

Annual Report 2015-16

Financial Statements



CASTLETONS

AUDITING SERVICES ABN 28 259 258 956

CHARTERED ACCOUNTANTS

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT
2012 AND AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS REGULATION 2013
TO THE DIRECTORS OF TRANSPORT HERITAGE NSW LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 or the Australian Charities and Not-for-profits Regulation 2013 in relation to the audit: and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit

CASTLETONS AUDITING SERVICES
Chartered Accountants
3 Carlingford Road, EPPING, NSW

WAYNE H. PRICE

Partner

Dated: 27 September 2016



Postal Address PO Box 569 Epping NSW 1710
Suite 1, 4th Floor, 3 Carlingford Road, Epping NSW 2121
Telephone 02 9869 8900 Facsimile 02 9868 2056
Email yourteam@castletons.com.au

Independently represented in all Australian States and throughout the world

PARTNERS Anthony F Hackett CA, Wayne H Price CA

Liability limited by a scheme approved under Professional Standards Legislation



**Chartered
Accountants**



CASTLETONS

AUDITING SERVICES ABN 28 259 258 956

CHARTERED ACCOUNTANTS

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TRANSPORT HERITAGE NSW LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Transport Heritage NSW Limited (the company), which comprises the Statement of Comprehensive Income for year ended 30 June 2016, Statement of Financial Position as at 30 June 2016, Statement of Changes in Equity and Statement of Cashflow for the year then ended, Notes to the Financial Statements (comprising a summary of significant accounting policies and other explanatory information) and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Regulation 2013, which has been given to the directors of Transport Heritage NSW Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Audit Opinion

In our opinion the financial report of Transport Heritage NSW Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Regulation 2013.

CASTLETONS AUDITING SERVICES

Chartered Accountants

3 Carlingford Road, Epping, NSW

WAYNE H. PRICE
Partner

Dated: 27 September 2016

Transport Heritage NSW Limited

2016 Annual Report

Financial Statements 2



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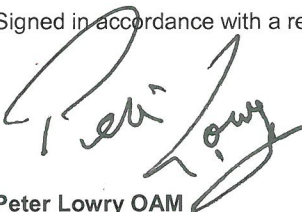
Chartered
Accountants

DIRECTORS' DECLARATION


In the opinion of the Board of Directors of Transport Heritage NSW Limited:

- a. The financial statements and notes of Transport Heritage NSW Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*, and
- b. There are reasonable grounds to believe that Transport Heritage NSW Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:



Peter Lowry OAM
CHAIR



Brett Fitzpatrick
COMPANY SECRETARY

Dated this 27th day of September 2016.

The following key points of note are intended to help readers of the subsequent Financial Reports by providing some relevant context and supporting explanation regarding the 2016 year, key differences to the 2015 year, and other activities and items that are not immediately obvious to the reader, but are reflected through various results within the Financial Reports.

Transport Heritage NSW (THNSW) in 2015/16

2016 results shown reflect THNSW's second full year operating as THNSW after the restructuring to amalgamate the activities of the previous Office of Rail Heritage (ORH), NSW Rail Transport Museum (RTM), and Trainworks Ltd. By comparison, 2016 results shown reflect the growth and increase in activity over the prior 2015 year as THNSW continues to implement its obligations under its funding and asset custody arrangements with Transport for NSW (TfNSW).

Funding Arrangements

The NSW Government provides funding to THNSW via three funding streams:

Funding Stream 1 – THNSW's Business Operations & Operational Fleet Maintenance – for our THNSW business operations, including all of our museum operations, heritage passenger rail operations, marketing, events, promotions and staffing. A dedicated amount is set aside each year to fund the maintenance and care of our operational fleet. Activities under our Operational Rolling Stock Fleet Maintenance Plan and Property Management Plan are funded from Funding Stream 1.

Funding Stream 2 – Heritage Portfolio Management – the shared funding pool specifically for the care, maintenance, restoration and conservation of NSW Government-owned heritage assets in the care of Custodians within the Sector including THNSW. The Independent Funding & Advisory Panel (IFAP) makes the determination on behalf of the NSW Government as to how much of this funding will be allocated to which asset projects each financial year.

Funding Stream 3 – Transport Heritage Grants Program – the annual program aimed at eligible groups and individuals within the broader NSW community to fund restoration and conservation projects, education projects, and research and publication projects that meet certain eligibility criteria. Again, IFAP on behalf of the NSW Government determines which projects receive Transport Heritage Grants each year.

Special Purpose Funds – for specific projects as approved by TfNSW. THNSW can seek approval from TfNSW to use these funds for special individual projects with the first such project expected to be the Locomotive 3801 Reconstruction Project.

Statement of Profit or Loss

2016 shows a significant decrease in profit over the prior 2015 year which was driven by a combination of expected factors as well as unexpected factors.

Firstly, 2016 saw an expected drop in THNSW's own revenues year-on-year from museum, rail operations and associated retail sales due to a combination of less steam train operations to allow essential operating fleet maintenance to be undertaken coupled with shorter, lower fare operations that are more appealing to a much broader range of the general public.

Secondly, higher external consultancy costs, employee costs and other expenses in 2016 reflect the expected increased obligations and increased scope of THNSW activities as THNSW continues to be fully implemented since its establishment and hence these costs are funded from the TfNSW funding to THNSW. Some unexpected costs were also incurred in 2016 mainly in the form of additional external consultancy costs, predominantly legal and business planning and budgeting related, as well as unexpected employee costs due to the changeover in several key management personnel including the Chief Executive Officer.

Assets and Liabilities

Similarly, 2016 saw THNSW receive its second full year of funding under the Funding Deed with TfNSW.

The Funding Deed allows THNSW to accumulate (or save up) monies for large projects in later years. A large proportion of 2015 funds had already been set aside and saved towards a number of key projects and increased activities commencing in the 2016 year. The increase in 2016 net assets over the previous 2015 year is due to The Glasgow Bequest now being fully usable by THNSW and transferred from Liabilities to Reserves. The 2016 Financial position reflects the retention and use of these funds, as disclosed in Current and Non-Current Assets and Liabilities at 30 June 2016.

The ability to carry over funds for large future projects, planned major periodic locomotive and rolling stock maintenance activities, heritage site maintenance, operating costs, and other activities and initiatives planned in future years is essential to maintaining the reliability of THNSW's fleet, heritage passenger train operations, as well as sustainability of THNSW's heritage sites and the community events held.

Trade and Other Receivables are higher in 2016 due to a Special Projects Funding Deed payment from TfNSW to THNSW not have being received by 30 June 2016.

Equity Changes in 2016

As part of the finalisation of the 2016 financial statements, THNSW's Reserve Funds were redefined and renamed to better reflect the respective purposes and future uses of these funds. In addition to Retained Earnings, THNSW will hold three Reserve Funds, namely: General Restoration Fund, Business Reserve Fund (previously known as the Capital Works Reserve), and Glasgow Bequest Fund. The previous Steam Future Fund has been consolidated into the General Restoration Fund and \$750k from Retained Earnings transferred into the General Restoration Fund (\$500k) and the Business Reserve Fund (\$250k).

Statement of Cash Flows

Receipts from customers includes all revenues from Thirlmere Rail Museum entrance, Heritage Express heritage passenger rail operations, events, retail sales, and other customer and public activities.

Payments for property, plant and equipment in 2016 include the additional costs associated with the X206 purchase made in 2015, purchase of motor vehicles, software capitalisation, together with IT and communications equipment necessary for business operations.

Detailed Income and Expenditure Statements

Activity groups shown in the 2016 Detailed Income and Expenditure Statements are intended to better reflect the current THNSW organisation structure. This means that some of the results shown for 2015 have been moved between groups or to new groups so as to give a better comparison year on year.

Administration

Administration expenditure in 2016 includes higher than expected external consultancy costs, in particular legal fees and management consulting fees for business planning and budgeting to support the Interim Management Committee (IMC) from December 2015 to February 2016 whilst it acted as CEO for the organisation. The IMC consisted of the Chair, Deputy Chair and Company Secretary from the THNSW Board.

Higher than expected employee costs were incurred as a result of the changeover of key personnel, including the CEO, and the commencement of a number of new roles throughout the year. Normal cost escalations and price rises continue to be experienced across all areas of expenditure.

Membership

Income from Membership Fees increased marginally over 2015. However 2016 saw much higher Membership expenditure driven by the high-profile 2015 Conference Day which included Sam Mullins, Chief Executive and Director of London Transport Museum, international guest speaker, plus increasing Roundhouse production and mail out costs. Current Membership fees continue to fall short of costs to support key communications and events for our Members.

Thirlmere Rail Museum

Thirlmere Museum's revenue from admission charges fell only marginally year-on-year. However expenses were substantially higher reflecting essential investment to repair the Loop Line rail track infrastructure.

Retail

Retail sales includes merchandise sales over-the-counter, on-board, at events and mail order and refreshment sales over the counter and on-board. Retail sales at Major Events increased by more than 11% over the previous 2015 year offsetting the lower retail sales during normal Museum opening days. Similar to other areas of activity price increases have impacted on cost of goods sold this year, as well as old unsaleable stock being written off.

Railway Operations Consolidated

Both total revenues and total expenditures fell year-on-year driven by the lower rail operations activity in 2016 to allow essential maintenance to be undertaken on THNSW's operating fleet. Major Event income remained relatively steady year-on-year noting the reduction in Thirlmere Flyers operated in 2016 compared to 2015.

KEY POINTS OF NOTE FOR THE 2016 FINANCIAL REPORTS

Rail operations revenues were also impacted by the current product mix aimed towards lower priced, higher turnover events and shorter journeys, hence making events and heritage passenger rail trips affordable, accessible and more marketable to broadened customer base. Southern Aurora operations continue to be scaled back to allow essential maintenance works to be undertaken on it.

Workshop Maintenance expenditure in 2016 continues to reflect the significant investment being made in THNSW's operating fleet to bring rolling stock back up to sustainable availability and reliability levels.

Railway Operations and THNSW's Operating Fleet continue to rely on and benefit from TfNSW funding.

Workshop Projects

Workshop Projects includes those restoration / reconstruction activities associated with Locomotives 3801, 3526, and the Museum of Applied Arts & Sciences (MAAS) Locomotives 3265 and 3830 under agreement with MAAS, reflecting the investment being made by THNSW to increase its available operating fleet in future years.

Going Forward

2017 will see the development of increased company activities to support THNSW in servicing its larger heritage portfolio and wider Transport Heritage Sector activities. This will include actively growing THNSW's reach and activities across the Sector.

The awaited establishment by TfNSW of the Independent Funding & Advisory Panel (IFAP) will enable the disbursement of accumulated Funding Stream 2 (FS#2) project funds to commence in the 2017 financial year to custodians of the Government-owned assets. The clarification of roles and responsibilities to heritage portfolio properties not in the direct custody of THNSW will also be progressed in the 2017 year.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2016

	Note	2016	2015
		\$	\$
Revenue	3	6,429,943	6,283,933
Other income	3	529	38,983
Changes in inventories of finished goods and work in progress		13,870	(35,194)
Raw materials and consumables used		(159,108)	(102,969)
Employee benefits expenses		(2,503,914)	(1,975,874)
Depreciation and amortisation expenses	4	(154,362)	(140,837)
Other expenses		(3,621,036)	(2,921,935)
Surplus (deficit) before income tax expense		5,922	1,146,107
Income tax expense	5	-	-
Net surplus (deficit) for the year		5,922	1,146,107
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Surplus (deficit) attributable to the members of the entity		5,922	1,146,107
Total comprehensive income attributable to the members of the entity		5,922	1,146,107

The accompanying notes form part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	8	8,390,088	6,813,373
Trade and other receivables	9	686,935	40,503
Inventories	10	170,876	157,006
Other current assets	11	108,625	143,639
TOTAL CURRENT ASSETS		9,356,524	7,154,521
NON-CURRENT ASSETS			
Property, plant and equipment	12	676,251	718,078
TOTAL NON-CURRENT ASSETS		676,251	718,078
TOTAL ASSETS		10,032,775	7,872,599
CURRENT LIABILITIES			
Trade and other payables	13	942,069	993,538
Employee provisions	14	88,519	126,952
TOTAL CURRENT LIABILITIES		1,030,588	1,120,490
NON-CURRENT LIABILITIES			
Funding Deed TfNSW	15	5,884,206	3,598,900
Bequests - transferred to Glasgow Bequest Fund	15	-	1,000,000
Employee provisions	14	9,622	32,702
TOTAL NON-CURRENT LIABILITIES		5,893,828	4,631,602
TOTAL LIABILITIES		6,924,416	5,752,092
NET ASSETS		3,108,359	2,120,507
EQUITY			
Glasgow Bequest Fund	16	1,000,000	-
Reserves	16	1,120,877	358,843
Retained surplus		987,482	1,761,664
TOTAL EQUITY		3,108,359	2,120,507

The accompanying notes form part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Retained Surplus	Capital Works Reserve*	Steam Future Fund	General Restoration Fund	Glasgow Bequest Fund	Total
	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2014	615,557	10,339	37,634	310,870	-	974,400
Comprehensive income						
Profit (loss) retained	1,146,107	-	-	-	-	1,146,107
Other comprehensive income	-	-	-	-	-	-
Transfer to and from reserves:						
General restoration funds	-	-	-	-	-	-
Capital works reserve	-	-	-	-	-	-
Balance as at 30 June 2015	1,761,664	10,339	37,634	310,870	-	2,120,507
Comprehensive income						
Profit (loss) retained	5,922	-	-	-	-	5,922
Other adjustments	(30,104)	-	-	30,104	-	-
Transfer to and from reserves:						
General Restoration Fund	(500,000)	-	(37,634)	537,634	-	-
Capital Works Reserve*	(250,000)	250,000	-	-	-	-
Balance as at 30 June 2016	987,482	259,380	-	861,497	1,000,000	3,108,359

Note: *Capital Works Reserve to be renamed as Business Reserve Fund.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash from operating activities			
Receipts from customers		5,644,056	7,650,286
Receipts from donations		92,307	40,030
Payments to suppliers and employees		(6,357,821)	(4,855,196)
Interest received		47,675	43,690
Interest paid		-	(173)
Net cash generated from (used in) operating activities	20	(573,783)	2,878,637
Cash flows from investing activities			
Payments for property, plant and equipment		(134,808)	(205,539)
Proceeds from sale of property, plant and equipment		-	-
Net cash provided by (used in) investing activities		(134,808)	(205,538)
Cash flows from financing activities			
Net proceeds from Funding Deed and Bequests		2,285,306	2,908,200
Net cash provided by (used in) financing activities		2,285,306	2,908,200
Net increase (decrease) in cash held		1,576,715	5,581,298
Cash at the beginning of the financial year		6,813,373	1,232,075
Total cash as at 30 June	8	8,390,088	6,813,373

The accompanying notes form part of these Financial Statements

This financial report is for Transport Heritage NSW Limited as an individual entity, incorporated and domiciled in Australia. Transport Heritage NSW Limited is a company limited by guarantee.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commission Act 2012 and Australian Charities and Not-for-Profits Commission Regulation 2013. The Company is a not-for-profit entity for financial reporting purpose under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the 27 September 2016 by the Directors of the Company.

Accounting Policies

(a) Property, Plant and Equipment

Property, plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Directors 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 which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Items of locomotives, rolling stock, real property, collection objects and other equipment that are the property of Railcorp or other Government entities and are in the custody of the Company are carried at no value.

In prior years Restoration costs for these assets were capitalised and the restoration costs are amortised over the remaining custody or previously determined period. For the current 2016 year these costs have been treated as expenses with no amortisation for all assets.

The depreciable amount of all fixed assets owned by Transport Heritage NSW Limited including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company, commencing from the time the asset is held ready for use.

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

<u>Class of fixed assets</u>	<u>Depreciable Rate</u>
Plant, equipment, motor vehicles	5 – 20%
Leasehold improvements, other	4 – 15%
Assets under custody	Term of custody or previously determined period.

(b) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include expenditure incurred in acquiring the inventory and bringing it to its existing condition and location.

Inventories acquired at no cost or for nominal consideration are measured per the prior year replacement cost as at 30 June 2016.

(c) Income Tax

By virtue of the objects set out in the Constitution, the Company qualifies as an organisation specifically exempted from ordinary income tax under Section 50-45 of the Income Tax Assessment Act 1997.

(d) Cash and Cash Equivalent

Cash and cash equivalents include 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Employee Benefits

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to reporting date. Pro-rata entitlements to long service leave and annual leave are accrued at current pay rates. Long service leave is accrued for all employees who have completed five years service with the Company at reporting date.

Sick leave is not provided for as there is no entitlement for payment of any accrued sick leave on termination. Historically, sick leave used within a given year has not exceeded the present entitlement for that year.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Impairment of Assets

At each reporting date, the Directors review the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefit of an asset is not primarily dependent upon the asset's ability to generate net cash inflow and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(h) Provisions

Held-to-maturity investments

These investments have fixed maturities, and it is the Directors' intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Impairment

At each reporting date, the Directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

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.

(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 Tax Office. In these

circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Financial Instruments

Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(k) Comparative figures

Where required by Accounting Standards and where considered by the Directors to be meaningful for understanding the financial report, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Revenue

Revenue from the sale of goods and services is recognised upon delivery of goods and services to customers and members. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Subscriptions and entrance fees and donations are recognised as revenue when received. All revenue is stated net of the amount of goods and services tax (GST).

Funds from the different funding streams are only recognised as revenue at the time of use, until used these funds remain as liabilities. Interest earned on funding deed funds are retained against the same funding stream as the funds on which the interest is earned.

(m) Government Funding Deed and Bequests

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

As per the conditions attached to the funding streams which must be satisfied before it is eligible to receive the contribution, the recognition of the funding as revenue will be deferred until those conditions are satisfied. In

addition, the Company is allowed to carry non-reciprocal funding over for use in subsequent years.

When funding 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.

The Company receives non-reciprocal contribution of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Bequests received are treated in the same manner as government funding.

(n) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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 group.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments — As disclosed in note 9, provision for impairment of receivables included in accounts as at 30 June 2016 is an amount of \$3,500 (2015 \$1,000) as general provision for impairment of receivables. The Directors believe that the provision of impairment of receivables is adequate provision for any bad debts.

2. GOING CONCERN BASIS OF ACCOUNTS

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
3. REVENUE AND OTHER INCOME		
Revenue from operating activities		
Members subscriptions	94,650	88,958
Donations received:		
General restoration fund	42,769	21,889
Specific projects	49,538	18,141
Sales of goods and services:		
Thirlmere Rail Heritage Centre and railway	269,945	273,177
Railway operations consolidated	1,370,379	1,748,336
Retail sales	197,651	222,852
Workshop projects	75,000	537
Interest received	47,675	43,690
Hunter Group	-	-
Blue Mountains Group	45,222	47,154
Illawarra Group	971	3,593
	<u>2,193,800</u>	<u>2,468,327</u>
Revenue from non-operating activities		
Government Funding Deed	4,236,143	3,815,606
	<u>4,236,143</u>	<u>3,815,606</u>
Total Revenue	<u>6,429,943</u>	<u>6,283,933</u>
Other income		
Net gain on disposal of non-current assets; Property, plant and equipment	-	-
Gifted assets	-	-
	<u>-</u>	<u>-</u>
Assets transferred from liquidation of Trainworks Limited	-	36,990
Miscellaneous income	529	1,993
	<u>529</u>	<u>1,993</u>
	<u>529</u>	<u>38,983</u>
4. EXPENSES		
Cost of sales:		
Thirlmere Rail Heritage Centre and railway	622,600	524,934
Railway operations consolidated	1,846,235	2,126,611
Retail sales	148,545	106,544
Collections	61,304	34,052
Workshop projects	590,905	355,592
	<u>3,269,589</u>	<u>3,147,733</u>
Depreciation of non-current assets:		
Property, plant and equipment	143,589	130,064
Amortisation of non-current assets:		
Other leasehold improvements	10,773	10,773
	<u>154,362</u>	<u>140,837</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
4. EXPENSES (continued)		
Rental expenses on operating leases	7,668	7,656
Bad and doubtful debts provision adjustment	2,500	(21,000)
Employee benefit expenses - superannuation	184,815	143,899
Net loss on disposal of non-current assets – Property, plant and equipment	4,203	6,841

5. INCOME TAX EXPENSE

The Company is exempt from the payment of Income Tax.

6. AUDITORS' REMUNERATION

Remuneration of the auditor for:

- auditing or reviewing the accounts	27,600	38,600
- other audit related services	-	-
	<u>27,600</u>	<u>38,600</u>

7. DIVIDENDS

Clause 38.3 of the Constitution of Transport Heritage NSW Limited specifically prohibits the payment of dividends by the Company.

8. CASH AND CASH EQUIVALENT

Cash on hand	9,260	3,750
Cash at bank	1,511,516	1,439,243
Secured deposit	6,869,312	5,370,380
Total cash and cash equivalent in the balance sheet	<u>8,390,088</u>	<u>6,813,373</u>
Total cash and cash equivalents as stated in the cash flow statement	<u>8,390,088</u>	<u>6,813,373</u>

9. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	690,435	41,503
Less: provision for impairment of receivables	(3,500)	(1,000)
	<u>686,935</u>	<u>40,503</u>
Other receivables	-	-
	<u>686,935</u>	<u>40,503</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(i) Provision for impairment of receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items. A risk-based approach was taken to determine the required provision for impairment as at 30 June 2016 based on the Debtor's history, amount and duration.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 30 June 2014	22,000
- Charge for the year	-
- Written off	(21,000)
Provision for impairment as at 30 June 2015	<u>1,000</u>
- Charge for the year	2,500
- Written off	-
Provision for impairment as at 30 June 2016	<u><u>3,500</u></u>

(ii) Credit Risk – Trade and other receivables

The Company does not have any material credit risk exposure to any single receivable or group of receivables. The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The Trade and term receivables amount of \$690k for 2016 is for the most part due to Special Project Funds invoice to TfNSW for \$638k which was paid in July 2016.

	Gross amount	Past due and impairment	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61 - 90	>90	
	\$	\$	\$	\$	\$	\$	\$
2016							
Trade and term receivables	690,435	-	679,619	7,558	2,932	327	687,177
Other receivables	-	-	-	-	-	-	-
Total	690,435	-	679,619	7,558	2,932	327	687,177
2015							
Trade and term receivables	41,503	-	13,539	27,964	-	-	41,503
Other receivables	-	-	-	-	-	-	-
Total	41,503	-	13,539	27,964	-	-	41,503

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances with trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
10. INVENTORIES		
Stock on hand:		
At cost	98,739	114,149
At net realisable value	-	-
Locomotive spare parts - at cost	72,137	42,857
	<u>170,876</u>	<u>157,006</u>

11. OTHER CURRENT ASSETS

Prepayments	108,625	143,639
	<u>108,625</u>	<u>143,639</u>

12. PROPERTY, PLANT AND EQUIPMENT

(a) Plant, equipment and motor vehicles		
At cost	1,339,513	1,239,042
Less accumulated depreciation	(826,593)	(683,409)
	<u>512,920</u>	<u>556,023</u>
(b) Other leasehold improvements		
At cost	315,265	303,216
Less accumulated amortisation	(215,518)	(204,745)
	<u>99,747</u>	<u>98,471</u>
(c) Museum exhibits at cost	63,584	63,584
(d) Improvements under construction	-	-
	<u>676,251</u>	<u>718,078</u>

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant, Equipment & Vehicles	Leasehold Improvements	Museum Exhibits	Assets Under Construction	TOTAL
2015					
Balance at 1 July	475,341	88,472	63,584	32,820	660,217
Additions at cost	217,587	20,772	-	(32,820)	205,539
Disposals	(6,841)	-	-	-	(6,841)
Depreciation expense	(128,217)	(10,773)	-	-	(138,990)
Depreciation written back	(1,847)	-	-	-	(1,847)
Carrying amount as at 30 June	556,023	98,471	63,584	-	718,078
2016					
Additions at cost	104,689	12,049	-	-	116,738
Disposals	(4,608)	-	-	-	(4,608)
Depreciation expense	(143,589)	(10,773)	-	-	(154,362)
Depreciation written back	405	-	-	-	405
Carrying amount as at 30 June	512,920	99,747	63,584	-	676,251

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
13. TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	438,598	356,749
Tour and event sales in advance	129,981	204,483
Other	284,305	270,953
Provision for major repairs - RailCorp	89,185	161,353
	<u>942,069</u>	<u>993,538</u>
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total current	942,069	993,538
- Total non-current	-	-
	<u>942,069</u>	<u>993,538</u>
Less deferred income	<u>(129,981)</u>	<u>(204,483)</u>
Financial liability as trade and other payable	<u>812,088</u>	<u>789,055</u>

The average credit period on accounts payable and other payables (excluding GST payable) is two months. No interest is payable on outstanding balances.

14. EMPLOYEE PROVISIONS

(i) Analysis of provisions

Current		
Annual leave	88,519	126,952
	<u>88,519</u>	<u>126,952</u>
Non-current		
Long service leave	9,622	32,702
	<u>9,622</u>	<u>32,702</u>
	<u>98,141</u>	<u>159,654</u>

(ii) Provisions for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. The measurement of and recognition criteria for employee benefits have been included in Note 1(e) to this report.

	Employee Provisions	\$
Balance as at 1 July 2014		93,666
Additional provisions		124,606
Amount used		(58,618)
Unused amounts reversed		-
Balance as at 1 July 2015		<u>159,654</u>
Additional provisions		128,075
Amount used		(166,508)
Unused amounts reversed		(3,080)
Balance as at 30 June 2016		<u><u>98,141</u></u>

15. FUNDING DEED AND BEQUESTS

(a) The following amounts were received and applied in accordance with the Transport for NSW (TfNSW) Funding Deed during the year ended 30 June 2016.

	Funding Amount \$
Opening funding amount as at 1 July 2015	3,598,900
Funding amount received	6,521,449
Funding amount expended	(4,236,143)
Funding amount remaining as at 30 June 2016	5,884,206

(b) In the previous 2015 year the Glasgow Bequest was shown as a liability. After receiving further advice these monies have been transferred to a new reserve fund, the Glasgow Bequest Fund as at 30 June 2016. (See 16. Reserves, below, and Statement of Changes in Equity for the Year Ended 30 June 2016 on page 8.)

Opening bequests liability amount as at 1 July 2015	1,000,000
Bequests amount received	-
Bequests liability amount transferred to Glasgow Bequest Fund in reserves	(1,000,000)
Bequests liability amount remaining as at 30 June 2016	-

16. RESERVES

Other components of equity include the following:

- (a) Capital Works Reserve - comprises retained funds from prior years allocated to future capital works.
- (b) Steam Future Fund - comprises donations reserved for future steam locomotive restoration.
- (c) General Restoration Fund - comprises retained funds and donations to unspecified restorations and reconstruction projects for heritage assets.
- (d) Glasgow Bequest Fund - comprises a specific donation to special projects to be determined by the THNSW Board.

	2016 \$	2015 \$
General reserve		
Transfer from retained earnings	750,000	-
Transfer to retained earnings	(18,070)	-
Movement in total reserves	731,930	-

17. CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements

Payable – minimum lease payments

- not later than 12 months	7,668	7,519
- between 12 months and 5 years	2,712	2,712
- greater than 5 years	-	-
	10,380	10,231

18. RELATED PARTY 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 each financial year remained unchanged at eight Directors (non-remunerated by THNSW), the CEO and six managers (employees) reporting directly to the CEO.

Although the number of positions reporting to the CEO at the end of each financial year remained unchanged, there were several points of key difference:

- in 2015 several of the roles were filled during the year, resulting in considerably less than a full financial year of costs being incurred in 2015;
- in 2016 a number of the roles reporting to the CEO changed in terms of size and responsibilities, resulting in some higher salary levels for roles reporting directly to the CEO;
- in 2016 all but one role reporting to the CEO was filled for the full financial year; and
- key management personnel costs shown in 2016 also include unexpected costs associated with the changeover in personnel in these roles.

Key management personnel compensation

- Salaries	1,182,000	719,600
- Minimum mandatory superannuation contribution	89,839	68,354
	<u>1,271,839</u>	<u>787,954</u>

(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 personnel individually or collectively with close family members.

Company controlled by a Director and/or close family members

- short term benefits	-	-
- post-employment benefits	-	-
- purchase of client support services	-	-
	<u>-</u>	<u>-</u>

(c) Transactions with Trainworks Limited

The Chair of Transport Heritage NSW Limited was appointed as Interim Chair of Trainworks Limited and the Chief Executive Officer of Transport Heritage NSW Limited was appointed as Interim Chief Executive Officer of Trainworks Limited in April 2014 to lead Trainworks Limited until its voluntary deregistration. Trainworks Limited entered into voluntary liquidation, deregistration was completed by the end of March 2016 and Trainworks Limited was automatically removed from the ASIC Register as at 29 June 2016.

The transfer of Trainworks Limited assets and liabilities was made to Transport Heritage NSW Limited by agreement of the Transport Heritage NSW Board and the Liquidator of Trainworks Limited in the previous 2015 year.

(d) Payments to the Chair

During the year the following payment was made by TfNSW to the Chair, Peter Lowry OAM, for his services in leading the Transport Heritage NSW Board during the year ended 30 June 2016.

Payment

- for services as Chair	<u>35,000</u>
	<u>35,000</u>

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

There were no contingent liabilities at reporting date relating to the normal operations of THNSW, and there are no further expected liabilities arising from the wind-up of Trainworks Limited which has now been completed. (See 18.(c), above.)

(b) Contingent assets

There were no contingent assets at reporting date.

	2016	2015
	\$	\$
20. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations to profit:		
Profit after income tax	5,922	1,146,107
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- Amortisation	10,773	10,773
- Depreciation	143,589	130,064
- Net (gain) loss on disposal of property, plant and equipment	4,203	6,841
Changes in assets and liabilities:		
- (increase) decrease in trade and other debts	(646,433)	1,411,090
- (increase) decrease in prepayments	35,014	(109,234)
- (increase) decrease in inventories	(13,870)	35,194
- Increase (decrease) in trade payables and accruals	(51,468)	181,814
- Increase (decrease) in provisions	(61,513)	65,988
Net cash generated from (used in) operating activities	<u>(573,783)</u>	<u>2,878,637</u>

21. 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 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.

22. EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to the reporting date that require adjustment to the financial statements or disclosure in the financial report.

23. 3801 LIMITED

3801 Limited was incorporated on 5 June 1985 as a non-profit company limited by guarantee. Transport Heritage NSW Limited and the Australian Railway Historical Society (New South Wales Division) are the two Management Members of 3801 Limited. Transport Heritage NSW Limited is not represented on the Committee of 3801 Limited, but remains a Management Member. The liability of the Transport Heritage NSW Limited is limited to two hundred and fifty dollars (\$250.00). This is unchanged from the previous 2015 year.

24. MEMBERS GUARANTEE

Transport Heritage NSW Limited is incorporated under the Australian Securities and Investment Commission as a company limited by guarantee.

If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of twenty dollars (\$20.00) towards meeting any outstanding obligations of the Company. At 30 June 2016 the number of members was 2,525, a net increase of 183 members from 30 June 2015 (2,342).



CASTLETONS

AUDITING SERVICES ABN 28 259 258 956

CHARTERED ACCOUNTANTS

COMPILATION REPORT

To the Members of the Transport Heritage NSW Limited

We have compiled the accompanying special purpose financial report of Transport Heritage NSW Limited, which comprises the detailed income and expenditure statement for the year ended 30 June 2016. This report has been prepared in accordance with the *financial reporting framework* described in Note 1 to the financial statements.

The Responsibility of Directors

The Directors of Transport Heritage NSW Limited are solely responsible for the information contained in the special purpose financial report and have determined that the *financial reporting framework* used is appropriate to meet their needs and for the purpose that the financial report was prepared.

Our Responsibility

On the basis of the information provided by directors we have compiled the accompanying special purpose financial report in accordance with the *financial reporting framework* and APES 315 *Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which directors provided, in compiling the financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed. However, the detailed Income and Expenditure Statements are in accordance with the Company's accounting records, which have been tested by us as a part of the auditing procedures followed in our examination of the statutory financial report of the Company for the year ended 30 June 2016.

The special purpose financial report was compiled exclusively for the benefit of directors. We do not accept responsibility to any other person for the contents of the special purpose financial report.

CASTLETONS AUDITING SERVICES

Chartered Accountants

3 Carlingford Road, Epping NSW

WAYNE H. PRICE
Partner

Dated: 27 September 2016



Postal Address PO Box 569 Epping NSW 1710
Suite 1, 4th Floor, 3 Carlingford Road, Epping NSW 2121
Telephone 02 9869 8900 Facsimile 02 9868 2056
Email yourteam@castletons.com.au

Independently represented in all Australian States and throughout the world

PARTNERS Anthony F Hackett CA, Wayne H Price CA

Liability limited by a scheme approved under Professional Standards Legislation



Chartered
Accountants

STATEMENT OF DETAILED INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

The financial results represent trading results for the year ended 30 June 2016.

For convenience, we have grouped business functions together where a common financial relationship exists.

The Groups are:

Group 1: Administration and Membership
 Group 2: Thirlmere Museum and Retail Sales
 Group 3: Railway Operations Consolidated
 Group 4: Collections Management
 Group 5: Workshop Projects
 Group 6: Other Regional Groups
 Blue Mountains Group (*located at Valley Heights Locomotive Depot Heritage Museum*)
 Illawarra Group
 Hunter Group (*formally dissolved April 2016*)
 Donations and Funding Deed are shown separately.

	2016	2015
	\$	\$
Summary		
Group 1		
Administration	(2,698,313)	(1,753,532)
Membership	(27,486)	231
	(2,725,799)	(1,753,301)
Group 2		
Thirlmere museum	(352,658)	(270,014)
Retail sales	54,141	121,231
	(298,517)	(148,783)
Group 3		
Railway operations consolidated	(475,856)	(378,276)
Group 4		
Collections management	(55,158)	(34,052)
Group 5		
Workshop projects	(515,905)	(355,056)
Group 6		
Other Regional Groups	-	-
Blue Mountains Group (Valley Heights Locomotive Depot)	(9,282)	(42,086)
Illawarra Group	29	2,025
Donations and Funding Deed		
Funding Deed - TfNSW	4,236,142	3,850,825
Donations (including \$10,462 from Blue Mountains Group)	92,307	40,031
Donations – spent on restoration projects	-	-
Reimbursements - ORH/3801	-	(35,220)
Funding Deed - TfNSW Stream 2 & 3 Allocated	(242,039)	-
	4,086,410	3,855,636
Operating surplus / (deficit)	5,922	1,146,107
Reconciled to statement of profit or loss and other comprehensive income	5,922	1,146,107

These statements should be read in conjunction with the attached Compilation Report of Castletons Auditing Services as set out on Page 21

STATEMENT OF DETAILED INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
<u>Administration</u>		
Income:		
Insurance claims	-	-
Interest received	47,675	43,690
Miscellaneous income	529	38,983
	<u>48,204</u>	<u>82,673</u>
Expenditure:		
Salaries and on-costs	1,589,433	1,145,519
Audit fees	27,600	38,600
Bad debts / doubtful debts	2,500	(21,000)
Consultancy	27,821	23,241
Financial advisory	87,711	76,388
Bank / credit card charges	8,690	8,658
Depreciation	154,362	140,837
General expenses	105,795	19,502
Stationery / postage	28,100	20,574
IT hardware / software / consumables	19,328	25,681
Company subscriptions and memberships	7,516	3,739
Legal expenses	128,792	88,964
Board expenses	267,880	25,080
Office rent	79,387	72,685
Motor vehicle / travel / accommodation	42,283	22,974
Telephone / internet	26,080	21,043
Insurance	75,542	57,843
Marketing / promotion	52,868	54,332
Services / amenities	14,829	11,372
Interest paid	-	173
	<u>2,746,517</u>	<u>1,836,205</u>
Surplus / (deficit)	<u>(2,698,313)</u>	<u>(1,753,532)</u>
<u>Membership</u>		
Income:		
Members subscriptions	94,650	88,958
Expenditure:		
Members' activities and events	63,680	44,191
General expenses	11,798	8,918
Postage	8,003	3,977
Roundhouse and member communications	38,655	31,641
	<u>122,136</u>	<u>88,727</u>
Surplus / (deficit)	<u>(27,486)</u>	<u>231</u>
<u>Thirlmere Museum</u>		
Income:		
Events and functions	26,075	17,409
Admission charges	234,274	246,472
Miscellaneous	9,594	9,296
	<u>269,943</u>	<u>273,177</u>
Expenditure		
Events, functions and education program expenses	149,605	83,766
Stationery and postage	2,752	7,395
IT hardware / software /consumables	7,214	10,310
Services and amenities	373,672	391,592
Telephone	18,960	17,582
Railway station / signal box	9,541	11,102
Track and corridor maintenance	60,857	21,444
	<u>622,601</u>	<u>543,191</u>
Surplus / (deficit)	<u>(352,658)</u>	<u>(270,014)</u>

These statements should be read in conjunction with the attached Compilation Report of Castletons Auditing Services as set out on Page 21

STATEMENT OF DETAILED INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
<u>Retail sales</u>		
Income:		
Over counter sales, wholesale, mail orders,	85,906	109,242
Exhibitions and museum refreshment sales	36,682	46,214
Sales on events	75,063	67,396
	<u>197,651</u>	<u>222,852</u>
Expenditure:		
Cost of goods sold	140,202	98,046
Postage / general expenses	3,308	3,575
	<u>143,510</u>	<u>101,621</u>
Surplus / (deficit)	<u>54,141</u>	<u>121,231</u>
<u>Railway operations consolidated</u>		
Income:		
Tours and charters	875,306	1,242,574
Events (incl. Day Out With Thomas, Transport Heritage Expo, Festival of Steam)	495,073	505,761
	<u>1,370,379</u>	<u>1,748,335</u>
Expenditure:		
Tours and charters direct costs	343,898	560,349
Event direct costs	232,872	155,540
Salaries and on-costs	739,478	733,974
Coal purchases/re-locations	80,435	88,831
Diesel fuel (after rebate)	75,566	181,995
Rolling stock maintenance	373,986	405,922
	<u>1,846,235</u>	<u>2,126,611</u>
Surplus / (deficit)	<u>(475,856)</u>	<u>(378,276)</u>
<u>Collections Management</u>		
Income		
	-	-
Expenditure		
	55,158	34,052
Surplus / (deficit)	<u>(55,158)</u>	<u>(34,052)</u>
<u>Workshop projects</u>		
Income:		
Loco and rolling stock projects	75,000	-
Other project income	-	536
	<u>75,000</u>	<u>536</u>
Expenditure:		
Project costs - 3830 & 3265	133,510	-
Project costs - 3801 & 3526	457,395	355,592
	<u>590,905</u>	<u>355,592</u>
Surplus / (deficit)	<u>(515,905)</u>	<u>(355,056)</u>
<u>Blue Mountains Group</u>		
Income:(\$10,462 donation is included in Funding and Donation)		
Museum entrance income	17,053	14,845
Retail sales	10,595	10,443
Miscellaneous income	15,599	17,809
Members subscriptions	1,975	2,118
Grant received	-	1,939
	<u>45,222</u>	<u>47,154</u>

These statements should be read in conjunction with the attached Compilation Report of Castletons Auditing Services as set out on Page 21

STATEMENT OF DETAILED INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Expenditure:		
Administration	7,217	10,440
General expenses	15,959	13,752
Repairs and Maintenance	18,946	55,516
Services / amenities	12,382	9,532
	54,504	89,240
Surplus / (deficit)	(9,282)	(42,086)
<u>Illawarra Group</u>		
Income		
Retail sales	316	292
Miscellaneous / tours	623	3,266
Interest	32	35
	971	3,593
Expenditure		
General expenses	942	1,568
	942	1,568
Surplus / (deficit)	29	2,025

These statements should be read in conjunction with the attached Compilation Report of Castletons Auditing Services as set out on Page 21