

State Owned
Generators Leasing Co Pty Ltd

Financial report
for the year ended
30 June 2020



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To the Chair of the Board of Directors State Owned Generators Leasing Co Pty Ltd

Opinion

I have audited the financial report of the State Owned Generators Leasing Co Pty Ltd (the Company) for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report of the State Owned Generators Leasing Co Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2020 and its financial performance for the year then ended; and
- b) complying with *Australian Accounting Standards and the Corporations Regulations 2001*.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and Director Finance, SAFA.

Basis for opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the State Owned Generators Leasing Co Pty Ltd in accordance with the auditor independence requirements of the *Corporations Act 2001*. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the State Owned Generators Leasing Co Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards).

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

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

I have audited the financial report of the State Owned Generators Leasing Co Pty Ltd for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

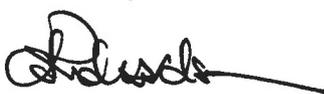
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 State Owned Generators Leasing Co Pty Ltd's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson
Auditor-General
23 September 2020

State Owned Generators Leasing Company Pty Ltd

Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$'000
Income		
Other income		-
Total income		<u>-</u>
Expenses		
Supplies and services		<u>13</u>
Total expenses		<u>13</u>
Net result		<u>13</u>
Total comprehensive result		<u>(13)</u>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

State Owned Generators Leasing Company Pty Ltd

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$'000
Current assets		
Cash and cash equivalents	3	-
Total current assets		-
Non-current assets		
Property, plant and equipment	5	217,200
Total non-current assets		217,200
Total assets		217,200
Current liabilities		
Trade and other payables	6	13
Total current liabilities		13
Total liabilities		13
Net assets		217,187
Equity		
Issued share capital	7	217,200
Retained earnings		(13)
Total Equity		217,187

The accompanying notes part of these financial statements. The total equity is attributable to the SA Government as owner.

State Owned Generators Leasing Company Pty Ltd

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Issued Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
Opening balance		-	-	-
Total comprehensive result for 2019-20		-	(13)	(13)
Shares issued		217,200	-	217,200
Balance at 30 June 2020		217,200	(13)	217,187

The accompanying notes part of these financial statements. All changes in equity are attributable to the SA Government as owner.

State Owned Generators Leasing Company Pty Ltd

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$'000
Cash flows from financing activities		
<i>Cash inflows</i>		
Cash received from share issue		-
Cash generated from financing activities		-
Net increase in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	3	-
Non-cash transactions	4	217,200

The accompanying notes part of these financial statements.

State Owned Generators Leasing Company Pty Ltd

Notes to the Financial Statements

Note 1 Objectives

The State Owned Generators Leasing Company Pty Ltd (SOGLC) was incorporated on 30 January 2020 under the *Corporations Act 2001 (Cth)*. SOGLC's registered address is Level 5, State Administration Centre, 200 Victoria Square, Adelaide, South Australia 5000.

Certain electricity generating sets were transferred from the Treasurer to the company via proclamation under section 7(1)b of the *Administrative Arrangements Act 1994* with an effective date of 30 June 2020.

In consideration for the transfer of the generators, SOGLC issued fully paid ordinary shares to the Treasurer on 30 June 2020 at a nil issue price.

The principal activities of SOGLC are set out in its constitution. As per the Agreement to Lease contracts, SOGLC will lease the generators to Infigen Energy and Nexif Energy for a term of 25 years.

Note 2 Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*;
- Relevant Australian Accounting Standards; and
- *Corporations Act 2001 (Cth)*

SOGLC is a for-profit entity for the purpose of preparing the financial statements.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

i) Historical cost convention

The financial statements have been prepared on a historical cost basis unless a different measurement basis is specially disclosed in the note associated with the item measured.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Significant Accounting Policies (continued)

(c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the owners of the entity.

(d) Property, Plant and Equipment

Initial Recognition

Property, Plant and Equipment are initially recorded at cost plus any incidental costs involved with acquisition.

Subsequent Measurement

Property, Plant and Equipment will be subsequently measured at fair value in compliance with relevant Australian Accounting Standards.

At the time of acquisition it is estimated that the majority of Property, Plant and Equipment has an estimated useful life of 40 years.

(e) Taxation

SOGLC is not subject to income tax in accordance with section 24AM of the *Income Tax Assessment Act 1936*.

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

- When the GST incurred on a purchase of goods or service is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or part of the expense item applicable; and
- Receivables and payables, which are stated with the amount of GST included.

State Owned Generators Leasing Company Pty Ltd

Notes to the Financial Statements

	Note	2020 \$'000
3. Cash and cash equivalents		
Cash at bank		<u>-</u>
4. Non-cash financing activities		
On 30 June 2020 the Company issued 108,600,000 \$2 shares to the sole shareholder to finance the purchase of the generators.		
5. Property, Plant and Equipment		
Plant and equipment at cost		<u>217,200</u>
Opening net book value		-
Additions		217,200
Disposals		-
Depreciation		<u>-</u>
Closing net book value		<u>217,200</u>
6. Trade and other payables		
To government entities		<u>13</u>
7. Equity		
Issued share capital		<u>217,200</u>

State Owned Generators Leasing Company Pty Ltd

Notes to the Financial Statements

8. Related party transactions

Related parties of the Company include all key management personnel and their close family members, all Cabinet Ministers and their close family members, and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

(a) Key Management Personnel

The following persons held authority and responsibility for planning, directing and controlling the activities of SOGLC directly or indirectly during the financial year:

Mr S Hocking	Deputy Chief Executive, Department of Treasury and Finance
Mr T Burfield	Director Risk and Commercial Advisory, SAFA
Mr P Heithersay	Chief Executive Officer, Department for Energy and Mining

In accordance with the Premier and Cabinet Circular no. 016, government employees did not receive any remuneration for director duties during the financial year.

(b) Transactions of director and director-related entities

There were no transactions between the Company and director related entities.

9. Events after balance date

No events has arisen since 30 June 2020 that would be likely to materially affect the operations or the state of affairs of the Company.

State Owned Generators Leasing Company Pty Ltd

Certification of the Financial Statements

We certify that the General Purpose Financial Statements of SOGLC:

- Are in accordance with the accounts and records of SOGLC;
- Comply with relevant Treasurer's Instructions;
- Comply with relevant Australian Accounting Standards; and
- Present a true and fair view of the financial position of SOGLC as at 30 June 2020 and the results of its operations and cash flows for the financial year.

Internal controls employed by SOGLC for the financial year over its financial reporting and its preparation of the special purpose financial statements have been effective throughout the financial year.



S Hocking
Chair



C Fowler
Director Finance, SAFA

Date: 18 September 2020