

# Part 2: Subsidiary Entities of the NSW Food Authority

NSW Food Authority Annual Report 2008-09

*Celebrating 100 years of food regulation*



NSW Food Authority

safer food, clearer choices





# Financial Report of the Office of the NSW Food Authority



Statement by Chief Executive Officer of the Office of NSW Food Authority

Pursuant to requirements of the *Public Finance and Audit Act 1983*, I, Dr Richard Sheldrake, Chief Executive Officer of the Office of NSW Food Authority declare that in my opinion:

1. The accompanying Financial Report consisting of the Balance Sheet, Income Statement, Statement of Recognised Income and Expense, Cash Flow Statement and the Notes thereto of the Office of NSW Food Authority, for the financial year ended 30 June 2009 exhibit a true and fair view of the financial position and transactions of the Office of NSW Food Authority.
2. The Financial Report has been prepared in accordance with applicable Australian Accounting Standards which include the Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations; and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and the Treasurer's Directions. The Financial Report also complies with International Financial Reporting Standards.
3. Further, I am not aware of any circumstances which would render any particulars included in the Financial Report to be misleading or inaccurate.



Dr Richard Sheldrake  
Chief Executive Officer

20 October 2009





GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

Office of the NSW Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the NSW Food Authority (the Office), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

### The Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 controls relevant to the Office's preparation and fair presentation of the financial report 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 Office's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

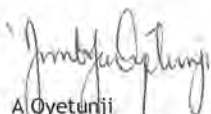
My opinion does *not* provide assurance:

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

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



A. Oyetunji  
Director, Financial Audit Services

20 October 2009  
SYDNEY

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Income Statement for the Year Ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>Revenue from continuing operations</b>			
Personnel services income	4	24,234	12,455
Movement in state superannuation schemes		<u>1,032</u>	<u>1,434</u>
<b>Total revenue from continuing operations</b>		<u><b>25,266</b></u>	<u><b>13,889</b></u>
<b>Expenses from continuing operations</b>			
Employee related expenses	5	<u>12,558</u>	<u>12,455</u>
<b>Total expenses from continuing operations</b>		<u><b>12,558</b></u>	<u><b>12,455</b></u>
<b>Net surplus/(deficit) from continuing operations</b>		<u><b>12,708</b></u>	<u><b>1,434</b></u>

*The above income statement should be read in conjunction with the accompanying notes.*



# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Balance Sheet as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	3,522	3,566
Receivables		-	-
<b>Total Current Assets</b>		<b>3,522</b>	<b>3,566</b>
<b>Non-Current Assets</b>			
Superannuation Prepaid	9(c)	-	1,580
Receivables	7	11,676	-
<b>Total Non-Current Assets</b>		<b>11,676</b>	<b>1,580</b>
<b>TOTAL ASSETS</b>		<b>15,198</b>	<b>5,146</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		-	-
Provisions	9	4,569	4,613
<b>Total Current Liabilities</b>		<b>4,569</b>	<b>4,613</b>
<b>Non-Current Liabilities</b>			
Superannuation Provision	9(c)	9,064	-
<b>Total Non-Current Liabilities</b>		<b>9,064</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>13,633</b>	<b>4,613</b>
<b>NET ASSETS</b>		<b>1,565</b>	<b>533</b>
<b>EQUITY</b>			
Reserves		-	-
Accumulated funds		1,565	533
<b>Total Equity</b>	10	<b>1,565</b>	<b>533</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Statement of Recognised Income and Expense for the Year Ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Actuatial (losses)/gains on defined benefit superannuation	9(c)	<u>(11,676)</u>	<u>(1,585)</u>
<b>Net Income recognised directly in equity</b>		<b>(11,676)</b>	<b>(1,585)</b>
Profit/(loss) from continuing operations		<u>12,708</u>	<u>1,434</u>
<b>Total recognised income and expense for the year</b>		<u><b>1,032</b></u>	<u><b>(151)</b></u>
<b>Effect of change in accounting policy</b>			
Profit (loss) for the period as reported in 2008			(151)
Change of policy - actuarial losses and adjustment for limit on net assets			<u>1,585</u>
Restated profit for the period			<u><b>1,434</b></u>

*The above statement of recognised income and expense should be read in conjunction with the accompanying notes.*

# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Cash Flow Statement for the Year Ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to suppliers and employees		12,602	12,049
<b>Total Payments</b>		<u>12,602</u>	<u>12,049</u>
<b>Receipts</b>			
Income from personnel services		12,558	12,455
<b>Total Receipts</b>		<u>12,558</u>	<u>12,455</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	11	<u>(44)</u>	<u>406</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>-</u>	<u>-</u>
<b>NET INCREASE / (DECREASE) IN CASH</b>		(44)	406
Opening cash and cash equivalents		3,566	3,160
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<u>3,522</u>	<u>3,566</u>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Reporting entity

The Office of the NSW Food Authority (the Office) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 6 Avenue of the Americas, Newington, 2127, New South Wales.

The Office of the NSW Food Authority's objective is to provide personnel services to the parent entity, the NSW Food Authority.

The Office of the NSW Food Authority assumes all responsibility for the employees and employee-related liabilities of the NSW Food Authority. All liabilities are recognised together with an offsetting receivable representing the related funding due from the NSW Food Authority.

##### (b) Statement of preparation

The Office of the NSW Food Authority prepares its financial report as a general purpose financial report on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and Treasurer's Directions.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations.

Where these requirements are inconsistent, we apply the legislative provisions. There were no inconsistencies in the years covered in this financial report.

Where there was no specific Accounting Standard, other authoritative pronouncements of the AASB or Australian Accounting Interpretations, we considered the hierarchy of other pronouncements as outlined in AASB 108 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the financial reports.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian Currency.

##### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

##### (d) Segment reporting

The Office of the NSW Food Authority operates in one geographical segment (New South Wales) and in one industry. Our principal activity is to supply personnel services to our parent entity, the NSW Food Authority.

##### (e) Revenue recognition

Revenue is measured at fair value of the consideration or contribution received or receivable and represents amounts receivable for services rendered in the normal course of our operations, net of GST. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.



## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### (f) Employee benefits

##### (i) Salaries and wages, annual leave and sick leave

Liabilities for salaries and wages including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as short term employee benefits and measured at undiscounted amounts expected to be paid when the liabilities are settled.

We do not recognise a liability for unused non-vested sick leave entitlement because we estimate that, on average, the sick leave taken each year is less than the entitlement accrued.

##### (ii) Long service leave

We recognise our long service leave liability as a long-term employee benefit. The provision for long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specific in NSWTC 09-4) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

##### (iii) Superannuation

The Superannuation Schemes for the Office of the NSW Food Authority are:

- the State Superannuation Scheme (SSS)
- the State Authorities Superannuation Scheme (SASS)
- the State Authorities Non Contributory Superannuation Scheme (SANCS – Basic Benefits Scheme)
- the First State Super Scheme (FSS) and other schemes which receive Superannuation Guarantee Contributions (SGC).

The first three schemes are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Note 10(c) details the reserves, overfunding, provisions and other disclosures provided by the scheme actuary.

The Office of the NSW Food Authority has an ongoing liability for the First State Superannuation (FSS) and the other SGC schemes because they are accumulation schemes.

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

We recognise revenues, expenses and assets net of GST, except for:

- the GST the Office of the NSW Food Authority incurs as a purchaser that we cannot recover from the Australian Taxation Office, which is recognised as part of the cost of buying an asset or as part of an item of expense.
- receivables and payables, which include GST.

Cash flows are included in the Cash Flow Statement on a gross basis. We classify the GST component of cash flows from investing and financing activities which is recoverable from, or payable to, the taxation authority as operating cash flows.

#### (h) Receivables

The Office of the NSW Food Authority recognises receivables initially at fair value, based on the invoice amount. Because our receivables are due for settlement within 30 days from the date of the issue of the invoice, we are not required to amortise or discount their value.

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Office of the NSW Food Authority will not be able to collect all amounts due, an allowance for doubtful debts is established. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate. Bad debts are written off.

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### (i) Payables

The Office of the NSW Food Authority carries liabilities for trade creditors and other payables, which are initially recognised at fair value, usually based on the transaction cost or face value. These payables are subsequently measured at an amortised cost using the effective interest rate method.

Trade payables with no stated interest rate are measured at the original invoice amount where the effect of the discounting is immaterial. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received.

#### (j) Provisions

The Office of the NSW Food Authority recognises provisions when there are legal or constructive obligations as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Office of the NSW Food Authority recognises provisions for employee benefits.

#### (k) Comparatives

Where necessary, we have reclassified and repositioned comparatives to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

#### (l) Change in accounting policy

In accordance with NSW Treasury policy, the Office of the NSW Food Authority has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside the annual result in the Statement of Recognised Income and Expense. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 – *Employee Benefits*.

The change in policy was made by NSW Treasury on the basis that recognition of actuarial gains and losses in the Statement of Recognised Income provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

The change in accounting policy reduces expenses for 2008-09 by \$11,675,000 to \$12,558,000 (2008: by \$1,585,000 to \$12,455,000), by excluding from the result the superannuation actuarial loss line item. This item is now recognised in the Statement of Recognised Income and Expense rather than the Income Statement.

#### (m) Accounting standards and interpretations issued, but not yet effective.

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to the Office of NSW Food Authority were in issue but not yet effective.

The Director-General anticipates the adoption of these Standards will have no material financial impact on the financial report of the office.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements' and consequential amendments to other accounting standards resulting from its issue	1 January 2009	30 June 2010



## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Note 2. General

The Office of the NSW Food Authority is a special purpose services entity controlled by the parent entity, NSW Food Authority.

#### Note 3. Remuneration of auditors

Fees for the audit of the Office of the NSW Food Authority's 2009 financial report were included as part of total audit fees paid to *The Audit Office of New South Wales* by the parent entity, NSW Food Authority.

#### Note 4. Personnel Services Income

	2009 \$'000	2008 \$'000
Personnel Services provided to NSW Food Authority	24,234	12,455
<b>Total Personnel Services Income</b>	<b>24,234</b>	<b>12,455</b>

#### Note 5. Employee Related Expenses

	2009 \$'000	2008 \$'000
Salaries and Allowances	9,300	8,940
Superannuation	1,195	1,156
Workers Compensation	52	51
Fringe Benefits Tax	27	43
Other Employee Related Expenses	151	188
Annual and Long Service Leave	1,217	1,462
Payroll Tax	616	615
<b>Total Employee Related Expenses</b>	<b>12,558</b>	<b>12,455</b>

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Note 6. Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, the Office of the NSW Food Authority considers cash to be Cash at Bank.

	2009	2008
	\$'000	\$'000
Cash at Bank	3,522	3,566
<b>Total Cash</b>	<b>3,522</b>	<b>3,566</b>

#### Note 7. Receivables

	2009	2008
	\$'000	\$'000
Accounts Receivable (receivable from NSW Food Authority)	11,676	-
<b>Total Receivables</b>	<b>11,676</b>	<b>-</b>

#### Note 8. Related party information

##### Related party transactions

The terms and conditions of the transactions with wholly-owned entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to entities on an arm's length basis. The following disclosures are made in respect of related parties:

##### Outstanding balances

Aggregate amounts receivable from, and payable to related parties at balance date are as follows:

	2009	2008
	\$'000	\$'000
<i>Non-Current Receivables</i>		
Parent entity (NSW Food Authority)	11,676	-
<i>Non-Current Payables</i>		
Parent entity (NSW Food Authority)	-	-

# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 9. Provisions

Employee benefits and related oncosts:

	2009	2008
	\$'000	\$'000
<b>Current Provisions</b>		
Annual Leave (a)	1,476	1,497
Long Service Leave (b)	3,093	3,099
Provision for Redundancy	-	17
<b>Total Current Provisions</b>	<b>4,569</b>	<b>4,613</b>
<b>Non-Current Provisions</b>		
Superannuation Prepaid (c)	9,064	-
<b>Total Non-current Provisions</b>	<b>9,064</b>	<b>-</b>
<b>Total Provisions</b>	<b>13,633</b>	<b>4,613</b>

### Note 9. (a) Annual leave

The liability at 30 June 2009 was \$1,476,238 (2008 - \$1,496,529). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is \$1,107,128 (2008 - \$1,122,397) and \$369,060 (2008 - \$374,132) after twelve months.

	2009	2008
	\$'000	\$'000
Leave taken and entitlement for the year are as follows:		
Balance at beginning of the financial year	1,497	1,270
Less: Value of leave taken during the year	(912)	(1,035)
	585	235
Add: Value of increased entitlement during the year	891	1,262
<b>Balance at the end of the financial year</b>	<b>1,476</b>	<b>1,497</b>

The total amount of the annual leave provision as disclosed above includes oncosts.

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Note 9. (b) Long Service Leave

The total liability at 30 June 2009 was \$3,092,843 (2008 - \$3,098,667).

The value of long service leave expected to be taken within twelve months is \$2,938,201 (2008 - \$2,943,734) and \$154,642 (2008 - \$154,933) after twelve months.

This liability comprises:

	2009	2008
	\$'000	\$'000
Short term - expected to be settled within 12 months	2,938	2,944
Long term - not expected to be settled within 12 months	155	155
Balance at the end of the financial year	3,093	3,099

The total amount of the long service leave provision as disclosed above includes oncosts.

# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 9 (c) Superannuation

#### Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

#### Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	3,097	2,740	876	844	35,817	36,965
Current service cost	125	115	46	47	98	147
Interest cost	200	173	54	52	2,277	2,297
Contributions by Fund participants	65	60	-	-	153	164
Actuarial (gains) / losses	(420)	298	(26)	3	6,414	(709)
Benefits paid	153	(290)	(51)	(70)	(2,886)	(3,047)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	3,220	3,096	899	876	41,873	35,817

#### Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	2,330	2,494	740	813	40,135	45,520
Expected return on Fund assets	192	193	58	64	3,186	3,523
Actuarial gains/(losses)	(416)	(260)	(127)	(123)	(7,000)	(6,322)
Employer contributions	111	133	50	56	236	297
Contributions by Fund participants	65	60	-	-	153	164
Benefits paid	153	(290)	(51)	(70)	(2,886)	(3,047)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	2,435	2,330	670	740	33,824	40,135



# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	3,221	3,096	899	876	41,873	35,817
Fair value of Fund assets at end of year	(2,435)	(2,330)	(670)	(740)	(33,824)	(40,135)
Subtotal	786	766	229	136	8,049	(4,318)
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	1,836
Net Liability/(Asset) recognised in balance sheet at end of year	786	766	229	136	8,049	(2,482)

### Expense recognised in income statement

Components Recognised in Income Statement	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	125	115	46	47	98	147
Interest cost	200	173	55	52	2,276	2,297
Expected return on Fund assets (net of expenses)	(191)	(193)	(59)	(64)	(3,186)	(3,523)
Actuarial losses/(gains) recognised in year	-	558	-	126	-	5,613
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	(4,711)
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	134	653	42	161	(812)	(177)

### Amounts recognised in the statement of recognised income and expense

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	(4)	558	101	126	13,414	5,612
Adjustment for limit on net asset	-	-	-	-	(1,836)	(4,711)



# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Cumulative amount recognised in the statement of recognised income and expense

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	635	639	117	15	7,079	(6,336)
Cumulative adjustment for limitation on net asset	-	-	-	-	-	1,836

### Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09	30-Jun-08
Australian equities	32.1%	31.6%
Overseas equities	26.0%	25.4%
Australian fixed interest securities	6.2%	7.4%
Overseas fixed interest securities	4.7%	7.5%
Property	10.0%	11.0%
Cash	8.0%	6.1%
Other	13.0%	11.0%

### Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

### Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

### Actual return on Fund assets

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(228)	(186)	(69)	(58)	(3,909)	(2,821)

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Valuation method and principal actuarial assumptions at the balance sheet date

##### a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

##### b) Economic Assumptions

	30-Jun-09	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.13% pa	8.3%
Expected rate of return on assets backing other liabilities	8.13% pa	7.3%
Discount rate	5.59% pa	6.55%pa

##### c) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

#### Historical information

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,221	3,096	899	876	41,873	35,817
Fair value of Fund assets	(2,435)	(2,330)	(670)	(740)	(33,824)	(40,135)
(Surplus)/Deficit in Fund	786	766	229	136	8,049	(4,318)
Experience adjustments – Fund liabilities	(420)	298	(26)	3	6,414	(709)
Experience adjustments – Fund assets	416	260	127	122	7,000	6,322

#### Expected contributions

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	123	114	52	53	244	263

# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Funding arrangements for employer contributions

#### (a) Surplus/deficit

The following is a summary of the 30th June 2009 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	2,977	3,099	821	880	31,856	32,800
Net market value of Fund assets	(2,435)	(2,330)	(670)	(740)	(33,824)	(40,135)
Net (surplus)/deficit	542	769	151	140	(1,968)	(7,335)

#### (b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

#### (c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial reviews was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

#### (d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions		
	30-Jun-09	30-Jun-08
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

#### Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### Note 10. Equity

Accumulated Funds	2009 \$'000	2008 \$'000
Balance at beginning of financial year	533	684
Profit / (Loss) for the year	12,708	1,434
Actuarial gains (losses)	(13,512)	(6,296)
Adjustment for limit on net asset	1,836	4,711
Balance at end of financial year - accumulated funds	1,565	533

#### Note 11. Reconciliation of net cash provided by operating activities to operating result

	2009 \$'000	2008 \$'000
Operating Result	12,708	1,434
Actuarial gains (losses) and adjustment for limit on net asset	(11,676)	(1,585)
Decrease / (Increase) in Superannuation Prepaid	1,580	151
(Increase) / Decrease in Receivables	(11,676)	-
(Decrease) / Increase in Payables	-	-
(Decrease) / Increase in Provisions	9,020	406
<b>Net Cash Flows From Operating Activities</b>	<b>(44)</b>	<b>406</b>

#### Note 12. Commitments for expenditure

##### (a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2009 (2007/8 nil).

##### (b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2009 (2007/8 nil).

#### Note 13. Contingent liabilities and contingent assets

The Office of the NSW Food Authority has no material contingent asset at 30 June 2009 (2007/8 nil).

At balance date 30 June 2009, the Office of the NSW Food Authority has no material contingent liabilities.

#### Note 14. Subsequent events

There have been no events subsequent to balance sheet date.

#### Note 15. Segment Information

The Office of the NSW Food Authority operates in Australia.



# OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 16, Financial instruments

The Office of the NSW Food Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Office's operations or are required to finance the Office's operations. The Office does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Office's main risks arising from financial instruments are outlined below, together with the Office's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Director-General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Office, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

(a) Financial instrument categories					
Financial Assets	Note	Category	Carrying Amount	Carrying Amount	
			2009	2008	
			\$'000	\$'000	
<b>Class:</b>					
Cash	6	N/A	3,522	3,568	
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	-	-	
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>	<b>Amount</b>
<b>Class:</b>					
Payables <sup>2</sup>		Financial liabilities measured at amortised cost	-	-	

#### Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### (b) Credit Risk

Credit risk arises when there is the possibility of the Office's debtors defaulting on their contractual obligations, resulting in a financial loss to the Office. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Office, cash and receivables. No collateral is held by the Office. The Office has not granted any financial guarantees. Credit risk associated with the Office's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### *Cash*

Cash comprises cash on hand. Interest is earned on daily bank balances.

#### (c) Liquidity risk

Liquidity risk is the risk that the Office will be unable to meet its payment obligations when they fall due. The Office continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Office's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2007/8 - 0%)



## OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

### Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

#### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Office operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

#### *Interest rate risk*

Exposure to interest rate risk is minimal as the Office has no interest bearing liabilities or borrowings. The Office does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Office's exposure to interest rate risk is set out below.

	Carring Amount \$'000	Profit \$'000	-1% Equity \$'000	1% Profit \$'000	Equity \$'000
<b>2009</b>					
<i>Financial assets</i>					
Cash and cash equivalents	3,522	(35)	-	35	-
<b>2008</b>					
<i>Financial assets</i>					
Cash and cash equivalents	3,566	(36)	-	36	-

#### (e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of the financial instruments.

**END OF AUDITED FINANCIAL REPORTS**

# Financial Report of Milk Marketing (NSW) Pty Limited



## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### DIRECTORS' STATEMENT

#### FOR THE YEAR ENDED 30 JUNE 2009

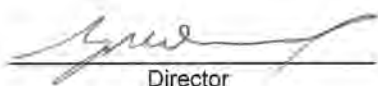
Pursuant to the *Public Finance and Audit Act 1983* the Directors of the Company declare on behalf of the Company that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Milk Marketing (NSW) Pty Limited as at 30 June 2009.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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

Signed at *Sydney*

This *20* day of October, 2009 in  
accordance with a resolution of the Directors.



Director

George Robert Davey

Signed at *Newington*

This *21* day of October, 2009 in  
accordance with a resolution of the  
Directors.



Director

Peter S Sutherland





GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Milk Marketing (NSW) Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Milk Marketing (NSW) Pty Limited (the Company), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Company as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 controls relevant to the Company's preparation and fair presentation of the financial report 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 controls. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

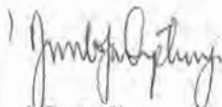
My opinion does *not* provide assurance:

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

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



A. Oyetunji  
Director, Financial Audit Services

21 October 2009  
SYDNEY

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Income statement for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Revenue from continuing operations</b>			
Investment Revenue		39,201	62,701
Other Revenue		35,972	98,507
<b>Total revenue from continuing operations</b>		<u>75,173</u>	<u>161,208</u>
<b>Expenses from continuing operations</b>			
Consultants		10,500	-
Contractors		17,407	35,342
External Audit Fees	3	2,000	2,000
Miscellaneous Expenses		1,558	5,041
Storage & Retrieval		4,411	4,133
Subscriptions		3,253	4,734
Stakeholder Liaison		13,934	55,049
Grants & Sponsorship		4,545	5,936
Stores, Stationery & Printing		65	-
Travel		92,194	97,093
<b>Total expenses from continuing operations</b>		<u>149,867</u>	<u>209,328</u>
<b>Profit before income tax expense</b>		(74,694)	(48,120)
Income tax expense	1(g)	<u>-</u>	<u>-</u>
<b>Operating result from continuing operations</b>		<u>(74,694)</u>	<u>(48,120)</u>
<b>Net operating result for the year</b>		(74,694)	(48,120)
<b>Profit / (loss) attributable to the members of Milk Marketing (NSW) Pty Limited</b>	7	<u>(74,694)</u>	<u>(48,120)</u>

The above income statement should be read in conjunction with the accompanying notes.



# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Balance Sheet for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Current assets</b>			
Cash and cash equivalents	4	895,410	886,950
Receivables	5	<u>6,658</u>	<u>134,769</u>
<b>Total current assets</b>		<u>902,068</u>	<u>1,021,719</u>
<b>Total assets</b>		<u>902,068</u>	<u>1,021,719</u>
<b>Current liabilities</b>			
Payables	6	<u>60,522</u>	<u>105,479</u>
<b>Total current liabilities</b>		<u>60,522</u>	<u>105,479</u>
<b>Total liabilities</b>		<u>60,522</u>	<u>105,479</u>
<b>Net assets</b>		<u>841,546</u>	<u>916,240</u>
<b>Equity</b>			
Issued Capital	14	2	2
Accumulated Funds	7	<u>841,544</u>	<u>916,238</u>
<b>Total equity</b>		<u>841,546</u>	<u>916,240</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Statement of Recognised Income and Expense for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Net income/(loss) recognised directly in equity		-	-
Profit/(loss) from continuing operations		<u>(74,694)</u>	<u>(48,120)</u>
Total income and expense recognised for the period		<u><u>(74,694)</u></u>	<u><u>(48,120)</u></u>

*The above statement of recognised income and expense should be read in conjunction with the accompanying notes.*

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Cash Flow Statement for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Payments to suppliers and employees		34,337	190,057
<b>Total Payments</b>		<u>34,337</u>	<u>190,057</u>
<b>Receipts</b>			
Interest received		39,201	62,701
Other receipts		3,596	9,850
<b>Total Receipts</b>		<u>42,797</u>	<u>72,551</u>
<b>Net Cash flows from operating activities</b>	15	<u>8,460</u>	<u>(117,506)</u>
<b>Cash flow from investing activities</b>		-	-
<b>Cash flow from financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		8,460	(117,506)
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>886,950</u>	<u>1,004,456</u>
<b>Cash and cash equivalents at the end of the financial year</b>	4	<u>895,410</u>	<u>886,950</u>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

### Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2005* and Treasurer's Directions.

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The financial report has been prepared on an accruals basis and is based on historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### Statement of compliance

The financial report complies with Australian Accounting Standards which includes Australian Accounting Interpretations. The financial report and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities. Milk Marketing (NSW) Pty Limited (the company) is a not-for-profit entity.

#### Significant accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

##### a) Significant revenues & expenses

Where an item of revenue or expense is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

##### b) Revenue recognition

Income is measured at fair value of the consideration or contribution received or receivable.

##### *Other revenue*

Revenue is recognised when the company has control of the good or right to receive; it is probable that the economic benefit will flow to the company; and the amount of revenue can be measured reliably.

##### *Interest*

Interest revenue is recognised as it accrues.

##### c) Cash assets

Cash includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



## **MILK MARKETING (NSW) PTY LIMITED**

ABN 67 003 830 902

### **Notes to the Financial Report for the Year Ended 30 June 2009**

#### **d) Receivables**

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

#### **e) Payables**

Accounts payable represent goods and services provided to the company prior to balance date. The accounts are usually settled on the creditors trading terms.

#### **f) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

#### **g) Income tax**

Milk Marketing (NSW) Pty Limited is exempt from Commonwealth income tax pursuant to section 24AO of the Income Tax Assessment Act 1936. Under this exemption, the company is classified as a State / Territory Body.

#### **h) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the Balance Sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Notes to the Financial Report for the Year Ended 30 June 2009

#### i) Accounting standards and interpretations issued, but not yet effective.

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to Milk Marketing (NSW) Pty Limited were in issue but not yet effective.

The directors anticipate the adoption of these Standards will have no material financial impact on the financial report of the company.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements' and consequential amendments to other accounting standards resulting from its issue	1 January 2009	30 June 2010

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

### Note 2. General

The company is administered by staff employed by the Office of the NSW Food Authority, a special purpose services entity controlled by the parent entity, NSW Food Authority.

2009	2008
\$	\$

### Note 3. Remuneration of auditors

Fees paid to *The Audit Office of New South Wales*  
Audit of financial reports

2,000	2,000
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### Note 4. Cash and cash equivalents

Cash at bank

895,410	886,950
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### Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the Cash Flow Statement as follows:

Balance per Balance Sheet (as above)	895,410	886,950
Balance per Cash Flow Statement	895,410	886,950

### Note 5. Receivables

Accounts Receivables	4,290	108,710
GST receivable	2,181	-
Other receivables	187	26,059
	6,658	134,769

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

	2009	2008
	\$	\$
<b>Note 6. Payables</b>		
Amounts payable to parent entity (NSW Food Authority)	39,970	75,360
Payables and accrued expenses	20,552	29,859
GST payable	-	260
	<u>60,522</u>	<u>105,479</u>
<b>Note 7. Accumulated Funds</b>		
Balance at beginning of financial year	916,238	964,358
Profit / (Loss) for the year	(74,694)	(48,120)
Balance at end of financial year	<u>841,544</u>	<u>916,238</u>
<b>Note 8. Related party information</b>		
<b>Share transactions of directors</b>		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	<u>-</u>	<u>-</u>
<b>Related party transactions</b>		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
<b>Outstanding balances</b>		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current Receivables</i>		
Parent entity (NSW Food Authority)	<u>-</u>	<u>-</u>
<i>Current Payables</i>		
Parent entity (NSW Food Authority)	<u>39,970</u>	<u>75,360</u>



# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

### Note 9. Responsible persons and executive officers

#### Directors

The names of directors who have held office during the financial year were:

G R Davey

R G Grey

P S Sutherland (term commenced April 2009)

The above persons have been in office since the start of the financial year unless otherwise stated.

The company is a wholly owned subsidiary of NSW Food Authority.

#### Directors' remuneration

Income paid or payable or otherwise made available, to all directors from the company and any related parties

Number of directors whose income was within the following bands:

Nil to \$9,999

	2009	2008
	\$	\$
	-	-
	Number 2009	Number 2008
	3	2

The company does not employ any executive personnel.

### Note 10. Commitments for expenditure

#### (a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2009 (2007/8 nil).

#### ( b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2009 (2007/8 nil).

### Note 11. Contingent liabilities and contingent assets

As at balance date 30 June 2009, Milk Marketing (NSW) Pty Limited has no legal matters outstanding which are expected to result in material claims for or against it (2007/8 nil).

### Note 12. Subsequent events

There have been no events subsequent to balance sheet date.

## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Notes to the Financial Report for the Year Ended 30 June 2009

#### Note 13. Segment Information

The company operates in one industry, being the dairy industry and in one geographical location, being New South Wales.

#### Note 14. Issued Capital

##### Issued and Fully Paid:

2 ordinary shares of \$1.00 each

2009	2008
\$	\$
<u>2</u>	<u>2</u>

#### Note 15. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Profit/(Loss) for the year	(74,694)	(48,120)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	128,111	(130,394)
Increase/(Decrease) in payables and other liabilities	<u>(44,957)</u>	<u>61,008</u>
<b>Net cash provided by/(used in) operating activities</b>	<u><b>8,460</b></u>	<u><b>(117,506)</b></u>

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

### Note 16. Financial instruments

The company's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operations. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company's main risks arising from financial instruments are outlined below, together with the company's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

#### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2009 \$	Carrying Amount 2008 \$
Class:				
Cash and cash equivalents	4	N/A	895,410	886,950
Receivables <sup>1</sup>	5	Loans and receivables (at amortised cost)	4,290	108,710
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables <sup>2</sup>	6	Financial liabilities measured at amortised cost	60,522	105,219

#### Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Notes to the Financial Report for the Year Ended 30 June 2009

#### (b) Credit Risk

Credit risk arises when there is the possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the company, cash and receivables. No collateral is held by the company. The company has not granted any financial guarantees. Credit risk associated with the company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### Cash

Cash comprises cash on hand. Interest is earned on daily bank balances.

#### Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the company will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: nil; 2008: \$108,710) and not less than 6 months past due (2009: \$4,290; 2008: nil) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<b>2009</b>	<b>\$'000</b>	<b>\$</b>	<b>\$</b>
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	4,290	4,290	-
<b>2008</b>			
< 3 months overdue	108,710	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

#### Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the balance sheet.



## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Notes to the Financial Report for the Year Ended 30 June 2009

#### (c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due. The company continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

The table below summarises the maturity profile of the company's financial liabilities, together with the interest rate exposure.

## MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

### Notes to the Financial Report for the Year Ended 30 June 2009

#### Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2009	-	60,522	-	-	60,522	60,522	-	-
Payables		60,522	-	-	60,522	60,522	-	-
2008	-	105,479	-	-	105,479	105,479	-	-
Payables		105,479	-	-	105,479	105,479	-	-

# MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

## Notes to the Financial Report for the Year Ended 30 June 2009

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

#### Interest rate risk

Exposure to interest rate risk is minimal as the company has no interest bearing liabilities or borrowings. The company does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The company's exposure to interest rate risk is set out below.

	Carrying Amount \$	-1% Profit \$	Equity \$	1% Profit \$	Equity \$
<b>2009</b>					
<i>Financial assets</i>					
Cash	895,410	(8,954)	-	8,954	-
Receivables	6,658	-	-	-	-
<i>Financial liabilities</i>					
Payables	60,522	-	-	-	-
<b>2008</b>					
<i>Financial assets</i>					
Cash	886,950	(8,869)	-	8,869	-
Receivables	134,769	-	-	-	-
<i>Financial liabilities</i>					
Payables	105,479	-	-	-	-

### (e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of the financial instruments.

## END OF AUDITED FINANCIAL REPORTS

# Financial Report of Pacific Industry Services Corporation Pty Limited





# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## DIRECTORS' STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2009

Pursuant to the *Public Finance and Audit Act 1983* the Directors of the Company declare on behalf of the Company that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Pacific Industry Services Corporation Pty Limited as at 30 June 2009.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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

Signed at *Newington*

This *21<sup>st</sup>* day of October, 2009 in  
accordance with a resolution of the Directors.

*James Richmond Forsyth (M.S.M.A.M.)*  
for Director

James Richmond Forsyth

Signed at *Canberra*

This *21<sup>st</sup>* day of October, 2009 in  
accordance with a resolution of the  
Directors.

*Frances Edwina Mulhearn*  
Director

Frances Edwina Mulhearn



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Pacific Industry Services Corporation Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Pacific Industry Services Corporation Pty Limited (the Company), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Company as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 controls relevant to the Company's preparation and fair presentation of the financial report 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 controls. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

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

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



A Oyetunji  
Director, Financial Audit Services

21 October 2009  
SYDNEY

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Income Statement for the Year Ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Revenue from continuing operations</b>			
Investment Revenue		9,798	14,733
Other Revenue		809	15
<b>Total revenue from continuing operations</b>		<u>10,607</u>	<u>14,748</u>
<b>Expenses from continuing operations</b>			
Annual Report		-	482
Bank Charges		64	64
Consultants		13,942	4,345
Contractors		8,883	10,851
Audit Fees	3	2,200	2,200
Miscellaneous Expenses		-	754
Insurance		3,028	2,673
<b>Total expenses from continuing operations</b>		<u>28,117</u>	<u>21,369</u>
 <b>Operating result before income tax expense</b>		 <u>(17,510)</u>	 <u>(6,621)</u>
Income Tax expense	1(g)	-	-
<b>Operating result from continuing operations</b>		<u>(17,510)</u>	<u>(6,621)</u>
 <b>Net operating result for the year</b>		 <u>(17,510)</u>	 <u>(6,621)</u>
 <b>Profit/(loss) attributable to the members of Pacific Industry Services Corporation Pty Limited</b>	 7	 <u>(17,510)</u>	 <u>(6,621)</u>

*The above income statement should be read in conjunction with the accompanying notes.*

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Balance Sheet for the Year Ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	216,585	225,971
Receivables	5	937	1,718
<b>Total Current Assets</b>		<u>217,522</u>	<u>227,689</u>
<b>Total Assets</b>		<u>217,522</u>	<u>227,689</u>
<b>Current Liabilities</b>			
Payables	6	11,688	4,345
<b>Total Current Liabilities</b>		<u>11,688</u>	<u>4,345</u>
<b>Total Liabilities</b>		<u>11,688</u>	<u>4,345</u>
<b>Net Assets</b>		<u>205,834</u>	<u>223,344</u>
<b>Equity</b>			
Issued Capital	14	2,875,267	2,875,267
Accumulated Funds	7	(2,669,433)	(2,651,923)
<b>Total Equity</b>		<u>205,834</u>	<u>223,344</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*



# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Cash Flow Statement for the Year Ended 30 June 2009

	Notes	2009 \$	2008 \$
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Payments to suppliers and employees		20,775	24,844
<b>Total Payments</b>		<u>20,775</u>	<u>24,844</u>
<b>Receipts</b>			
Interest received		10,580	14,660
Other receipts		809	15
<b>Total Receipts</b>		<u>11,389</u>	<u>14,675</u>
<b>Net cash flow from operating activities</b>	15	<u>(9,386)</u>	<u>(10,169)</u>
<b>Cash Flows from Investing Activities</b>		<u>-</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		<u>-</u>	<u>-</u>
<b>Net Increase / (Decrease) in Cash</b>		(9,386)	(10,169)
<b>Cash at the beginning of the financial year</b>		<u>225,971</u>	<u>236,140</u>
<b>Cash at the end of the financial year</b>	4	<u><u>216,585</u></u>	<u><u>225,971</u></u>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

### Statement of Recognised Income and Expense for the Year Ended 30 June 2009

	Notes	2009 \$	2008 \$
Net income/(loss) recognised directly in equity		-	-
Profit/(loss) from continuing operations		<u>(17,510)</u>	<u>(6,621)</u>
Total income and expense recognised for the period		<u><u>(17,510)</u></u>	<u><u>(6,621)</u></u>

*The above statement of recognised income and expense should be read in conjunction with the accompanying note.*

# **PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED**

ABN 36 066 872 302

## **Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009**

### **Note 1. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and Treasurer's Directions.

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The financial report has been prepared on an accruals basis and is based on historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### **Statement of Compliance**

The financial report complies with Australian Accounting Standards which include Australian Accounting Interpretations. The financial report and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities. Pacific Industry Services Corporation Pty Limited (the company) is a not for profit entity.

#### **Significant accounting policies**

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

##### **a) Significant revenues & expenses**

Where an item of revenue or expense is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

##### **b) Revenue recognition**

Income is measured at fair value of the consideration or contribution received or receivable.

##### **Other Revenue**

Revenue is recognised when the Company has control of the good or right to receive; it is probable that the economic benefit will flow to the Company; and the amount of revenue can be measured reliably.

##### **Interest**

Interest revenue is recognised as it accrues.

##### **Dividends**

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

##### **c) Cash assets**

Cash includes deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# **PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED**

ABN 36 066 872 302

## **Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009**

### **d) Receivables**

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

### **e) Payables**

Accounts payable represent goods and services provided to the company prior to balance date. The accounts are usually settled on the creditors trading terms.

### **f) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

### **g) Income tax**

Pacific Industry Services Corporation Pty Limited has been ruled to be a State / Territory body ("STB") exempt from Commonwealth income tax pursuant to section 24AM of the Income Tax Assessment Act 1936 in Private Ruling Authorisation Number 6968 for the purposes of Part IVAA of the Taxation Administration Act 1953. The ruling was given on 1 October 2001 and had retrospective application from the year ended 30 June 1995 to the year ending 30 June 2004.

An application for an additional Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2009 was lodged with the Australian Taxation Office and has been granted.

### **h) Goods and services tax**

The company is not required to be registered for goods and services tax (GST) with the Australian Taxation Office. Revenues, expenses and assets are recognised inclusive of amounts of GST. Amounts of GST incurred and received are not recovered from or paid to the Australian Taxation Office.

Receivables and payables in the Balance Sheet and commitments are shown inclusive of GST.

## **PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED**

ABN 36 066 872 302

### **Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009**

#### **i) Accounting standards and interpretations issued, but not yet effective**

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to Pacific Industry Services Corporation Pty Limited (the company) were in issue but not yet effective.

The directors anticipate the adoption of these Standards will have no material financial impact on the financial report of the company.

<b>Standard / Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 101 'Presentation of Financial Statements' and consequential amendments to other accounting standards resulting from its issue	1 January 2009	30 June 2010



# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 2. General

The company is administered by staff employed by the Office of the NSW Food Authority, a special purpose services entity controlled by the parent entity, NSW Food Authority.

2009	2008
\$	\$

### Note 3. Remuneration of auditors

Fees paid to *The Audit Office of New South Wales*  
Audit of financial reports

<u>2,200</u>	<u>2,200</u>
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### Note 4. Cash and cash equivalents

Cash at bank

<u>216,585</u>	<u>225,971</u>
----------------	----------------

### Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the the Cash Flow Statement as follows:

Balance per Balance Sheet (as above)	<u>216,585</u>	<u>225,971</u>
Balance per the Cash Flow Statement	<u>216,585</u>	<u>225,971</u>

### Note 5. Receivables

Net goods & services receivable  
Interest Receivable

497	497
<u>440</u>	<u>1,221</u>
<u>937</u>	<u>1,718</u>

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

	2009	2008
	\$	\$
<b>Note 6. Payables</b>		
Amounts payable to parent entity (NSW Food Authority)	8,884	-
Payables and accrued expenses	<u>2,804</u>	<u>4,345</u>
	<u><u>11,688</u></u>	<u><u>4,345</u></u>
<b>Note 7. Accumulated Funds</b>		
Balance at beginning of financial year	(2,651,923)	(2,645,302)
Profit / (Loss) for the year	<u>(17,510)</u>	<u>(6,621)</u>
Balance at end of financial year	<u><u>(2,669,433)</u></u>	<u><u>(2,651,923)</u></u>
<b>Note 8. Related party information</b>		
<b>Share transactions of directors</b>		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	<u><u>-</u></u>	<u><u>-</u></u>
<b>Related party transactions</b>		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
<b>Outstanding balances</b>		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current Receivables</i>		
Parent entity (NSW Food Authority)	<u><u>-</u></u>	<u><u>-</u></u>
<i>Current Payables</i>		
Parent entity (NSW Food Authority)	<u><u>8,884</u></u>	<u><u>-</u></u>

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 9. Responsible persons and executive officers

#### Directors

The names of directors who have held office during the financial year were:

Mr James Richmond Forsyth

Ms Frances Edwina Mulhearn

The above persons have been in office since the start of the financial year unless otherwise stated.

The company is a wholly owned subsidiary of NSW Food Authority.

	2009	2008
	\$	\$
<b>Directors' remuneration</b>		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-
	<b>Number</b>	<b>Number</b>
	<b>2009</b>	<b>2008</b>
Number of directors whose income was within the following bands:		
Nil to \$9,999	2	2

The company does not employ any executive personnel.

### Note 10. Commitments for expenditure

#### (a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2009 (2007/8 nil).

#### (b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2009 (2007/8 nil).

### Note 11. Contingent liabilities and contingent assets

As at balance date 30 June 2009, Pacific Industry Services Corporation Pty Limited has no legal matters outstanding which are expected to result in material claims for or against it (2007/8 nil).

### Note 12. Subsequent events

The Company is in the process of being wound-up. There have been no events subsequent to balance sheet date.

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

For the Year Ended 30 June 2009

### Note 13. Segment Information

In 2001, the company predominately operated as a landlord and rented office space mainly to related parties. Following the sale of the company's land and buildings in May 2001, this activity ceased and the company exists in name only.

The company operates in Australia.

### Note 14. Issued Capital

	2009	2008
	\$	\$
Issued and Fully Paid:		
2,875,267 Ordinary shares of \$1.00 each	<u>2,875,267</u>	<u>2,875,267</u>

### Note 15. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Operating result for the year	(17,510)	(6,621)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	781	681
Increase/(Decrease) in payables and other liabilities	<u>7,343</u>	<u>(4,229)</u>
Net cash provided by/(used in) operating activities	<u>(9,386)</u>	<u>(10,169)</u>

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Note 16. Financial instruments

Pacific Industry Services Corporation Pty Limited's (the company) principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operations. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company's main risks arising from financial instruments are outlined below, together with the company's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

#### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2009	2008
			\$	\$
<b>Class:</b>				
Cash and cash equivalents	4	N/A	216,585	225,971
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
<b>Class:</b>				
Payables <sup>1</sup>	6	Financial liabilities measured at amortised cost	11,688	4,345

Note

1. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).



# **PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED**

ABN 36 066 872 302

## **Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009**

### **(b) Credit Risk**

Credit risk arises when there is the possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the company, cash and receivables. No collateral is held by the company. The company has not granted any financial guarantees. Credit risk associated with the company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### *Cash*

Cash comprises cash on hand. Interest is earned on daily bank balances.

### **(c) Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due. The company continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

The table below summarises the maturity profile of the company's financial liabilities, together with the interest rate exposure.

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	\$ Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2009	-	11,688	-	-	11,688	11,688	-	-
Payables		11,688	-	-	11,688	11,688	-	-
2008	-	4,345	-	-	4,345	4,345	-	-
Payables		4,345	-	-	4,345	4,345	-	-

# PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

## Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2009

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

#### Interest rate risk

Exposure to interest rate risk is minimal as the company has no interest bearing liabilities or borrowings. The company does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The company's exposure to interest rate risk is set out below.

	Carrying Amount \$	-1% Profit \$	Equity \$	1% Profit \$	Equity \$
<b>2009</b>					
<i>Financial assets</i>					
Cash	216,585	(2,166)	-	2,166	-
Receivables	937	-	-	-	-
<i>Financial liabilities</i>					
Payables	11,688	-	-	-	-
<b>2008</b>					
<i>Financial assets</i>					
Cash	225,971	(2,260)	-	2,260	-
Receivables	1,718	-	-	-	-
<i>Financial liabilities</i>					
Payables	4,345	-	-	-	-

### (e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of the financial instruments.

**END OF AUDITED FINANCIAL REPORTS**





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