

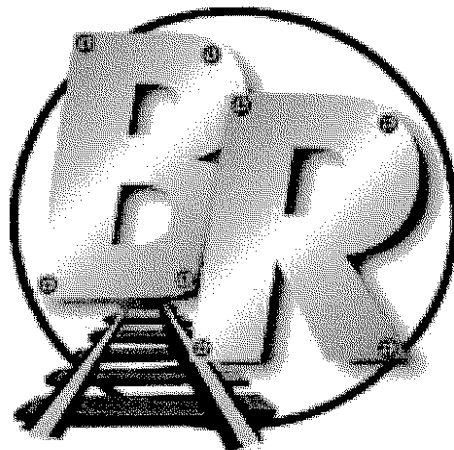
Lee Garvey

Chartered Accountants

Beaudesert Shire Railway Support Group Association Inc.
Financial Assessment – 28/03/03

Gold Coast & Region Area Consultative Committee Inc.

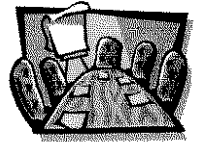
**Financial Assessment
of
Beaudesert Shire Railway
Support Group Association Inc.**



28th March 2003

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1 Executive Summary

Our financial assessment of Beaudesert Shire Railway Support Group Association Inc., hereafter referred to as 'BR' was carried out under the terms of an engagement agreement dated 27th February 2003 to establish the current financial position of BR and to consider both management, funding and strategic options for the ongoing viability of BR.

The total creditors owing as at 28th February 2003 was \$1,244,644.

BR had total assets as at 28th February 2003 of \$7,011,936, total liabilities of \$2,182,459 with net assets of \$4,829,476. Although net assets of BR as at 28th February 2003 were \$4,829,476, most of the total assets of BR are non-current and there are insufficient liquid assets to meet current liabilities as and when they fall due.

BR is therefore technically insolvent. There accordingly exists a potential liability that committee members leave themselves open to action against them personally. Committee members should seek legal advice.

In relation to BR having sufficient asset backing in order to meet creditors' liabilities if wound up there is the question of cost versus market value. BR's non-current assets are recorded at cost. In a 'fire sale' scenario in liquidations and due to the fact that there will be few, if any, buyers, market value would be expected to be significantly lower than cost thereby providing no real guarantee creditors will be paid in full.

In addition to recorded liabilities there may also be a contingent tax liability. A private tax ruling is still pending as at the date of this report. This contingent liability may have significant effect on any ongoing viability of BR.

BR's monthly public liability insurance premium is one month in arrears. The finance company that the insurance policy is financed with has the power to cancel the insurance. Apart from actual public liability risk, problems may arise for BR as not maintaining public liability insurance is a serious breach of the rail corridor lease, loan agreement and rail license agreement.

Our cash flow forecast indicates BR is viable without regard to existing trade creditors, however such creditors do exist and must be paid.

Capital expenditure relating to the Commonwealth Grant was \$6,091,188, \$1,091,188 over budget. This appears to be the root cause of the creditors position. There are other contributing factors but this appears to be the main cause.

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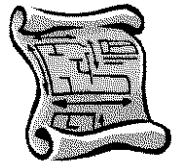
If a rescue package is to be considered a change to the management committee and existing general manager's role are required to generate confidence and support of external stakeholders. This is to eliminate perceived weaknesses of existing management.

Winding up would in normal circumstances be the most likely scenario, however if with creditors agreement, a rescue package can be put in place there may be a chance to move forward.

Some options in our view may include:

- ☛ Financing
- ☛ Q Rail buy back of infrastructure
- ☛ Rail freight venture
- ☛ Package of funding – finance, Commonwealth and State funding
- ☛ Company formation and issue of capital for debt

Some of these are not likely to materialize due to longer-term timeframes or factors that will restrict any capacity to progress such as limited interest by other parties.



2 Scope

We have carried out a financial assessment of BR to establish the current financial position of BR and to consider both management, funding and strategic options for the ongoing viability of BR.

Specifically we have been engaged under a letter of engagement dated 27th February 2003 to:

- ☛ Establish the creditors position to identify amounts owed
- ☛ Establish financial position to assist determination of ongoing viability
- ☛ Review expenditure to evaluate appropriate allocation of expenditure
- ☛ Review GST/BAS to identify any relevant issues
- ☛ Prepare a Cash Flow Forecast to assist determination of ongoing viability
- ☛ Review existing management and recommend Management Options to improve effectiveness
- ☛ Identify possible Funding and Strategic Options to assist determination of ongoing viability

Our report is based on an independent review of the financial records of BR and is not an audit and accordingly we offer no opinion on whether in all material respects the accounts present a true and fair view of the operations or of the financial position of BR.

Further as our report is based on our independent review of the financial records (which is not an audit) our interpretations, analysis and recommendations may be limited by the fact an audit has not been conducted.

Our report is provided to the Gold Coast & Region Area Consultative Committee Inc. No liability shall exist to any other third party.



3 Creditors

It is the primary concern of this report that all creditors should be paid for goods and services rendered.

One of the initial and continuing objectives of the venture created by BR is the economic development of the Beaudesert region. A high proportion of creditors are local organisations and failure to meet creditor obligations will mean a great disservice to meeting this objective.

3.1 Trade Creditors

Trade Creditors owing as at 28th February 2003 was \$1,205,009 (refer Annexure A).

Trade creditors were established by a review of BR's financial records and confirmation sought from creditors. A total of 90 creditors were circularised to confirm amounts owing. Confirmations received by the date specified (21st March 2003) were 76.7% in number and 88.0% in value.

Based upon the percentages received (in number and value) we find that it would be a reasonable assumption that the trade creditors total would be a reliable amount.

As a minor note two creditors, Boilerland Pty Ltd and Fechner Bros have confirmed they have issued credit notes or withdrawn invoices (totaling \$973) as a donation to BR.

3.2 Other Creditors

Other creditors payable include some employees for unpaid wages, PAYG withholding, employee superannuation and GST.

Unpaid wages to 28th February 2003 totals \$20,922. Two employees, Amanda Lee and Roy Turner had taken half wages for some weeks in January and February 2003. General Manager, Jim Daynes has not taken project management fees for October, November and December 2002, nor taken any of his salary that was to have started from January 2003.

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The amounts owing for unpaid wages are:

Amanda Lee	\$ 1,775 (gross wages)
Roy Turner	\$ 1,730 (gross wages)
Jim Daynes	\$ 8,250 (project management fees Oct – Dec 02, incl GST)
Jim Daynes	\$ 9,167 (gross salary Jan/Feb 03)

	\$20,922

PAYG withholding at 28th February 2003 was \$8,700 and employee superannuation \$4,541. GST payable for February 2003 was \$5,472 with a refund of \$50,873 for January 2003.

3.3 Creditors Summary

Trade Creditors	\$1,205,009
Unpaid Wages	\$ 20,922
PAYG Withholding	\$ 8,700
Employee Superannuation	\$ 4,541
February GST Payable	\$ 5,472

Total Creditors	\$1,244,644



4 Financial Position

The net assets of BR as at 28th February 2003 were \$4,829,476 with total assets of \$7,011,936 and total liabilities of \$2,182,459 (refer Annexure B).

Whilst it appears that there are significant assets to meet liabilities three important points that impact on decisions of stakeholders are insolvency, asset carrying values and a contingent tax liability.

4.1 Insolvency

BR would appear to be currently insolvent. That is BR cannot meet its current debts as and when they fall due. This is regardless of BR's net assets as the significant part of BR's assets are fixed assets of rolling stock and infrastructure. There are insufficient liquid assets to meet BR's current liabilities, predominantly trade creditors.

Committee Members have a duty to prevent insolvent trading (S588G of *Corporations Act 2001*) and according to subsections 1317E and 1317G of the *Corporations Act 2001*, civil penalties of up to \$200,000 may apply. It is advisable for the committee members of BR to seek legal advice relating to trading whilst insolvent and other matters potentially associated with BR's current financial position.

One creditor Logan Village Hardware has begun legal proceedings and if judgment is entered into on 14th April 2003 it is anticipated the creditor may seek a winding up order.

4.2 Asset Carrying Values

BR's net assets are \$4,829,476 which would indicate more than sufficient assets to meet liabilities should BR be wound up. However included in the total assets is \$6,719,103 in infrastructure, rolling stock and other fixed assets which is recorded at cost.

In the event of a winding up (voluntary or court appointed), with assets being realised to meet liabilities, the ultimate realizable value of these assets may be significantly below cost values. The reasoning for this assumption is that 'fire sale' values are lower than normal market values and more importantly there would be few, if any, buyers of such specialized assets.

To ascertain a market value of the fixed assets is beyond our scope and accordingly no opinion can be provided on the likelihood of creditors being fully paid from the realisation of BR's assets.

4.3 Contingent Tax Liability

A contingent liability for income tax may exist that is not currently recorded as a liability on the balance sheet. Private rulings have been sought from the Australian Taxation Office on the tax treatment of the Commonwealth Grant received during the 2001/02 financial year.

Two issues were in question, firstly, whether BR is exempt from income tax and secondly, whether the Commonwealth Grant is assessable income. The ruling's determinations were that BR is not exempt from income tax and that the Commonwealth Grant was not assessable income. These rulings apply to the 2001/02 financial year.

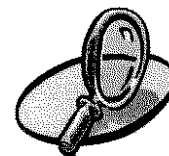
However, a resulting third ruling is pending with a determination due on whether receipt of a Commonwealth Grant is subject to capital gains tax. If the Commonwealth Grant is subject to capital gains tax the quantification of tax liability will rest with the calculation of the cost base.

It is possible the cost base will be nil but probable the cost base will be the capital expenditure incurred during the 2001/02 financial year, however we are not in a position to determine the likely outcome.

If the outcome is based on a nil cost base the capital gains tax for 2001/02 could be as high as \$593,469 (Commonwealth Grant received during 2001/02 \$2,967,347 less 1/3 discount @ tax rate 30%).

If the outcome is based on a cost base of the capital expenditure incurred during 2001/02 the capital gains tax for 2001/02 is estimated at \$47,428 (Commonwealth Grant received during 2001/02 less capital expenditure incurred during 2001/02 less 1/3 discount @ tax rate 30%).

These are estimates only and any final capital gains tax liability can only be ascertained after preparation of BR's 2002 income tax return with consideration of pending private ruling. However the contingent liability is material to any decision-making on the viability and financial position of BR.



5 Expenditure Review

It is important to reiterate a previous point in that this independent review is not an audit.

It is expected the acquittal process of grant funding and statutory audits conducted and to be conducted, are processes for management to discharge their financial accountabilities and responsibilities in relation to the level and nature of spending.

Our review in this aspect of our report is only of the nature to identify causes of the current creditors and financial position of BR.

5.1 Operating Expenditure

Our review of operating expenditure was of a nature to ascertain the operating expenses in comparison to the level and allocation of a similar sized business in a similar industry. In addition a review of the general ledger was conducted to evaluate allocation of operating expenditure.

Our review of the operating expenses did not reveal any inappropriate allocation or level of operating expenditure.

5.1.1 Insurance

A concerning problem for any continuance of trading of BR is public liability insurance. Apart from public liability itself, public liability insurance is required otherwise serious breaches of contract exist over the lease arrangement and loan agreement over the rail corridor with the Queensland Department of Transport and the rail manager license with Q Rail. Breach of contract would allow Q Rail/Dept of Transport to take back the rail corridor and infrastructure, with no negotiation required.

Public Liability insurance cover is current to March 2003 to our knowledge. Insurance is paid in monthly installments of \$9,834.2 per month. March 2003 payment is however in default and BR is at risk of having their public liability insurance cancelled.

5.2 Capital Expenditure

Our review of capital expenditure revealed capital expenditure exceeded the original budget and Commonwealth Grant funding of \$5,000,000 by \$1,091,188.

It appears this is the cause of the significant trade creditor position of BR.

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There is some opinion held by BR that part of the cost excess is partly due to overcharging by some suppliers although the tendering process of BR for the work involved should then be questioned, however this is outside the scope of this report.

The alternate is that original estimates were too low. It is our interpretation that the latter more than the former is the root cause of the identified trade creditor problem.

The original estimates and the processes in determining the estimates provided for the Commonwealth Grant and the associated acquittal reporting and processes are beyond the scope of this report.

It is unfortunate to have to estimate costs on such a project of the magnitude and as rare as restoration of rail infrastructure and historic rolling stock versus easily quantifiable projects such as houses or the likes. However, great responsibility is held in the hands of those handling public monies.



6 Cash Flow

We have prepared a cash flow forecast for the 12 months ending 31st March 2004 (Annexure C).

The forecast was prepared to determine ongoing viability. The forecasted surplus \$462K for the period referred to above establishes a basis for ongoing viability however there is insufficient cash flow forecasted to meet current creditor liabilities.

If funding could be secured to meet current creditor liabilities there appears to be sufficient cash flow forecasted to service a medium to long-term debt.

Two important drivers of achieving this cash flow position would be operational and overhead cost containment and effective marketing. It is our opinion that BR is operating on a 'shoestring' budget because it is currently forced to. If funding were to be secured cost containment would have to continue through good cost management.

Marketing appears adhoc at present due to limited time allocated to marketing and limited funds. It is imperative that time and money resources are dedicated to this task, as some shift of focus has to occur from operations to marketing.

Accordingly, in addition to acquiring funds to meet commitments to current creditors it will be important to allow for working capital of approximately one third of expected surplus in order to ensure that BR is able to always meet future commitments as and when they become due.

6.1 Assumptions and Notes

The forecast was prepared on conservative estimates of trading receipts that has been based on current ticket prices with 25% occupancy of seats in April 2003 increasing to 80% occupancy of seats by March 2004.

BR is to feature on The Great South East television program on the 6th April 2003 and is expected to generate significant initial interest.

Approximately 6 charters per month additional to one Saturday and two Sunday trips per week are forecasted. Several charters have already been booked for April, May and June 2003.

Payments for cost of sales have been forecasted on current operating cost data with estimates made for costs not yet incurred – catering/drinks.

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No wages for cost of sales are included as volunteers are expected to man all trains with the exception of catering and bar staff. A crew of available volunteer staff is available for all roles on a rotating basis.

The volunteer work is estimated at above \$350K (if paid workers) and is not included in the forecasts for reasons noted above and is only noted to express the value of donated volunteer time on an annual basis.

The main payments of overhead expenses are expected to be wages and salaries (admin and infrastructure and rolling stock maintenance), insurance and marketing.



7 GST/BAS

BR is required to be registered for GST and is registered for GST. BR is as at 28th February 2003 up to date with all BAS lodgments.

There were a few accounting and coding errors that were neither material nor relevant to the outcome of the report. These entries were corrected on BR's MYOB accounting records.

No other issues have been identified.



8 Management Options

Our review of management was conducted with meetings, interviews and discussion with the management committee, employees of BR and external stakeholders. To make the subjective more objective we have weighed up the material and consistent subjective data in order to provide an objective opinion on the current management structure and personnel as well as some comments on future requirements.

Our commentary and opinion is not meant to be 'finger pointing' nor 'laying blame' but rather candid and frank opinions to assist BR to move forward, if at all possible given the current creditors position.

8.1 Management Committee

On the positive side the management committee is perceived to be committed to the projects' realisation, well intentioned in their endeavors and has provided valuable input in the project.

On the negative side there is a perception of the management committee that it lacks corporate professionalism, lacks expertise, lacks strong management control and is not timely in its decision-making.

8.2 General Manager

The general manager, previously the project manager, appears to be passionate, knowledgeable, well intentioned and driven. This in part appears to be seen as the driving factors in achieving the project's intention to restore a rail facility to be operational.

There would appear to be perceptions that the general manager is *arrogant, CLINT c/-*
abrasive and non-communicative. ✓ *(WE?) GOLD GROUP*

The leadership shown by the general manager appears effective to within the boundaries of BR. It would appear that some of these leadership qualities (communication and consultation) have not extended to external stakeholders. Given that BR is as much a 'community' project due to government grant funding then communication and consultation appears to be a primary requisite in gaining external stakeholder support.

Whether this is a short coming of the general manager or a role that the management committee should have accepted can be argued either way but ultimately the responsibility lies with the management committee to either have identified the short coming and taken on the role or have clearly defined roles and expectations of the general manager.

8.3 Moving Forward

If BR is given the opportunity to move forward a significant change to management and the structures will be required given that moving forward (or not) is now in the hands of external stakeholders to some degree.

It is advised a change of the management committee to encompass (as a minimum) operational, financial, marketing, HR and legal expertise. This would provide specialist skills to the management of BR and provide a new opportunity to gain external stakeholder support.

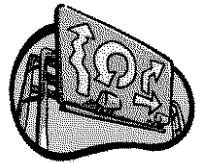
In addition the allocation of management roles, accountabilities and responsibilities would need to be changed. It is expected that as part of this process clear identification of the roles, accountabilities, responsibilities and performance expectations would be documented.

In more simple terms it would appear that the management committee stand down and the general manager move to some extent sideways to make way for the introduction of persons with the respective skills referred to above.

We believe that if the current management committee and general manager are as passionate, committed and well-intentioned for BR to continue that pride would not stand in their way.

There is some possibility to encapsulate this change further by changing the entity structure to a company where a management committee structure is replaced by a board of directors. This would add a level of accountability of the board to shareholders by virtue of vested interests (capital).

The issues of concern however with the change of entity is stamp duty, any tax implications and how the capital is issued. The last issue will be raised in the next section.



9 Strategic Options

It would appear winding up a more than possible result; there is no hiding from this possibility.

Strategic options in any form are only likely to occur, if at all, in the medium to long-term and therefore may be irrelevant and moot due to potential creditor actions in the short term.

There could be an avenue of pursuing strategic options under a creditors' resolution, if accepted by resolution under administration. Further advice should be sought with respect to this course of action.

9.1 Insolvency

The creditors, the courts or the members can apply for winding up of BR. The outcome of any operations is dependent on the appointed liquidator/receiver's decisions. Most likely this will result in the assets being realised to meet the liquidator/receiver's costs and the liabilities discharged in order of preference. Essentially this is the end of the line for BR.

9.2 Financing

An approach could be made for commercial finance for \$1.2M to \$1.5M to payout creditors and maintain working capital.

It is doubtful this would be successful due to a likely low bank valuation of infrastructure, locomotives and rolling stock and more importantly a lack of security over infrastructure as land the infrastructure is built on is owned by the Queensland Department of Transport.

It may however be possible to obtain such finance with personal guarantee support of interested parties.

9.3 Q Rail - Infrastructure Buy Back

A possibility to allow continued operation of BR may be an infrastructure buy-back by Q Rail. Essentially this would mean sale of the rail corridor infrastructure including all infrastructure improvements with BR still retaining locomotives and rolling stock.

Consideration for sale of infrastructure would be payout of \$930K loan, payout of Q Rail trade creditor amounts outstanding and return of cash to be utilized to payout other creditors and to utilize as working capital. Alternatively some amount may be retained by Q Rail to cover line access fees for some set term.

Such an option is dependent on Q Rail being interested in the strategy for their own strategic purposes and also that an agreeable price is settled upon by Q Rail and BR sufficient to meet all of the needs of BR.

No approach to Q Rail has been made regarding this option therefore realistically it is not an option that could be put together in the immediate short term.

9.4 Rail Freight – Access of Line

It is possible that the Beaudesert to Bethania rail line is attractive to an interstate rail freight company with such attraction being the link to the Q Rail network. A rail freight company may become a venture partner (in some form) to gain access or equity in the infrastructure.

Currently rail freight for coal is a monopoly in Queensland. There appears to be external pressure on Q Rail to open up their network to competitors however some delay on pricing of network access (due to infrastructure costing) appears to be delaying open access. It is due to this fact that any option here is long-term only.

This has been approached in an exploratory nature only.

9.5 Package of Funding – Finance, Commonwealth and State Funding

It may be unlikely that any further funding to the tune of \$1.2M to \$1.5M will come from any Commonwealth or State source. However it might be possible to gain a package of funding on a three-way basis. For example \$400K to \$500K each with BR applying for private borrowing of \$400K to \$500K and some form of funding from Commonwealth and State sources by way of grants, term loans or some other basis.

It is expected from cash flow forecasts that BR could service such debt.

No approach has been made towards such a package. To pull this together would be in the medium term and therefore might be unlikely to provide a solution to short term creditor needs.

9.6 Company Formation – Equity for Debt

Previously noted was a change in entity structure from an incorporated association to a company. It may be possible, in the formation of a company, to issue share capital in consideration for debt. This option is exploratory in nature only and further advice (beyond the scope of this report) should be sought.



10 Recommendations

1. Committee members should seek legal advice regarding trading whilst insolvent.
2. If winding up is the ultimate advice received and accepted then all creditors and stakeholders would need to be advised.

If an alternative to winding up is sought (in consultation with ACC):

3. Explore appointing an administrator
4. Appoint new management committee, represented by (as a minimum) operational, financial, marketing, HR and legal expertise
5. Change and define management roles
6. Communication with creditors on current financial position and management change
7. Resolve public liability insurance default
8. Establish tax liability
9. Explore strategic options

In any event the committee needs to act now (immediately) as their inaction in the immediate term may result in creditors taking the matter out of their hands. In such a case BR would either incur significant costs defending the issue or become a passenger to the process.

If BR would like us to co-ordinate the legal and insolvency advice proceedings we would be happy to assist.

Signed at Southport this 28th day of March, 2003.

Lee Garvey
Chartered Accountants

.....
Wayne Hurry (Partner)
.....
Clint Lutter (Manager)

Annexure A
Beaudesert Rail
Trade Creditors
As at 28th February 2003

Company	Amount (\$)
A Farmers Daughter	205
Andersens	853
Australasian Inspection Services Pty Ltd	660
Australia Post	52
Barney Creek Tree Farm	1002
Beau-view Trade Supplies	835
Beaudesert Bus Service	198
Beaudesert Hardware	2413
Beaudesert Hire Service	3796
Beaudesert Industrial Tool & Trade Supplies	287
Beaudesert Metal Fabricators	69653
Beaudesert News	61
Beaudesert Sandblasting	5335
Beaudesert Shire Council	475
Beaudesert Times	1176
Beenleigh Sign Display	150
Boatcraft Pacific Pty Ltd	2286
BOC Gases Australia Ltd	705
Boilerland Pty Ltd	0
Boonah Shire Council	56200
Bottrell's Discount Timber	3795
Colleen Brown	440
Bulldog Trimming	13953
C-M Concrete Products P/L	335
Calam Plant Hire	198
Fay Chamberlain	800
Charlie Henry Timbers	5423
Chemsearch	484
Commercial & General Insurance	1688
Eric Cuthbertson	16300
D Wright Plumbing	2033
Dayheat Publishing Pty Ltd	1188
Dept of Tourism Racing & Fair Trading	58
ENERGEX	1123
Enright Signs	440
Enrights Sawmill Pty Ltd	20899
Enzed	11616
Executive Copier Services	313
Fechner Bros	0
John Flynn	471

Annexure A
Beaudesert Rail
Trade Creditors
As at 28th February 2003

Company	Amount (\$)
G'day Australia Bush Tours	1932
David Gatehouse	2970
George's Front End Loader Hire	558
Gillow & Teese	8800
John Gleeson	1066
Graham Moss Photography	449
Grant Engineering	43179
Hohl Earthmoving	286
Hohl Plumbing	5209
John P Doyle & Co	916
Knights Engineering	624
Lahey & Walker	1295
Lawrie Rodgers Technical Services	3707
Logan Village Hardware	12176
D & P Love	891
David McGregor	1568
John Moore	300
Mullings Fasteners	1389
Nash Glass & Aluminium Pty Ltd	2273
Norman Johnson Accountant	1132
North Tamborine Mitre 10	32
O'Shea & Partners Pty Ltd	8573
Peter J Williams	655
Piled Foundations Pty Ltd	8140
Printer Refills	214
Queensland Rail (<i>\$300,000 payable 30/6/03</i>)	675236
Queensland Transport	554
R.M. Williams	1897
Safe Trak Solutions	1900
Sky Comm	12070
Snows Engineering & Mechanical	72897
Soil Survey Engineering	3410
Southcoast Nameboards	1392
Stanley G Plantoz Insurance Brokers	82015
Stenhouse Lifting Equipment	2656
Tamborine Bobact and Tipper Hire	600
TCR	108
Tempory Fence Hire Pty Ltd	97
The Village Smith	3245
Thermit Australia	369

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Annexure A
Beaudesert Rail

Trade Creditors
As at 28th February 2003

Company	Amount (\$)
TJ Kelly Surveys Pty Ltd	1526
Topline Glazing	1023
Totally Aussie Security	1250
Trade Tyres	73
DJ & PM Trewin	3125
Trober Enterprises	165
Sheila Venez	375
Wanless Wastecorp	521
Wurth Australia Pty Ltd	108
Teistra	2167
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	1205009
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Annexure B

Beaudesert Shire Railway Support Group Association Inc.

Balance Sheet As at 28th February 2003

	\$
Current Assets	
Cash on Hand - Petty Cash	100
Cash at Bank - ANZ No. 1	32,318
Cash at Bank - ANZ No. 2	2,087
Cash at Bank - ANZ No. 3 RM 76	43,462
Cash at Bank - SECCS S1	11,551
Cash at Bank - SECCS S28	603
Cash at Bank - SECCA No. 4	316
Cash at Bank - CBA (RPA Funding)	1,025
Security Deposits - Energex	550
Trade Debtors	9,909
GST Refundable (Jan 03 BAS)	50,873
	<hr/>
Total Current Assets	152,794
Non-Current Assets	
Buildings - at Cost	634,593
Plant & Equipment - at Cost	252,346
Office Furniture & Fittings - at Cost	4,608
Motor Vehicles - at Cost	24,820
Rail Stock- at Cost	1,332,662
Rail Corridor - at Cost	935,000
Rail Corridor Improvements - at Cost	2,244,515
Bridges & Track - at Cost	1,290,559
	<hr/>
	6,719,103
Intangibles	
Safety Management System	138,039
Corporate Image	2,000
	<hr/>
Total Non-Current Assets	6,859,142
	<hr/>
Total Assets	7,011,936

This financial statement is unaudited - refer disclaimer

Annexure B

Beaudesert Shire Railway Support Group Association Inc.

Balance Sheet As at 28th February 2003

	\$
Current Liabilities	
Trade Creditors	1,205,009
Unpaid Wages	20,922
GST Payable (Feb 03 BAS)	5,472
GST Unreconciled Amount	2,239
PAYG Withholding	8,700
Superannuation	4,541
Work Cover Provision	1,117
Annual Leave Provision	4,460
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Total Current Liabilities	1,252,459
Non-Current Liabilities	
Secured Loan - Q Rail	930,000
	<hr/>
Total Non-Current Liabilities	930,000
	<hr/>
Total Liabilities	2,182,459
	<hr/>
Net Assets	4,829,476
	<hr/>
Equity	
Retained Earnings	2,985,110
Current Earnings	1,820,726
Historical Balancing Account	23,641
	<hr/>
Total Equity	4,829,476
	<hr/>

This financial statement is unaudited - refer disclaimer

Annexure C

Beaudesert Rail

Cash Flow Forecast For the 12 Months Ending 31st March 2004

Note	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receipts													
Ticket Sales	31,636	47,982	59,055	56,945	79,091	69,600	75,927	102,818	88,582	102,818	118,109	101,236	933,800
Charters	5,655	13,590	11,044	11,044	13,590	13,590	13,590	13,590	9,954	11,044	13,590	13,590	143,868
	<u>37,291</u>	<u>61,571</u>	<u>70,099</u>	<u>67,990</u>	<u>92,680</u>	<u>83,190</u>	<u>89,517</u>	<u>116,408</u>	<u>98,536</u>	<u>113,862</u>	<u>131,699</u>	<u>114,826</u>	<u>1,077,668</u>
Payments - Cost of Sales													
Coal	3,607	4,509	4,284	3,833	4,960	4,284	4,284	4,960	3,607	4,058	4,735	4,284	51,404
Water	1,018	1,273	1,209	1,082	1,400	1,209	1,209	1,400	1,018	1,145	1,336	1,209	14,509
Diesel	91	91	91	91	91	91	91	91	91	91	91	91	1,091
Lubricants	227	227	227	227	227	227	227	227	227	227	227	227	2,727
Vehicle Costs	826	1,032	980	877	1,135	980	980	1,135	826	929	1,084	980	11,765
Labour (Volunteered)	490	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	16,860
Catering Labour	568	1,705	1,705	1,705	1,705	1,705	1,705	1,705	1,705	1,705	1,705	1,705	19,318
Food/Drinks	<u>6,827</u>	<u>10,307</u>	<u>9,966</u>	<u>9,284</u>	<u>10,988</u>	<u>9,966</u>	<u>9,966</u>	<u>10,988</u>	<u>8,944</u>	<u>9,625</u>	<u>10,647</u>	<u>9,966</u>	<u>117,474</u>
	<u>30,463</u>	<u>51,255</u>	<u>60,133</u>	<u>58,705</u>	<u>81,693</u>	<u>73,224</u>	<u>79,551</u>	<u>105,420</u>	<u>89,592</u>	<u>104,237</u>	<u>121,051</u>	<u>104,860</u>	<u>960,194</u>
Trading Surplus													
	11,500	750	750	750	750	750	750	750	750	750	750	750	11,500
Advertising	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Rent Received	400	400	400	400	400	400	400	400	400	400	400	400	2,000
Memberships & Subscriptions	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Fundraising, Merchandising and Other	400	400	400	400	400	400	400	400	400	400	400	400	4,800
	<u>12,650</u>	<u>1,150</u>	<u>3,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>27,300</u>
Payments - Overheads													
Infrastructure & Rolling Stock Maintenance	60	60	60	60	60	60	60	60	60	60	60	60	720
Carriage Cleaning	20	20	20	20	20	20	20	20	20	20	20	20	240
Gas	50	50	50	50	50	50	50	50	50	50	50	50	600
Garden Maintenance & Vegetation Control	175	175	175	175	175	175	175	175	175	175	175	175	2,100
Hire of Plant & Equipment	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Motor Vehicle Expenses	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs & Maintenance - P & Eq	13,655	10,924	10,924	13,655	10,924	10,924	13,655	10,924	13,655	10,924	10,924	13,655	144,743
Replacement Tools	170	170	170	170	170	170	170	170	170	170	170	170	2,040
Security	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
Salaries & Wages - Staff	170	170	170	170	170	170	170	170	170	170	170	170	2,040
Staff Amenities	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
Staff Training	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
Superannuation	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
Uniforms	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
Work Cover	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	14,747
	<u>15,709</u>	<u>12,978</u>	<u>12,978</u>	<u>15,709</u>	<u>12,978</u>	<u>12,978</u>	<u>17,880</u>	<u>12,978</u>	<u>15,709</u>	<u>12,978</u>	<u>12,978</u>	<u>15,709</u>	<u>171,562</u>

Annexure C

Beaudesert Rail

Cash Flow Forecast For the 12 Months Ending 31st March 2004

Note	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing & Communications													
Advertising & Promotions	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	39,000
Computer & Internet	215	215	215	215	215	215	215	215	215	215	215	215	2,580
Postage	160	160	160	160	160	160	160	160	160	160	160	160	1,920
Printing & Stationery	500	500	500	500	500	500	500	500	500	500	500	500	6,000
	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	49,500
Premises													
Cleaning	50	50	50	50	50	50	50	50	50	50	50	50	600
Electricity	-	1,070	-	-	1,070	-	-	1,070	-	-	1,070	-	4,280
Lease of Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Rates	-	-	-	2,960	-	-	-	-	-	-	-	-	-
	50	1,120	50	3,010	1,120	50	50	1,420	50	50	1,120	50	8,140
Administration													
Accounting	50	2,550	50	50	50	50	50	8,050	50	50	50	50	11,100
Bank Charges	318	318	318	318	318	318	318	318	318	318	318	318	3,816
Insurance	9,835	9,835	9,835	9,835	9,835	9,835	9,835	9,835	9,835	9,835	9,835	9,835	118,020
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences & Permits	200	-	-	-	-	60	-	-	-	-	-	-	260
Meeting & Function Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance - Admin	75	75	75	75	75	75	75	75	75	75	75	75	900
Telephone & Fax	960	960	960	960	960	960	960	960	960	960	960	960	11,520
Travel & Accommodation	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries & Wages	9,315	7,452	7,452	9,315	7,452	7,452	9,315	7,452	9,315	7,452	7,452	9,315	98,739
Superannuation	838	671	671	838	671	671	838	671	838	671	671	838	8,887
Work Cover	-	-	-	-	-	-	1,481	-	-	-	-	-	1,481
	21,591	21,861	19,361	21,391	19,361	19,421	22,872	27,361	21,391	19,361	19,361	21,391	254,723
Total Payments for Overheads	41,475	40,084	36,514	44,235	37,584	36,574	44,928	45,884	41,275	36,514	37,584	41,275	483,924
Net Trading Surplus/(Deficiency)	1,638	12,331	26,769	15,620	45,259	37,800	35,773	60,688	49,467	68,874	84,618	64,735	503,570

These financial statements are unaudited - refer disclaimer

Annexure C

Beaudesert Rail

Cash Flow Forecast For the 12 Months Ending 31st March 2004

Note	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Payments													
Payment to Creditors O/S			2,100										2,100
Income Tax Expense	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	33,600
Infrastructure	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Rolling Stock	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	47,700
	4,994	6,272	7,325	6,914	9,383	8,434	9,067	11,756	9,969	11,501	13,285	11,598	110,497
GST													
GST Collected	-	2,229	1,838	2,066	2,047	1,838	2,203	2,877	1,736	1,804	2,013	1,838	24,113
GST Paid	-	3,372	4,043	5,487	4,848	7,336	6,586	6,863	8,878	8,233	9,697	11,272	80,125
GST Payable	-	128	671	1,444	639	2,488	288	2,015	646	1,465	1,574	1,512	6,260
	-	2,290	22,313	11,181	43,947	33,260	32,241	58,901	45,021	66,538	82,392	59,423	462,129
Total Surplus/(Deficiency)													
	79,877	77,587	86,789	109,102	120,283	164,230	197,490	229,731	288,632	333,653	400,191	482,583	79,877
Bank													
Opening	-	2,290	22,313	11,181	43,947	33,260	32,241	58,901	45,021	66,538	82,392	59,423	462,129
Surplus/(Deficiency)													
Closing	77,587	86,789	109,102	120,283	164,230	197,490	229,731	288,632	333,653	400,191	482,583	542,006	542,006

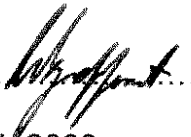
Disclaimer

The special purpose financial statements included in this report were not audited. The specific purpose for which these special purpose financial statements were prepared is set out in the Scope in the body of this report.

To the extent permitted by law, we do not accept liability for any loss or damage that any person, other than the Gold Coast & Region Area Consultative Committee Inc., may suffer arising from negligence on our part. No person should rely on these special purpose financial statements without having an audit conducted.

These special purpose financial statements were prepared for the benefit of the Gold Coast & Region Area Consultative Committee Inc. and the purpose as identified above. We do not accept responsibility to any other person for the contents of these special purpose financial statements.

Lee Garvey
Chartered Accountants

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(Partner)
28th March 2003