

Part 2: Subsidiary Entities of the NSW Food Authority



NSW Food Authority
safer food, clearer choices



Contents

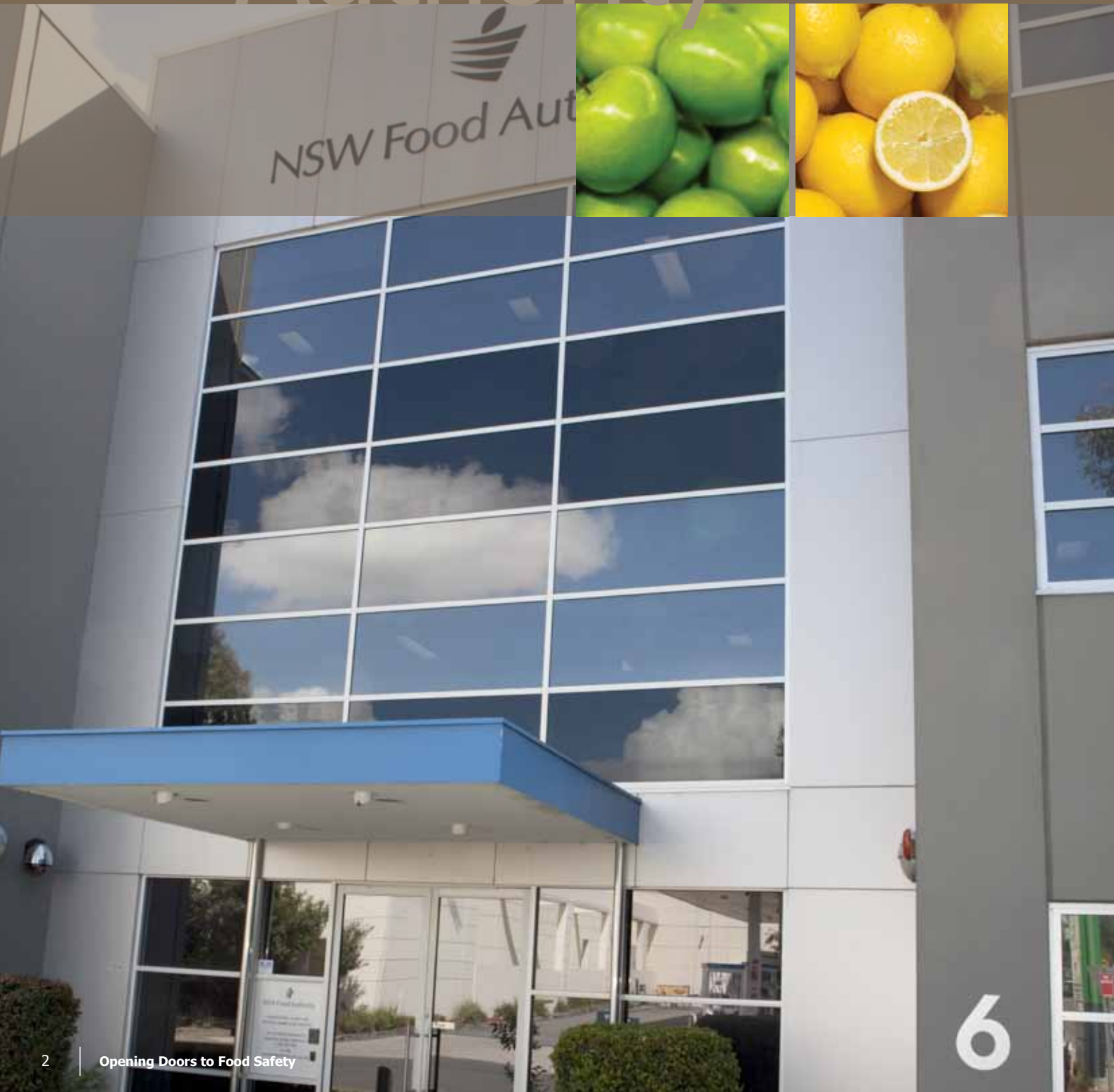


Part 2: Subsidiary Entities of the NSW Food Authority

1 Office of the NSW Food Authority	2
2 Milk Marketing (NSW) Pty Limited	26
3 Pacific Industry Services Corporation Pty Limited	47

Annual Report 2009-10 ISSN 1448-5168 © NSW Food Authority 2010.
All rights reserved. Except as provided in the *Copyright Act 1968 (Commonwealth)*,
no use of this work, which is within the exclusive right of the copyright owner, may
be made. Copies of this report can be downloaded from the NSW Food Authority
website: www.foodauthority.nsw.gov.au.


1 Office of the NSW Food Authority



Statement by the Director-General of the Department of Industry and Investment

Pursuant to requirements of the *Public Finance and Audit Act 1983*, I, Dr Richard Sheldrake, Director-General of the Department of Industry and Investment declare that in my opinion:

1. The accompanying Financial Statements consisting of the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and the Notes thereto of the Office of NSW Food Authority, for the financial year ended 30 June 2010 exhibit a true and fair view of the financial position and transactions of the Office of NSW Food Authority.
2. The Financial Statements has been prepared in accordance with applicable Australian Accounting Standards which include the Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations; and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions. The Financial Statements also comply with International Financial Reporting Standards.
3. Further, I am not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.



Dr Richard Sheldrake
Director-General
Department of Industry and Investment

20 October 2010



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of the NSW Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the NSW Food Authority (the Office), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- presents fairly, in all material respects, the financial position of the Office as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director- General's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

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



A Oyetunji
Director, Financial Audit Services

20 October 2010
SYDNEY

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Statements of Comprehensive Income for the Year Ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Revenue from continuing operations			
Personnel services income	4	13,251	24,234
Movement in state superannuation schemes		618	1,032
Total revenue from continuing operations		13,869	25,266
Expenses from continuing operations			
Employee related expenses	5	13,251	12,558
Total expenses from continuing operations		13,251	12,558
Net surplus/(deficit) from continuing operations		618	12,708
Other comprehensive income			
Actuarial losses on defined benefit superannuation	9(c)	(1,698)	(11,676)
Total comprehensive income/(loss) for the year		(1,080)	1,032

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Statements of Financial Position as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,058	3,522
Receivables		-	-
Total Current Assets		4,058	3,522
Non-Current Assets			
Receivables	7	11,676	11,676
Total Non-Current Assets		11,676	11,676
TOTAL ASSETS		15,734	15,198
LIABILITIES			
Current Liabilities			
Provisions	9	5,105	4,569
Total Current Liabilities		5,105	4,569
Non-Current Liabilities			
Superannuation Provision	9(c)	10,144	9,064
Total Non-Current Liabilities		10,144	9,064
TOTAL LIABILITIES		15,249	13,633
NET ASSETS		485	1,565
EQUITY			
Reserves		-	-
Contributed Equity		485	1,565
Total Equity	10	485	1,565

The above statements of financial position be read in conjunction with the accompanying notes.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Statements of Changes in Equity for the Year Ended 30 June 2010

	Contributed Equity \$'000
Balance at 1 July 2008	533
Adjustment on change in accounting policy	-
Restated total equity at the beginning of the financial year	533
Total comprehensive income for the year as reported in the 2009 financial statements	1,032
Adjustment on change in accounting policy	-
Balance at 30 June 2009	1,565
Total comprehensive income for the year	
Net surplus(deficit) for the year	618
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-
Actuarial (losses)/gains on defined benefit superannuation	(1,698)
Balance at 30 June 2010	485

The above statements of changes in equity should be read in conjunction with the accompanying notes.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Statements of Cash Flows for the Year Ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(12,715)	(12,602)
Income from personnel services		<u>13,251</u>	<u>12,558</u>
Net Cash (Outflow) Inflow from Operating Activities	11	<u>536</u>	<u>(44)</u>
Net Cash (Outflow) Inflow from Investing Activities		<u>-</u>	<u>-</u>
Net Cash (Outflow) Inflow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents		536	(44)
Opening cash and cash equivalents		<u>3,522</u>	<u>3,566</u>
Cash and Cash Equivalents at the end of the year	6	<u><u>4,058</u></u>	<u><u>3,522</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

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

(b) Statement of preparation

The Office prepares its Financial Statements as a general purpose Financial Statements on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

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

Where these requirements are inconsistent, The Office applies the legislative provisions. There were no inconsistencies in the years covered in this Financial Statements.

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

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the Financial 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) Segment reporting

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

(e) Revenue recognition

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

(f) Employee benefits

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

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

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

(ii) Long service leave

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

(iii) Superannuation

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

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

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

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

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statements of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(h) Receivables

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

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

(i) Payables

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

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

(j) Provisions

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

The Office recognises provisions for employee benefits.

(k) Comparatives

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

(l) Change in accounting policy

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

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

The change in accounting policy reduces expenses for 2009-10 by \$1,698,000 to \$12,946,000 (2009: by \$11,675,000 to \$12,558,000), by excluding from the result the superannuation actuarial loss line item. This item is now recognised in the Statements of Comprehensive Income.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****Note 2. General**

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

Note 3. Remuneration of auditors

Fees for the audit of the Office of the NSW Food Authority's 2010 financial report were included as part of total audit fees paid to *The Audit Office of New South Wales* by the parent entity, NSW Food Authority.

Note 4. Personnel Services Income

	2010	2009
	\$'000	\$'000
Personnel Services provided to NSW Food Authority	13,251	24,234
Total Personnel Services Income	13,251	24,234

Note 5. Employee Related Expenses

	2010	2009
	\$'000	\$'000
Salaries and Allowances	9,746	9,300
Superannuation	1,061	1,195
Workers Compensation	66	52
Fringe Benefits Tax	44	27
Other Employee Related Expenses	102	151
Annual and Long Service Leave	1,454	1,217
Payroll Tax	778	616
Total Employee Related Expenses	13,251	12,558

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Note 6. Cash and Cash Equivalents

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

	2010	2009
	\$'000	\$'000
Cash at Bank	4,058	3,522
Total Cash	4,058	3,522

Note 7. Receivables

	2010	2009
	\$'000	\$'000
Accounts Receivable (receivable from NSW Food Authority)	11,676	11,676
Total Receivables	11,676	11,676

Note 8. Related party information

Related party transactions

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

Outstanding balances

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

	2010	2009
	\$'000	\$'000
<i>Non-Current Receivables</i>		
Parent entity (NSW Food Authority)	11,676	11,676
<i>Non-Current Payables</i>		
Parent entity (NSW Food Authority)	-	-

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****Note 9. Provisions**

Employee benefits and related oncosts:

	2010	2009
	\$'000	\$'000
Current Provisions		
Annual Leave (a)	1,294	1,476
Long Service Leave (b)	3,811	3,093
Provision for Redundancy	-	-
Total Current Provisions	5,105	4,569
Non-Current Provisions		
Superannuation Prepaid (c)	10,144	9,064
Total Non-current Provisions	10,144	9,064
Total Provisions	15,249	13,633

Note 9. (a) Annual leave

The liability at 30 June 2010 was \$1,293,896 (2009 - \$1,476,238). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is \$970,422 (2009 - \$1,107,128) and \$323,474 (2009 - \$369,060) after twelve months.

	2010	2009
	\$'000	\$'000
Leave taken and entitlement for the year are as follows:		
Balance at beginning of the financial year	1,476	1,497
Less: Value of leave taken during the year	(1,026)	(912)
	450	585
Add: Value of increased entitlement during the year	844	891
Balance at the end of the financial year	1,294	1,476

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Note 9. (b) Long Service Leave

The total liability at 30 June 2010 was \$3,811,273 (2009 - \$3,092,843).

The value of long service leave expected to be taken within twelve months is \$3,620,709 (2009 - \$2,938,201) and \$190,564 (2009 - \$154,642) after twelve months.

This liability comprises:

	2010	2009
	\$'000	\$'000
Short term - expected to be settled within 12 months	3,621	2,938
Long term - not expected to be settled within 12 months	190	155
Balance at the end of the financial year	3,811	3,093

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****Note 9 (c) Superannuation****Fund information**

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

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

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

All the schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	3,221	3,097	899	876	41,873	35,817
Current service cost	133	125	44	46	113	98
Interest cost	178	200	48	54	2,278	2,277
Contributions by Fund participants	68	65	-	-	117	153
Actuarial (gains) / losses	195	(420)	62	(26)	1,670	6,414
Benefits paid	(64)	153	(150)	(51)	(1,634)	(2,886)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	3,731	3,220	903	899	44,418	41,873

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	2,435	2,330	670	740	33,824	40,135
Expected return on Fund assets	212	192	57	58	2,820	3,186
Actuarial gains/(losses)	39	(416)	1	(127)	188	(7,000)
Employer contributions	125	111	42	50	157	236
Contributions by Fund participants	68	65	-	-	117	153
Benefits paid	(64)	153	(150)	(51)	(1,634)	(2,886)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	2,815	2,435	620	670	35,472	33,824

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Reconciliation of the assets and liabilities recognised in the statements of financial position

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	3,731	3,221	903	899	44,418	41,873
Fair value of Fund assets at end of year	(2,815)	(2,435)	(620)	(670)	(35,472)	(33,824)
Subtotal	916	786	283	229	8,945	8,049
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	916	786	283	229	8,945	8,049

Expense recognised in the statements of comprehensive income

Components Recognised in the statements of comprehensive incomes	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	133	125	44	46	113	98
Interest cost	178	200	48	55	2,278	2,276
Expected return on Fund assets (net of expenses)	(212)	(191)	(57)	(59)	(2,820)	(3,186)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	99	134	36	42	(429)	(812)

Amounts recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	156	(4)	60	101	1,482	13,414
Adjustment for limit on net asset	-	-	-	-	-	(1,836)

Cumulative amount recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	791	635	177	117	8,559	7,078
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****Fund assets**

The percentage invested in each asset class at the end of reporting period:

	30-Jun-10	30-Jun-09
Australian equities	31.0%	32.1%
Overseas equities	26.8%	26.0%
Australian fixed interest securities	6.1%	6.2%
Overseas fixed interest securities	4.3%	4.7%
Property	9.5%	10.0%
Cash	9.6%	8.0%
Other	12.7%	13.0%

Fair value of Fund assets

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

Expected rate of return on assets

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

Actual return on Fund assets

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	230	(228)	58	(69)	3,051	(3,909)

Valuation method and principal actuarial assumptions at the statements of financial position date

a) Valuation method

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

b) Economic Assumptions

	30-Jun-10	30-Jun-09
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.13% pa
Discount rate	5.17% pa	5.59% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2010 are those that will be used in the 2009 triennial actuarial valuation. The triennial report will be available from the NSW Treasury website.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Historical information

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,731	3,221	903	899	44,418	41,873
Fair value of Fund assets	(2,815)	(2,435)	(620)	(670)	(35,472)	(33,824)
(Surplus)/Deficit in Fund	916	786	283	229	8,945	8,049
Experience adjustments – Fund liabilities	195	(420)	62	(26)	1,670	6,414
Experience adjustments – Fund assets	(39)	416	(1)	127	(188)	7,000

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,096	2,740	876	844	35,817	36,965
Fair value of Fund assets	(2,330)	(2,494)	(740)	(813)	(40,135)	(45,520)
(Surplus)/Deficit in Fund	766	246	136	31	(4,318)	(8,555)
Experience adjustments – Fund liabilities	298	87	3	28	(709)	(3,602)
Experience adjustments – Fund assets	260	(171)	122	(46)	6,322	(2,632)

	SASS	SANCS	SSS
	30-Jun-06	30-Jun-06	30-Jun-06
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	2,400	845	39,121
Fair value of Fund assets	(2,059)	(785)	(40,569)
(Surplus)/Deficit in Fund	341	60	(1,448)
Experience adjustments – Fund liabilities	(363)	(29)	(5,314)
Experience adjustments – Fund assets	214	(49)	(2,334)

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	128	123	50	52	188	244

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010**

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2010 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,393	2,977	808	821	32,275	31,856
Net market value of Fund assets	(2,815)	(2,435)	(620)	(670)	(35,472)	(33,824)
Net (surplus)/deficit	578	542	188	151	(3,197)	(1,968)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

(d) Economic assumptions

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

Weighted-Average Assumptions		
	30-Jun-10	30-Jun-09
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

Note 10. Equity

Accumulated Funds	2010	2009
	\$'000	\$'000
Balance at beginning of financial year	1,565	533
Profit / (Loss) for the year	618	12,708
Actuarial gains (losses)	(1,698)	(13,512)
Adjustment for limit on net asset	-	1,836
Balance at end of financial year - accumulated funds	485	1,565

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

	2010	2009
	\$'000	\$'000
Operating Result	618	12,708
Actuarial gains (losses) and adjustment for limit on net asset	(1,698)	(11,676)
Decrease / (Increase) in Superannuation	1,080	1,580
(Increase) / Decrease in Receivables	-	(11,676)
(Decrease) / Increase in Payables	-	-
(Decrease) / Increase in Provisions	536	9,020
Net Cash Flows From Operating Activities	536	(44)

Note 12. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2010 (2008/9 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2010 (2008/9 nil).

Note 13. Contingent liabilities and contingent assets

The Office has no material contingent asset at 30 June 2010 (2008/9 nil).

At balance date 30 June 2010, the Office has no material contingent liabilities.

Note 14. Subsequent events

There have been no events subsequent to balance sheet date.

Note 15. Segment Information

The Office operates in Australia.

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****Note 16. Financial instruments**

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

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

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

(a) Financial instrument categories				
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2010	2009
			\$'000	\$'000
Class:				
Cash	6	N/A	4,058	3,522
Receivables ¹	7	Loans and receivables (at amortised cost)	-	-
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²		Financial liabilities measured at amortised cost	-	-

Notes

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

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

Notes to the Financial Statements 30 June 2010

(b) Credit Risk

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

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

Cash

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

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2008/9 - 0%)

OFFICE OF THE NSW FOOD AUTHORITY

ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2010****(d) Market risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Office operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carring Amount \$'000	Profit \$'000	-1%	Equity \$'000	Profit \$'000	1%	Equity \$'000
2010							
<i>Financial assets</i>							
Cash and cash equivalents	4,058	(41)		-	41		-
2009							
<i>Financial assets</i>							
Cash and cash equivalents	3,522	(35)		-	35		-

(e) Fair Value

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

END OF AUDITED FINANCIAL STATEMENTS

2 Milk Marketing (NSW) Pty Limited



MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

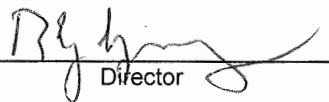
Pursuant to the *Public Finance and Audit Act 1983* the Directors of the Company declare on behalf of the Company that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Milk Marketing (NSW) Pty Limited as at 30 June 2010.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

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

Signed at *Dapto*

This 20th day of October, 2010 in
accordance with a resolution of the Directors.



Director

R. G. Grey

Signed at *Newington*

This 20th day of October, 2010 in
accordance with a resolution of the
Directors.



Director

P. S. Sutherland



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Milk Marketing (NSW) Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Milk Marketing (NSW) Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Company as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

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



A Oyetunji
Director, Financial Audit Services

20 October 2010
SYDNEY

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Statements of Comprehensive Income for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenue from continuing operations			
Investment Revenue		24,711	39,201
Other Revenue		-	35,972
Total revenue from continuing operations		24,711	75,173
 Expenses from continuing operations			
Consultants		-	10,500
Contractors		41,595	17,407
External Audit Fees	3	1,840	2,000
Miscellaneous Expenses		2,640	1,558
Storage & Retrieval		4,706	4,411
Subscriptions		4,395	3,253
Stakeholder Liaison		18,857	13,934
Grants & Sponsorship		40,279	4,545
Stores, Stationery & Printing		-	65
Travel		11,929	92,194
Total expenses from continuing operations		126,241	149,867
 Surplus (Deficit) before income tax		 (101,530)	 (74,694)
Income tax expense	1(g)	-	-
 Operating result from continuing operations		 (101,530)	 (74,694)
 Net operating result for the year		 (101,530)	 (74,694)
 Operating result attributable to the members of Milk Marketing (NSW) Pty Limited	7	 (101,530)	 (74,694)

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Statements of Financial Position for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	4	756,309	895,410
Receivables	5	<u>9,290</u>	<u>6,658</u>
Total current assets		<u>765,599</u>	<u>902,068</u>
Total assets		<u>765,599</u>	<u>902,068</u>
Current liabilities			
Payables	6	<u>25,583</u>	<u>60,522</u>
Total current liabilities		<u>25,583</u>	<u>60,522</u>
Total liabilities		<u>25,583</u>	<u>60,522</u>
Net assets		<u>740,016</u>	<u>841,546</u>
Equity			
Issued Capital	14	2	2
Contributed Equity	7	<u>740,014</u>	<u>841,544</u>
Total equity		<u>740,016</u>	<u>841,546</u>

The above statements of financial position should be read in conjunction with the accompanying notes.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Statements of Changes in Equity for the year ended 30 June 2010

	Contributed Equity \$
Balance at 1 July 2008	<u>916,240</u>
Total comprehensive income (loss) for the year	<u>(74,694)</u>
Transactions with owners in their capacity as owners	<u>-</u>
Balance at 30 June 2009	<u>841,546</u>
Total comprehensive income (loss) for the year	<u>(101,530)</u>
Transactions with owners in their capacity as owners	<u>-</u>
Balance at 30 June 2010	<u><u>740,016</u></u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Statements of Cash Flows for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(163,811)	(34,337)
Interest received		24,710	39,201
Other receipts		-	3,596
Net Cash (Outflow) Inflow from Operating Activities	15	<u>(139,101)</u>	<u>8,460</u>
Net Cash (Outflow) Inflow from Investing Activities		<u>-</u>	<u>-</u>
Net Cash (Outflow) Inflow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(139,101)	8,460
Cash and Cash Equivalents at the beginning of the year		<u>895,410</u>	<u>886,950</u>
Cash and Cash Equivalents at the end of the year	4	<u><u>756,309</u></u>	<u><u>895,410</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

Note 1. Summary of significant accounting policies

Reporting Entity

Milk Marketing (NSW) Pty Limited was incorporated on 27 June 1989 and began trading at that date. Its principle activity was the promotion of milk and dairy products in NSW on behalf of SafeFood. The company ceased all marketing activities at 30 June 2000 and continues as a subsidiary of the NSW Food Authority. All remaining funds continue to be used for the benefit of the NSW dairy industry.

Milk Marketing (NSW) Pty Limited is in the process of being wound up and its remaining funds being transferred to a trust to be held by the Primary Industries Division at the Department of Industry and Investment NSW.

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

Basis of preparation

The general purpose Financial Statements has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

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

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

Statement of compliance

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

Significant accounting policies

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

a) Significant revenues & expenses

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

b) Revenue recognition

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

Other revenue

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

Interest

Interest revenue is recognised as it accrues.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

**Notes to the Financial Statements
30 June 2010****c) Cash assets**

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

d) Receivables

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

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

e) Payables

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

f) Provisions

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

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

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

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

g) Income tax

The Company is exempt from Commonwealth income tax pursuant to section 24AO of the Income Tax Assessment Act 1936. Under this exemption, the company is classified as a State / Territory Body.

h) Goods and services tax

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

Receivables and payables in the Statement of Financial Position and commitments are shown inclusive of GST.

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

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

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

Note 2. General

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

2010	2009
\$	\$

Note 3. Remuneration of auditors

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

<u>1,840</u>	<u>2,000</u>
--------------	--------------

Note 4. Cash and cash equivalents

Cash at bank and in hand

<u>756,309</u>	<u>895,410</u>
----------------	----------------

Reconciliation to cash at the end of the year

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

Balance per Statements of Financial Position (as above)	756,309	895,410
Balance per Statements of Cash Flows	<u>756,309</u>	<u>895,410</u>

Note 5. Receivables

Accounts Receivable
GST receivable
Other receivables

724	4,290
6,636	2,181
1,930	187
<u>9,290</u>	<u>6,658</u>

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

**Notes to the Financial Statements
30 June 2010**

	2010	2009
	\$	\$
Note 6. Payables		
Amounts payable to parent entity (NSW Food Authority)	14,625	39,970
Payables and accrued expenses	10,958	20,552
GST payable	-	-
	<u>25,583</u>	<u>60,522</u>
Note 7. Accumulated Funds		
Balance at beginning of financial year	841,544	916,238
Surplus (Deficit) for the year	(101,530)	(74,694)
Balance at end of financial year	<u>740,014</u>	<u>841,544</u>
Note 8. Related party information		
Share transactions of directors		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	-	-
Related party transactions		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Outstanding balances		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current Receivables</i>		
Parent entity (NSW Food Authority)	-	-
<i>Current Payables</i>		
Parent entity (NSW Food Authority)	<u>14,625</u>	<u>39,970</u>

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

Note 9. Responsible persons and executive officers

Directors

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

G R Davey

R G Grey

P S Sutherland

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

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

	2010	2009
	\$	\$
Directors' remuneration		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-
	Number 2010	Number 2009
Number of directors whose income was within the following bands:		
Nil to \$9,999	3	3

The company does not employ any executive personnel.

Note 10. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2010 (2008/9 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2010 (2008/9 nil).

Note 11. Contingent liabilities and contingent assets

As at balance date 30 June 2010, the Company has no legal matters outstanding which are expected to result in material claims for or against it (2008/9 nil).

Note 12. Subsequent events

There have been no events subsequent to balance sheet date.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

**Notes to the Financial Statements
30 June 2010****Note 13. Segment Information**

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

Note 14. Contributed Equity

	2010	2009
	\$	\$
Issued and Fully Paid:		
2 ordinary shares of \$1.00 each	<u>2</u>	<u>2</u>

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

Surplus (Deficit) for the year	(101,530)	(74,694)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	(2,632)	128,111
Increase/(Decrease) in payables and other liabilities	<u>(34,939)</u>	<u>(44,957)</u>
Net cash provided by/(used in) operating activities	<u>(139,101)</u>	<u>8,460</u>

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

Note 16. Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2010	2009
			\$	\$
Class:				
Cash and cash equivalents	4	N/A	756,309	895,410
Receivables ¹	5	Loans and receivables (at amortised cost)	724	4,290
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	6	Financial liabilities measured at amortised cost	25,583	60,522

Notes

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

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

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

**Notes to the Financial Statements
30 June 2010****(b) Credit Risk**

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

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

Cash

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

Receivables - trade debtors

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

The Company is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2010:nil; 2009: nil) and not less than 6 months past due (2009: 724 ; 2009: 4,290) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$	\$
2010			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	724	724	-
2009			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	4,290	4,290	-

Notes

- 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 not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statements of financial position.

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

(c) Liquidity risk

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

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

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

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

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

**Notes to the Financial Statements
30 June 2010**

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2010								
<i>Payables</i>	-	25,583	-	-	25,583	25,583	-	-
		25,583	-	-	25,583	25,583	-	-
2009								
<i>Payables</i>	-	60,522	-	-	60,522	60,522	-	-
		60,522	-	-	60,522	60,522	-	-

MILK MARKETING (NSW) PTY LIMITED

ABN 67 003 830 902

Notes to the Financial Statements 30 June 2010

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount \$	-1% Profit \$	Equity \$	1% Profit \$	Equity \$
2010					
<i>Financial assets</i>					
Cash	756,309	(7,563)	-	7,563	-
Receivables	724	-	-	-	-
<i>Financial liabilities</i>					
Payables	25,583	-	-	-	-
2009					
<i>Financial assets</i>					
Cash	895,410	(8,954)	-	8,954	-
Receivables	4,290	-	-	-	-
<i>Financial liabilities</i>					
Payables	60,522	-	-	-	-

(e) Fair Value

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

END OF AUDITED FINANCIAL STATEMENTS

3

Pacific Industry Services Corporation Pty Limited



PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of Pacific Industry Services Corporation Pty Limited as at 30 June 2010.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

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

Signed at

This 20th day of October, 2010 in
accordance with a resolution of the Directors



Director

James Richmond Forsyth

Signed at

This 20th day of October, 2010 in
accordance with a resolution of the Directors.



Director

Frances Edwina Mulhearn



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Pacific Industry Services Corporation Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Pacific Industry Services Corporation Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Company as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

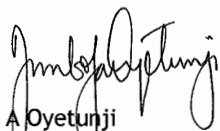
My opinion does *not* provide assurance:

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

Independence

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

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



A Oyetunji
Director, Financial Audit Services

20 October 2010
SYDNEY

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Statements of Comprehensive Income for the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenue from continuing operations			
Investment Revenue		5,851	9,798
Other Revenue		239	809
Total revenue from continuing operations		<u>6,090</u>	<u>10,607</u>
Expenses from continuing operations			
Annual Report		-	-
Bank Charges		58	64
Consultants		-	13,942
Contractors		3,665	8,883
Audit Fees	3	2,024	2,200
Miscellaneous Expenses		70	-
Insurance		3,931	3,028
Total expenses from continuing operations		<u>9,748</u>	<u>28,117</u>
Operating result before income tax expense		(3,658)	(17,510)
Income Tax expense	1(g)	-	-
Operating result from continuing operations		<u>(3,658)</u>	<u>(17,510)</u>
Net operating result for the year		<u>(3,658)</u>	<u>(17,510)</u>
Operating result attributable to the members of Pacific Industry Services Corporation Pty Limited	7	<u><u>(3,658)</u></u>	<u><u>(17,510)</u></u>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Statements of Financial Position for the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	4	208,559	216,585
Receivables	5	-	937
Total Current Assets		208,559	217,522
Total Assets		208,559	217,522
Current Liabilities			
Payables	6	6,383	11,688
Total Current Liabilities		6,383	11,688
Total Liabilities		6,383	11,688
Net Assets		202,176	205,834
Equity			
Issued Capital	14	2,875,267	2,875,267
Contributed Equity	7	(2,673,091)	(2,669,433)
Total Equity		202,176	205,834

The above statements of financial position should be read in conjunction with the accompanying notes.

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Statements of Changes in Equity for the Year Ended 30 June 2010

	Contributed Equity \$
Balance at 1 July 2008	<u>223,344</u>
Total comprehensive income (loss) for the year	<u>(17,510)</u>
Transactions with owners in their capacity as owners	<u>-</u>
Balance at 30 June 2009	<u>205,834</u>
Total comprehensive income (loss) for the year	<u>(3,658)</u>
Transactions with owners in their capacity as owners	<u>-</u>
Balance at 30 June 2010	<u><u>202,176</u></u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Statements of Cash Flows for the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(14,557)	(20,775)
Interest received		6,292	10,580
Other receipts		239	809
Net Cash (Outflow) Inflow from Operating Activities	15	<u>(8,026)</u>	<u>(9,386)</u>
Net Cash (Outflow) Inflow from Investing Activities		<u>-</u>	<u>-</u>
Net Cash (Outflow) Inflow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(8,026)	(9,386)
Cash and Cash Equivalents at the beginning of the year		<u>216,585</u>	<u>225,971</u>
Cash and Cash Equivalents at the end of the year	4	<u><u>208,559</u></u>	<u><u>216,585</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements

30 June 2010

Note 1. Summary of significant accounting policies

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

Basis of preparation

The general purpose Financial Statements has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and Treasurer's Directions.

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

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

Statement of Compliance

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

Significant accounting policies

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

a) Significant revenues & expenses

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

b) Revenue recognition

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

Other Revenue

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

Interest

Interest revenue is recognised as it accrues.

Dividends

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

c) Cash assets

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

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements 30 June 2010

d) Receivables

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

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

e) Payables

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

f) Provisions

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

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

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

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

g) Income tax

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

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

An application for an additional Private Ruling for Exemptions from Commonwealth income tax for the years ending 30 June 2010 to 30 June 2011 was lodged with the Australian Taxation Office.

h) Goods and services tax

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

Receivables and payables in the Statements of Financial Position and commitments are shown inclusive of GST.

Cash flows are included in the Statements of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities are classified as operating cash flows.

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2010****Note 2. General**

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

	2010	2009
	\$	\$

Note 3. Remuneration of auditors

Fees paid to *The Audit Office of New South Wales*
Audit of Financial Statements

	<u>2,024</u>	<u>2,200</u>
--	--------------	--------------

Note 4. Cash and cash equivalents

Cash at bank and in hand

	<u>208,559</u>	<u>216,585</u>
--	----------------	----------------

Reconciliation to cash at the end of the year

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

Balance per Statements of Financial Position (as above)

	<u>208,559</u>	<u>216,585</u>
--	----------------	----------------

Balance per the Statements of Cash Flows

	<u>208,559</u>	<u>216,585</u>
--	----------------	----------------

Note 5. Receivables

Net goods & services receivable

-	497
---	-----

Interest Receivable

-	440
---	-----

<u>-</u>	<u>937</u>
----------	------------

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements 30 June 2010

	2010	2009
	\$	\$
Note 6. Payables		
Amounts payable to parent entity (NSW Food Authority)	3,665	8,884
Payables and accrued expenses	<u>2,718</u>	<u>2,804</u>
	<u><u>6,383</u></u>	<u><u>11,688</u></u>
Note 7. Accumulated Funds		
Balance at beginning of financial year	(2,669,433)	(2,651,923)
Surplus (Deficit) for the year	<u>(3,658)</u>	<u>(17,510)</u>
Balance at end of financial year	<u><u>(2,673,091)</u></u>	<u><u>(2,669,433)</u></u>
Note 8. Related party information		
Share transactions of directors		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company		
	<u><u>-</u></u>	<u><u>-</u></u>
Related party transactions		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Outstanding balances		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current Receivables</i>		
Parent entity (NSW Food Authority)	<u><u>-</u></u>	<u><u>-</u></u>
<i>Current Payables</i>		
Parent entity (NSW Food Authority)	<u><u>3,665</u></u>	<u><u>8,884</u></u>

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2010****Note 9. Responsible persons and executive officers****Directors**

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

Mr James Richmond Forsyth
Ms Frances Edwina Mulhearn

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

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

	2010	2009
	\$	\$
Directors' remuneration		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-
	<u>Number</u>	<u>Number</u>
	<u>2010</u>	<u>2009</u>
Number of directors whose income was within the following bands:		
Nil to \$9,999	2	2

The company does not employ any executive personnel.

Note 10. Commitments for expenditure**(a) Capital expenditure commitments**

There were no commitments for capital expenditure as at 30 June 2010 (2008/9 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2010 (2008/9 nil).

Note 11. Contingent liabilities and contingent assets

As at balance date 30 June 2010, the Company has no legal matters outstanding which are expected to result in material claims for or against it (2008/9 nil).

Note 12. Subsequent events

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

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements 30 June 2010

Note 13. Segment Information

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

The company operates in Australia.

Note 14. Contributed Equity

	2010	2009
	\$	\$
Issued and Fully Paid:		
2,875,267 Ordinary shares of \$1.00 each	<u>2,875,267</u>	<u>2,875,267</u>

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

Operating result for the year	(3,658)	(17,510)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	937	781
Increase/(Decrease) in payables and other liabilities	<u>(5,305)</u>	<u>7,343</u>
Net cash provided by/(used in) operating activities	<u>(8,026)</u>	<u>(9,386)</u>

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2010****Note 16. Financial instruments**

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2010	2009
			\$	\$
Class:				
Cash and cash equivalents	4	N/A	208,559	216,585
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ¹	6	Financial liabilities measured at amortised cost	6,383	11,688

Note

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

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements 30 June 2010

(b) Credit Risk

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

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

Cash

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

(c) Liquidity risk

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

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

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

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

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2010**

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2010								
<i>Payables</i>	-	6,383	-	-	6,383	6,383	-	-
		6,383	-	-	6,383	6,383	-	-
2009								
<i>Payables</i>	-	11,688	-	-	11,688	11,688	-	-
		11,688	-	-	11,688	11,688	-	-

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED

ABN 36 066 872 302

Notes to the Financial Statements 30 June 2010

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount \$	-1% Profit \$	Equity \$	1% Profit \$	Equity \$
2010					
<i>Financial assets</i>					
Cash	208,559	(2,086)	-	2,086	-
Receivables	-	-	-	-	-
<i>Financial liabilities</i>					
Payables	6,383	-	-	-	-
2009					
<i>Financial assets</i>					
Cash	216,585	(2,166)	-	2,166	-
Receivables	937	-	-	-	-
<i>Financial liabilities</i>					
Payables	11,688	-	-	-	-

(e) Fair Value

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

END OF AUDITED FINANCIAL STATEMENTS

This page has been left blank intentionally.

This page has been left blank intentionally.



NSW Food Authority

safer food, clearer choices

6 Avenue of the Americas, Newington NSW 2127
PO Box 6682, Silverwater NSW 1811
Tel: 02 9741 4777 Fax: 02 9741 4888
www.foodauthority.nsw.gov.au

Consumer & Industry Helpline
Tel: 1300 552 406 Fax: 02 9647 0026
Email: contact@foodauthority.nsw.gov.au

Helpline hours 8.30am to 5.30pm Monday to Friday
Office hours 8.30am to 5.00pm Monday to Friday