

APPENDIX F

ESTIMATED OUTCOME FOR DISCONTINUED AGENCIES

RHODIUM ASSET SOLUTIONS LIMITED

Objectives

Rhodium Asset Solutions Limited (Rhodium) provides fleet management services to the ACT Government, in addition to private and Australian Government agencies.

The financial estimates presented in this chapter reflect the Government's intention to finalise the sale of Rhodium by 30 June 2007. However, the Government does not wish to pre-empt what the financial arrangements for the company will be, as the evaluation and negotiation processes are ongoing at the time of preparation of the Budget Papers. As a result, Rhodium's assets and liabilities have been removed to reflect the sale of the company as a going concern. This adjustment has been reflected as an expense in Rhodium's Operating Result. Hence, the operating loss shown for the company in 2006-07 mainly reflects this transaction, rather than an underlying loss on operations.

Estimated Employment Level

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	32	0

Rhodium Asset Solutions Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
12,310	User Charges - Non ACT Government	13,255	0	-100	0	0	0
8,915	User Charges - ACT Government	9,402	0	-100	0	0	0
192	Interest	183	0	-100	0	0	0
366	Other Revenue	172	0	-100	0	0	0
21,783	Total Revenue	23,012	0	-100	0	0	0
Gains							
0	Total Gains	0	0	-	0	0	0
21,783	Total Income	23,012	0	-100	0	0	0
Expenses							
2,155	Employee Expenses	2,208	0	-100	0	0	0
235	Superannuation Expenses	228	0	-100	0	0	0
2,014	Supplies and Services	3,295	0	-100	0	0	0
4,563	Depreciation and Amortisation	4,611	0	-100	0	0	0
5,541	Borrowing Costs	5,543	0	-100	0	0	0
5,035	Cost of Goods Sold	5,089	0	-100	0	0	0
2,160	Other Expenses	2,460	0	-100	0	0	0
21,703	Total Ordinary Expenses	23,434	0	-100	0	0	0
80	Operating Result From Ordinary Activities	-422	0	100	0	0	0
24	Income Tax Equivalent	0	0	-	0	0	0
0	Restructure of Rhodium	5,334	0	-	0	0	0
56	Operating Result	-5,756	0	100	0	0	0

Rhodium Asset Solutions Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
4,573	Cash and Cash Equivalents	0	0	-	0	0	0
4,705	Receivables	0	0	-	0	0	0
26,418	Other	0	0	-	0	0	0
35,696	Total Current Assets	0	0	-	0	0	0
Non Current Assets							
12,849	Property, Plant and Equipment	0	0	-	0	0	0
85	Intangibles	0	0	-	0	0	0
198	Tax Assets	0	0	-	0	0	0
49,451	Other	0	0	-	0	0	0
62,583	Total Non Current Assets	0	0	-	0	0	0
98,279	TOTAL ASSETS	0	0	-	0	0	0
Current Liabilities							
4,038	Payables	0	0	-	0	0	0
4,692	Interest Bearing Liabilities	0	0	-	0	0	0
24,851	Finance Leases	0	0	-	0	0	0
327	Employee Benefits	0	0	-	0	0	0
28	Other Provisions	0	0	-	0	0	0
24	Income Tax Payable	0	0	-	0	0	0
33,960	Total Current Liabilities	0	0	-	0	0	0
Non Current Liabilities							
9,628	Interest Bearing Liabilities	0	0	-	0	0	0
49,457	Finance Leases	0	0	-	0	0	0
54	Employee Benefits	0	0	-	0	0	0
509	Other Provisions	0	0	-	0	0	0
59,648	Total Non Current Liabilities	0	0	-	0	0	0
93,608	TOTAL LIABILITIES	0	0	-	0	0	0
4,671	NET ASSETS	0	0	-	0	0	0
REPRESENTED BY FUNDS EMPLOYED							
4,671	Accumulated Funds	0	0	-	0	0	0
4,671	TOTAL FUNDS EMPLOYED	0	0	-	0	0	0

Rhodium Asset Solutions Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
21,882	User Charges	19,948	0	-100	0	0	0
192	Interest Received	159	0	-100	0	0	0
22,074	Operating Receipts	20,107	0	-100	0	0	0
Payments							
2,276	Related to Employees	2,361	0	-100	0	0	0
3,117	Related to Supplies and Services	4,335	0	-100	0	0	0
5,541	Borrowing Costs	5,171	0	-100	0	0	0
8,569	Other	6,697	0	-100	0	0	0
19,503	Operating Payments	18,564	0	-100	0	0	0
2,571	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,543	0	-100	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
2,545	Proceeds from Sale of Property, Plant & Equipment	2,523	0	-100	0	0	0
2,545	Investing Receipts	2,523	0	-100	0	0	0
Payments							
5,700	Purchase of Property, Plant and Equipment	8,942	0	-100	0	0	0
5,700	Investing Payments	8,942	0	-100	0	0	0
-3,155	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-6,419	0	100	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
74,792	Borrowings Received	71,940	0	-100	0	0	0
74,792	Financing Receipts	71,940	0	-100	0	0	0
Payments							
74,488	Repayment of Borrowings	71,128	0	-100	0	0	0
0	Payments of Transferred Cash Balances	917	0	-100	0	0	0
74,488	Financing Payments	72,045	0	-100	0	0	0

Rhodium Asset Solutions Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
304	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-105	0	100	0	0	0
-280	NET INCREASE/(DECREASE) IN CASH HELD	-4,981	0	100	0	0	0
4,853	CASH AT BEGINNING OF REPORTING PERIOD	4,981	0	-100	0	0	0
4,573	CASH AT THE END OF THE REPORTING PERIOD	0	0	-	0	0	0

Rhodium Asset Solutions Statement of Changes in Equity

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
4,615	Opening Balance	7,626	0	-100	0	0	0
	Accumulated Funds						
0	Net Effect of a Correction of an Error	-1,870	0	100	0	0	0
56	Operating Result for the Period	-5,756	0	100	0	0	0
	Reserves						
56	Total Income And Expense For The Period	-7,626	0	100	0	0	0
	Transactions Involving Equity Holders Affecting Accumulated Funds						
4,671	Closing Balance	0	0	-	0	0	0

Notes to Budget Statements

The decrease in the 2007-08 Budget from the 2006-07 estimated outcome is due to the expectation that Rhodium will be sold by 30 June 2007.

Other significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the increase of \$0.945 million in the 2006-07 estimated outcome from the original budget is due to higher than expected revenue from operations resulting from a strong leasing market and an increase in the number of novated leases.
- user charges – ACT Government: the increase of \$0.487 million in the 2006-07 estimated outcome from the original budget relates mainly to an increase in the number of novated leases with ACT Government employees.
- other revenue: the decrease of \$0.194 million in the 2006-07 estimated outcome from the original budget is mainly due to reduced revenue from the disposal of used vehicles due to market conditions.
- supplies and services: the increase of \$1.281 million in the 2006-07 estimated outcome from the original budget is due to the engagement of contract staff and higher professional fees relating to legal advice on the company sale process, specialist services for information technology infrastructure, financial and records management consultancy advice, and audit services.
- restructure of Rhodium: the \$5.334 million reflects the disposal of the assets and liabilities following the planned sale of the company by 30 June 2007.

Balance Sheet

Due to the anticipated sale, Rhodium is expected to cease trading by 30 June 2007 and therefore a nil balance sheet has been reported and the proceeds accounted for as an impact reported on the Operating Statement as explained above.

Cash Flow Statement

The major variations in the 2006-07 estimated outcome from the original budget and the 2007-08 Budget are explained within the Operating Statement above.

Other significant variations are as follows:

- purchase of property, plant and equipment: the increase of \$3.242 million in the 2006-07 estimated outcome from the original budget is due to a greater focus on operating leases and the profile of equipment purchased within this category, combined with price increases throughout the year.
- repayment of borrowings: the decrease of \$3.360 million in the 2006-07 estimated outcome from the original budget is due to lower than expected repayments related to residual values of maturing vehicles and other leases.
- payment of transferred cash balances: the increase of \$0.917 million in the 2006-07 estimated outcome from the original budget reflects the removal of cash assets as part of the sale related adjustments to Rhodium's financial statements noted above.

Statement of Changes in Equity

- net effect of a correction of an error: the decrease \$1.870 million in the 2006-07 estimated outcome from the original budget relates to the reduction in equity recorded following the results of audits into previous years' account balances and the requirement under Accounting Standards to bring these results to account in the current year.