

**2011-12 AER Gas Compliance Report**

Attachment B: 2011-12 ActewAGL Joint Venture Summary Financial Report

# **ActewAGL Joint Venture**

**Summary Financial Report  
for the year ended 30 June 2012**

# **ActewAGL Joint Venture Summary Financial Report - 30 June 2012**

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## Introduction to the summary financial report

### Profit

Net profit for the year ended 30 June 2012 was \$162.6m. This compares to the prior year's net profit of \$166.6m.

Total operating revenue from continuing operations for the year ended 30 June 2012 was \$722.1m compared to \$737.6m in the prior year. The decrease in revenue is primarily due to lower electricity sales as a result of the cooler than average weather conditions experienced throughout summer.

Total expenses from continuing operations for the year ended 30 June 2012 was \$566.4m compared to \$575.3m in the prior year. This is primarily attributed to lower energy purchases resulting from a decrease in electricity sales due to the cooler than average weather conditions experienced throughout summer. Operating expenses are largely in line with the previous financial year.

### Cash flow

The Group generated \$194.0m from its operating activities for the year ended 30 June 2012 compared to \$187.4m in the prior year.

Net cash outflows from investing activities were \$81.1m for the current year, compared to \$100.5m for the prior year. The \$19.4m decrease in cash outflows is mainly driven by the receipt in advance of monies from ACTEW Corporation for the sale of Water Division. For the 2011/12 financial year, the major electricity investment projects undertaken included the construction of several distribution and sub-transmission projects to ensure security of supply to existing and future electrical load within the ACT. Other major investment projects include addressing ageing equipment and capacity shortfalls at Civic zone substation which supplies approximately half of the Canberra Central Business District area and the ongoing construction of major substations for office developments, government departments, retail and residential purposes and continuation of the pole replacement program. Major investment in the gas network currently in progress is the development of the Hume Primary Regulating Station and Primary Mains Extension which will increase network capacity as well as ensure security of supply to Tuggeranong, Queanbeyan, Googong and Woden areas. Other investment projects include the upgrade to the Fyshwick Trunk Receiving Station which will ensure the security of gas supply to approximately 25,000 customers in the areas of Jerrabomberra, Queanbeyan, Fyshwick, and Hume, and future proposed developments at Googong and Tralee.

Cash surplus to the Group's operational, capital and working capital requirements is returned to the partners in the form of cash distributions. In the 2011/12 financial year, \$87.4m was distributed to ActewAGL's partners; \$4.4m lower than the \$91.8m in the prior year mainly due to lower sales in electricity.

### Financial position

As at 30 June 2012, the Group had net assets of \$1,029.7m compared to \$954.5m in the prior year. The increase is mainly due to the increase in working capital and capital investment in the Network business. Cash available as at 30 June 2012 was \$63.9m, \$25.3m higher than the prior year. Current assets were \$266.2m compared to \$229.5m in the prior year. Current liabilities were \$213.7m compared to \$197.1m as at the same time last year. The Group does not have any borrowings other than finance leases.

The carrying value of property, plant and equipment of \$952.0 million, compared to \$898.1m as at 30 June 2011, is primarily due to continued investment in Network assets to meet peak demand and ensure security of supply.

### Partners' return

The return on funds employed for the 2011/12 financial year based on the net profit before tax was 15.8% compared to 17.5% in the prior year.

The summarised financial report is consistent with the special purpose financial report from which it is derived.

ActewAGL Joint Venture  
Statement of comprehensive income  
For the year ended 30 June 2012

	30 June 2012 \$'000	30 June 2011 \$'000
Revenue from continuing operations	<u>722,146</u>	<u>737,563</u>
<b>Total income</b>	<u>722,146</u>	<u>737,563</u>
Energy purchases	(362,001)	(376,383)
Employee costs	(107,915)	(105,888)
Depreciation and amortisation expense	(36,156)	(34,311)
Subcontractor expenses	(25,391)	(22,887)
Lease expenses	(12,231)	(13,770)
Material costs	(4,711)	(4,180)
Finance costs	(1,709)	(2,100)
Project related expenses	(924)	(2,772)
Selling expenses	(12,600)	(9,240)
Other expenses	(2,769)	(3,750)
<b>Total expenses</b>	<u>(566,407)</u>	<u>(575,281)</u>
Profit from continuing operations	155,739	162,282
Profit from discontinued operations	<u>6,867</u>	<u>4,295</u>
<b>Profit for the year</b>	<u>162,606</u>	<u>166,577</u>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>162,606</u>	<u>166,577</u>
Profit is attributable to:		
Partners of the ActewAGL Joint Venture	<u>162,606</u>	<u>166,577</u>
	<u>162,606</u>	<u>166,577</u>
Total comprehensive income for the year is attributable to:		
Partners of the ActewAGL Joint Venture	<u>162,606</u>	<u>166,577</u>
	<u>162,606</u>	<u>166,577</u>
Total comprehensive income for the year attributable to owners of ActewAGL Joint Venture arises from:		
Continuing operations	155,739	162,282
Discontinued operations	<u>6,867</u>	<u>4,295</u>
	<u>162,606</u>	<u>166,577</u>

ActewAGL Joint Venture  
Balance sheet  
As at 30 June 2012

	30 June 2012 \$'000	30 June 2011 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	63,897	38,635
Trade and other receivables	185,145	182,096
Inventories	10,538	8,771
Assets classified as held for sale	6,576	-
<b>Total current assets</b>	<u>266,156</u>	<u>229,502</u>
<b>Non-current assets</b>		
Receivables	614	389
Available-for-sale financial assets	2,000	2,000
Property, plant and equipment	952,048	898,133
Intangible assets	31,018	28,987
<b>Total non-current assets</b>	<u>985,680</u>	<u>929,509</u>
<b>Total assets</b>	<u>1,251,836</u>	<u>1,159,011</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	140,401	139,106
Provisions	20,705	34,315
Other current liabilities	35,722	23,657
Liabilities classified as held for sale	16,867	-
<b>Total current liabilities</b>	<u>213,695</u>	<u>197,078</u>
<b>Non-current liabilities</b>		
Provisions	3,066	3,570
Other non-current liabilities	5,333	3,827
<b>Total non-current liabilities</b>	<u>8,399</u>	<u>7,397</u>
<b>Total liabilities</b>	<u>222,094</u>	<u>204,475</u>
<b>Net assets</b>	<u>1,029,742</u>	<u>954,536</u>
<b>JOINT VENTURE FUNDS</b>		
Joint venture funds	1,029,742	954,536
<b>Total joint venture funds</b>	<u>1,029,742</u>	<u>954,536</u>

ActewAGL Joint Venture  
Statement of changes in joint venture funds  
For the year ended 30 June 2012

	30 June 2012 \$'000	30 June 2011 \$'000
Total joint venture funds at the beginning of the financial year	<u>954,536</u>	<u>879,779</u>
Total comprehensive income for the year	<u>162,606</u>	<u>166,577</u>
Transactions with partners in their capacity as owners:	-	-
Distributions paid	<u>(87,400)</u>	<u>(91,820)</u>
Total joint venture funds at the end of the financial year	<u>1,029,742</u>	<u>954,536</u>

ActewAGL Joint Venture  
Statement of cash flows  
For the year ended 30 June 2012

	30 June 2012 \$'000	30 June 2011 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	958,217	946,261
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(766,795)</u>	<u>(761,266)</u>
	191,422	184,995
Interest received	2,585	2,448
Interest and other costs of finance paid	<u>(45)</u>	<u>(43)</u>
<b>Net cash inflow from operating activities</b>	<u>193,962</u>	<u>187,400</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(96,816)	(103,285)
Proceeds from sale of property, plant and equipment	46	35
Proceeds from sale of interest in joint venture	-	2,229
Proceeds from sale of subsidiary	-	500
Proceeds from sale of Water Division	<u>15,695</u>	<u>-</u>
<b>Net cash (outflow) from investing activities</b>	<u>(81,075)</u>	<u>(100,521)</u>
<b>Cash flows from financing activities</b>		
Distributions paid to partners	(87,400)	(91,820)
Repayment of borrowings	<u>(221)</u>	<u>(193)</u>
<b>Net cash (outflow) from financing activities</b>	<u>(87,621)</u>	<u>(92,013)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	25,266	(5,134)
Cash and cash equivalents at the beginning of the financial year	38,635	43,769
Cash reclassified as held for sale	<u>(4)</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>63,897</u>	<u>38,635</u>

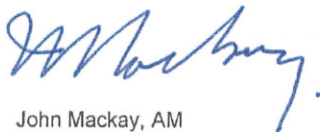


**ActewAGL Joint Venture  
Joint Venture Board's declaration  
30 June 2012**

The board members declare that:

- (a) the summarised financial report on pages 4 to 7:
  - (i) complies with applicable Accounting Standards and other mandatory professional reporting requirements; and
  - (ii) gives a true and fair view of the Joint Venture's financial position as at 30 June 2012 and of its performance, as represented by the results of its operations and cashflows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Joint Venture will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Joint Venture board.



John Mackay, AM  
Chairman  
Canberra

21 August 2012



Mark Sullivan, AO  
Board Member  
Canberra

21 August 2012



**ACT AUDITOR-GENERAL'S OFFICE**



## **INDEPENDENT AUDIT REPORT**

### **To the Partners of ActewAGL Joint Venture**

#### **Report on the summary financial report**

The summary financial report (financial report) of the ActewAGL Joint Venture has been audited. The financial report comprises the statement of comprehensive income, balance sheet, statement of changes in joint venture funds, statement of cash flows and Joint Venture Board's declaration. The financial report has been derived from the audited special purpose financial report of the ActewAGL Joint Venture (the Joint Venture) for the year ended 30 June 2012.

On 29 August 2012, I issued an unmodified audit report on the special purpose financial report of the Joint Venture for the year ended 30 June 2012

The financial report does not contain all disclosures required by the *ACTEW/AGL Partnership Facilitation Act 2000*, or as may be considered necessary to meet the needs of the Partners of the Joint Venture. Reading the financial report is, therefore, not a substitute for reading the audited financial report of the ActewAGL Joint Venture.

#### **Responsibility for the summary financial report**

The Board of the Joint Venture is responsible for the preparation of the financial report.

#### **Auditor's responsibility**

I am responsible for expressing an audit opinion on the financial report based on my procedures. These procedures were conducted in accordance with Auditing Standard ASA 810: 'Engagements to Report on Summary Financial Statements'.

#### **Electronic presentation of the summary financial report**

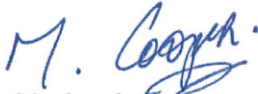
Those viewing an electronic presentation of this financial report should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from this financial report. If users of the financial report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

## **Independence**

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

## **Audit opinion**

In my opinion, the financial report, derived from the audited special purpose financial report of ActewAGL Joint Venture for the year ended 30 June 2012, is materially consistent with the special purpose financial report.



Dr Maxine Cooper  
Auditor-General

29 August 2012



## ACT AUDITOR-GENERAL'S OFFICE



Board of Directors  
ActewAGL Joint Venture  
GPO Box 366  
CANBERRA CITY ACT 2601

### ActewAGL Joint Venture Summary Report

In relation to the audit of the financial report of the ActewAGL Joint Venture Summary Report for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the code of professional conduct.

Dr Maxine Cooper  
Auditor-General  
21 August 2012