

SECTION 2: **AUDITED FINANCIAL STATEMENTS**

Auditor's Independence Declaration



Suite 1, Level 2,
3 Carlingford Road
EPPING NSW 2121

Correspondence to:
PO Box 569
EPPING NSW 1710

T: +(612) 9869 8900

Auditor's Independence Declaration

To the Board of Directors Transport Heritage NSW Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Transport Heritage NSW Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

CASTLETONS AUDITING SERVICES
Chartered Accountants

Wayne H Price
Partner
Sydney, 30 June 2021

Castletons Auditing Services, ABN 28259258956

Liability limited by a scheme approved under Professional Standards Legislation



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

Transport Heritage NSW (ABN 25 000 570 463)	Note	2021 \$'000's	2020 \$'000's
Revenue including Government Funding Stream 1 recognised		7,310	7,183
Government Funding Streams 2 and 3, and Special Purpose Funds recognised		2,243	2,800
Other Income		862	340
Changes in inventories and finished goods/work in progress		(40)	27
Raw materials and consumables used - coal and diesel		(216)	(109)
Depreciation and amortisation expenses		(234)	(243)
Interest on Lease Liabilities		(1)	(2)
Advertising and promotion expenses		(215)	(160)
Employee benefits expenses		(3,175)	(2,933)
Service provision expenses		(3,518)	(3,355)
Administration expenses		(524)	(387)
Other expenses		(11)	(13)
Government Funding Streams 2 and 3, and Special Purpose Funds expensed		(2,243)	(2,800)
Current year surplus before income tax	2	239	348
Income tax expense		-	-
Net current year surplus		239	348
Net current year surplus attributable to members of the Company		239	348

Statement of Financial Position

As at 30 June 2021

Transport Heritage NSW (ABN 25 000 570 463)	Note	2021 \$'000's	2020 \$'000's
ASSETS			
Current Assets			
Cash and cash equivalents	4	16,328	13,146
Account receivables and other debtors	5	103	1,100
Inventories on hand	6	214	174
Other current assets	7	68	61
Total Current Assets		16,712	14,481
Non-Current Assets			
Property, plant and equipment	8	8,840	454
Right-of-use assets	9	65	139
Total Non-Current Assets		8,906	593
TOTAL ASSETS		25,618	15,074
LIABILITIES			
Current Liabilities			
Accounts payable and other payables	10	1,518	755
Lease liabilities	11	-	55
Employee provisions	12	299	319
Total Current Liabilities		1,817	1,129
Non-Current Liabilities			
Lease Liabilities	11	66	84
Employee provisions	12	109	62
Government Funding Streams 1, 2 and 3, and Special Purpose Funds	13	12,286	11,169
Total Non-Current Liabilities		12,462	11,315
TOTAL LIABILITIES		14,279	12,444
NET ASSETS		11,339	2,631
FUNDS / EQUITY			
Retained Surplus		909	867
Asset Revaluation Reserve	14	8,392	-
Business Reserve Fund		321	164
General Restoration Fund		783	741
Glasgow Bequest Fund		611	610
JDR Bequest Fund		323	249
TOTAL FUNDS / EQUITY		11,339	2,631

Statement of Changes in Equity

For the year ended 30 June 2021

	Retained Surplus \$'000's	Asset Revaluation Reserve \$'000's	Business Reserve Fund \$'000's	General Restoration Fund \$'000's	Glasgow Bequest Fund \$'000's	JDR Bequest Fund \$'000's	Total \$'000's
BALANCE AT 01 JULY 2019	768	-	164	741	641	-	2,313
Comprehensive income							
Surplus attributable to members of the Company	99	-	-	-	(31)	249	317
Other comprehensive income for the year	-	-	-	-	-	-	-
BALANCE AT 30 JUNE 2020	867	-	164	741	610	249	2,631
Comprehensive income							
Surplus attributable to members of the Company	42	8,392	158	42	-	71	8,705
Other comprehensive income for the year	-	-	-	-	1	2	3
BALANCE AT 30 JUNE 2021	909	8,392	321	783	611	323	11,339

Asset Revaluation Reserve

The Asset Revaluation Reserve is a new reserve established for the year ended 30 June 2021 as explained at Note 1c and Note 14.

Business Reserve Fund

There were no projects undertaken requiring expenditure from the Business Reserve Fund during the financial year ended 30 June 2021.

General Restoration Fund

There were no projects approved requiring expenditure from the General Restoration Fund during the financial year ended 30 June 2021.

The THNSW Board approved during the year expenditure from the General Restoration Fund for the reconstruction of the

THNSW-owned collection item J&A Brown No 5 to display condition for permanent display at the NSW Rail Museum. This project is expected to commence during the next financial year.

Glasgow Bequest Fund

The THNSW Board approved during FY2019/20 the remainder of the Glasgow Bequest Fund be allocated to the refurbishment of the DUB Set 63 carriages as a dedicated Loop Line set to support growing THNSW's operations on the Loop Line in line with THNSW's Strategic Plan. This project did not commence during the financial year due to reprioritisation of operational fleet maintenance activities due to the ongoing COVID-19 pandemic.

Interest earned during FY 2020/21 was \$1k and there was no expenditure of these funds during the year.

JDR Bequest Fund

THNSW was a residual beneficiary of the estate of the late John David Richards in FY 2019/20. A further \$71k representing the final disbursement from the estate was received during the year.

Interest earned during FY 2020/21 was \$2k and there was no expenditure of these funds during the year.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$'000's	2020 \$'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations (including Government Funding Stream 1)		7,926	7,218
Receipts from donations, bequests		244	303
Receipts (net) from Government Funding Streams 2 and 3, and Special Purpose Funds		2,766	(935)
Payments to suppliers and employees		(7,606)	(9,028)
Interest received		2	2
Interest paid		-	-
Net cash (used in)/generated from operating activities	18	3,332	(2,440)
CASH FLOWS INVESTING ACTIVITIES			
Payments for property, plant and equipment		(79)	(24)
Proceeds from sale of property, plant and equipment		-	-
Net cash (used in)/generated from investing activities		(79)	(24)
CASH FLOWS FINANCING ACTIVITIES			
Leasing costs		(73)	(230)
Interest received - Bequest		3	17
Net cash provided by (used in) financing activities		(70)	(213)
Net increase (decrease) in cash held		3,182	(2,677)
Cash on hand at the beginning of the financial year		13,145	15,823
Cash on hand at the end of the financial year	4	16,328	13,145

Notes to the Financial Statements

For the year ended 30 June 2021

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

These financial statements were authorised for issue on 28 September 2021 by the Directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

ACCOUNTING POLICIES

a. Revenue

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

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

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

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

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

Donations and bequests are recognised as revenue in accordance with THNSW's Investment & Interest Policy introduced from the financial year ended 30 June 2017 which is reviewed periodically. Conditional donations and bequests are recognised as revenue at the time those monies are used for the stipulated purpose or in accordance with the specific terms and conditions that are to be satisfied.

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

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

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

b. Inventories on Hand

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

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

c. Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets’ employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Museum Collection

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5 - 20%
Leasehold improvements, other	4 - 15%
Assets under custody	Term of custody or previously determined period.
Freehold land	Not depreciated
Museum Collection	Not depreciated
Right-of-use (Lease) Assets	Subject to lease term

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

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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

d. Leases

Company as lessee

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

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

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

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

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

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

Company as lessor

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

e. Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

carrying amount with a consequential recognition of an income or expense item in profit or loss.

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity.

They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

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

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

(v) Financial liabilities

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

Derecognition

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

g. Employee Provisions

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

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

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

h. Cash on Hand

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

i. Accounts Receivable and Other Debtors

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

Provision for the impairment of trade receivables was provided of \$65,000 in regards to a debtor that was over due and doubtful as at the date of accounts preparation. This debt has subsequently been recovered.

j. Goods and Services Tax (GST)

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

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

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

k. Income Tax

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

m. Provisions

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

n. Comparative Figures

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

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

o. Accounts Payable and Other Payables

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

p. Critical Accounting Estimates and Judgements

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

Key estimates

(i) Impairment

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

(ii) Judgements

As disclosed in Note 5, provision for the impairment of trade receivables included in accounts as at 30 June 2021 is the amount of \$65,000 (2020 \$0). The Directors believe this provision is sufficient for any bad debts relating to the period.

q. Economic Dependence

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

r. New and Amended Accounting Policies Adopted

AASB 16

For the previous year ended 30 June 2020 the Company adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 01 July 2019.

There was no additions to or handbacks of the right-of-use assets during the financial year and there was no reclassification of property, plant and equipment to right-of-use assets during the financial year.

AASB 1058

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

The Company did not acquire any assets for which the consideration is significantly less than fair value during the financial year ended 30 June 2021. The Company has elected as an accounting policy choice not to recognise a monetary value for volunteer services. Estimated annual volunteer hours are included within THNSW's Annual Report.

s. Going Concern Basis

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

t. Rounding in the Presentation of Figures

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

NOTE 2: NET CURRENT YEAR SURPLUS

	2021 \$'000's	2020 \$'000's
A. SIGNIFICANT REVENUE		
The following significant revenue items is relevant in explaining the financial performance:		
Programs & Events - Museums	386	497
Programs & Events - Rail Operations	1,521	729
Other Commercial Activities (including Retail)	242	313
Marketing	-	-
Heritage & Collections	-	-
Fleet Maintenance	88	67
Facilities	9	2
THNSW Board	-	-
Membership	19	95
Donations & Gifts	244	303
Interest received	2	2
Government Funding Stream 1	4,776	5,149
Corporate Services and other	883	366
Government Funding Deed		
Government Funding Streams 2 and 3, and Special Purpose Funds		
• TfNSW Funding Stream 2 (FS#2)	1,569	1,870
• TfNSW Funding Stream 3 (FS#3)	190	179
• TfNSW Special Purpose Funding (SPF)	484	751
Total Revenues	10,415	10,323
Corporate Services and other includes Federal Government coronavirus pandemic support measures received during the financial year. COVID pandemic support measures received included both JobKeeper and cash flow boost business activity statement credits.		
B. EXPENSES		
Programs & Events - Museums	196	418
Programs & Events - Rail Operations	1,186	780
Other Commercial Activities (including Retail)	219	139
Marketing	374	365
Heritage & Collections	359	305
Fleet Maintenance	2,424	2,210
Facilities	1,460	1,144
THNSW Board	43	28
Stakeholder & Relationship Management	82	75
Depreciation and amortisation:		
• Plant and equipment	136	141
• Leasehold improvements and other	12	12
• Assets under custody	-	-
• Right-of-use Assets	86	89
Total depreciation and amortisation expenses	234	243

	2021 \$'000's	2020 \$'000's
Employee provisions - Superannuation	266	241
Rental expenses on operating leases:		
• Minimum lease payments	-	-
• Contingent rentals	-	-
Total rental expenses	-	-
Rental expenses on operating leases:		
• Short-term lease expenses	-	-
• Low value lease expenses	7	7
Total rental expenses	7	7
Interest on lease liabilities	1	2
Corporate Services and other	1,051	1,189
Auditor's Remuneration:		
• Auditing activities	30	30
• Other audit related services	-	-
• Non-audit services	-	-
Total Auditor's Remuneration	30	30
Government Funding Streams 2 and 3, and Special Purpose Funds expensed		
• TfNSW Funding Stream 2 (FS#2)	1,569	1,870
• TfNSW Funding Stream 3 (FS#3)	190	179
• TfNSW Special Purpose Funding (SPF)	484	751
Total Expenses	10,176	9,975

NOTE 3: DIVIDENDS

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

NOTE 4: CASH & CASH EQUIVALENTS

	2021 \$'000's	2020 \$'000's
Cash on hand	5	5
Cash at bank - deposits on call	1,907	1,018
Cash at bank - term deposits & higher interest earning deposits	14,415	12,123
	16,328	13,146

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

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2021 \$'000's	2020 \$'000's
CURRENT		
Trade receivables	168	1,100
Less: provision for impairment of receivables	(65)	-
Other receivables	-	-
	103	1,100

NOTE 6: INVENTORIES ON HAND

	2021 \$'000's	2020 \$'000's
CURRENT		
At cost:		
Stock on hand	201	160
Operational fleet spare parts	13	14
	214	174

NOTE 7: OTHER CURRENT ASSETS

	2021 \$'000's	2020 \$'000's
Prepayments	68	61
	68	61

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

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2021 \$'000's	2020 \$'000's
Museum exhibits - at cost	28	75
Less accumulated depreciation	-	-
Net carrying amount	28	75
Leasehold property improvements - at cost	315	315
Less accumulated depreciation	(273)	(261)
Net carrying amount	42	54
Other plant, equipment and motor vehicles - at cost	1,038	1,198
Less accumulated depreciation	(763)	(874)
Net carrying amount	275	325
Rolling Stock - THNSW-owned Collection	8,496	-
Less accumulated depreciation	-	-
Net carrying amount	8,496	-
Total net carrying amount	8,840	454

NOTE 9: RIGHT-OF-USE ASSETS

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

Options to extend or terminate

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

	2021 \$'000's	2020 \$'000's
i. AASB 16 related amount recognised in the balance sheet		
Leased property	-	135
Less accumulated depreciation	-	(80)
Net carrying amounts	-	55
Leased equipment	94	94
Less accumulated depreciation	(28)	(9)
Net carrying amount	65	84
Total right-of-use assets	65	139

Movement in carrying amounts

Leased property recognised on initial application of AASB16	131	131
Addition to right-of-use assets	3	3
Less accumulated depreciation	(135)	(80)
Net carrying amounts	-	55
Leased equipment recognised on initial application of AASB16	94	94
Addition to right-of-use assets	-	-
Less accumulated depreciation	(28)	(9)
Net carrying amounts	65	84

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

Depreciation charge related to right-of-use assets	86	89
Interest expenses on lease liabilities	1	2
Short-term lease expenses	-	-
Low value assets lease expenses	-	-

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

NOTE 10: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2021 \$'000's	2020 \$'000's
CURRENT		
Trade creditors and accruals	1,091	481
Tour/Event sales in advance	333	117
Sundry creditors	95	157
	1,519	755

NOTE 11: LEASE LIABILITIES

	2021 \$'000's	2020 \$'000's
CURRENT		
Lease Liabilities	-	55
	-	55
NON-CURRENT		
Lease Liabilities	66	84
	66	84

NOTE 12: EMPLOYEE PROVISIONS

	2021 \$'000's	2020 \$'000's
CURRENT		
Annual Leave	289	290
Long Service Leave	9	29
	299	319
NON-CURRENT		
Annual Leave	-	-
Long Service Leave	109	62
	109	62
	408	380

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

NOTE 13: FUNDING DEEDS

	2021 \$'000's	2020 \$'000's
NON-CURRENT		
TfNSW Funding Stream 1 (FS#1)		
Opening balance	-	-
Funding amount received	5,226	5,149
Interest received	-	-
Funding amount expensed	(4,776)	(5,149)
Balance at the end of the year	450	-
TfNSW Funding Stream 2 (FS#2)		
Opening balance	2,145	3,995
Funding amount received	1,912	1,874
Interest received	22	71
Funding amount expensed	(2,894)	(3,795)
Balance at the end of the year	1,185	2,145
TfNSW Funding Stream 3 (FS#3)		
Opening balance	105	107
Funding amount received	180	177
Interest received	-	-
Funding amount expensed	(190)	(179)
Balance at the end of the year	95	105
TfNSW Special Purpose Funding (SPF)		
Opening balance	8,918	8,002
Funding amount received	2,000	1,600
Interest received	112	112
Funding amount expensed	(474)	(796)
Balance at the end of the year	10,556	8,918
Total Funding remaining as at 30 June	12,286	11,169

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

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

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

TfNSW Funding Stream 1 (FS#1)

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

For FY 2020/21 TfNSW approved an additional allocation of \$1.3m to FS#1 funding for the year. These monies were made available from uncommitted FS#2 funds carried over from previous years.

TfNSW Funding Stream 2 (FS#2)

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

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

As noted above, \$1.3m of uncommitted FS#2 funds carried over from previous years were reallocated to FS#1 monies and are included in the funding amount expensed for FS#2 shown above, plus \$25k of uncommitted FS#2 funds were reallocated to FS#3 monies for the annual Transport Heritage Grants Program (THGP). Additional FS#2 expenditure for FY 2020/21 was \$1.569m as shown at Note 2a.

TfNSW Funding Stream 3 (FS#3)

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

As noted above, TfNSW approved an additional allocation of \$25k to FS#3 monies for FY 2020/21 from uncommitted FS#2 monies carried over from previous years.

TfNSW Special Purpose Funding (SPF)

THNSW has also entered into a Special Projects Funding Deed with the NSW Government under which specific funding is allocated to specific projects. Allocation of Special Purpose Funds to specific projects is determined by TfNSW. In FY 2020/21 there were two (2) approved projects being the Loop Line Upgrade project and the Heritage Hub at Chullora Establishment Project.

There were two (2) adjustments to SPF monies held by THNSW during FY 2020/21. Firstly, TfNSW transferred the second instalment of \$2.0m to SPF to be held for the upgrade of the Loop Line as per the NSW Government's election commitment of \$5.5m which is to be received over three years in annual instalments. Secondly, an adjustment to interest earned in a previous period of \$17k.

NOTE 14: ASSET REVALUATION RESERVE

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

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

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	2021 \$'000's	2020 \$'000's
OPERATING LEASE COMMITMENTS		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable – minimum lease payments:		
• not later than 12 months	7	7
• between 12 months and five years	5	12
• later than five years	-	-
	12	19

NOTE 16: RELATED PARTIES TRANSACTIONS

a. Key Management Personnel

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

The Total number of key management personnel at the end of FY 2020/21 was eight Directors (non-renumerated by THNSW), the CEO and five managers (employees) reporting directly to the CEO. There was one vacant manager role reporting directly to the CEO as at 30 June 2021.

	2021 \$'000's	2020 \$'000's
KEY MANAGEMENT PERSONNEL COMPENSATION		
• Salaries	1,077	1,077
• Minimum mandatory superannuation contributions	97	102
	1,174	1,179

b. Other related parties

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

	2021 \$'000's	2020 \$'000's
COMPANY CONTROLLED BY DIRECTOR AND/OR CLOSE FAMILY MEMBERS		
• Short term benefits	-	-
• Post-employment benefits	-	-
• Purchase of client support services	-	-
	-	-

c. Payments to the Chair

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

	2021 \$'000's	2020 \$'000's
PAYMENT FOR SERVICES AS CHAIR		
• Rob Mason - commenced as Chair 01 March 2017	35	35
	35	35

NOTE 17: CONTINGENT LIABILITIES

a. Contingent Liabilities

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

NOTE 18: CASH FLOW INFORMATION

	2021 \$'000's	2020 \$'000's
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVATES WITH NET CURRENT YEAR SURPLUS		
Net current year surplus	239	348
Non-cash flow in current year surplus		
• Depreciation and amortisation	234	243
• Net(gain) loss on disposal of property, plant and equipment	-	-
• Net (gain) loss from reserve transfer	-	(46)
• (increase)/decrease in accounts receivable and other debtors	1,071	(1,034)
• (increase)/decrease in prepayments	(7)	40
• (increase)/decrease in inventories on hand	(40)	27
• (decrease)/increase in grants received in advance	1,117	(935)
• (decrease)/increase in accounts payable and other payables	690	(1,170)
• (decrease)/increase in provisions	28	87
Net Cash From Operating Activities	3,332	(2,440)

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

NOTE 19: ECONOMIC DEPENDENCY

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

Funding provided by TfNSW under a Funding Deed provides a minimum annual funding amount for the duration of the Funding Deed. As per Note: 1.q., the original funding deeds were to expire on 30 June 2019 however Transport Heritage NSW has entered into a Deed of Variation with Transport for NSW to vary and extend the funding and the current funding deed for a further three financial years until 30 June 2022.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 21: MEMBERS GUARANTEE

Transport Heritage NSW Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20.00 towards meeting any outstanding obligations of the Company. At 30 June 2021, the number of members was 1,960 (excluding Complimentary and Honorary members).

NOTE 22: COMPANY DETAILS

The registered office of the company is:

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

The principal places of business are:

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

10-20 Barbour Road, Thirlmere NSW 2572

17B Tusculum Road, Valley Heights NSW 2777

Independent Auditor's Report

To the Members of Transport Heritage NSW Limited

Report on the review of the year-end financial report

Opinion

We have audited the accompanying financial report of the Board Transport Heritage NSW Limited.

In our opinion, the financial report:

- gives a true and fair view of the company's financial position as at 30 June 2021 and their financial performance and cash flows for the year then ended; and
- complies with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

The financial report as at 30 June 2021 comprises the statements of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements.

Basis for Opinion

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

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

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

Boards' responsibility for the financial report

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

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

Auditor's Responsibility

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

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

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

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

CASTLETONS AUDITING SERVICES

Chartered Accountants



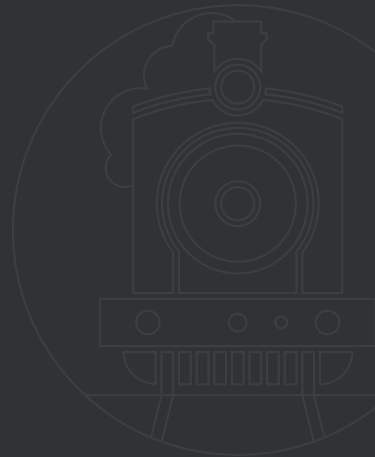
Wayne H Price

Partner

Sydney, 28 September 2021

Castletons Auditing Services, ABN 28259258956

Liability limited by a scheme approved under Professional Standards Legislation



TRANSPORT HERITAGE

NSW

PROUDLY FUNDED BY



Transport Heritage NSW Ltd
ABN 25 000 570 463

PHONE (02) 9209 4646

POST PO Box K37, Haymarket NSW 1240

OFFICE Level 5, Powerhouse Museum, 500 Harris Street Ultimo NSW 2009

WEB thnsw.com.au