

Local Land Services

Financial Statements

For the year ended 30 June 2016

# Local Land Services

## STATEMENT BY BOARD MEMBERS

Certificate under Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*

Pursuant to the *Public Finance and Audit Act 1983*, we declare that in our opinion:

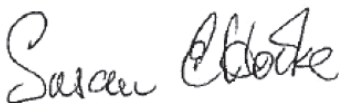
- (a) The accompanying consolidated financial statements exhibit a true and fair view of the financial position of Local Land Services and its controlled entity Local Land Services Staff Agency as at 30 June 2016, and their financial performance for the twelve month period then ended.
- (b) The financial statements have been prepared in accordance with:
  - The applicable Australian Accounting Standards, which include Australian Accounting Interpretations and other mandatory professional reporting requirements;
  - The requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions; and
  - The Financial reporting directions published in the Financial Reporting Code for NSW Government Sector Entities or issued by the Treasurer.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

For and on behalf of the Board of Chairs



.....  
Richard Bull  
Board Member  
Local Land Services Board of Chairs

Dated 30.09.2016



.....  
Susan Hooke  
Board Member  
Local Land Services Board of Chairs

Dated 30.09.2016



## INDEPENDENT AUDITOR'S REPORT

### Local Land Services

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Local Land Services, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information. The consolidated entity comprises Local Land Services and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of Local Land Services and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of Local Land Services and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Local Land Services Board of Chairs Responsibility for the Financial Statements**

The members of the Local Land Services Board of Chairs are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board of Chairs determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board of Chairs must assess the ability of the Local Land Services and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that Local Land Services or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



C J Giumelli  
Director, Financial Audit Services

4 October 2016  
SYDNEY

**LOCAL LAND SERVICES**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated			Parent	
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Expenses excluding losses</b>						
Operating expenses						
Employee related	2(a)	81,594	86,735	77,041	-	-
Personnel services	2(b)	-	-	-	82,403	77,252
Other operating expenses	2(c)	51,658	34,999	52,559	51,658	52,559
Depreciation and amortisation	2(d)	2,813	2,720	3,291	2,813	3,291
Grants and subsidies	2(e)	36,074	37,240	34,823	36,074	34,823
Finance costs	2(f)	-	-	6	-	6
<b>Total expenses excluding losses</b>		<b>172,139</b>	<b>161,694</b>	<b>167,720</b>	<b>172,948</b>	<b>167,931</b>
<b>Revenue</b>						
Sale of goods and services	3(a)	6,222	5,500	5,579	6,222	5,579
Investment revenue	3(b)	652	1,200	2,572	652	2,572
Grants and contributions	3(c)	77,306	29,251	117,147	80,715	120,053
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	3,409	2,494	2,906	-	-
Other revenue	3(e)	9,248	45,927	9,628	9,248	9,628
Rates	3(f)	32,592	37,700	31,388	32,592	31,388
<b>Total revenue</b>		<b>129,429</b>	<b>122,072</b>	<b>169,220</b>	<b>129,429</b>	<b>169,220</b>
<b>Gain / (loss) on disposal</b>	4(a)	511	-	9	511	9
<b>Other gains / (losses)</b>	4(b)	5	-	14	5	14
<b>Net result</b>		<b>(42,194)</b>	<b>(39,622)</b>	<b>1,523</b>	<b>(43,003)</b>	<b>1,312</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to net result</b>						
Net increase / (decrease) in property, plant and equipment asset revaluation reserve		20,002	-	1,058	20,002	1,058
Superannuation actuarial gains / (losses)	1(j)(iv)(c)	-	-	(211)	-	-
<b>Total other comprehensive income</b>		<b>20,002</b>	<b>-</b>	<b>847</b>	<b>20,002</b>	<b>1,058</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(22,192)</b>	<b>(39,622)</b>	<b>2,370</b>	<b>(23,001)</b>	<b>2,370</b>

The accompanying notes form part of these financial statements.

LOCAL LAND SERVICES  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	Consolidated			Parent	
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	5	64,849	48,170	92,630	64,849	92,630
Receivables	6	10,869	10,358	20,517	10,732	17,707
Inventories	7	1,594	1,685	1,408	1,594	1,408
Biological assets	8	40	-	41	40	41
Assets held for sale	9	199	-	201	199	201
<b>Total current assets</b>		<b>77,551</b>	<b>60,213</b>	<b>114,797</b>	<b>77,414</b>	<b>111,987</b>
<b>Non-current assets</b>						
Inventories		-	26	-	-	-
Property, plant and equipment	10					
- Land and buildings		481,896	458,996	461,545	481,896	461,545
- Plant and equipment		4,199	4,670	5,416	4,199	5,416
- Infrastructure systems		24,112	24,030	24,939	24,112	24,939
- Work in progress		-	-	735	-	735
Total inventory and property, plant and equipment		<b>510,207</b>	<b>487,722</b>	<b>492,635</b>	<b>510,207</b>	<b>492,635</b>
Intangible assets						
- Intangible assets		987	1,183	1,113	987	1,113
Total intangible assets	11	<b>987</b>	<b>1,183</b>	<b>1,113</b>	<b>987</b>	<b>1,113</b>
<b>Total non-current assets</b>		<b>511,194</b>	<b>488,905</b>	<b>493,748</b>	<b>511,194</b>	<b>493,748</b>
<b>Total assets</b>		<b>588,745</b>	<b>549,118</b>	<b>608,545</b>	<b>588,608</b>	<b>605,735</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	13	28,700	12,865	25,346	44,476	38,650
Provisions	14(a)(b)	15,693	10,250	14,412	709	914
Other	15	1,980	853	1,793	1,980	1,793
<b>Total current liabilities</b>		<b>46,373</b>	<b>23,968</b>	<b>41,551</b>	<b>47,165</b>	<b>41,357</b>
<b>Non-current liabilities</b>						
Provisions	14(c)	929	8,062	2,616	-	-
Other	15	880	1,000	814	880	814
<b>Total non-current liabilities</b>		<b>1,809</b>	<b>9,062</b>	<b>3,430</b>	<b>880</b>	<b>814</b>
<b>Total liabilities</b>		<b>48,182</b>	<b>33,030</b>	<b>44,981</b>	<b>48,045</b>	<b>42,172</b>
<b>Net assets</b>		<b>540,563</b>	<b>516,088</b>	<b>563,564</b>	<b>540,563</b>	<b>563,564</b>
<b>EQUITY</b>						
Reserves		21,060	-	1,058	21,060	1,058
Accumulated funds		519,503	516,088	562,506	519,503	562,506
<b>Total equity</b>		<b>540,563</b>	<b>516,088</b>	<b>563,564</b>	<b>540,563</b>	<b>563,564</b>

The accompanying notes form part of these financial statements.

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

Consolidated Entity	Accumulated Funds	Asset Revaluation Reserve	Total Equity
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2015</b>	<b>562,506</b>	<b>1,058</b>	<b>563,564</b>
<b>Net result for the period</b>	<b>(42,194)</b>	<b>-</b>	<b>(42,194)</b>
<b>Other comprehensive income:</b>			
Net increase / (decrease) in property, plant and equipment	-	20,002	20,002
<b>Total other comprehensive income</b>	<b>-</b>	<b>20,002</b>	<b>20,002</b>
<b>Total comprehensive income for the period</b>	<b>(42,194)</b>	<b>20,002</b>	<b>(22,192)</b>
<b>Transfers to / (from) reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners in their capacity as owners</b>			
Increase / (decrease) in net assets due to transfer of prepaid superannuation to Crown Entity	(2,785)	-	(2,785)
Increase / (decrease) in net assets due to transfer of unfunded superannuation to Crown Entity	1,976	-	1,976
<b>Total transactions with owners in their capacity as owners</b>	<b>(809)</b>	<b>-</b>	<b>(809)</b>
<b>Balance at 30 June 2016</b>	<b>519,503</b>	<b>21,060</b>	<b>540,563</b>
<b>Balance at 1 July 2014</b>	<b>554,719</b>	<b>-</b>	<b>554,719</b>
<b>Net result for the period</b>	<b>1,523</b>	<b>-</b>	<b>1,523</b>
<b>Other comprehensive income:</b>			
Net increase / (decrease) in property, plant and equipment	-	1,058	1,058
Superannuation actuarial gains / (losses)	(211)	-	(211)
<b>Total other comprehensive income</b>	<b>(211)</b>	<b>1,058</b>	<b>847</b>
<b>Total comprehensive income for the period</b>	<b>1,312</b>	<b>1,058</b>	<b>2,370</b>
<b>Transfers to / (from) reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners in their capacity as owners</b>			
Increase / (decrease) in net assets due to TSR recognition	6,475	-	6,475
<b>Total transactions with owners in their capacity as owners</b>	<b>6,475</b>	<b>-</b>	<b>6,475</b>
<b>Balance at 30 June 2015</b>	<b>562,506</b>	<b>1,058</b>	<b>563,564</b>

The accompanying notes form part of these financial statements.

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

Parent Entity	Notes	Accumulated Funds	Asset Revaluation Reserve	Total Equity
		\$'000	\$'000	\$'000
<b>Balance at 1 July 2015</b>		<b>562,506</b>	<b>1,058</b>	<b>563,564</b>
<b>Net result for the period</b>		<b>(43,003)</b>	<b>-</b>	<b>(43,003)</b>
<b>Other comprehensive income:</b>				
Net increase / (decrease) in property, plant and equipment		-	20,002	20,002
<b>Total other comprehensive income</b>		<b>-</b>	<b>20,002</b>	<b>20,002</b>
<b>Total comprehensive income for the period</b>		<b>(43,003)</b>	<b>20,002</b>	<b>(23,001)</b>
<b>Transfers to / (from) reserves</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2016</b>		<b>519,503</b>	<b>21,060</b>	<b>540,563</b>
<b>Balance at 1 July 2014</b>		<b>554,719</b>	<b>-</b>	<b>554,719</b>
<b>Net result for the period</b>		<b>1,312</b>	<b>-</b>	<b>1,312</b>
<b>Other comprehensive income:</b>				
Net increase / (decrease) in property, plant and equipment		-	1,058	1,058
<b>Total other comprehensive income</b>		<b>-</b>	<b>1,058</b>	<b>1,058</b>
<b>Total comprehensive income for the year</b>		<b>1,312</b>	<b>1,058</b>	<b>2,370</b>
<b>Transfers to / (from) reserves</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase / (decrease) in net assets due to TSR recognition		6,475	-	6,475
<b>Total transactions with owners in their capacity as owners</b>		<b>6,475</b>	<b>-</b>	<b>6,475</b>
<b>Balance at 30 June 2015</b>		<b>562,506</b>	<b>1,058</b>	<b>563,564</b>

The accompanying notes form part of these financial statements.



LOCAL LAND SERVICES  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated			Parent	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(78,368)	(84,241)	(74,604)	-	-
Personnel services expense		-	-	-	(78,368)	(74,604)
Grants and subsidies		(36,074)	(37,240)	(34,820)	(36,074)	(34,820)
Finance costs		-	-	(6)	-	(6)
Other supplier payments		(47,001)	(35,456)	(64,534)	(47,001)	(64,534)
GST paid on purchases		(6,700)	-	(8,413)	(6,700)	(8,413)
<b>Total payments</b>		<b>(168,143)</b>	<b>(156,937)</b>	<b>(182,377)</b>	<b>(168,143)</b>	<b>(182,377)</b>
<b>Receipts</b>						
Sale of goods and services		6,222	5,500	5,579	6,222	5,579
Interest received		208	1,200	2,190	208	2,190
Rates		34,097	37,700	49,665	34,097	49,665
Grants and contributions		77,306	29,251	114,747	77,306	114,747
Other customer receipts		21,263	45,927	17,735	21,263	17,735
GST received on amounts received		1,012	-	1,353	1,012	1,353
<b>Total receipts</b>		<b>140,108</b>	<b>119,578</b>	<b>191,269</b>	<b>140,108</b>	<b>191,269</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	19	<b>(28,035)</b>	<b>(37,359)</b>	<b>8,892</b>	<b>(28,035)</b>	<b>8,892</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		1,426	-	1,272	1,426	1,272
Purchases of land and buildings, plant and equipment and infrastructure systems		(1,172)	(5,343)	(1,347)	(1,172)	(1,347)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>254</b>	<b>(5,343)</b>	<b>(75)</b>	<b>254</b>	<b>(75)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances		-	-	(59)	-	(59)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>(59)</b>	<b>-</b>	<b>(59)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(27,781)</b>	<b>(42,702)</b>	<b>8,758</b>	<b>(27,781)</b>	<b>8,758</b>
Opening cash and cash equivalents		92,630	90,872	83,872	92,630	83,872
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<b>64,849</b>	<b>48,170</b>	<b>92,630</b>	<b>64,849</b>	<b>92,630</b>

The accompanying notes form part of these financial statements.

## Notes to and forming part of the financial statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting entity

Local Land Services (LLS) is a statutory body, established pursuant to the *Local Land Services Act 2013* (the LLS Act) which commenced on 1 January 2014.

LLS is a NSW Government agency and is charged with the responsibility for delivering local land services in the social, economic and environmental interests of the State. LLS has responsibilities in the areas of biosecurity, natural resource management, agricultural advisory and emergency management. Functions are exercised in each of these key areas with a focus on regional delivery and alignment with State objectives.

The LLS Act does not allow LLS to employ staff. Under the *Government Sector Employment Act 2013*, LLS arranges personnel services through the Local Land Services Staff Agency (LLSSA). LLSSA is a controlled entity of LLS and together the two entities form the economic entity reflected in these consolidated financial statements.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

LLS is a not-for-profit entity (as profit is not its principle objective) and does not have a cash generating unit.

These financial statements have been authorised for issue by the Chair of the Board of the Chairs on 30 September, 2016.

#### (b) Basis of preparation

LLS's financial statements are general purpose financial statements which, subject to note 1(a), have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983*, The Public Finance and Audit Regulation 2015; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Any judgements, key assumptions or estimates management has made are disclosed in the relevant notes to the financial statements.

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) Significant accounting judgements, estimates and assumptions

##### (i) Significant accounting judgement

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

##### (ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### (e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to not-for-profit general government sector agencies.

#### (f) Insurance

LLS insurance activities are conducted through the NSW Treasury Managed Fund scheme of self-insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by LLS as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

### (h) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

#### (i) Grants or contributions

Grants or contributions from government and other bodies are generally recognised as income when LLS obtains control or the right to receive the contributions. Control over a grant or contribution is normally obtained upon the receipt of cash. In other cases recognition may be based on the achievement of milestones which would allow the control of the funds to pass to LLS.

#### (ii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when LLS transfers the significant risks and rewards of ownership of the assets and the amount of revenue is reliably measured.

Revenue for the rendering of services is recognised when the service provided or by reference to the stage of completion.

#### (iii) Rates and charges

Rates are levied annually for the calendar year. Interest is charged on overdue rates, the rates are set at the Commonwealth Bank overdraft index rate as at 1 January of the rating year plus 2%. For 2016 the interest rates on overdue rates are 11.46% (2015 - 11.98%).

#### (iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### (i) Assets

#### (i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by LLS. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

#### (ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. All amounts below \$5,000 are expensed to profit and loss as incurred.

#### (iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into consideration, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 12 for further information regarding fair value.

LLS re-values each class of property, plant and equipment with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. A revaluation of the TSR's was completed by LPI (Land and Property Information) in 2014 and was based on an independent assessment.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. LLS has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

LLS undertook a revaluation of freehold land and building assets during the year. Herron Todd White and Opteon Property Group were engaged and valuations conducted during May and June. The values of freehold land and buildings were revalued in accordance with the valuations obtained.

The methods of revaluing the Crown land assets utilises a mass valuation technique as follows:

### Travelling Stock Routes and Stock Watering Places

The determination of global rates per hectare for a variety of land classifications for each local government area is considered the most appropriate approach to determine a value for the Travelling Stock Routes (TSR) and Stock Watering Places (SWP). For the mass valuations, a valuation rate per hectare was provided by Land and Property Information (LPI) on behalf of Department of Primary Industry - Lands (formerly NSW Crown Lands). The TSR vested to and under the effective control of LLS was valued at \$443,425,781 as at 30 June 2016.

#### (iv) Impairment of property, plant and equipment

LLS is a not-for-profit entity with no cash generating units, LLS is unlikely to be affected by AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

LLS transfers the carrying value of land for Aboriginal land claims which have been granted to Department of Industry - Lands. The amount, representing the fair value of land granted based on estimated size of the land, is expensed when granted. Until the land is surveyed, the precise area to be transferred is unknown.

#### (v) Contaminated land

When the Environmental Protection Authority identifies land as contaminated and provides an order, an impairment provision is raised for the land when the cost to remediate the land is quantifiable. In the event that cost of restoring the contaminated land exceeds the value of the land a liability is recognised.

#### (vi) Depreciation of property, plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

The depreciation of buildings and infrastructure is calculated on a straight line basis. Due to the nature and location of its activities, a useful life guide of 40 years is used for buildings and 20 years for infrastructure.

Equipment and vehicles are depreciated on a straight line basis over the remaining life to scrap value (where applicable) so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

Each class of asset has a default life which may be varied as a result of management review either at acquisition or at any time during the asset life.

Default asset class lives are:

Buildings	20 - 60 years
Plant and equipment	2 - 20 years
Infrastructure	3 - 67 years
Intangibles	2 - 4 years

#### (vii) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (viii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

### (ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

### (x) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### (xi) Investment properties

LLS owns some properties which generate rental income. Investment properties are stated at fair value in the statement of financial position, using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in fair value are included in the net result for the year in the period in which they arise. No depreciation is charged on investment properties.

### (xii) Intangible assets

LLS recognises intangible assets only if it is probable that future economic benefits will flow to LLS and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Internally developed software costs that are directly associated with the production of identifiable and unique software products controlled by LLS and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software are recognised as an expense as incurred.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for LLS's intangible assets, the assets are carried at cost less any accumulated amortisation.

LLS intangible assets are amortised using the straight line method over a period of 1 - 3 years.

Water licences have been valued at cost where there is no active market.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

### (xiii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### (xiv) Other inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Other inventories are comprised of baits, ammunition, signs and chemicals that are used by LLS in the management of pests and weeds on the travelling stock routes. In some locations these inventories are available for sale to the public.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (xv) Inventories (Seed bank)

Inventories are comprised of processed and unprocessed local native seed which are used on revegetation projects carried out by LLS and other organisations.

Inventories are measured at actual cost reflecting the cost of collection and preparation. The cost is then attributed annually to the various seed lots collected and is then adjusted after viability testing.

Factors such as climate, weather events, available funding and landholder confidence all impact on the quantity and types of seed available for collection and planting.

### (xvi) Biological assets

Biological assets are measured on initial recognition and at each reporting date at fair value less estimated point-of-sale costs, or reasonable estimates of the fair value less estimated point-of-sale costs.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset is included in net result for the period in which it arises.

### (xvii) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. LLS determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

### (xviii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, 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 interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the revaluation is removed from equity and a loss recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence; however impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

### (xix) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if LLS transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where LLS has not transferred substantially all the risks and rewards, if the entity has not retained control

Where LLS has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### (xx) Non-current assets (or disposal groups) held for sale

LLS has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sales transaction, not through continuing use. Non-current assets (or disposal groups) held for sale is recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale. Refer Note 9.

### (xxi) Other assets

Other assets are recognised on a historic cost basis.

## (j) Liabilities

### (i) Payables

These amounts represent liabilities for goods and services provided to LLS and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the net result for the year on derecognition.

Finance lease liabilities are determined in accordance with AASB 117 *Leases*.

### (iii) Personnel services

LLS does not employ staff but utilises the personnel services of the LLSSA. The cost of personnel services in respect of wages and salaries, superannuation, annual leave, long service leave, and for personal leave are recognised when it is probable that settlement will be required.

### (iv) Employee benefits and other provisions

#### (a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. LLS has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

#### (b) Long service leave

LLS has two treatments of long service leave. The staff who were transferred from the former Catchment Management Authorities (CMA) have long service leave liability assumed by the Crown. The staff from the former Livestock Health and Pest Authorities (LHPA) have long service leave liability recognised by LLS. LLS accounted for the liability of the former CMA staff as having been extinguished; resulting in the amount assumed being included in the non-monetary revenue item described as "acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*, based on the application of procedures (specified in NSW TC 15/09) to employees with five or more years of service, using current rates of pay. Additional factors were applied based on an actuarial review to approximate present value.

#### (c) Superannuation

Up to June 2015, LLS had two treatments of defined benefits superannuation. The staff who were transferred from the previous Catchment Management Authorities (CMA) had defined benefits superannuation liability assumed by the Crown. The staff from the former Livestock Health and Pest Authorities (LHPA) had their defined benefits liability recognised by LLS. LLS accounted for the liability of the former CMA staff as having been extinguished; resulting in the amount assumed being shown as the non-monetary revenue item described as acceptance by the Crown Entity of employee benefits and other liabilities.

The superannuation amounts relating to the former LHPA staff were assumed by the Crown Entity effective 1 July 2015; as a result no obligations are shown in the financial statements for the year ended 30 June 2016. The transfer of these commitments is shown as a movement in the equity balances, and no result is reported in the statement of comprehensive income during the year.

The Crown Entity assumes the long service leave and defined benefit superannuation liabilities for certain General Government Sector entities. This means on initial incurrence entities recognise a liability and expense and on assumption of the liability, a revenue equivalent to the liability assumed.

#### (d) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, worker's compensation insurance premiums and fringe benefits tax.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Other provisions

Other provisions exist when LLS has a present legal or constructive obligation 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 obligation.

Any provision for restructuring is recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at an appropriate percentage, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

### (k) Fair value hierarchy

A number of the LLS's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the LLS can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

LLS recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 12 and Note 20 for further disclosures regarding fair value measurements of financial and non-financial assets.

### (l) Equity and reserves

#### (i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with LLS's policy on the revaluation of property, plant and equipment as discussed in Note 1(i) (iii).

#### (ii) Accumulated funds

The category accumulated funds includes all current and prior period retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus).

### (m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted and the actual amounts are disclosed in the primary financial statements in Note 18.

### (n) New Australian Accounting Standards issued but not effective

In the current period the entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Adoption of these new standards did not have a significant impact on the financial statements.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2016. These are listed as follows:

- AASB 9, AASB 2010-7 and AASB 2013-9 (Part C), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

LLS has considered the impact of these standards and do not believe the adoption of the standards in future periods will materially impact the financial statements.



**2. EXPENSES EXCLUDING LOSSES**

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including recreation leave)	66,001	61,695	-	-
Superannuation – defined benefit plans	729	920	-	-
Superannuation – defined contribution plans	5,610	5,069	-	-
Long service leave	4,131	3,489	-	-
Workers compensation insurance	531	872	-	-
Payroll tax and fringe benefits tax	4,243	4,105	-	-
Redundancy payments	349	891	-	-
	<b>81,594</b>	<b>77,041</b>	-	-
<b>(b) Personnel services</b>	-	-	82,403	77,252
	-	-	<b>82,403</b>	<b>77,252</b>
<b>(c) Other operating expenses include the following:</b>				
Advertising and promotion	734	912	734	912
Auditor's remuneration – audit of financial reports	236	408	236	408
Bad and doubtful debts	(291)	874	(291)	874
Board remuneration	2,047	2,089	2,047	2,089
Cleaning	528	568	528	568
Computer software fees	734	317	734	317
Consultancy	525	246	525	246
Contractors and other fees	11,445	11,655	11,445	11,655
Cost of inventories held for distribution	2,816	3,302	2,816	3,302
Cost of sales	1,599	1,499	1,599	1,499
Courier and freight	37	40	37	40
Data/Internet	87	13	87	13
Electricity	611	863	611	863
Insurance	394	853	394	853
Corporate Services	3,201	3,210	3,201	3,210
Legal - Crown Solicitor's Office	5	-	5	-
Legal other	103	210	103	210
Levies	6,679	6,571	6,679	6,571
Maintenance	1,494	945	1,494	945
Motor vehicle	404	2,781	404	2,781
Operating lease rental – minimum lease payments	8,844	4,469	8,844	4,469
Other operating	3,046	3,730	3,046	3,730
Printing	999	1,148	999	1,148
Rates	232	294	232	294
Telecommunication	1,472	1,879	1,472	1,879
Training and staff development	976	1,016	976	1,016
Travel	2,701	2,667	2,701	2,667
	<b>51,658</b>	<b>52,559</b>	<b>51,658</b>	<b>52,559</b>
<b>(d) Depreciation and amortisation expense</b>				
Buildings	356	390	356	390
Infrastructure	880	910	880	910
Plant and equipment	1,456	1,903	1,456	1,903
Amortisation of intangible assets	121	88	121	88
	<b>2,813</b>	<b>3,291</b>	<b>2,813</b>	<b>3,291</b>

2. EXPENSES EXCLUDING LOSSES (continued)

	Consolidated		Parent	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>(e) Grants and subsidies</b>				
Caring for Country / National Landcare Programme	13,303	16,942	13,303	16,942
Catchment Management NSW	9,323	9,156	9,323	9,156
Clean Energy	1,080	1,863	1,080	1,863
Hunter Catchment Contribution	2,723	1,977	2,723	1,977
Landcare Co-ordinators Initiative	2,954	-	2,954	-
Other	6,691	4,885	6,691	4,885
	<b>36,074</b>	<b>34,823</b>	<b>36,074</b>	<b>34,823</b>
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>(f) Finance costs</b>				
Amortised interest expense	-	6	-	6
	-	6	-	6

3. REVENUES

	Consolidated		Parent	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>(a) Sale of goods and services</b>				
<b>Sale of goods:</b>				
Minor sales of goods and services	462	490	462	490
<b>Rendering of services:</b>				
Education	100	43	100	43
Fees for services rendered	1,172	822	1,172	822
Permit fees	4,287	3,705	4,287	3,705
Recovery of administrative costs	6	91	6	91
Other services	195	428	195	428
	<b>6,222</b>	<b>5,579</b>	<b>6,222</b>	<b>5,579</b>
<b>(b) Investment revenue</b>				
Interest	208	2,190	208	2,190
Rents	444	382	444	382
	<b>652</b>	<b>2,572</b>	<b>652</b>	<b>2,572</b>
<b>(c) Grants and contributions</b>				
Industry/private bodies	447	791	447	791
Commonwealth Government	32,554	44,249	32,554	44,249
NSW budget sector agencies	39,056	66,933	39,056	66,933
Personnel services received free of charge	-	-	3,409	2,906
Local & other state governments	5,249	5,174	5,249	5,174
	<b>77,306</b>	<b>117,147</b>	<b>80,715</b>	<b>120,053</b>
<b>(d) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
Superannuation	729	350	-	-
Long service leave	2,640	2,537	-	-
Payroll tax	40	19	-	-
	<b>3,409</b>	<b>2,906</b>	<b>-</b>	<b>-</b>
<b>(e) Other revenue</b>				
Levies	6,170	6,174	6,170	6,174
Other revenue	3,078	3,454	3,078	3,454
	<b>9,248</b>	<b>9,628</b>	<b>9,248</b>	<b>9,628</b>
<b>(f) Rates</b>				
Rates	32,592	31,388	32,592	31,388
	<b>32,592</b>	<b>31,388</b>	<b>32,592</b>	<b>31,388</b>

#### 4. GAIN / (LOSS)

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(a) Gain / (loss) on disposal</b>				
<b>Gain / (loss) on disposal of property, plant and equipment</b>				
Proceeds from disposal	1,426	779	1,426	779
Written down value of assets disposed	(915)	(730)	(915)	(730)
<b>Net gain / (loss) on disposal of property, plant and equipment</b>	<b>511</b>	<b>49</b>	<b>511</b>	<b>49</b>
<b>Gain / (loss) on disposal of assets held for sale</b>				
Proceeds from disposal	-	237	-	237
Written down value of assets disposed	-	(277)	-	(277)
<b>Net gain / (loss) on disposal of assets held for sale</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>(40)</b>
<b>Net gain/(loss) on disposal</b>	<b>511</b>	<b>9</b>	<b>511</b>	<b>9</b>
<b>(b) Other gain/(loss)</b>				
Gain on biological assets	5	14	5	14
<b>Net other gains / (losses)</b>	<b>5</b>	<b>14</b>	<b>5</b>	<b>14</b>

#### 5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	64,849	92,630	64,849	92,630
	<b>64,849</b>	<b>92,630</b>	<b>64,849</b>	<b>92,630</b>

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	64,849	92,630	64,849	92,630
Closing cash and cash equivalents (per statement of cash flows)	<b>64,849</b>	<b>92,630</b>	<b>64,849</b>	<b>92,630</b>

LLS carries an external restriction against funds held at year end. The restriction applies to the use of funds and arises from contractual and legislative obligations to other bodies. The aggregate of these restricted funds included in the cash and cash equivalent balance reported above is \$13.160 million (2015 \$14.209 million).

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

#### 6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>CURRENT</b>				
Trade debtors	7,868	14,568	7,868	14,568
Miscellaneous	2,187	2,367	2,187	2,342
Less: Allowance for impairment	(895)	(1,201)	(895)	(1,201)
Interest receivable	176	380	176	380
Net GST	1,396	1,606	1,396	1,606
<b>Trade receivables</b>	<b>10,732</b>	<b>17,720</b>	<b>10,732</b>	<b>17,695</b>
<b>Prepayments</b>				
Superannuation*	-	2,785	-	-
Other	137	12	-	12
	<b>137</b>	<b>2,797</b>	<b>-</b>	<b>12</b>
<b>Receivables</b>	<b>10,869</b>	<b>20,517</b>	<b>10,732</b>	<b>17,707</b>

\*Note: As described in Note 1j (iv) (c), commitments relating to superannuation balances shown by LLSSA in the 2015 financial statements were transferred to the Crown Entity effective 1 July 2015.

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES - (continued)

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Movement in the allowance for impairment</b>				
Balance at beginning of period	1,201	327	1,201	327
Amounts written off during the period	(15)	-	(15)	-
Increase/(decrease) in allowance recognised in profit or loss	(291)	874	(291)	874
<b>Balance at end of period</b>	<b>895</b>	<b>1,201</b>	<b>895</b>	<b>1,201</b>
<b>GST</b>				
GST receivable	1,615	1,877	1,615	1,877
GST payable	(219)	(271)	(219)	(271)
<b>NET GST</b>	<b>1,396</b>	<b>1,606</b>	<b>1,396</b>	<b>1,606</b>

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT / NON-CURRENT ASSETS - INVENTORIES

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Seed inventory</b>				
Opening balance of seed stock	434	486	434	486
Seed withdrawn from seed bank	(39)	(58)	(39)	(58)
Sale of seed stock	(45)	(58)	(45)	(58)
Value of seed collected	74	64	74	64
Adjustment to match seed bank				
Net gain/(loss) on value of seed stock	(11)	-	(11)	-
<b>Closing balance</b>	<b>413</b>	<b>434</b>	<b>413</b>	<b>434</b>
<b>Other Inventory on hand</b>				
Opening balance on hand at beginning of period	974	854	974	854
Increase/(decrease) in stock levels during period	207	120	207	120
<b>Closing Balance</b>	<b>1,181</b>	<b>974</b>	<b>1,181</b>	<b>974</b>
<b>Total Inventory on hand at end of period</b>	<b>1,594</b>	<b>1,408</b>	<b>1,594</b>	<b>1,408</b>

8. BIOLOGICAL ASSETS

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current	40	41	40	41
	<b>40</b>	<b>41</b>	<b>40</b>	<b>41</b>

9. ASSETS HELD FOR SALE

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>NON-CURRENT assets held for sale</b>				
Land and buildings	199	201	199	201
	<b>199</b>	<b>201</b>	<b>199</b>	<b>201</b>

10. PARENT & CONSOLIDATED - NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Land and Buildings \$'000	Leased PPE \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
<b>At 1 July 2015</b>						
At fair value	462,130	0	7,977	26,330	735	497,172
Accumulated depreciation and impairment	(585)	-	(2,561)	(1,391)	-	(4,537)
<b>Net carrying amount</b>	<b>461,545</b>	<b>-</b>	<b>5,416</b>	<b>24,939</b>	<b>735</b>	<b>492,635</b>
<b>At 30 June 2016</b>						
At fair value	482,837	-	7,124	26,383	-	516,344
Accumulated depreciation and impairment	(941)	-	(2,925)	(2,271)	-	(6,137)
<b>Net carrying amount</b>	<b>481,896</b>	<b>-</b>	<b>4,199</b>	<b>24,112</b>	<b>-</b>	<b>510,207</b>

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land and Buildings \$'000	Leased PPE \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
<b>Period ended 30 June 2016</b>						
Net carrying amount at start of year	461,545	-	5,416	24,939	735	492,635
Additions	23	-	437	23	689	1,172
Disposals	(6)	-	(1,992)	(4)	-	(2,002)
Transfers	688	-	702	34	(1,424)	-
Net revaluation increment less revaluation decrements recognised in reserves	20,002	-	-	-	-	20,002
Depreciation expense	(356)	-	(1,456)	(880)	-	(2,692)
Write back on disposal	-	-	1,092	-	-	1,092
<b>Net carrying amount at end of year</b>	<b>481,896</b>	<b>-</b>	<b>4,199</b>	<b>24,112</b>	<b>-</b>	<b>510,207</b>

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.

	Land and Buildings \$'000	Leased PPE \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
<b>Period ended 30 June 2015</b>						
Net carrying amount at start of year	454,407	62	7,665	25,734	-	487,868
Additions	6,525	-	462	98	734	7,819
Disposals	-	-	(1,056)	-	-	(1,056)
Transfers	4	(62)	(128)	17	1	(168)
Net revaluation increment less revaluation decrements recognised in reserves	999	-	-	-	-	999
Depreciation expense	(390)	-	(1,903)	(910)	-	(3,203)
Write back on disposal	-	-	376	-	-	376
<b>Net carrying amount at end of year</b>	<b>461,545</b>	<b>-</b>	<b>5,416</b>	<b>24,939</b>	<b>735</b>	<b>492,635</b>

## 11. INTANGIBLE ASSETS - PARENT & CONSOLIDATED

	Total \$'000
<b>At 30 June 2016</b>	
Fair value	1,251
Accumulated amortisation and impairment	(264)
<b>Net carrying amount</b>	<b>987</b>
<b>Year ended 30 June 2016</b>	
Net carrying amount at start of year	1,113
Disposals / transfers	(5)
Amortisation (recognised in 'depreciation and amortisation')	(121)
<b>Net carrying amount at end of year</b>	<b>987</b>
<b>At 30 June 2015</b>	
Fair value	1,256
Accumulated amortisation and impairment	(143)
<b>Net carrying amount</b>	<b>1,113</b>
<b>Year ended 30 June 2015</b>	
Net carrying amount at start of year	1,275
Additions / transfers	170
Disposals / transfers	(303)
Revaluation	59
Amortisation (recognised in 'depreciation and amortisation')	(88)
<b>Net carrying amount at end of the year</b>	<b>1,113</b>

The value of intangible assets include easements against land, irrigation water licences and capitalised software costs.

## 12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS - PARENT & CONSOLIDATED

The fair value of non-financial assets have been measured in accordance with AASB 13 *Fair Value Measurement*. Under AASB13, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"

To increase consistency and comparability in fair value measurements and related disclosures, AASB 13 establishes a fair value hierarchy that categorises into three levels aligned to the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs ) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for asset or liability at the measurement date. Where level 3 is adopted a sensitivity analysis shall be included in the assessment of value.

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS - PARENT & CONSOLIDATED (continued)

(a) Fair value hierarchy

At 30 June 2016

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Non-current assets held for sale (Note 9)	-	199	-	199
Land and buildings (Note 10)	-	481,896	-	481,896
Biological assets (Note 8)	-	40	-	40
Infrastructure systems (Note 10)	-	-	24,112	24,112
<b>Total</b>	-	<b>482,135</b>	<b>24,112</b>	<b>506,247</b>

At 30 June 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Non-current assets held for sale (Note 9)	-	201	-	201
Land and buildings (Note 10)	-	461,545	-	461,545
Biological assets (Note 8)	-	41	-	41
Infrastructure systems (Note 10)	-	-	24,939	24,939
<b>Total</b>	-	<b>461,787</b>	<b>24,939</b>	<b>486,726</b>

There were no transfers between level 1 or 2 during the period.

The freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the freehold land and buildings was determined using the depreciated replacement costs approach by reference to the market value of the land in its existing use and market replacement cost of comparable properties on a price per square foot basis, adjusted for age, condition and functional obsolescence.

The valuer LPI valuation service engaged to value the TSR's and stock watering points use the same mass valuation methodology as it does with all other categories within the Crown portfolio which is a determination of a global rate per hectare for each category. The land is valued on the basis of the highest and best use taking into account zoning and other restrictions, access to services infrastructure and property market demand. These value elements are considered in a global way when formulating a value level to apply to a particular category type.

The plant and equipment is valued at depreciated replacement cost, which approximates the depreciated cost of the assets. The fair value of infrastructure systems was determined by an independent valuer based on the depreciated replacement cost that reflects the estimated current cost of replacing the asset with a similar asset.

(b) Reconciliation of recurring level 3 fair value measurements

At 30 June 2016

Recurring level 3 fair value measurements	Infrastructure Systems \$'000	Total Fair Value \$'000
Fair value as at 1 July 2015	24,939	24,939
Additions	23	23
Write back on disposal	-	-
Transfers	34	34
Disposals	(4)	(4)
Depreciation	(880)	(880)
<b>Fair value as at 30 June 2016</b>	<b>24,112</b>	<b>24,112</b>

At 30 June 2015

Recurring level 3 fair value measurements	Infrastructure Systems \$'000	Total Fair Value \$'000
Fair value as at 1 July 2014	25,734	25,734
Additions	98	98
Write back on disposal	-	-
Transfers	17	17
Disposals	-	-
Depreciation	(910)	(910)
<b>Fair value as at 30 June 2015</b>	<b>24,939</b>	<b>24,939</b>

There were no transfers between level 2 and level 3 of the fair value hierarchy during the period ended 30 June 2016.

Information about level 3 fair value measurements

Asset classification	Significant unobservable inputs	Valuation techniques	Sensitivity of significant unobservable inputs
Infrastructure	Estimated replacement costs of infrastructure taking into account of functional obsolescence condition and age of assets	Depreciated replacement cost approach	An increase / decrease in the estimated replacement cost will result in increase / decrease in the fair value  A decrease in the estimated remaining useful life will decrease the fair value.



13. CURRENT LIABILITIES - PAYABLES

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>CURRENT</b>				
Accrued salaries, wages and on-costs	207	2,165	-	-
Other taxes payable	1,129	294	-	-
Personnel services payable	-	-	17,375	15,759
Creditors	27,364	22,887	27,101	22,891
	<b>28,700</b>	<b>25,346</b>	<b>44,476</b>	<b>38,650</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

14. CURRENT- NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(a). CURRENT</b>				
<b>Employee benefits and related on-costs</b>				
Recreation leave	7,348	6,826	-	-
Long service leave	6,745	5,813	-	-
Payroll tax	891	859	-	-
	<b>14,984</b>	<b>13,498</b>	<b>-</b>	<b>-</b>
<b>(b). CURRENT</b>				
<b>Restoration costs</b>	709	914	709	914
	<b>709</b>	<b>914</b>	<b>709</b>	<b>914</b>
<b>Total current provisions</b>	<b>15,693</b>	<b>14,412</b>	<b>709</b>	<b>914</b>

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(c). NON-CURRENT</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave	338	263	-	-
Payroll tax	64	62	-	-
Other employee related provisions	527	315	-	-
Superannuation – pooled fund**	-	1,976	-	-
<b>Total non-current provisions</b>	<b>929</b>	<b>2,616</b>	<b>-</b>	<b>-</b>

\*\*Note: As described in Note 1j (iv) (c), commitments relating to superannuation balances shown by LLSSA in the 2015 financial statements were transferred to the Crown Entity effective 1 July 2015.

14. CURRENT- NON-CURRENT LIABILITIES - PROVISIONS (continued)

**Recreation leave**

The liability at 30 June was \$7.348m (2015 - \$6.826m). This is based on leave entitlements at 30 June 2016. The value of recreational leave expected to be taken within 12 months is \$4.3m (2015 - \$4.3m) and \$3.05m (2015 - \$2.53m) after 12 months.

	Consolidated		Parent	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Aggregate employee benefits and related on-costs</b>				
Provisions – current	14,984	13,498	-	-
Provisions – non-current	929	2,616	-	-
Accrued salaries, wages and on-costs (Note 13)	207	2,165	-	-
	<b>16,120</b>	<b>18,279</b>	-	-

	Consolidated		Parent	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Movements in provisions (other than employee benefits)</b>				
<b>Restoration costs</b>				
Carrying amount at beginning of financial year	914	696	914	696
Additional provisions recognised	-	218	-	218
Amounts used	(205)	-	(205)	-
Carrying amount at end of financial year	<b>709</b>	<b>914</b>	<b>709</b>	<b>914</b>

15. CURRENT / NON-CURRENT LIABILITIES - OTHER

	Consolidated		Parent	
	30 June 16 \$'000	30 June 15 \$'000	30 June 16 \$'000	30 June 15 \$'000
<b>CURRENT</b>				
Unearned income	1,168	939	1,168	939
Unspent grants	812	854	812	854
<b>Total current liabilities - other</b>	<b>1,980</b>	<b>1,793</b>	<b>1,980</b>	<b>1,793</b>
<b>NON-CURRENT</b>				
Unspent grants	880	814	880	814
<b>Total non-current liabilities - other</b>	<b>880</b>	<b>814</b>	<b>880</b>	<b>814</b>

16. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent	
	30 June 16 \$'000	30 June 15 \$'000	30 June 16 \$'000	30 June 15 \$'000
<b>(a) Operating lease commitments</b>				
Not later than one year	3,986	3,796	3,986	3,796
Later than one year and not later than five years	3,468	3,769	3,468	3,769
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>7,454</b>	<b>7,565</b>	<b>7,454</b>	<b>7,565</b>

The commitments above include GST expected to be recoverable from the Australian Taxation Office. Operating lease commitments include contracted amounts for various office equipment, photocopiers and computers and motor vehicles under operating lease contracts. Office leases vary from 1 to 5 years with, in some cases, options to extend. These leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

**(b) Capital commitments**

LLS has no capital commitment at year-end (2015 - \$Nil).

17. CONTINGENT LIABILITIES

As at 30 June 2016 LLS had no contingent assets or liabilities.

## 18. BUDGET REVIEW

The budget process is finalised prior to the beginning of each financial year. Events may arise after that date that necessitates variations to the planned activities of LLS for that year. This in turn may cause variations to the financial activities. Major variations between the budget and actual amounts are outlined below.

### Net Result

The net result of \$42.194 million was unfavourable compared to budget. This was due to expenditure incurred during the year relating to funding received in 2014/15.

Revenue of \$129.429 million was favourable compared to budget by \$7.357 million. This was due to additional funding received not confirmed at the time of budget preparation, including increased amounts assumed by the Crown Entity.

Expenditure of \$172.139 million was unfavourable compared to budget by \$10.445 million. Increased expenditure was due to expenditure relating to additional external funding received and items of operating expenditure.

### Assets and liabilities

Total equity was \$540.563 million. This was \$24.475 million greater than budget and in the main due to revaluation of land and buildings.

### Cash flows

A net reduction in cash and cash equivalents of \$27.781 million resulted in a closing cash equivalent balance for the year of \$64.849 million. This result was \$16.679 million favourable to budget due to timing of payments at year-end and a greater than budgeted payables balance.

## 19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Consolidated		Parent	
	30 June 2016 \$'000	30 June 2015 \$'000	30 June 2016 \$'000	30 June 2015 \$'000
<b>Net cash from operating activities</b>	(28,035)	8,892	(28,035)	8,892
Depreciation and amortisation	(2,813)	(3,291)	(2,813)	(3,291)
Doubtful debts expense	291	(874)	291	(874)
Superannuation expense (actuarial movement)	-	(253)	-	-
Gain on sale of fixed assets	511	23	511	23
Increase/(decrease) in receivables	(7,279)	(15,902)	(7,254)	(15,927)
Increase/(decrease) in inventories and biological assets	185	69	185	69
Increase/(decrease) in prepayments	125	(84)	(12)	(82)
(Increase) /decrease in payables	(3,356)	13,932	(5,828)	13,359
(Increase)/decrease in provisions	(1,570)	(350)	205	(218)
(Increase)/decrease in other liabilities	(253)	(639)	(253)	(639)
<b>Net result</b>	<b>(42,194)</b>	<b>1,523</b>	<b>(43,003)</b>	<b>1,312</b>

## 20. FINANCIAL INSTRUMENTS

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

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

The LLS's Board of Chairs 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 entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the entity's Board of Chairs on a continuous basis.

### (a) Financial instrument categories

Financial Assets Class:	Note	Category	Consolidated		Parent	
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
			2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	5	N/A	64,849	92,630	64,849	92,630
Receivables <sup>1</sup>	6	Receivables (at amortised cost)	9,336	16,114	9,336	16,089
			<b>74,185</b>	<b>108,744</b>	<b>74,185</b>	<b>108,719</b>
Payables <sup>2</sup>	13	Financial liabilities measured at amortised cost	27,364	22,887	44,476	38,650
			<b>27,364</b>	<b>22,887</b>	<b>44,476</b>	<b>38,650</b>

#### 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).

### (b) Credit risk

Credit risk arises when there is the possibility of LLS's debtors defaulting on their contractual obligations, resulting in a financial loss to NSW Trade & Investment. 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 LLS, including cash, receivables, authority deposits and advances receivable. No collateral is held by LLS. LLS has not granted any financial guarantees.

Credit risk associated with LLS'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.

#### Receivables - trade debtors

All trade debtors are recognised as receivable amounts at balance date. The policy is to review collectability of trade debtors on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand where necessary. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity 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 except for rates as detailed in the summary of significant accounting policies, income recognition, rates and charges. Sales are made on 30 day terms.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

	Total <sup>1,2</sup> \$'000	Past due but not impaired <sup>1,2</sup> \$'000	Considered impaired <sup>1,2</sup> \$'000
<b>2016</b>			
<3 months overdue	578	578	-
3 months - 6 months overdue	3,405	3,405	-
> 6 months overdue	1,930	1,036	895
<b>2015</b>			
<3 months overdue	8,261	8,261	-
3 months - 6 months overdue	242	242	-
> 6 months overdue	2,355	1,154	1,201

#### Notes

1. Each column in the table reports 'gross receivables'.  
The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are
2. not past due and not impaired. Therefore, the 'total' does not reconcile to the receivables total recognised in the statement of financial position.

**20. FINANCIAL INSTRUMENTS (continued)**

**(c) Liquidity risk**

Liquidity risk is the risk that LLS will be unable to meet its payment obligations when they fall due. LLS continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The exposure of LLS 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 NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the period was Nil% (30 June 2015 - Nil%).

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

FINANCIAL INSTRUMENTS Consolidated								
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Interest rate exposure			Maturity dates		
			Fixed Int. Rate	Variable Int. Rate	Non-interest Bearing	< 1 yr	1 - 5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000			
<b>2016</b>								
Payables	0.0%	27,364	-	-	27,364	-	-	-
		<b>27,364</b>	-	-	<b>27,364</b>	-	-	-
<b>2015</b>								
Payables	0.0%	22,887	-	-	22,887	-	-	-
		<b>22,887</b>	-	-	<b>22,887</b>	-	-	-

FINANCIAL INSTRUMENTS Parent								
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Interest rate exposure			Maturity dates		
			Fixed Int. Rate	Variable Int. Rate	Non-interest Bearing	< 1 yr	1 - 5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000			
<b>2016</b>								
Payables	0.0%	44,476	-	-	44,476	-	-	-
		<b>44,476</b>	-	-	<b>44,476</b>	-	-	-
<b>2015</b>								
Payables	0.0%	38,650	-	-	38,650	-	-	-
		<b>38,650</b>	-	-	<b>38,650</b>	-	-	-

**Notes:**

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which LLS can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

**(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. LLS's exposures to market risk are primarily through interest rate risk on borrowings. LLS 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 LLS 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 exposure in existence at the reporting date. The analysis assumes that all other variables remain constant.

**20. FINANCIAL INSTRUMENTS (continued)**

*Interest rate risk*

As LLS has no interest bearing liabilities its exposure to interest rate risk is minimal. LLS 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. LLS's exposure to interest rate risk is set out below.

**Consolidated**

	Carrying Amount \$'000	Result \$'000 -1%	Equity \$'000	Result \$'000 +1%	Equity \$'000
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**2016**

<b>Financial Assets</b>					
Cash and cash equivalents	64,849	(648)	(648)	648	648
Receivables	9,336	(93)	(93)	93	93
<b>Financial Liabilities</b>					
Payables	27,364	(274)	(274)	274	274

**2015**

<b>Financial Assets</b>					
Cash and cash equivalents	92,630	(926)	(926)	926	926
Receivables	16,114	(161)	(161)	161	161
<b>Financial Liabilities</b>					
Payables	22,887	(229)	(229)	229	229

**Parent**

	Carrying Amount \$'000	Result \$'000 -1%	Equity \$'000	Result \$'000 +1%	Equity \$'000
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**2016**

<b>Financial Assets</b>					
Cash and cash equivalents	64,849	(648)	(648)	648	648
Receivables	9,336	(93)	(93)	93	93
<b>Financial Liabilities</b>					
Payables	44,476	(445)	(445)	445	445

**2015**

<b>Financial Assets</b>					
Cash and cash equivalents	92,630	(926)	(926)	926	926
Receivables	16,089	(161)	(161)	161	161
<b>Financial Liabilities</b>					
Payables	38,650	(387)	(387)	387	387

**(e) Other price risk**

LLS holds no units in Hour-Glass investment trusts.

**(f) Fair value recognised in the statement of financial position**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short-term nature of many of the financial instruments.

**21. EVENTS AFTER REPORTING DATE**

A number of freehold properties (land and buildings) are to be vested to Government Property NSW effective 1 July 2016. Effect of this transfer was provided by Government Property NSW Amendment (Transfer of Property) Order (no 8) 2016. Based on the values recorded by LLS at 30 June, the aggregate value of these properties was \$18.341 million.

**End of audited financial statements**