

	2023 \$'000's	2022 \$'000's
A. SIGNIFICANT REVENUE		
The following significant revenue items is relevant in explaining the financial performance:		
Programs & Events - Museums	1,161	736
Programs & Events - Rail Operations	1,844	1,398
Other Commercial Activities (including Retail)	606	375
Marketing	-	-
Heritage & Collections	-	54
Fleet Maintenance	5	76
Facilities	7	-
THNSW Board	-	-
Membership	109	104
Donations & Gifts	57	53
Interest received	17	-
Government Funding Stream 1	5,349	4,897
Corporate Services and other	58	534
Government Funding Deed		
Government Funding Streams 2 and 3, and Special Purpose Funds		
• TfNSW Funding Stream 2 (FS#2)	836	641
• TfNSW Funding Stream 3 (FS#3)	155	195
• TfNSW Special Purpose Funding (SPF)	2,984	203
• DRNSW Loop Line (LL) funding	3,787	1,753
Total Revenues	16,976	11,019

Corporate Services and other includes the joint Commonwealth and NSW Government JobSaver and NSW Government COVID-19 Business Grant coronavirus pandemic support measures received during the financial year.

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.

B. EXPENSES

Programs & Events - Museums	843	464
Programs & Events - Rail Operations	1,156	1,051
Other Commercial Activities (including Retail)	548	196
Marketing	579	444
Heritage & Collections	393	351
Fleet Maintenance	2,697	2,572
Facilities	1,414	1,646
THNSW Board	50	29
Stakeholder & Relationship Management	119	110
Depreciation and amortisation:		
• Plant and equipment	104	145
• Leasehold improvements and other	5	6
• Assets under custody	-	-
• Right-of-use Assets	19	19
Total depreciation and amortisation expenses	127	170

	2023 \$'000's	2022 \$'000's
Employee provisions - Superannuation	333	294
Rental expenses on operating leases:		
• Minimum lease payments	-	-
• Contingent rentals	-	-
Total rental expenses	-	-
Rental expenses on operating leases:		
• Short-term lease expenses	-	-
• Low value lease expenses	7	7
Total rental expenses	7	7
Interest on lease liabilities	1	1
Corporate Services and other	920	857
Auditor's Remuneration:		
• Auditing activities	26	26
• Other audit related services	-	-
• Non-audit services	-	-
Total Auditor's Remuneration	26	26
Government Funding Streams 2 and 3, and Special Purpose Funds expensed		
• TfNSW Funding Stream 2 (FS#2)	836	641
• TfNSW Funding Stream 3 (FS#3)	155	195
• TfNSW Special Purpose Funding (SPF)	2,984	203
• DRNSW LL funding	3,787	1,753
Total Expenses	16,976	11,009

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

	2023 \$'000's	2022 \$'000's
Cash on hand	11	11
Cash at bank - deposits on call	1,294	8,013
Cash at bank - term deposits and higher interest earning deposits	17,703	17,935
	19,008	25,959

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2023 \$'000's	2022 \$'000's
CURRENT		
Trade receivables	406	134
Less: provision for impairment of receivables	-	-
	406	134

NOTE 6: INVENTORIES ON HAND

	2023 \$'000's	2022 \$'000's
CURRENT		
At cost:		
Stock on hand	347	247
Operational fleet spare parts	3	3
	349	250

NOTE 7: OTHER CURRENT ASSETS

	2023 \$'000's	2022 \$'000's
Prepayments	120	50
	120	50

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2023 \$'000's	2022 \$'000's
Museum exhibits - at cost	28	28
Less accumulated depreciation	-	-
Net carrying amount	28	28
Leasehold property improvements - at cost	315	315
Less accumulated depreciation	(284)	(280)
Net carrying amount	31	35
Other plant, equipment and motor vehicles - at cost	1,173	1,108
Less accumulated depreciation	(914)	(815)
Net carrying amount	259	293
Rolling Stock - THNSW-owned Collection	8,526	8,526
Less accumulated depreciation	-	-
Net carrying amount	8,526	8,526
Total net carrying amount	8,844	8,882

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 9: RIGHT-OF-USE ASSETS

The Company's right-of-use assets include 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.

	2023 \$'000's	2022 \$'000's
i. AASB 16 related amount recognised in the balance sheet		
Leased property	-	-
Less accumulated depreciation	-	-
Net carrying amounts	-	-
Leased equipment	94	94
Less accumulated depreciation	(65)	(47)
Net carrying amount	28	47
Total right-of-use assets	28	47
Movement in carrying amounts		
Leased property recognised on initial application of AASB16	-	-
Addition to right-of-use assets	-	-
Less accumulated depreciation	-	-
Net carrying amounts	-	-
Leased equipment recognised on initial application of AASB16	94	94
Addition to right-of-use assets	-	-
Less accumulated depreciation	(65)	(47)
Net carrying amounts	28	47

ii. AASB 16 related amount recognised in the statement of income

Depreciation charge related to right-of-use assets	19	19
Interest expenses on lease liabilities	1	1
Short-term lease expenses	-	-
Low value assets lease expenses	-	-

NOTE 10: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2023 \$'000's	2022 \$'000's
CURRENT		
Trade creditors and accruals	968	1,625
Tour/Event sales in advance	334	377
Sundry creditors	73	505
	1,375	2,507

NOTE 11: LEASE LIABILITIES

	2023 \$'000's	2022 \$'000's
NON - CURRENT		
Lease Liabilities	29	48
	29	48

NOTE 12: EMPLOYEE PROVISIONS

	2023 \$'000's	2022 \$'000's
CURRENT		
Annual Leave	337	314
Long Service Leave	12	17
	349	331
NON-CURRENT		
Long Service Leave	192	155
	192	155
	540	486

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

	2023 \$'000's	2022 \$'000's
CURRENT		
TfNSW Funding Stream 1 (FS#1)		
Opening balance	365	450
Funding amount received	5,269	4,812
Interest received	-	-
Funding amount expensed	(5,349)	(4,897)
Balance at the end of the year	285	365
TfNSW Funding Stream 2 (FS#2)		
Opening balance	1,606	1,185
Funding amount received	1,850	1,929
Interest received	25	8
Funding amount expensed	(836)	(1,516)
Balance at the end of the year	2,645	1,606
TfNSW Funding Stream 3 (FS#3)		
Opening balance	82	95
Funding amount received	175	181
Interest received	1	-
Funding amount expensed	(155)	(195)
Balance at the end of the year	102	82
TfNSW Special Purpose Funding (SPF)		
Opening balance	12,891	10,556
Funding amount received	-	2,500
Interest received	261	38
Funding amount expensed	(2,984)	(203)
Balance at the end of the year	10,168	12,891
DRNSW Loop Line Upgrade Funding		
Opening balance	6,047	-
Funding amount received	-	7,800
Interest received	54	-
Funding amount expensed	(3,787)	(1,753)
Balance at the end of the year	2,314	6,047
Total Funding remaining as at 30 June	15,515	20,990

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 2022/23 TfNSW provided a total allocation of \$5.3m to FS#1 funding for the year, including \$2.3m allocated to operational rolling stock

fleet maintenance representing an increase of \$1.3m over the minimum annual allocation for operational fleet maintenance under THNSW's funding arrangements

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.

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.

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 2022/23 there were three (3) approved projects being the Loop Line Upgrade Project (LLUP), the Heritage Hub Stage 1 - Tank Annex Refurbishment at Chullora Establishment Project, and the Heritage Hub Stage 1 - Collection Relocation Project to relocate Collection Items into the Tank Annex once completed.

Department of Regional NSW (DRNSW)

During FY 2021/22 THNSW also entered into a Funding Deed with the NSW Government via its Department of Regional NSW (DRNSW) to fund the balance required to complete the LLUP. Funding is provided as instalments over the duration of the project.

As at 30 June 2023 THNSW had received two DRNSW funding instalments totalling \$7.8m.

NOTE 14: ASSET REVALUATION RESERVE

As shown at Note 1 c a comprehensive revaluation of the rolling stock in the Museum Collection owned by the Company was undertaken by AON Valuation Services in 2019 and the value of these assets was determined to be \$8,496k. The Asset Revaluation Reserve of \$8,392k represents the difference between the value as determined by AON Valuation Services and the previous reported value of \$104k for these assets.

These assets will not be revalued more frequently than once every five (5) to seven (7) years however annual fair value basis assessments will be made to determine if anything has materially changed impacting valuations.

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	2023 \$'000's	2022 \$'000's
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OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not recognised in the financial statements:

Payable - minimum lease payments:

• not later than 12 months	1	5
• between 12 months and five years	-	-
• later than five years	-	-
	1	5

NOTE 16: 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 2022/23 was eight Directors (non-remunerated by THNSW), the CEO and six managers (employees) reporting directly to the CEO.

	2023 \$'000's	2022 \$'000's
KEY MANAGEMENT PERSONNEL COMPENSATION		
• Short term benefits	1,277	1,130
• Post-employment benefits	-	-
• Other long-term benefits	(10)	6
	1,267	1,136

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.

	2023 \$'000's	2022 \$'000's
COMPANY CONTROLLED BY DIRECTOR AND/OR CLOSE FAMILY MEMBERS		
• Short term benefits	-	-
• Post-employment benefits	-	-
• Purchase of client support services	-	-
	-	-

c. Payments to the Chair

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

	2023 \$'000's	2022 \$'000's
PAYMENT FOR SERVICES AS CHAIR		
• Rob Mason - commenced 01 March 2017, concluded 31 May 2022	-	31
• Hon Nathan Rees - commenced 25 July 2022	18	-
	18	31

NOTE 17: CONTINGENT LIABILITIES

a. Contingent Liabilities

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

NOTE 18: CASH FLOW INFORMATION

	2023 \$'000's	2022 \$'000's
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH NET CURRENT YEAR SURPLUS		
Net current year surplus	-	10
Non-cash flow in current year surplus		
• Depreciation and amortisation	127	169
• Net(gain) loss on disposal of property, plant and equipment	-	-
• Net (gain) loss from reserve transfer	-	(54)
• (increase)/decrease in accounts receivable and other debtors	527	(32)
• (increase)/decrease in prepayments	(70)	18
• (increase)/decrease in inventories on hand	(100)	(36)
• (decrease)/increase in grants received in advance	(5,475)	8,704
• (decrease)/increase in accounts payable and other payables	(1,948)	988
• (decrease)/increase in provisions	54	78
Net Cash From Operating Activities	(6,884)	9,845

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 19: ECONOMIC DEPENDENCY

THNSW operates the NSW Rail Museum at Thirlmere and the Valley Heights Locomotive Depot Heritage Museum in the Blue Mountains, as well as offering heritage passenger rail experiences on its Thirlmere Heritage Railway (Loop Line) and on the main line throughout NSW and Australia. THNSW's ability to continue to grow and develop its heritage transport experiences, events, and attractions is contingent upon the safe and reliable maintenance of operational assets, track access to main line networks, safety accreditation, as well as its ongoing asset management activities including collecting, preserving and presenting rail transport heritage. All of THNSW's activities are dependent upon the funding provided by the NSW Government as well as the 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 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. Transport Heritage NSW has entered into a second 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 2025.

NOTE 20: 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 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 2023, the number of members was 1,762 (excluding Complimentary and Honorary members).

NOTE 22: COMPANY DETAILS

The registered office of the company is:

Transport Heritage NSW Ltd,
Level 5 - Powerhouse Museum,
500 Harris Street, Ultimo NSW 2007

The principal places of business are:

Level 5 - Powerhouse Museum, 500
Harris Street, Ultimo NSW 2007

10-20 Barbour Road,
Thirlmere NSW 2572

17B Tusculum Road,
Valley Heights NSW 2777



Independent Auditor's Review Report



Suite 1, Level 2
3 Carlingford Road
EPPING NSW 2121

Correspondence to:
PO Box 569
EPPING NSW 1710

T: +(612) 9869 8900

Independent Auditor's Report

To the Members of Transport Heritage NSW Limited

Report on the review of the year-end financial report

Opinion

We have audited the financial report of Transport Heritage NSW Limited which comprises the statement of financial position as at 30 June 2023, 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

In our opinion, the accompanying financial report of the registered entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- a) giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The board is responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board for the Financial Report

The board of the registered entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the board determines is necessary to enable the preparation of the 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 board is responsible for assessing the registered entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

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 board's 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 board of 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
Chartered Accountants

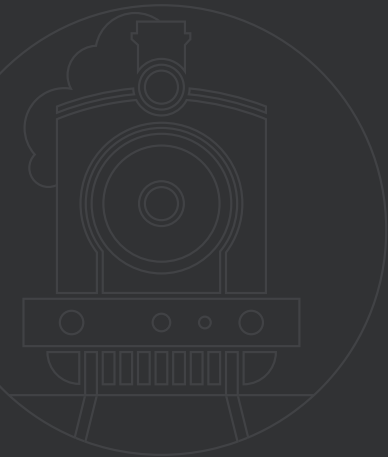
Wayne H Price

Partner
Sydney, 26 September 2023

Castletons Auditing Services, ABN 28259258956

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TRANSPORT HERITAGE

— NSW —

PROUDLY FUNDED BY



Transport Heritage NSW Ltd

ABN 25 000 570 463

PHONE 1300 11 55 99

POST PO Box K37, Haymarket NSW 1240

OFFICE Level 5 - Powerhouse Ultimo, 500 Harris Street Ultimo NSW 2007

WEB thnsw.com.au