



Fair
Trading

Fair Trading Administration Corporation

Annual Report 2015-16



Fair Trading Administration Corporation

Annual Report 2015-16

Contents	Page
Overview	1
Fair Trading Administration Corporation	2
Internal Audit and Risk Management Attestation	3
Independent Auditor's Report	5
Financial Statements	7

Overview

The Fair Trading Administration Corporation (FTAC) is a statutory body administered by the Department of Finance, Services and Innovation with the associated services managed by NSW Fair Trading.

FTAC does not exist as a discrete operational entity. Overall responsibility for their functions rests with the Commissioner for Fair Trading.

FTAC is required to produce an annual report. Annual reporting information relevant FTAC appears in two forms:

- in this volume - separate financial reports and simple activity reports; and
- in the 2015-16 Annual Report of the Department of Finance, Services and Innovation - information on the management, human resources, business systems and financial administration of FTAC.

Access

People making home warranty insurance claims against the schemes managed by NSW Fair Trading can obtain access via Service NSW Centres, the Fair Trading website or the Fair Trading Contact Centre by telephone on 13 32 20.

NSW Fair Trading's head office is at:
60 Station Street (no public access)
PO Box 972
PARRAMATTA NSW 2124

Website: <http://www.fairtrading.nsw.gov.au>
Telephone: 13 32 20

Annual Report production costs

No external costs have been incurred in the writing, preparation or printing of this annual report. Printing of minimal quantities has been accomplished by laser printing and photocopying as required.

Electronic copies are available through the NSW Fair Trading website.

Fair Trading Administration Corporation

Charter, aims & objectives

Various government-run insurance schemes are in place in New South Wales to protect consumers from loss, where a home builder performed faulty or incomplete work or became insolvent.

The introduction of the private home warranty insurance scheme in May 1997 followed on from the integration of the Building Services Corporation (BSC) into the then Department of Fair Trading and the subsequent closure of the last such government-run insurance scheme.

Following the closure of the government-funded Comprehensive and Special Insurance Schemes in May 1997, the Government was responsible for claims for general defects until May 2000 and for structural defects until 30 April 2004.

These claims are administered by FTAC which is administered by NSW Fair Trading.

The FTAC scheme's assets have been exhausted and all claims are now being funded from the New South Wales Government's consolidated funds.

While the Scheme closed on 30 April 2004, the *Home Building Act 1989* (the Act) provided for the Commissioner for Fair Trading to exercise discretion to accept claims for an additional three years, i.e. up to the end of April 2007.

Apart from claims processing, within the scope of the respective parts of the Act, FTAC is not intended to have any other role in residential home building in NSW.

Management & structure

FTAC's activities are managed by NSW Fair Trading, a division of the Department of Finance, Services and Innovation.

Claims processing

During 2015-16, no new claims were received, however one claim was paid. The claims paid in recent years covered losses primarily from work classified as major structural defects in houses and home units, as shown below:

FTAC annual claims statistics	2011-12	2012-13	2013-14	2014-15	2015-16
New claims	0	0	0	0	0
Re-opened claims	2	1	0	0	1
Number of current claims as at 30 June	1	1	2	0	1
Number of claims paid	1	2	1	0	1
Value of claims paid	\$400,000	\$333,980	\$903,157	\$0	\$38,000*
Release of unclaimed monies from NSW Treasury	\$65,263	\$0	\$0	\$0	\$0

*The claimant contacted Fair Trading in late 2015 for a claim of \$38,000 that was approved in 2000 but not paid at that time.

Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for Fair Trading Administration Corporation

I, Rod Stowe, Commissioner, NSW Fair Trading, am of the opinion that the Fair Trading Administration Corporation has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2016 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019;
- Mark O'Sullivan, Independent Member, from 25 January 2016 to 24 January 2018;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2019.

The previous Audit and Risk Committee was disbanded with effect from 20 November 2015.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- Department of Finance, Services and Innovation
- Rental Bond Board
- Mine Subsidence Board
- NSW Government Telecommunications Authority
- State Records Authority



Rod Stowe
Commissioner, NSW Fair Trading

Date: 13/9/16

Agency Contact Officer
Geoff Campbell
Chief Audit Executive, 9372 8040
geoff.campbell@finance.nsw.gov.au



INDEPENDENT AUDITOR'S REPORT

Fair Trading Administration Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Fair Trading Administration Corporation (the Corporation), 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *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 the Corporation 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 Commissioner's Responsibility for the Financial Statements

The Commissioner, NSW Fair Trading is 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 Commissioner determines 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 Commissioner must assess the Corporation's ability to continue as a going concern unless the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. 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
- 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 the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Nolan
Director, Financial Audit Services

22 September 2016
SYDNEY

FAIR TRADING ADMINISTRATION CORPORATION

COMMISSIONER'S STATEMENT

In accordance with section 41C of the *Public Finance and Audit Act 1983* I state that, in my opinion:

- (1) the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Fair Trading Administration Corporation as at 30 June 2016 and its financial performance for the year then ended.
- (2) the accompanying financial statements and notes thereto comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation



Rod Stowe
Commissioner for Fair Trading
Department of Finance, Services and Innovation

14 September 2016

FAIR TRADING ADMINISTRATION CORPORATION

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

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
Expenses			
Administrative services	1(a),2(a)	-	394
Other operating expenses	2(b)	9	54
Insurance claims	2(c)	38	-
Total expenses		47	448
Revenue			
Interest revenue	1(f), 3(b)	270	316
Total revenue		270	316
Net result		223	(132)
Other comprehensive income			-
TOTAL COMPREHENSIVE INCOME/(LOSS)		223	(132)

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	13,641	13,411
Receivables	5	136	147
Total current assets		13,777	13,558
TOTAL ASSETS		13,777	13,558
LIABILITIES			
Current liabilities			
Payables	6	6	10
Total current liabilities		6	10
TOTAL LIABILITIES		6	10
NET ASSETS		13,771	13,548
EQUITY			
Accumulated funds		13,771	13,548
TOTAL EQUITY		13,771	13,548

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

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

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2015	13,548	13,548
Net result for the year	223	223
Other comprehensive income	-	-
Total comprehensive income for the year	223	223
Balance at 30 June 2016	13,771	13,771

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2014	13,680	13,680
Net result for the year	(132)	(132)
Other comprehensive income	-	-
Total comprehensive loss for the year	(132)	(132)
Balance at 30 June 2015	13,548	13,548

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Operating and insurance claim payments		(52)	(457)
Net Building Licence Fees collected on behalf of NSW Fair Trading		-	(5,037)
Total payments		<u>(52)</u>	<u>(5,494)</u>
Receipts			
Interest received		281	357
Other (BAS Refunds)		1	15
Total receipts		<u>282</u>	<u>372</u>
Net cash flows from operating activities	10	<u>230</u>	<u>(5,122)</u>
Net (decrease)/increase in cash		230	(5,122)
OPENING CASH AND CASH EQUIVALENTS		<u>13,411</u>	<u>18,533</u>
CLOSING CASH AND CASH EQUIVALENTS	4	<u>13,641</u>	<u>13,411</u>

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Fair Trading Administration Corporation (the Corporation) is a Reporting Entity established under the *Home Building Act 1989*. The Corporation is a not-for-profit entity with no cash generating units. The administrative functions for the Corporation are performed by the Department of Finance, Services and Innovation and costs associated with these functions are paid for on an operational basis in relation to activities performed. As the entity is dormant and awaiting closure no fees have been charged for the financial year to date. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Corporation was established in 1997 to administer claims on the Government's then statutory home warranty insurance scheme, which closed new policies when the private home warranty insurance scheme was introduced on 1 May 1997. The Corporation does not generate income other than interest income and claims payments are funded by drawings from New South Wales Treasury.

The entity currently has a dormant status. As all of its operational matters have been finalised, awaiting for the repeal of the relevant enabling legislations.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Commissioner for Fair Trading of the Department of Finance, Services and Innovation on 14 September 2016.

(b) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions.

Financial assets at "fair value through profit or loss" and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgement, key assumptions and estimations 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 thereto comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(e) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the Corporation 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.
- insurance claim expenses (claims paid) which are represented in the statements gross of GST as the Corporation is not entitled to claim input tax credits due to no direct association with the original expense.
- 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 component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(f) Revenue Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(g) Assets

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables 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.

(h) 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 cumulative loss is removed from equity and 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, reversals of 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.

(i) Liabilities

Payables

These amounts represent liabilities for goods and services provided to the Corporation and other amounts, including interest. 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.

(j) Equity

(i) Accumulated Funds

The category 'Accumulated Funds' includes current and prior period retained funds.

(k) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(l) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16. There is no impact on the financial statements of these revised Australian Accounting Standards.

Accounting Standard/Interpretation

- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments

- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 amend AASB 9 Financial Instruments. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2018. Early adoption is not permitted under NSW TC 15/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards.

- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to effectively be withdrawn.

- AASB 2015-4 regarding amendments to AASB 128 Investments in Associates and Joint Ventures relating to financial reporting requirements for Australian groups with a foreign parent.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards/Interpretations have been issued but are not yet effective:

Accounting Standard/Interpretation

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception
- AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities.

It is considered that the implementation of these Standards will not have any material impact on the Corporation's financial statements.

2. EXPENSES

As mentioned in Note 1(a) the Department of Finance, Services and Innovation has applied an Administrative Service Charge for the recovery of those expenses it has incurred on behalf of the Corporation. As the entity is dormant and awaiting closure no administrative services fee have been charged for the financial year 2015-16.

(a) Administrative Services

	2016 \$'000	2015 \$'000
Administrative service charge	-	394
	<u>-</u>	<u>394</u>

(b) Other Operating Expenses

Auditor's remuneration	9	9
Appeals expense	-	45
	<u>9</u>	<u>54</u>

(c) Insurance Claims

	2016 \$'000	2015 \$'000
Claims paid	38	-
	<u>38</u>	<u>-</u>

3. REVENUE

(a) Grants and Contributions

Grants are received from the Crown to provide for the payment of claims under the home insurance policies of insolvent insurers and for the administrative costs of the Corporation. Additional grant was not sought from NSW Treasury during 2015/16 as the funds held by the Corporation are adequate to cover the outstanding claims.

(b) Interest Revenue

Interest earned on bank account	270	316
	<u>270</u>	<u>316</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank	13,641	13,411
	<u>13,641</u>	<u>13,411</u>

For the purposes of the Statement of Cash Flows, cash includes money deposited with banks.

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	13,641	13,411
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>13,641</u>	<u>13,411</u>

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

Accrued interest income	136	147
	<u>136</u>	<u>147</u>

Claim recovery debtors - allowance for impairment

Balance as at 1 July		3,381
Increase/(decrease) in allowance recognised in profit or loss	-	-
(Decrease) due to write off of debtors		<u>(3,381)</u>
Balance as at 30 June	<u>-</u>	<u>-</u>

6. CURRENT LIABILITIES - PAYABLES

	2016 \$'000	2015 \$'000
Other payables	6	10
	<u>6</u>	<u>10</u>

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CONTINGENT LIABILITIES

There is no contingent liability that can be raised against the Corporation.

8. CONTINGENT ASSETS

As at the date of this report there are no contingent assets.

9. COMMITMENTS

There are no commitments for capital or lease commitments at balance date.

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2016	2015
	\$'000	\$'000
Net cash flows from operating activities	230	(5,122)
Changes in Assets and Liabilities		
(Decrease) in receivables	(11)	(3,722)
Decrease/(increase) in doubtful debt provision	-	3,381
Decrease/(increase) in payables	4	5,331
Net result	223	(132)

11. FINANCIAL INSTRUMENTS

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

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

The Corporation has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Department of Finance, Services and Innovation on a regular basis.

The Corporation's financial instruments include cash, receivables and payables.

Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2016 \$'000	Carrying Amount 2015 \$'000
Class: Cash and cash equivalents	4	Not applicable	13,641	13,411
Receivables*	5	Loans and receivable (at amortised cost)	136	147
Class: Payables**	6	Financial liabilities measured (at amortised cost)	6	10

* Excludes statutory receivables (eg GST) and prepayments (ie not within scope of AASB 7)

** Excludes statutory payables (eg GST) and unearned revenue (ie not within scope of AASB 7)

(a) Credit Risk

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

Credit risk arises from the financial assets of the Corporation, including cash, and receivables.

Cash

Cash comprises bank balances held within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to NSW Treasury.

Receivables

The Corporation's debtors do not include trade debtors but rather arise out of interest receivable.

(b) Liquidity Risk

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

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

The Corporation does not generate income and claims payments are funded by drawings from New South Wales Treasury. In 1999 the NSW Treasury issued a Letter of Comfort guarantee funding for the Corporation.

(c) Market Risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Interest Rate Risk - Cash Facility

Exposure to interest rate risk arises primarily through the investment in cash facilities. The Corporation has no direct equity investments. The Corporation's exposure to interest rate risk is set out below:

	S'000				
	Carrying Amount	Profit -1%	Equity -1%	Profit 1%	Equity 1%
2016					
<i>Financial Assets</i>					
Cash and cash equivalents	13,641	(136)	(136)	136	136
2015					
<i>Financial Assets</i>					
Cash and cash equivalents	13,411	(134)	(134)	134	134

(d) Fair Value Compared to Carrying Amount

Financial instruments are generally recognised at cost which are subsequently measured at fair value. 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.

12. AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date, which would affect the financial statements.

END OF FINANCIAL STATEMENTS

NSW Fair Trading

PO Box 972

PARRAMATTA NSW 2150

Phone: 13 32 20 | TTY: 1300 301 181

A division of the **Department of Finance, Services and Innovation**

www.fairtrading.nsw.gov.au

© State of New South Wales, through NSW Fair Trading, October 2016

