



**ESPERANCE  
PORT  
AUTHORITY**

**ANNUAL REPORT  
2004 — 2005**

**ESPERANCE PORT AUTHORITY  
ANNUAL REPORT 2004/2005**

The directors present their report for the Esperance Port Authority for the year ended 30 June 2005.

**Directors**

The following persons were directors of the Esperance Port Authority during the whole of the financial year and up to the date of this report:

R.J. Nulsen  
R.J. Thorp  
M.I. Anwyl  
T. Hawkins  
I.S. Mickel

**Principal Activities**

During the year the principal activities of the Port consisted of:

1. Port planning for future development,
2. Trade promotion and facilitation,
3. Asset maintenance and construction,
4. Provision of services power supply and labour as required for stevedoring, pilotage, mooring and maintenance activities.

There were no significant changes in the nature of the activities carried out by the Authority during the year.

**Dividend**

The Authority has recommended to the Minister for Planning and Infrastructure that a dividend of \$1,563,206 be paid for the year ended 30 June 2005.

**Review of Operations**

A summary of revenues according to significant operating areas is set out below:

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from vessels	6,674	6,305
Revenue from cargo	5,672	5,313
Revenue from port services	8,797	8,278
Equipment hire, power and water revenue	1,179	1,528
Other revenues	<u>5,390</u>	<u>5,937</u>
	27,712	27,361
Less expenses:		
Administration	1,525	1,418
Shipping Handling Costs	6,473	6,044
Power and Water	1,396	1,481
General Maintenance	3,921	3,250
Depreciation	4,596	4,809
Interest	3,415	3,567
Other Expenditure	<u>2,001</u>	<u>3,263</u>
Total Expenditure	23,327	23,832
Profit from ordinary activities before income tax	4,385	3,529
Income tax expense relating to ordinary activities	<u>1,257</u>	<u>1,006</u>
Profit from ordinary activities after income tax	<u>3,128</u>	<u>2,523</u>

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Comments on the operations and the results of those operations are set out below:

- (a) **Revenue from Vessels**  
Total Port trade was 7,774,123 tonnes. This was 476,992 tonnes greater than the previous year of 7,297,131 tonnes, a 6.5 percent increase, and a new record trade for the year. The Authority did not vary its charges during the year. Total revenue from the berthage charge increased by \$11,968 on the previous year an increase of 1.4%. While revenue from the vessel charge increased \$356,933 on the previous year, an increase of 6.5%.
- (b) **Revenue from Cargo**  
Revenue from cargo increased by \$358,863 or 6.7% on the preceding year with total trade increasing by 6.5%. The revenue earned is dependent on the mix of cargoes. Exports of iron ore increased 267,087 tonnes or 5.2% on the previous year. Exports of grain increased by 15% or 236,323 tonnes on the preceding year. Nickel exports fell by 38,835 tonnes or 15%. Imports of petroleum decreased 5,659 tonnes, or 2%, while fertilizer imports increased 19,545 tonnes, or 21.2% on the previous year.
- (c) **Revenue from Port Services**  
Included under port services were cargo handling revenue, labour hire recovery, pilotage revenue and pipeline service charge. Total revenue from port services increased by 6.3% on the previous year. There were increases in revenue from handling charges of 7%, labour hire recovery of 5% and pilotage of 1.5%. Pipeline service charge decreased 2%.
- (d) **Equipment Hire, Power and Water**  
Revenue from these sources decreased by 22.8% during the year. Sales of electricity to Co-operative Bulk Handling decreased 23.7% due to reduced prices arising from purchasing power direct from the new power station, although increased grain handling helped to offset some of the loss..
- (e) **Other Revenues**  
Other revenues decreased by \$547,000 from the previous year, due to less income being received from the sale of assets. Most other revenues were on a par with the previous year, although Interest Income increased substantially due to higher cash balances.
- (f) **Administration**  
Administration expenses increased 7.6% during the year. There were small increases in salaries with most other areas of expenditure in line with the previous year. General administration expenditure was \$652,784 as compared to \$558,446 the previous year.
- (g) **Shipping Handling Costs**  
Shipping handling costs increased by 7% on the previous year due to increased handling costs for iron ore and nickel which is in line with additional cargo through put. Maintenance on the bulk handling facilities and recoverable labour costs are very close to those incurred the previous year.
- (h) **Power and Water**  
Expenditure on power decreased by 5.7% on the previous year. This reflects the decision by the Authority to stop producing power and commence purchasing power from Esperance Power Pty. Ltd. the supplier of power for Esperance.
- (i) **General Maintenance**  
General maintenance expenditure increased by 20.6% on the previous year. Both Maintenance wages and Maintenance expenditure increased, by 22.6%, and 18.2% respectively, reflecting higher costs arising from the increased throughput.
- (j) **Depreciation**  
Depreciation expense decreased 4.4% on the previous year.
- (k) **Other Expenditure**  
Other expenditure has decreased due to decreases in insurance, pilotage expenditure, and a substantial reduction in losses recognised on the sale of assets.

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**Rate of Return**

The Minister for Planning and Infrastructure set this Authority a target of 6% for the year ended 30 June 2005. The target achieved was 7%. The target rate of return is a return on assets, before tax and interest but after depreciation, with assets and depreciation valued on a deprival value basis.

**Significant changes in the state of affairs**

Significant changes in the state of affairs of the Esperance Port Authority during the financial year were as follows:

- (a) The Authority spent \$2,629,754 on capital works during the year ended 30 June 2005.

**Matters subsequent to the end of the financial year**

There were no matters occurring subsequent to the end of the financial year.

**Likely developments and expected results of operations**

Significant Capital Works are expected to commence in the coming financial year, with work to begin on a Sulphur Storage and Handling Facility (\$19M), and a Multi User Bulk Storage Facility (\$9.6M). In addition, the purchase and commissioning of a Container Crane with bulk unloading capacity (\$12M) is expected to be well advanced during this period.

**Environmental regulation**

The Authority is subject to significant environmental regulation in respect of its cargo handling operations as set out below.

The mineral handling operations of the Authority are subject to Western Australia, Department of Environmental Protection, Conditions of Licence, Licence Number: 5099/8.

**Information on Directors**

<b>Director</b>	<b>Experience</b>	<b>Special Responsibilities</b>
R.J. Nulsen	Director since 1990 Chairman since 1996 Self employed business man.	Chairman of Directors
R.J. Thorp	Director since 1998 Self employed business man.	Deputy Chairman of Directors
M.I. Anwyl	Director appointed February 2003 Director Hawker Britton WA (Perth) Since 2001	Director
T. Hawkins	Director appointed February 2003 Self employed business woman	Director
I.S. Mickel	Director appointed February 2003 Farming Interests Director Telac Pty Ltd as trustee for the Rocky Plains Farm Trust Since 1982 Esperance Shire Council President Director Local Government Insurance Services since 2003	Director

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**Meetings of directors**

The numbers of meetings of the Authority's board of directors and the numbers of meetings attended by each director were:

<b>Director</b>	<b>Maximum Number of Meetings</b>	<b>Number Attended</b>
R.J. Nulsen	11	11
R.J. Thorp	11	10
M.I. Anwyl	11	11
T. Hawkins	11	11
I.S. Mickel	11	11

Details of the nature and amount of each element of the emoluments of each director of Esperance Port Authority and of three officers of the Port receiving the highest emoluments are set out in the following tables.

**Non-executive directors of Esperance Port Authority**

<b>NAME</b>	<b>DIRECTORS FEE</b>	<b>SUPERANNUATION</b>	<b>TOTAL</b>
	\$	\$	\$
R.J. Nulsen, Chairman	23,800	2,142	25,942
R.J. Thorp, Deputy Chairman	11,000	990	11,990
M.I. Anwyl	11,000	990	11,990
T. Hawkins	11,000	990	11,990
I.S. Mickel	11,000	990	11,990

**Senior executives of Esperance Port Authority**

<b>NAME</b>	<b>BASE SALARY</b>	<b>MOTOR VEHICLE</b>	<b>BONUS</b>	<b>SUPER- ANNUATION</b>	<b>OTHER BENEFITS</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$	\$
C.A. Stewart , Chief Executive Officer	180,388	3,350	2,051	28,155	988	214,932
I.R. Harrod, Harbour Master	175,577	3,655	2,051	14,028	615	195,926
N.R. Livingstone, Port Operations Manager	104,934		2,051	11,931		118,916

**Reappointment of Directors**

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding 3 years. Mr. R.J. Nulsen was reappointed as chairperson from 1 January 2005 for a further six months. Mr. R.J. Thorp reappointed deputy chairperson from 1 January 2005 for a further six months. Ms. M.I. Anwyl was reappointed for a further six months from 1 January 2005.

**Insurance of officers**

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During the financial year the Authority paid a premium of \$29,938 to insure the directors and the chief executive officer and the divisional managers of the Authority.

The liability insured are costs and expenses that may be incurred in defending civil and criminal proceedings that may be brought against the officers in their capacity as officers of the Authority.

**Rounding of amounts**

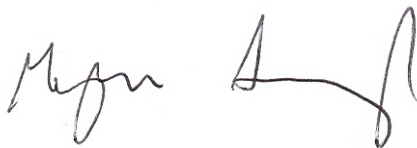
The Authority is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**Auditor**

The Auditor General continues in office in accordance with Schedule 5 Section 37 (2) of the Port Authorities Act 1999. This report is made in accordance with a resolution of the directors.



R.J. Nulsen  
Chairman



M.I. Anwyl  
Member  
24 August 2005



## AUDITOR GENERAL

### INDEPENDENT AUDIT REPORT ON ESPERANCE PORT AUTHORITY

#### To the Parliament of Western Australia

#### **Audit Opinion**

In my opinion, the financial report of the Esperance Port Authority is in accordance with:

- (a) schedule 5 of the Port Authorities Act 1999, including:
  - (i) giving a true and fair view of the Authority's financial position at 30 June 2005 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory professional reporting requirements in Australia.

#### **Scope**

##### ***The Board's Role***

The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

##### ***Summary of my Role***

As required by the Port Authorities Act 1999, I have independently audited the financial report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

D D R PEARSON  
AUDITOR GENERAL  
9 September 2005

**ESPERANCE PORT AUTHORITY**  
**Statement of financial performance**  
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Revenue from ordinary activities</b>	2	<b>27,712</b>	27,361
Depreciation and amortisation	3	(4,595)	(4,809)
Employee Benefits		(5,656)	(5,020)
General administration		(837)	(747)
General maintenance		(1,749)	(1,479)
Power and water		(1,396)	(1,481)
Bulk handling facilities maintenance		(1,086)	(969)
Insurance		(290)	(371)
Government charges		(613)	(553)
Carrying amount of assets disposed of		(216)	(1,456)
Other expenses from ordinary activities		(3,474)	(3,380)
Borrowing costs expense	3	<u>(3,415)</u>	<u>(3,567)</u>
<b>Profit from ordinary activities before related income tax expense</b>	3	<b>4,385</b>	3,529
Income tax expense	4	<u>(1,257)</u>	<u>(1,006)</u>
<b>Net Profit</b>		<b>3,128</b>	2,523

*The above Statement of financial performance should be read in conjunction with the accompanying notes.*



**ESPERANCE PORT AUTHORITY**  
**Statement of financial position**  
As at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Current assets</b>			
Cash assets	5,18	10,206	5,878
Receivables	6,18	2,997	5,018
Inventories	7	1,270	996
Total current assets		<u>14,473</u>	<u>11,892</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	74,004	76,184
Deferred tax assets	9	691	783
Total non-current assets		<u>74,695</u>	<u>76,967</u>
<b>Total assets</b>		<u>89,168</u>	<u>88,859</u>
<b>Current liabilities</b>			
Payables	10,18	1,884	2,590
Interest bearing liabilities	11,18	2,221	2,105
Provision for income tax	29	335	-
Provisions	12	2,360	2,023
Total current liabilities		<u>6,800</u>	<u>6,718</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities	13,18	49,789	52,020
Deferred tax liabilities	14	3,859	3,030
Provisions	15	938	874
Total non-current liabilities		<u>54,586</u>	<u>55,924</u>
<b>Total liabilities</b>		<u>61,386</u>	<u>62,642</u>
<b>Net assets</b>		<u>27,782</u>	<u>26,217</u>
<b>Equity</b>			
Contributed equity	16	2,209	2,209
Reserves	17(a)	4,143	4,143
Retained profits	17(b)	21,430	19,865
<b>Total equity</b>		<u>27,782</u>	<u>26,217</u>

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

**ESPERANCE PORT AUTHORITY**  
**Statement of cash flows**  
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		22,946	19,864
GST received on sales		2,713	2,754
Interest received		445	117
Income tax refund		-	143
Other receipts		6,021	6,113
GST paid on purchases		(1,117)	(971)
Payments to suppliers		(11,603)	(10,541)
Payments to employees		(3,584)	(3,300)
Borrowing costs		(3,441)	(3,581)
GST paid to taxation authority		(1,597)	(1,783)
<b>Net cash from operating activities</b>	23	<u>10,783</u>	<u>8,815</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,630)	(1,481)
Proceeds from sale of fixed assets		190	927
<b>Net cash used in investing activities</b>		<u>(2,440)</u>	<u>(554)</u>
<b>Cash flows from financing activities</b>			
Dividend payments		(1,900)	(1,248)
Repayment of borrowings from West Australian Treasury Corporation		(2,115)	(2,004)
<b>Net cash used in financing activities</b>		<u>(4,015)</u>	<u>(3,252)</u>
<b>Net increase (decrease) in cash held</b>		4,328	5,009
Cash at the beginning of the financial year		5,878	869
<b>Cash at the end of the financial year</b>	5	<u>10,206</u>	<u>5,878</u>

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

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**Note 1. Summary of significant accounting policies**

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the financial reporting provisions of the Port Authorities Act 1999 which generally reflect the relevant provisions of the Corporations Act 2001.

It is prepared on the accruals basis and in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**(a) Income tax**

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

From 1st July 2001 the Authority became subject to a National Tax Equivalent Regime (NTER) that was negotiated between the various State Governments and the Commonwealth Government. The NTER agreement does not override previously entered into arrangements that were in accordance with the Western Australian Governments Income Tax and Wholesale Sales Tax Equivalent Regime (TER). In preparing the financial statements for NTER purposes, the Authority has complied with the requirements of the previous TER where applicable, the Income Tax Assessment Act 1936 (as amended) except where they may be expressly modified by the Treasurer's Directions which have been specifically prepared to apply to the State Government Trading Enterprises (GTE's).

**(b) Acquisition of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(c) Revenue recognition**

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

*(i) Revenue from Vessels*

This revenue is recognised as from the time of arrival of the Vessel.

*(ii) Revenue from Cargo*

This revenue is recognised as from the time of arrival of the Vessel.

*(iii) Revenue from Port Services*

This revenue is recognised as from the time of arrival of the Vessel.

**Note 1. Summary of significant accounting policies (continued)**

(iv) *Equipment Hire, Power and Water Revenue*

This revenue is recognised upon the delivery of service to the customer.

(v) *Rentals*

Revenue from rentals is recognised as the period of occupancy.

(vi) *Infrastructure charge*

Revenue from infrastructure charge is recognised when invoiced quarterly.

(vii) *Other Revenues*

Revenue from all other sources is recognised on delivery of goods and services to the customer.

**(d) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

**(e) Inventories**

Inventories are valued at lower of cost or net realisable value. When issued, stores are costed at the actual cost based on first in first out.

**(f) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values. A discount rate of 8% has been applied (2004: 8%).

**(g) Revaluations of non-current assets**

Non-Current Assets are measured at cost. AASB 1041 Revaluation of Non Current Assets was adopted with effect from 1 July 2000, with the carrying value of the classes of assets at the date of adoption being deemed their cost. The previous policy was to revalue land and buildings at three yearly intervals.

**Note 1. Summary of significant accounting policies (continued)**

**(h) Depreciation of property, plant and equipment**

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Authority. The exceptions to this is land, minor assets that are pooled and motor vehicles purchased since July 2002. These assets are depreciated using the diminishing value method of 37.5 and 22.5 percent per annum respectively. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Channels	20-80 years
Breakwater	50 years
Buildings and ancillaries	5-50 years
Berths	20-25 years
Oil Pipeline	20 years
Electrical Services	5-40 years
Office Equipment	2-14.28 years
Motor Vehicles	4.44-6.67 years
Plant and Equipment	2-20 years
Bulk Loading Facilities	3-40 years
Berth Stabilisation and Fenders	10-25 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

**(i) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(j) Interest bearing liabilities**

Borrowings are recognised and carried at the amount of net proceeds received. Interest is recognised as it accrues.

**(k) Maintenance and repairs**

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(h).

**(l) Web site costs**

Costs in relation to the Authority's web site are charged as an expense in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over the period of expected benefit.

**Note 1. Summary of significant accounting policies (continued)**

**(m) Employee benefits**

*(i) Wages and Salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual and sick leave benefits are recognised in respect of employees' services up to the reporting date and are measured at amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. Long service leave to be settled beyond 12 months is calculated on a pro-rata basis from the commencement of service at the current rate of remuneration. The probability used for employees remaining in the employment until the expiry of the term is 1. The future cash outflows have not been discounted as the remuneration levels used are current rather than expected future. The requirements of AASB 1028 with regard to long service leave have been investigated and found not to be materially different to the method used.

*(iii) Superannuation*

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and a lump sum scheme now closed to new members. Employer contributions are also made to the Stevedoring Employees Retirement Fund (SERF) to satisfy existing workforce requirements for waterside employees who transferred to the Authority. New staff can nominate a superannuation scheme of their own, or join as non-contributory members of the West State Superannuation Scheme.

The liability for superannuation under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. This liability relates to employees covered under the original pension scheme.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by fortnightly payment of employer contributions to the Government Employees Superannuation Board. Payments extinguishing liability to the Stevedoring Employees Retirement Fund (SERF) are made on a monthly basis to the Fund.

The note disclosure as required by paragraph 6.10 of AASB 1028 (being the employers share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

*Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, superannuation and workers compensation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**(n) Borrowing costs**

Borrowing costs are recognised as expenses in the period in which they are incurred.

**Note 1. Summary of significant accounting policies (continued)**

**(o) Cash**

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(p) Rounding of amounts**

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**(q) Comparatives**

Where the classification of an item in the financial statements has been changed in relation to the corresponding item in the financial statements for the immediate preceding financial year, the item for that immediate preceding financial year is similarly reclassified for the purpose of showing comparative figures.



**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 2. Revenue**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
<b>Revenue from operating activities</b>		
Revenue from Vessels	<b>6,674</b>	6,305
Revenue from Cargo	<b>5,672</b>	5,313
Revenue from Port Services	<b>8,797</b>	8,278
Equipment Hire, Power and Water Revenue	<b>1,179</b>	1,528
Infrastructure Charge	<b>4,092</b>	4,092
Other Operating Revenues	<b>107</b>	105
	<b><u>26,521</u></b>	<u>25,621</u>
 <b>Revenue from outside the operating activities</b>		
Interest	<b>445</b>	132
Rentals	<b>556</b>	681
Proceeds on Disposal of Assets	<b>190</b>	927
	<b><u>1,191</u></b>	<u>1,740</u>
 Total Revenue	<b><u>27,712</u></b>	<u>27,361</u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 3. Profit from ordinary activities**

	2005 \$'000	2004 \$'000
<b>(a) Net gains and expenses</b>		
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:		
Gain on disposal of property, plant and equipment	<u>6</u>	<u>29</u>
	<u><u>6</u></u>	<u><u>29</u></u>
<b>Expenses</b>		
Depreciation		
Channels	218	219
Breakwater	210	210
Buildings and Ancillaries	174	148
Berths 1 and 2	273	274
Berth 3 and Ship Loader	686	683
Oil Pipeline	18	18
Bulk loading Facilities	2,299	2,246
Electrical Services	35	388
Office Equipment	84	66
Plant and Equipment	380	339
Berth Stabilization and Fenders	<u>218</u>	<u>218</u>
	<u><u>4,595</u></u>	<u><u>4,809</u></u>
 Borrowing costs	 <u>3,415</u>	 <u>3,567</u>
	<u><u>3,415</u></u>	<u><u>3,567</u></u>
 Net loss on disposal of property, plant and equipment	 <u>32</u>	 <u>558</u>
	<u><u>32</u></u>	<u><u>558</u></u>
<b>Provision for Employee Benefits</b>		
Annual Leave	4	4
Long Service Leave	14	8
Superannuation	2	28
Sick Leave	55	27
Accumulated days off	<u>29</u>	<u>24</u>
	<u><u>104</u></u>	<u><u>91</u></u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 4. Income tax**

	2005	2004
	\$'000	\$'000

The difference between income tax expense provided in the financial statements and the prima facie income tax expense on the profit from ordinary activities is reconciled as follows:

Profit from ordinary activities before income tax expense	<b>4,385</b>	3,529
Income tax calculated at 30% (2004 30%)	<b>1,315</b>	1,059
Tax effect of permanent differences:		
Sundry items	(63)	(75)
Accounting depreciation on non-depreciable items	<u>5</u>	<u>22</u>
	<b><u>1,257</u></b>	<b><u>1,006</u></b>
Income tax expense adjusted for permanent differences	<b><u>1,257</u></b>	<b><u>1,006</u></b>

<b>Income tax attributable to profit</b>	<b><u>1,257</u></b>	<b><u>1,006</u></b>
--	---------------------	---------------------

Income tax attributable to profit comprises:

Deferred income tax provision	829	780
Future income tax benefit	91	226
Income tax payable	<u>337</u>	<u>-</u>
	<b><u>1,257</u></b>	<b><u>1,006</u></b>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
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(continued)

**Note 5. Current assets - Cash assets**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
Cash at bank and on hand	<b>2,767</b>	1,878
Cash management account	<b>2,190</b>	1,000
Term deposits	<b>5,249</b>	3,000
	<b><u>10,206</u></b>	<u>5,878</u>

**Cash at Bank**

Interest was earned at a weighted average rate of 5.11% during the year (2004:5.06%)

**Cash Management Account**

Interest was earned at a weighted average rate of 5.25% during the year (2004:5.25%)

**Term Deposits**

Term deposits 1 month earned fixed interest rates of between 5.57 and 5.60%

Term deposit 2 months earned a fixed interest rate of 5.62%

Term deposits of 3 months earned fixed interest rates of between 5.30 and 5.84% (2004:5.35%)

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<b><u>10,206</u></b>	<u>5,878</u>
Balances as per statement of cash flows	<b><u>10,206</u></b>	<u>5,878</u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
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(continued)

**Note 6. Current assets - Receivables**

	2005 \$'000	2004 \$'000
Trade debtors	2,980	5,001
Income tax in advance	-	2
Interest receivable	<u>17</u>	<u>15</u>
	<u><u>2,997</u></u>	<u><u>5,018</u></u>

There were no debts considered to be doubtful

**(i) Significant Terms and Conditions**

Trade debtors are generally settled within 30 days

**(ii) Net Fair Values**

The Authority considers the carrying amounts of trade debtors approximate their net fair values.

**(iii) Credit Risk**

Trade Debtors

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of the trade debtors.

**Note 7. Current assets - Inventories**

	2005 \$'000	2004 \$'000
Stores on hand		
Plant and Equipment - at cost	<u>1,270</u>	<u>996</u>
	<u><u>1,270</u></u>	<u><u>996</u></u>

**Note 8. Non-current assets - Property, plant and equipment**

	2005 \$'000	2004 \$'000
<b>Land and buildings</b>		
Land		
At cost	<u>1,627</u>	<u>715</u>
	<u><u>1,627</u></u>	<u><u>715</u></u>
Buildings and Ancillaries at cost	4,897	4,804
Less: Accumulated depreciation	<u>1,402</u>	<u>1,228</u>
	<u><u>3,495</u></u>	<u><u>3,576</u></u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
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**Note 8. Non-current assets - Property, plant and equipment (continued)**

Breakwater at cost	10,482	10,482
Less: Accumulated depreciation	<u>1,415</u>	<u>1,205</u>
	9,067	9,277
Berths 1 and 2 at cost	6,140	6,140
Less: Accumulated depreciation	<u>2,426</u>	<u>2,153</u>
	3,714	3,987
Channels at cost	16,119	16,118
Less: Accumulated depreciation	<u>1,897</u>	<u>1,678</u>
	14,222	14,440
Berth 3 and shiploader at cost	17,570	17,544
Less: Accumulated depreciation	<u>2,330</u>	<u>1,644</u>
	15,240	15,900
Bulk Loading Facilities at cost	34,450	33,809
Less: Accumulated depreciation	<u>12,631</u>	<u>10,333</u>
	21,819	23,476
Electrical Services at cost	447	425
Less: Accumulated depreciation	<u>188</u>	<u>153</u>
	259	272
Oil Pipeline at cost	360	360
Less: Accumulated depreciation	<u>162</u>	<u>144</u>
	198	216
Plant and Equipment at cost	3,163	2,742
Less: Accumulated depreciation	<u>1,763</u>	<u>1,536</u>
	1,400	1,206
Berth Stabilization and Fenders at cost	3,911	3,911
Less: Accumulated depreciation	<u>1,110</u>	<u>892</u>
	2,801	3,019
Office Equipment at cost	496	395
Less: Accumulated depreciation	<u>334</u>	<u>295</u>
	162	100
	<u><b>74,004</b></u>	<u><b>76,184</b></u>

**Valuations of land and buildings**

Buildings and Ancillaries were valued by the Directors of the Authority at \$3.626m being their estimated replacement cost as at 30 June 2004.

Freehold land was independently valued by Thorp Realty at \$0.565m, this was based on market value as at 30 June 2002. Shark Lake industrial land owned by the Esperance Port Authority was valued by Esperance Land Valuers & Property Consultants at \$1.2m as at 30 June 2005. Crown reserve land was valued by the Valuer General at Unimproved Market Value of \$5.0m as at 30 June 2004

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 8. Non-current assets - Property, plant and equipment (continued)**

	Carrying amount at 1 July 2004	Additions	Disposals	Depreciated on 30 June 2005	Carrying amount 30 June 2005
Freehold land	715	912	-	-	1,627
Buildings and Ancillaries	3,576	93	-	(174)	3,495
Breakwater	9,277	-	-	(210)	9,067
Berths 1 and 2	3,987	-	-	(273)	3,714
Channels	14,440	-	-	(218)	14,222
Berth 3 and Ship Loader	15,900	26	-	(686)	15,240
Bulk Loading Facilities	23,476	642	-	(2,299)	21,819
Electrical Services	272	22	-	(35)	259
Oil Pipeline	216	-	-	(18)	198
Plant and Equipment	1,206	785	(211)	(380)	1,400
Berth Stabilisation	3,019	-	-	(218)	2,801
Office Equipment	100	150	(4)	(84)	162
	<u>76,184</u>	<u>2,630</u>	<u>(215)</u>	<u>(4,595)</u>	<u>74,004</u>

**Note 9. Non-current assets - Deferred tax assets**

	2005 \$'000	2004 \$'000
Future income tax benefits	<u>691</u>	<u>783</u>
	<u>691</u>	<u>783</u>

**Reconciliations**

Reconciliation of the carrying amounts of future income tax benefits at the beginning and end of the current financial year is set out below:

	2005 \$'000	2004 \$'000
Carrying amount at 1 July 2004	783	1,008
Change in future income tax benefit	<u>(92)</u>	<u>(225)</u>
Carrying amount at 30 June 2005	<u>691</u>	<u>783</u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 10. Current liabilities - Payables**

	2005 \$'000	2004 \$'000
Trade creditors	833	917
Dividends Payable	-	639
Accruals	679	645
Income in advance	<u>372</u>	<u>389</u>
	<u><b>1,884</b></u>	<u><b>2,590</b></u>

**(i) Significant Terms and Conditions**

Trade creditors payable are settled within 30 days

**(ii) Net Fair Values**

The Authority considers the carrying amounts of trade creditors approximate their net fair values.

**Note 11. Current liabilities - Interest bearing liabilities**

	2005 \$'000	2004 \$'000
Borrowing - Western Australian Treasury Corporation	<u>2,221</u>	<u>2,105</u>
	<u><b>2,221</b></u>	<u><b>2,105</b></u>



**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
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(continued)

**Note 12. Current liabilities - Provisions**

	2005 \$'000	2004 \$'000
Dividends	1,563	1,262
<b>Employee benefits</b>		
Annual Leave	338	324
Long Service Leave	268	304
Sick Leave	87	58
Superannuation	3	3
Accumulated Days Off	101	72
	<u>2,360</u>	<u>2,023</u>

**Movements in provisions**

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

**Dividend Provision**

	2005 \$'000	2004 \$'000
Carrying amount at start of year	1,262	790
Additional provisions recognised	1,563	1,262
Payments	(1,262)	(151)
Current liabilities - Payables	-	(639)
Carrying amount at end of year	<u>1,563</u>	<u>1,262</u>

**Note 13. Non-current liabilities - Interest bearing liabilities**

	2005 \$'000	2004 \$'000
Borrowings Western Australian Treasury Corporation	49,789	52,020
<b>Total non-current interest bearing liabilities</b>	<u>49,789</u>	<u>52,020</u>

**(i) Significant Terms and Conditions**

All borrowings are unsecured.

**(ii) Interest Risk**

Interest on the 20 year fixed interest loans ranged from 5.97 to 7.0% and the weighted average interest rate on other borrowings was 6.5% per annum (2004: 6.81%).

**(iii) Net Fair Values**

The Authority considers the carrying amounts of borrowings approximate their net fair values.

**(iv) Maturing Loans**

Borrowings to the value of \$3,481,307 are due to mature within 12 months. The majority of this amount will automatically be rolled over into new borrowings. Only the amount of borrowings due to be repaid is shown as current.

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 14. Non-current liabilities - Deferred tax liabilities**

	2005 \$'000	2004 \$'000
Provision for deferred income tax	<u>3,859</u>	<u>3,030</u>

**Note 15. Non-current liabilities - Provisions**

	2005 \$'000	2004 \$'000
<b>Employee benefits</b>		
Long service leave	222	175
Annual leave	118	128
Superannuation	294	292
Sick leave	<u>304</u>	<u>279</u>
	<u>938</u>	<u>874</u>

**Note 16. Contributed equity**

	2005 \$'000	2004 \$'000
Contributions by Government	<u>2,209</u>	<u>2,209</u>
	<u>2,209</u>	<u>2,209</u>

**Note 17. Reserves and retained profits**

	2005 \$'000	2004 \$'000
<b>(a) Asset revaluation Reserve</b>		
Asset revaluation reserve	<u>4,143</u>	<u>4,143</u>
	<u>4,143</u>	<u>4,143</u>

(i) The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets prior to the adoption of AAB 1041 "Revaluation of Non Current Assets" in 2001 when the Authority adopted the cost method of valuing property, plant and equipment.

	2005 \$'000	2004 \$'000
<b>(b) Retained profits</b>		
Retained profits at the beginning of the financial year	19,865	18,604
Net profit for year	3,128	2,523
Dividends provided for or paid	<u>(1,563)</u>	<u>(1,262)</u>
Retained profits at the end of the financial year	<u>21,430</u>	<u>19,865</u>

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 18. Interest rate risk exposure**

		<b>Fixed interest maturing in:</b>							
<b>2005</b>		<b>Weighted average interest rate</b>	<b>Floating interest rate</b>	<b>1 year or less</b>	<b>Over 1 to 5 years</b>	<b>More than 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>	
	<b>Notes</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>									
Cash assets	5	5.25	2,767	7,439	-	-	-	10,206	
Receivables	6		-	-	-	-	2,997	2,997	
			<u>2,767</u>	<u>7,439</u>	<u>-</u>	<u>-</u>	<u>2,997</u>	<u>13,203</u>	
<b>Financial liabilities</b>									
Trade and other creditors	10		-	-	-	-	1,884	1,884	
Borrowings from WATC	11,13	6.5	-	3,481	4,008	1,376	-	8,865	
WATC	11,13	6.5	-	1,793	10,886	30,466	-	43,145	
			<u>-</u>	<u>5,274</u>	<u>14,894</u>	<u>31,842</u>	<u>1,884</u>	<u>53,894</u>	
Net financial assets (liabilities)			<u>2,767</u>	<u>2,165</u>	<u>(14,894)</u>	<u>(31,842)</u>	<u>1,113</u>	<u>(40,691)</u>	

		<b>Fixed interest maturing in:</b>							
<b>2004</b>		<b>Weighted average interest rate</b>	<b>Floating interest rate</b>	<b>1 year or less</b>	<b>Over 1 to 5 years</b>	<b>More than 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>	
	<b>Notes</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>									
Cash Assets	5	5.25	1,878	4,000	-	-	-	5,878	
Receivables	6		-	-	-	-	5,015	5,015	
			<u>1,878</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>5,015</u>	<u>10,893</u>	
<b>Financial liabilities</b>									
Trade and other creditors	10		-	-	-	-	1,951	1,951	
Borrowings from WATC	11,13	6.81	-	3,640	4,086	1,669	-	9,395	
WATC	11,13	6.5	-	1,682	10,216	32,832	-	44,730	
Employee benefits			-	-	-	-	1,563	1,563	
			<u>-</u>	<u>5,322</u>	<u>14,302</u>	<u>34,501</u>	<u>3,514</u>	<u>57,639</u>	
Net financial assets (liabilities)			<u>1,878</u>	<u>(1,322)</u>	<u>(14,302)</u>	<u>(34,501)</u>	<u>1,501</u>	<u>(46,746)</u>	

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 19. Remuneration of auditors**

	2005 \$'000	2004 \$'000
Remuneration for audit of the financial report	<u>25</u>	<u>21</u>
	<u>25</u>	<u>21</u>

**Note 20. Contingent liabilities**

There were no contingent liabilities at 30 June 2005.

**Note 21. Aggregated Employee benefits**

	2005 \$'000	2004 \$'000
<b>Employee benefit and related on-costs liabilities</b>		
Provision for employee benefits - current (note 12)	797	761
Provision for employee benefits - non-current (note 15)	<u>938</u>	<u>874</u>
Aggregate employee benefit and related on-costs liabilities	<u><u>1,735</u></u>	<u><u>1,635</u></u>

**Note 22. Related parties**

The following persons held the position of Director during the financial year:

Mr. Richard Nulsen  
Ms. Megan Anwyl  
Ms. Toni Hawkins  
Mr. Ian Mickel  
Mr. Richard Thorp

Information on remuneration received or receivable by directors is disclosed in Note 28.

A Director, Mr. Richard Nulsen, is a Director of South East Petroleum. The transactions with South East Petroleum for the supply of petroleum products to the Authority amounted to \$3052 (2004: \$8530) on 30 days credit terms, and were based on normal commercial terms and conditions.

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
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(continued)

**Note 23. Reconciliation of net profit to net cash inflow from operating activities**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
Net profit	<b>3,126</b>	2,524
Depreciation and amortisation	<b>4,595</b>	4,809
Net (profit) loss on sale of non-current assets	<b>26</b>	529
Provision for superannuation liability	<b>2</b>	28
Provision for annual leave and long service leave	<b>16</b>	11
Provision for sick leave	<b>55</b>	27
Provision for Accumulated Days Off	<b>29</b>	24
Income tax expense	<b>1,257</b>	1,006
Income tax refund	<b>-</b>	143
Changes in assets and liabilities		
Decrease (increase) in receivables	<b>2,019</b>	(447)
Decrease (increase) in inventories	<b>(274)</b>	(172)
Increase (decrease) in payables	<b>97</b>	229
Increase (decrease) in income in advance	<b>(17)</b>	(1)
Increase (decrease) in net GST payable	<b>(148)</b>	105
Net cash inflow from operating activities	<b><u>10,783</u></b>	<b><u>8,815</u></b>

**Note 24. Impacts of adopting Australian equivalents to IFRS**

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Esperance Port Authority's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Authority has established a process to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The process is overseen by the Finance Manager, who reports progress to the Chief Executive Officer and the Board regularly. A timetable for managing the transition has been prepared and is currently on schedule.

The Finance Manager has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Esperance Port Authority. Management have applied the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. AASB 1 exempts an entity from the requirement to restate comparative information as if the requirements of *AASB 132 Financial Instruments: Presentation and Disclosure* and *AASB 139 Financial Instruments: Recognition and Measurement* had always applied. These standards will be applied from 1 July 2005, however an impact assessment has not been completed.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statements of financial position, with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows and statements of financial performance.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the Authority prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 24. Impacts of adopting Australian equivalents to IFRS (continued)**

**Impact on the statements of financial position**

	Notes	Existing GAAP \$'000	Effect of change \$'000	AIFRS \$'000
<b>Current assets</b>				
Cash assets		10,206	-	10,206
Receivables		2,997	-	2,997
Inventories		1,270	-	1,270
Total current assets		<u>14,473</u>	<u>-</u>	<u>14,473</u>
<b>Non-current assets</b>				
Property, plant and equipment		74,004	(51)	73,953
Deferred tax assets		691	-	691
Intangible assets		-	51	51
Total non-current assets		<u>74,695</u>	<u>-</u>	<u>74,695</u>
<b>Total assets</b>		<u>89,168</u>	<u>-</u>	<u>89,168</u>
<b>Current liabilities</b>				
Payables		1,884	-	1,884
Interest bearing liabilities		2,221	-	2,221
Current tax liabilities		335	-	335
Provisions	(b)	2,360	(1,738)	622
Other provisions		-	57	57
Total current liabilities		<u>6,800</u>	<u>(1,681)</u>	<u>5,119</u>
<b>Non-current liabilities</b>				
Interest bearing liabilities		49,789	-	49,789
Deferred tax liabilities	(a)	3,859	649	4,508
Provisions		938	81	1,019
Other provisions		-	37	37
Total non-current liabilities		<u>54,586</u>	<u>767</u>	<u>55,353</u>
<b>Total liabilities</b>		<u>61,386</u>	<u>(914)</u>	<u>60,472</u>
<b>Net assets</b>		<u>27,782</u>	<u>914</u>	<u>28,696</u>
<b>Equity</b>				
Contributed equity		2,209	-	2,209
Reserves	(a)	4,143	(649)	3,494
Retained profits	(b)	21,430	1,563	22,993
<b>Total equity</b>		<u>27,782</u>	<u>914</u>	<u>28,696</u>

**(a) Income tax**

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following material change would have resulted:

**Note 24. Impacts of adopting Australian equivalents to IFRS (continued)**

**Notes explaining the impacts on the statements of financial performance and statements of financial position (continued)**

**(a) Income tax (continued)**

An increase in total deferred tax liabilities of \$649,194 at 30 June 2005 would have been recognised, due to the recognition of deferred tax values on revalued assets recognised in the asset revaluation reserve.

**(b) Provisions**

The Authority currently makes a provision for dividend for the year just completed. Under International Financial Reporting Standards this dividend of \$1,563,206 would not have been provided until the following financial year.

**Note 25. Remuneration of Executives**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
Remuneration to senior executives whoses remuneration was at least \$100,000 is as follows:		
\$100,000 - \$109,999	2	2
\$110,000 - \$119,999	4	1
\$170,000-\$179,999	-	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	<u>1</u>	<u>-</u>
Total	<u>1,067</u>	<u>694</u>

**Note 26. Dividends**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
Dividend to Government	<u>1,563</u>	<u>1,262</u>
Total description	<u>1,563</u>	<u>1,262</u>

The Directors intend to make a recommendation to the Minister, that dividends amounting to \$1,563,206 (2004: \$1,262,967) be declared in respect of the year ended 30 June 2005. The provision for dividends comprised an amount of \$1,563,206 (2004: \$1,262,967) being 50 percent of after tax profits for the year. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2004/2005.



**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 27. Write-offs**

<b>2005</b>	<b>2004</b>
<b>\$'000</b>	<b>\$'000</b>

The Authority wrote off minor assets during the year	-	<u>57</u>
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**Note 28. Segment Reporting**

The Authority operates predominantly in the one business segment being the port services industry and in one geographical location being Esperance Western Australia.

**Note 29. Current liabilities - Provision for income tax**

<b>2005</b>	<b>2004</b>
<b>\$'000</b>	<b>\$'000</b>

Provision for taxation	<u>335</u>	<u>-</u>
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**ESPERANCE PORT AUTHORITY**  
**Notes to the financial statements**  
for the year ended 30 June 2005  
(continued)

**Note 30. Remuneration of Directors**

<b>2005</b>			Post-employ ment	
Name			Superannuat on	Total
	\$		\$	\$
R.J. Nulsen, Chairman	23,800		2,142	25,942
R.J. Thorp, Deputy Chairman	11,000		990	11,990
M.I. Anwyl	11,000		990	11,990
T. Hawkins	11,000		990	11,990
I.S. Mickel	11,000		990	11,990
Total	67,800		6,102	73,902

<b>2004</b>		Primary	Post-employ ment	
Name		Cash salary and fees	Super-annuat ion	Total
		\$	\$	\$
R.J. Nulsen, Chairman		18,000	1,620	19,620
R.J. Thorp, Deputy Chairman		8,100	729	8,829
M.I. Anwyl		8,100	729	8,829
T. Hawkins		8,100	729	8,829
I.S. Mickel		8,100	729	8,829
Total		50,400	4,536	54,936

**Directors Declaration**

The directors declare that the financial statements and notes:

- (a) comply with Accounting Standards, Port Authorities Act 1999 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

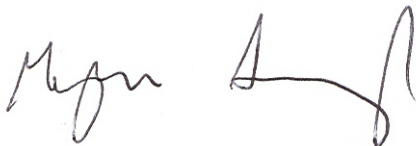
In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Authority 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 directors.



R.J. Nulsen  
Chairman



M.I. Anwyl  
Member  
24 August 2005