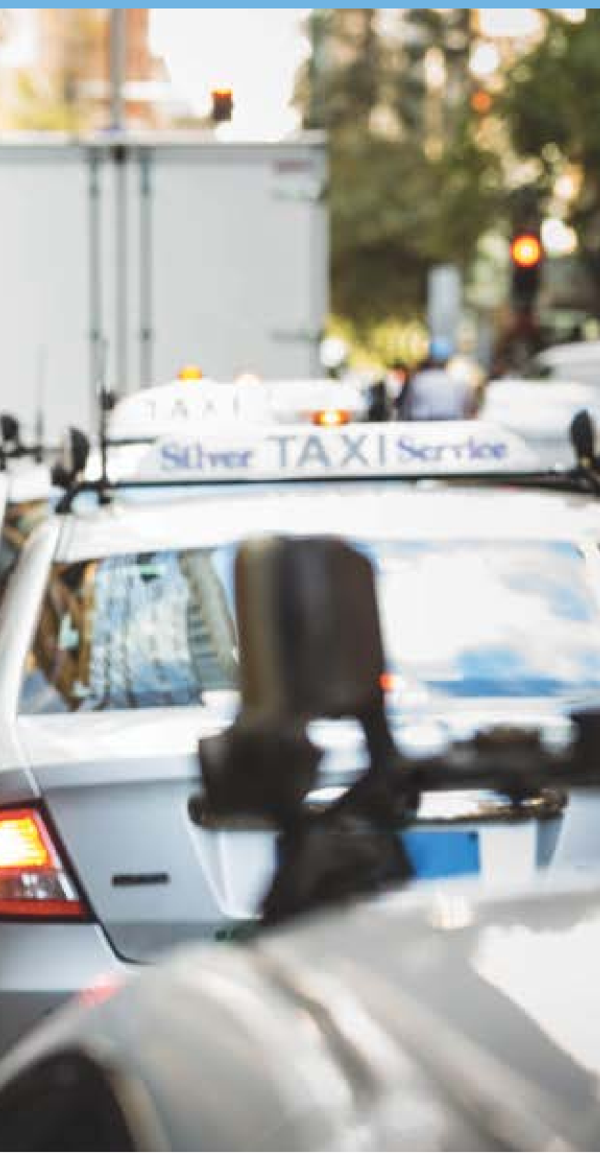
FINANCE SOLUTIONS FOR BUSINESS GROWTH

3

FINANCIAL STATEMENTS



Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

I have audited the accompanying annual financial statements of the Clean Energy Finance Corporation for the year ended 30 June 2015, which comprise the:

- Statement by the Accountable Authorities, Chief Executive and Chief Financial Officers;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Directors Responsibility for the Financial Statements

The Directors of the Clean Energy Finance Corporation are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Directors are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Clean Energy Finance Corporation:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Clean Energy Finance Corporation as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ian Goodwin
Group Executive Director
Delegate of the Auditor-General

Canberra
19 August 2015

CLEAN ENERGY FINANCE CORPORATION

Statement by the Accountable Authorities, Chief Executive and Chief Financial Officers

In our opinion, the accompanying financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Clean Energy Finance Corporation will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.

Jillian Broadbent AO Chair of the Board	Paul Binsted Director	Oliver Yates Chief Executive Officer	Andrew Powell Chief Financial Officer
19 August 2015	19 August 2015	19 August 2015	19 August 2015

CLEAN ENERGY FINANCE CORPORATION

Statement of Comprehensive Income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	14,544	12,942
Suppliers	3B	4,688	4,677
Depreciation and amortisation	3C	455	387
Finance costs	3D	6	30
Concessional loan charges	3E	1,392	5,582
Write-down and impairment of assets	3F	2,271	641
Provision for irrevocable loan commitments	3G	266	232
Total expenses		**23,622**	**24,491**
Own-source Income			
Own-source revenue			
Interest and loan fee revenue	4A	54,619	41,787
Other revenue	4B	19	-
Total own-source revenue		**54,638**	**41,787**
Gains			
Other gains	4C	139	-
Total gains		**139**	**-**
Total own-source income		**54,777**	**41,787**
Net contribution from services		**31,155**	**17,296**
Revenue from Australian Government	4D	-	8,000
Surplus before income tax on continuing operations		**31,155**	**25,296**
Income tax expense	1.20	-	-
Surplus after income tax on continuing operations		**31,155**	**25,296**
Surplus after income tax		**31,155**	**25,296**
Surplus attributable to the Australian Government		**31,155**	**25,296**
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent classification to net cost of services			
Changes in asset revaluation surplus		1,138	-
Total other comprehensive income before income tax		**1,138**	-
Income tax expense – other comprehensive income	1.20	-	-
Total other comprehensive income after income tax		**1,138**	**-**
Total comprehensive income		**32,293**	**25,296**
Total comprehensive income attributable to the Australian Government		**32,293**	**25,296**

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY FINANCE CORPORATION

Statement of Financial Position

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	149,577	123,102
Short-term investments	5B	100,000	270,000
Trade and other receivables	5C	6,451	4,759
Loans and advances	5D	322,871	231,627
Available-for-sale financial assets	5E	77,057	305
Other financial assets	5F	597,875	621,822
Total financial assets		**1,253,831**	**1,251,615**
Non-financial assets			
Property, plant and equipment	6A, 6B	314	423
Intangibles	6C, 6D	338	28
Prepayments and other assets	6E	515	590
Total non-financial assets		**1,167**	**1,041**
Total assets		**1,254,998**	**1,252,656**
LIABILITIES			
Payables and unearned income			
Suppliers	7A	1,617	1,194
Unearned income	7B	6,530	4,903
Other payables	7C	3,004	3,397
Total payables and unearned income		**11,151**	**9,494**
Provisions			
Employee provisions	8A	878	599
Other provisions	8B	10,860	10,545
Total provisions		**11,738**	**11,144**
Total liabilities		**22,889**	**20,638**
Net assets		**1,232,109**	**1,232,018**
EQUITY			
Contributed equity	18	1,168,363	1,200,565
Reserves		1,138	-
Retained surplus		62,608	31,453
Total equity		**1,232,109**	**1,232,018**

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY FINANCE CORPORATION

Statement of Changes in Equity

for the period ended 30 June 2015

	Retained Surplus		Reserves		Contributed Equity		Total Equity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Opening balance								
Balance carried forward from previous period	31,453	6,157	-	-	1,200,565	338	1,232,018	6,495
Comprehensive income								
Surplus for the period	31,155	25,296	-	-	-	-	31,155	25,296
Other comprehensive income	-	-	1,138	-	-	-	1,138	-
Total comprehensive income	**31,155**	**25,296**	**1,138**	**-**	**-**	**-**	**32,293**	**25,296**
Total comprehensive income attributable to the Australian Government	**31,155**	**25,296**	**1,138**	**-**	**-**	**-**	**32,293**	**25,296**
Transactions with owners								
Distributions to owners								
Return of equity to Special Account	-	-	-	-	(50,600)	-	(50,600)	-
Contributions by owners								
Equity injection from Special Account	-	-	-	-	-	1,131,600	-	1,131,600
Equity injection from Low Carbon Australia Limited	-	-	-	-	18,398	68,627	18,398	68,627
Total transactions with owners	**-**	**-**	**-**	**-**	**(32,202)**	**1,200,227**	**(32,202)**	**1,200,227**
Closing balance as at 30 June	**62,608**	**31,453**	**1,138**	**-**	**1,168,363**	**1,200,565**	**1,232,109**	**1,232,018**
Closing balance attributable to the Australian Government as at 30 June	**62,608**	**31,453**	**1,138**	**-**	**1,168,363**	**1,200,565**	**1,232,109**	**1,232,018**

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY FINANCE CORPORATION

Cash Flow Statement

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Australian Government		-	8,000
Interest and fees		51,620	36,040
Distributions from equity investments		6	-
Total cash received		**51,626**	**44,040**
Cash used			
Employees		14,576	10,162
Suppliers		4,805	4,603
Interest paid		-	41
Total cash used		**19,381**	**14,806**
Net cash from operating activities	**9**	**32,245**	**29,234**
INVESTING ACTIVITIES			
Cash received			
Principal loan repayments received		18,605	4,831
Redemption of short-term investments		375,000	71,817
Redemption of other financial assets		201,333	1,796
Total cash received		**594,938**	**78,444**
Cash used			
Purchase of property, plant and equipment		254	47
Purchase of intangibles		388	35
Loans made to other parties		108,650	209,229
Purchase of AFS financial assets		74,514	-
Purchase of short-term investments		205,000	270,000
Acquisition of other financial assets		179,700	693,105
Total cash used		**568,506**	**1,172,416**
Net cash from / (used by) investing activities		**26,432**	**(1,093,972)**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		18,398	1,173,707
Total cash received		**18,398**	**1,173,707**
Cash used			
Return of equity		50,600	-
Total cash used		**50,600**	**-**
Net cash from / (used by) financing activities		**(32,202)**	**1,173,707**
Net increase in cash held		**26,475**	**108,969**
Cash and cash equivalents at the beginning of the reporting period		123,102	14,133
Cash and cash equivalents at the end of the reporting period	**5A**	**149,577**	**123,102**

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY FINANCE CORPORATION

Schedule of Commitments

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
BY TYPE			
Commitments payable			
Capital commitments			
Committed credit facilities	17	(499,245)	(605,564)
Committed investments at call	17	(205,000)	(80,000)
Intangibles		(217)	-
Total capital commitments		**(704,462)**	**(685,564)**
Other commitments			
Operating leases		(1,038)	(1,114)
Other		(465)	(158)
Total other commitments		**(1,503)**	**(1,272)**
Total commitments payable		**(705,965)**	**(686,836)**
Net commitments by type		**(705,965)**	**(686,836)**
BY MATURITY			
Commitments payable			
Capital commitments			
Within 1 year		(389,751)	(367,070)
Between 1 to 5 years		(314,711)	(318,494)
Total capital commitments		**(704,462)**	**(685,564)**
Operating lease commitments			
Within 1 year		(533)	(799)
Between 1 to 5 years		(505)	(315)
Total operating lease commitments		**(1,038)**	**(1,114)**
Other commitments			
Within 1 year		(297)	(149)
Between 1 to 5 years		(168)	(9)
Total other commitments		**(465)**	**(158)**
Total commitments payable		**(705,965)**	**(686,836)**
Net commitments by maturity		**(705,965)**	**(686,836)**

The above schedule should be read in conjunction with the accompanying notes.

Table of Contents – Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Corporation

The Clean Energy Finance Corporation ('CEFC' or 'the Corporation') was established on 3 August 2012 under the *Clean Energy Finance Corporation Act 2012* [Cth] ('the CEFC Act') and is classified as a corporate Commonwealth entity. It is a not-for-profit entity and, working with co-financiers, its objective is to facilitate increased flows of finance into the clean energy sector. The Corporation's functions are to:

1. Invest, directly and indirectly, in clean energy technologies, which can be any one or more of the following:
   - Renewable energy technologies, which include hybrid technologies that integrate renewable energy technologies and technologies (including enabling technologies) that are related to renewable energy technologies;
   - Energy efficiency technologies, including technologies that are related to energy conservation technologies or demand management technologies (including enabling technologies); and
   - Low emissions technologies.

   By investing in solely or mainly Australian based renewable energy, energy efficiency and low emissions technologies and projects;
2. Liaise with relevant persons and bodies, including the Australian Renewable Energy Agency ('ARENA'), the Clean Energy Regulator, other Commonwealth agencies and State and Territory governments, for the purposes of facilitating its investment function;
3. Work with industry, banks and other financiers, and project proponents, to accelerate Australia's transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in the clean energy sector; and
4. Do anything incidental or conducive to the performance of the above functions.

1.2 Basis of Preparation of the Financial Statements

The financial statements have been prepared on the basis of the Corporation remaining a going concern and able to continue realising its assets and discharging its liabilities in the normal course of business. Part 5 of the CEFC Act makes provision for funding of the Clean Energy Finance Corporation via an appropriation to a Special Account. Accordingly, the Corporation has sufficient funding and realisable assets to meet all of its liabilities and obligations. Any change to the continued existence of the Corporation in its present form would require an act of Parliament to repeal the CEFC Act. During the 2013/14 financial year, three times legislation was introduced into the Parliament to abolish the Corporation and on two occasions, this was rejected by the Senate. At the time of this report, a Government bill to abolish the Corporation remains on the House of Representatives Notice Paper. This bill has not progressed since 23 June 2014.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The proposed legislation to abolish the Corporation contains arrangements to ensure the orderly administration of investments and transfer of existing contractual assets and liabilities of the CEFC to the Commonwealth (the Owner) to hold and manage. Therefore, even if the Corporation was to be abolished in accordance with the proposed legislation, there would not be a material difference in the carrying values of the assets and liabilities in the financial statements of the Corporation at reporting date as a result of the proposed legislation.

The financial statements are general purpose financial statements and are required by:

a. section 42 of the PGPA Act; and

b. section 74 of the CEFC Act.

The financial statements have been prepared in accordance with:

c. the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* ('FRR'); and

d. Australian Accounting Standards ('AAS') and Interpretations issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Corporation or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

As a result of the uncertainties inherent in financial products, many items in the financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. An estimate needs revision when changes occur in the circumstances on which the estimate was based or as a result of new information or more experience.

In the process of applying the accounting policies listed in this Note, the Corporation has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

Concessional loan discount calculations

The Corporation is authorised to make loans at a discount to the prevailing market equivalent rates or terms. For each investment, the Corporation will attempt to maximise its return and provide only the level of discount from market rates/terms that is required to ensure the project proceeds, however, this may involve the Corporation taking a position that is not generally offered by other market participants (e.g. longer term fixed-rate debt, sub-ordinated debt, unsecured or mezzanine debt, lending to thinly capitalised entities or companies with less strong credit ratings, etc.) and at rates that are below those that an equivalent market participant would demand if it were to participate in this market. The Corporation is required to record a concessional loan discount in relation to such loans and this requires extensive judgement in determining the 'market equivalent rate' so as to ascertain the extent of the implicit discount attached to the loan. This involves benchmarking to market rates for similar facilities and adjusting for specific differences in tenor, credit worthiness, security, etc. Further judgement is also required to be exercised in relation to the anticipated pattern under which loans will be drawn down as well as the rate at which they are expected to amortise so the extent of concessionality being offered in the transactions can be estimated.

The following accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Impairment of loans and advances

The Corporation reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (asset type, industry, geographical location). The impairment loss on loans and advances is disclosed in more detail in Note 3F and Note 5C and further described in Note 14E.

Impairment of available-for-sale ('AFS') financial assets

For AFS financial assets, the Corporation assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Corporation evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as loans and advances. The Corporation's AFS debt instruments are early in their life (of what can be 7+ year fixed terms) and the Corporation does not have a significant history from which to ascertain the likely extent of ultimate defaults and consequential losses.

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standard was issued prior to the signing of the statement by the accountable authority, chief executive and chief financial officers, and is applicable to the current reporting period and had a material effect on the Corporation's financial statements:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1055 *Budgetary Reporting*	This standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. Where a Budgeted statement of financial position, comprehensive income, changes in equity or cash flows, is presented to Parliament, AASB 1055 requires disclosure of the original Budget as well as explanations for major variances between the original Budget and the actual amount disclosed in the financial statements. AASB 2013-1 removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in AASB 1055. As a result of AASB 1055, Note 20 has been added to the financial statements

All other new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the Corporation's financial statements.

Future Australian Accounting Standard Requirements

The following new standard was issued by the AASB prior to the signing of the statement by the accountable authority, chief executive and chief financial officers, and is expected to have a material impact on the Corporation's financial statements for future reporting period(s):

Standard/ Interpretation	Application date for the Corporation	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 9 *Financial Instruments*	1 July 2018	*Regulatory Deferral Accounts.* Part E defers the application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018. AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

Standard/ Interpretation	Application date for the Corporation	Nature of impending change/s in accounting policy and likely impact on initial application
		The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard will require the Corporation to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below: a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: – The change attributable to changes in credit risk are presented in other comprehensive income – The remaining change is presented in profit or loss

Standard/ Interpretation	Application date for the Corporation	Nature of impending change/s in accounting policy and likely impact on initial application
		AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, most notably revisions to AASB 7, including significant new disclosure requirements for each component of AASB 9. The Corporation is currently evaluating the likely impact of adopting AASB 9. It is reasonable to expect that certain financial assets will be classified differently and that it will involve a larger provision for impairment based on the change to the expected-loss model.

All other new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the Corporation's financial statements.

1.5 Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured.

Interest Revenue

Interest revenue is recognised as interest accrues using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Deferred income received in cash at the start of a loan is brought to income on an effective yield basis over the life of the loan by reducing the carrying amount.

Revenue from Australian Government

Funding received or receivable from agencies (as a corporate Commonwealth entity payment item) is recognised as Revenue from Australian Government by the Corporation unless the funding is in the nature of an equity injection or a loan.

Establishment Fees

Establishment fees relating to the successful origination or settlement of a loan are deferred and recognised as an adjustment to the effective interest rate on the loan.

Commitment Fees

Commitment fees are recognised on an accrual basis over the period during which the credit is made available to the customer but is not drawn down.

1.6 Gains

Extinguishment of Make Good Obligations

Gains from extinguishment of lease make good obligations at no cost to the Corporation are recognised when the Corporation no longer has a legal liability to restore the leased premises to their original state at the end of the lease term.

1.7 Transactions with the Australian Government as Owner

The Corporation's investment funds are provided for by a special appropriation under section 46 of the CEFC Act. Funds credited to the CEFC Special Account are held by the Department of the Treasury and are released to the Corporation in accordance with the CEFC Act when the CEFC identifies investments that it intends to make. Surplus funds are returned to the CEFC Special Account held by the Department of the Treasury for reinvestment by the CEFC or payment of a dividend to ARENA in accordance with the CEFC Act.

Equity Injections

Amounts received from the Australian Government as drawings out of the CEFC Special Account held by the Department of the Treasury are designated as 'equity injections' and recognised directly in contributed equity in that year.

Other Distributions to Owners

The CEFC Act provides that any amounts returned to the Commonwealth must be retained in the CEFC Special Account held by the Department of the Treasury and may only be used to make payments to the Corporation, or to make payments to ARENA from retained earnings of the Corporation if requested by the Corporation and authorised by the Nominated Minister. Amounts returned to the CEFC Special Account will be designated as either a return of equity in the case of capital being returned or a distribution of profits in the case of accumulated profits being transferred to the CEFC Special Account.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government entity under restructuring of administrative arrangements are adjusted directly against contributed equity.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Corporation is estimated to be less than the annual entitlement for sick leave.

When an employee has rendered service to the Corporation during the period, the Corporation recognises the undiscounted amount of short-term benefits expected to be paid in exchange for that service as a liability, calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Corporation's employer superannuation contribution rates.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Corporation recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Retention

The expected cost of retention payments is recognised when, and only when:

a. the Corporation has a present legal or constructive obligation to make such payments as a result of past events; and

b. a reliable estimate of the obligation can be made.

Superannuation

The Corporation's staff are members of various defined contribution plans to which the Corporation must contribute in accordance with the *Superannuation Guarantee (Administration) Act 1992* [Cth]. The liability for superannuation recognised as at 30 June represents outstanding contributions for the final payroll periods of the year.

1.9 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Corporation as lessee

Leases that do not transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which it is incurred.

1.10 Fair Value Measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 14(D).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Corporation. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.11 Cash and Cash Equivalents

Cash is recognised at its nominal amount as this is considered fair value. Cash and cash equivalents includes:

a. cash on hand; and

b. demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, and demand deposits in bank accounts with an original maturity of 3 months or less, to maintain liquidity.

1.12 Short-Term Investments

Term deposits in bank accounts with original maturity greater than 3 months but less than 12 months are classified as short-term investments.

1.13 Financial Assets

Initial Recognition and Measurement

The Corporation classifies its financial assets, at initial recognition, in the following categories:

a. financial assets at fair value through profit or loss ('FVPL');

b. held-to-maturity ('HTM') investments;

c. AFS financial assets; and

d. loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Corporation's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as financial assets at FVPL where the financial assets:

a. have been acquired principally for the purpose of selling in the near future;
b. are derivatives that are not designated and effective as a hedging instrument; or
c. are parts of an identified portfolio of financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the surplus attributable to the Australian Government in the statement of comprehensive income. The net gain or loss recognised in surplus attributable to the Australian Government incorporates any interest earned on the financial asset.

The Corporation had no financial assets at FVPL during the financial years ended 30 June 2015 and 2014.

AFS Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income and credited in the reserves until the investment is derecognised, at which time the cumulative gain or loss is recognised in other gains in the statement of comprehensive income, or the investment is determined to be impaired when the cumulative loss is reclassified from the reserves to the statement of comprehensive income as a write-down and impairment of assets. Interest earned while holding AFS financial assets is reported as interest income using the effective interest method in the statement of comprehensive income.

The Corporation evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Corporation is unable to trade these financial assets due to inactive markets, the Corporation may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified as a write-down and impairment of assets in the statement of comprehensive income.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost.

HTM Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity are classified as HTM investments. HTM investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The Corporation had no HTM investments during the financial years ended 30 June 2015 and 2014.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

This category generally applies to short-term investments, loans and advances and other financial assets.

Impairment of Financial Assets

Financial assets held at amortised cost

The Corporation is required to ascertain the extent to which its loans are likely to be recoverable. Given the risk position that may be assumed by the Corporation in its various loans (e.g. senior debt, unsecured debt, sub-ordinated or mezzanine debt, longer terms, policy risk in relation to the RET, electricity price volatility, etc.) it is considered possible that the Corporation will not fully recover 100% of the principal relating to all the loans it makes, although the Corporation has not identified any individual loans that are not expected to be recoverable at the reporting date. The Corporation's loans are early in their life (of what can be 10+ year fixed terms) and the Corporation does not have a history from which to ascertain the likely extent of ultimate defaults and consequential losses. Therefore, in accordance with Australian banking industry practice, the Corporation applies the following loan loss provisioning methodology to ascertain the extent to which its loans are likely to be impaired.

At the end of each reporting period the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired (and impairment charges are recognised) if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Corporation about the following loss events:

a. significant financial difficulty of the issuer or obligor;

b. a breach of contract, such as a default or delinquency in interest or principal payments;

c. the Corporation, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Corporation would not otherwise consider;

d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   i. adverse changes in the payment status of borrowers in the group; or

   ii. national or local economic conditions that correlate with defaults on the assets in the group.

The Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment is, or continues to be recognised are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Corporation's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows for a group of financial assets that are collectively evaluated for impairment are estimated on the basis of (i) the contractual cash flows of the assets in the group and (ii) historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets reflect, and are directionally consistent with, changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Corporation to reduce any differences between loss estimates and actual loss experience. When a loan or a part of a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the charge for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment charge decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment charge is reversed by adjusting the provision account. The amount of the reversal is recognised in the statement of comprehensive income.

AFS financial assets

For AFS financial assets, the Corporation assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in expenses in the statement of comprehensive income – is removed from other comprehensive income and recognised as an expense in the statement of comprehensive income. Impairment losses on equity investments are not reversed through expenses in the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Corporation evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and loan fee revenue. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

1.14 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised upon 'trade date'.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Financial Liabilities at FVPL

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any interest paid on the financial liability.

There are no outstanding financial liabilities at FVPL as at reporting dates.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade creditors and accruals and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and Notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Corporation where an obligation exists to restore premises to original condition. These costs are included in the value of the Corporation's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and any accumulated impairment losses. The valuation is based on internal assessment by management to ensure that the carrying amount of the assets do not differ materially from their fair values. As at 30 June 2015, the carrying amount of property, plant and equipment approximates their fair value.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of 'asset revaluation reserve' except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Corporation using, in all cases, the straight-line method of depreciation.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2015	2014
Leasehold improvements	5 years (or the remaining lease period if shorter)	5 years (or the remaining lease period if shorter)
Property, plant and equipment		
Office equipment	3 to 5 years	3 to 5 years
Furniture and fittings	5 years (or the remaining lease period if shorter)	5 years (or the remaining lease period if shorter)
Computer equipment	2 to 3 years	2 to 3 years

Impairment

All assets are assessed for impairment at each reporting date. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Corporation were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.19 Intangibles

Asset Recognition

The Corporation's intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Corporation's software are 2 to 3 years.

Impairment

All software assets are assessed for impairment at each reporting date. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Corporation were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

De-recognition

An item of software is de-recognised when the license expires or when no further future economic benefits are expected from its use or disposal.

1.20 Taxation

The Corporation is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

a. where the amount of GST incurred is not recoverable from the Australian Taxation Office; and

b. for receivables and payables.

The net amount of GST payable to the Australian Taxation Office is included as part of the payables or commitments.

The financial statements have been prepared on the basis that the Corporation is generally not entitled to input tax credits for GST included in the price of goods and services acquired since financial supplies, such as loans, are input taxed.

Note 2: Events after the Reporting Period

There have been no significant events subsequent to balance date.

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3A: Employee Benefits		
Wages and salaries	13,445	12,004
Superannuation		
Defined contribution plans	796	627
Leave and other entitlements	279	311
Separation and redundancies	24	-
Total employee benefits	**14,544**	**12,942**
Note 3B: Suppliers		
Goods and services supplied or rendered		
Consultants	553	866
Contractors	888	861
Insurance	149	126
Information technology services	82	108
Legal fees	245	265
Marketing and communications	333	179
Travel and incidentals	514	474
Website	163	280
Other	922	752
Total goods and services supplied or rendered	**3,849**	**3,911**
Goods supplied in connection with		
External parties	34	24
Total goods supplied	**34**	**24**
Services rendered in connection with		
External parties	3,815	3,887
Total services rendered	**3,815**	**3,887**
Total goods and services supplied or rendered	**3,849**	**3,911**
Other suppliers		
Operating lease rentals in connection with:		
Minimum lease payments for office premises – external parties	762	716
Workers compensation expenses	77	50
Total other suppliers	**839**	**766**
Total suppliers	**4,688**	**4,677**

	2015 $'000	2014 $'000
Note 3C: Depreciation and Amortisation		
Depreciation		
Property, plant and equipment	377	329
Total depreciation	**377**	**329**
Amortisation		
Intangibles	78	58
Total amortisation	**78**	**58**
Total depreciation and amortisation	**455**	**387**
Note 3D: Finance Costs		
Loans	-	24
Make good provision	6	6
Total finance costs	**6**	**30**
Note 3E: Concessional Loan Charges		
Concessional loan charge	1,392	5,582
Total concessional loan charges	**1,392**	**5,582**

The Corporation is required to record a non-cash concessional loan charge when it makes a loan at a discount to the prevailing market equivalent rates or terms. This non-cash charge is recorded at loan origination and will un-wind over the term of the underlying loan and be shown as concessional loan income. Over the full life of the loan, the impact on the reported profit or loss of the Corporation from the charge and income will net to $Nil.

	2015 $'000	2014 $'000
Note 3F: Write-Down and Impairment of Assets		
Loan impairment charge	2,232	227
AFS financial assets impairment charge	39	414
Total write-down and impairment of assets	**2,271**	**641**
Note 3G: Provision for Irrevocable Loan Commitments		
Provision for irrevocable loan commitments	266	232
Total provision for irrevocable loan commitments	**266**	**232**

Note 4: Revenue

	2015 $'000	2014 $'000
Note 4A: Interest and loan fee revenue		
Loans and advances:		
– interest and fees	22,826	14,863
– unwind of concessional loan discount	1,508	1,414
Interest from AFS financial assets	1,642	-
Interest from cash and short-term investments	12,711	16,545
Interest from other financial assets	15,932	8,965
Total interest and loan fee revenue	**54,619**	**41,787**
Note 4B: Other Revenue		
Distributions from equity investments	19	-
Total other revenue	**19**	**-**
Note 4C: Other Gains		
Gain on elimination of make good obligation	139	-
Total other gains	**139**	**-**
Note 4D: Revenue from Australian Government		
Department of the Treasury		
Corporate Commonwealth entity payment for operational expenditures	-	8,000
Total revenue from Australian Government	**-**	**8,000**

Note 5: Financial Assets

	2015 $'000	2014 $'000
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	149,577	123,102
Total cash and cash equivalents	**149,577**	**123,102**
Note 5B: Short-Term Investments		
Short-term deposits with financial institutions	100,000	270,000
Total short-term investments	**100,000**	**270,000**
Note 5C: Trade and Other Receivables		
Goods and services receivables in connection with		
Trade debtors – external parties	208	6
Total goods and services receivables	**208**	**6**
Other receivables		
Unbilled receivables	908	625
Interest	5,260	4,086
Other	75	42
Total other receivables	**6,243**	**4,753**
Total trade and other receivables (gross)	**6,451**	**4,759**
Less: Impairment allowance	**-**	**-**
Total trade and other receivables (net)	**6,451**	**4,759**
Receivables are expected to be recovered		
No more than 12 months	6,451	4,759
Total trade and other receivables (net)	**6,451**	**4,759**
Receivables are aged as follows		
Not overdue	6,451	4,759
Total trade and other receivables (gross)	**6,451**	**4,759**

Credit terms for goods and services were within 30 days (2014: 30 days)
Interest receivable is due monthly, quarterly or upon maturity, depending on the terms of the investment.

	2015 $'000	2014 $'000
Note 5D: Loans and Advances		
Gross funded loans	332,752	239,560
Less concessional loan discount	(7,045)	(7,329)
Funded loans, net of concessionality discount	**325,707**	**232,231**
Less impairment allowance	**(2,836)**	**(604)**
Net loans and advances	**322,871**	**231,627**
Maturity analysis loans and advances, net of concessionality:		
Overdue – impaired	3,431	-
Due in 1 year	32,925	14,480
Due in 1 year to 5 years	238,688	82,483
Due after 5 years	50,663	135,268
Funded loans, net of concessionality discount	**325,707**	**232,231**
Less impairment allowance	**(2,836)**	**(604)**
Net loans and advances	**322,871**	**231,627**

Concentration of risk

The largest single exposure in the loan portfolio at 30 June 2015 was for an amount of $67.7 million (2014: $69.3 million). The following table shows the diversification of investments in the loan portfolio at 30 June 2015:

	2015			2014		
	No. of Loans	Loan Value $'000	%	No. of Loans	Loan Value $'000	%
<$10 million	59	40,655	13%	35	40,665	17%
$10 – $30 million	2	45,624	14%	2	38,516	17%
$30 – $50 million	3	121,689	37%	1	33,739	15%
$50 – $80 million	2	117,739	36%	2	119,311	51%
Total loans and advances, net of concessionality discount	**66**	**325,707**	**100%**	**40**	**232,231**	**100%**

The following table shows the diversification of investments within the loan portfolio at 30 June 2015 by credit quality. Since the loans made by the Corporation are (in the main) to entities that will not have a formal credit rating, the Corporation has developed a Shadow Credit Ratings ('SCR') system. These are internal risk indicators used by the Corporation to assess the default risks of its debt instruments. The SCR assesses the probability of seeing the counterparty default under its obligations. The SCR is determined by a risk matrix based on internal risk assessments of the counterparty involved, the business risk it faces and the financial risk it has as a result of the debt it carries (including all new debt proposed in the investment opportunity).

	2015		2014	
	Loan Value $'000	%	Loan Value $'000	%
Corporation's Shadow Credit Rating				
AA- to AA+	39,135	12%	1,108	-
A- to A+	6,751	2%	11,657	5%
BBB- to BBB+	59,273	18%	51,351	22%
BB- to BB+	195,286	60%	166,284	72%
B- to B+	25,262	8%	1,831	1%
Total loans and advances, net of concessionality discount	**325,707**	**100%**	**232,231**	**100%**

Impairment allowance

	2015 $'000	2014 $'000
Reconciliation of the Impairment Allowance: Movements in relation to loans and receivables		
As at 1 July	604	-
Transferred from Low Carbon Australia Limited ('LCAL')	-	377
Increase recognised in write-down and impairment of assets	2,232	227
Closing balance at 30 June	**2,836**	**604**
Note 5E: Available For-Sale-Financial Assets		
Quoted:		
Debt securities	75,902	-
Equities	1,125	250
	77,027	**250**
Unquoted:		
Debt securities	-	55
Equities	30	-
	30	**55**
Total AFS financial assets	**77,057**	**305**

Concentration of risk and impairment – AFS financial assets

Equity investments are amounts held by way of shares in publicly listed entities or units in unincorporated unit trust structures. During the 2015 financial year, a permanent diminution in the value of certain AFS financial assets was recognised in the amount of $39,000 (2014: $414,000).

	2015 $'000	2014 $'000
Note 5F: Other Financial Assets		
Restricted deposit accounts with financial institutions	597,875	621,822
Total other financial assets	**597,875**	**621,822**

Maturity analysis of other financial assets

Restricted deposit accounts with financial institutions are expected to mature within 12 months, however, the funds are not expected to be returned to the Corporation as they are contractually restricted to funding committed credit facilities and committed investments at call. Accordingly, the maturity analysis shown below, is the anticipated maturity date at which the funds are expected to be repaid to the Corporation.

	2015 $'000	2014 $'000
Maturity analysis for other financial assets (gross)		
Due in 1 year	57,226	38,445
Due in 1 year to 5 years	198,687	190,815
Due after 5 years	341,962	392,562
Total other financial assets	**597,875**	**621,822**

Restricted deposit accounts with financial institutions are amounts that have been funded into accounts held with financial institutions where they are contractually limited to being applied against specific loans and receivables or investments that the Corporation has entered into. The funds are held until such time as they are either drawn down by the counter-party or the availability period expires under the facilities. The amounts are held with Australian banks each of which have a credit rating of no less than A+. No single bank holds more than 50% of the total.

The following table shows the diversification of anticipated projects/loans that the investments are expected to be applied against at 30 June 2015 by credit quality using the Corporation's SCR methodology:

	2015		2014	
	$'000	%	$'000	%
Corporation's Shadow Credit Rating				
A- to A+	-	-%	100,333	16%
BBB- to BBB	206,317	35%	192,535	31%
BB- to BB+	246,558	41%	228,855	37%
B- to B+	20,000	3%	20,099	3%
Unrated – equity investments	125,000	21%	80,000	13%
Total restricted deposit accounts	**597,875**	**100%**	**621,822**	**100%**

Provision for impairment – Other financial assets

An impairment will be recognised if it is likely that other financial assets will not be recovered in full. In this instance a specific provision will be created for impairment. There was no impairment in 2015 (2014: $Nil).

Note 6: Non-Financial Assets

	2015 $'000	2014 $'000
Note 6A: Property, Plant and Equipment		
Other property, plant and equipment		
Gross book value	1,474	1,358
Accumulated depreciation	(1,160)	(935)
Total other property, plant and equipment	**314**	**423**
Total property, plant and equipment	**314**	**423**

No indicators of impairment were found for property, plant and equipment.
No property, plant or equipment is expected to be sold or disposed of within the next 12 months.
The book value of property, plant and equipment at 30 June 2015 approximates their fair value.

	Other property, plant & equipment $'000	Total $'000
Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment		
Reconciliation of the opening and closing balances of property, plant and equipment for 2015		
As at 1 July 2014		
Gross book value	1,358	1,358
Accumulated depreciation	(935)	(935)
Total as at 1 July 2014	**423**	**423**
Additions:		
By purchase	269	269
Depreciation expense	(377)	(377)
Disposals:		
Gross book value	(153)	(153)
Accumulated depreciation	152	152
Total as at 30 June 2015	**314**	**314**
Total as at 30 June 2015 represented by:		
Gross book value	1,474	1,474
Accumulated depreciation	(1,160)	(1,160)
Total as at 30 June 2015	**314**	**314**

	Other property, plant & equipment $'000	Total $'000
Reconciliation of the opening and closing balances of property, plant and equipment for 2014		
As at 1 July 2013		
Gross book value	72	72
Accumulated depreciation	(4)	(4)
Total as at 1 July 2013	**68**	**68**
Additions:		
By purchase	164	164
Gross book value of assets received from LCAL	1,122	1,122
Accumulated depreciation of assets received from LCAL	(602)	(602)
Depreciation expense	(329)	(329)
Total as at 30 June 2014	**423**	**423**
Total as at 30 June 2014 represented by:		
Gross book value	1,358	1,358
Accumulated depreciation	(935)	(935)
Total as at 30 June 2014	**423**	**423**

	2015 $'000	2014 $'000
Note 6C: Intangibles		
Computer software		
Purchased – in use	560	172
Accumulated amortisation	(222)	(144)
Total computer software	**338**	**28**
Total intangibles	**338**	**28**

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

	Computer software $'000	Total $'000
Note 6D: Reconciliation of the Opening and Closing Balances of Intangibles		
Reconciliation of the opening and closing balances of intangibles for 2015		
As at 1 July 2014		
Gross book value	172	172
Accumulated amortisation	(144)	(144)
Total as at 1 July 2014	**28**	**28**
Additions:		
Purchase or internally developed	388	388
Amortisation	(78)	(78)
Total as at 30 June 2015	**338**	**338**
Total as at 30 June 2015 represented by:		
Gross book value	560	560
Accumulated amortisation	(222)	(222)
Total as at 30 June 2015	**338**	**338**
Reconciliation of the opening and closing balances of intangibles for 2014		
As at 1 July 2013		
Gross book value	14	14
Accumulated amortisation	(2)	(2)
Total as at 1 July 2013	**12**	**12**
Additions:		
Purchase or internally developed	35	35
Gross book value of assets received from LCAL	123	123
Accumulated depreciation of assets received from LCAL	(85)	(85)
Amortisation	(57)	(57)
Total as at 30 June 2014	**28**	**28**
Total as at 30 June 2014 represented by:		
Gross book value	172	172
Accumulated amortisation	(144)	(144)
Total as at 30 June 2014	**28**	**28**

	2015 $'000	2014 $'000
Note 6E: Prepayments and other assets		
Prepayments	491	544
Deposits	24	46
Total prepayments	**515**	**590**
Total prepayments expected to be recovered:		
No more than 12 months	125	104
More than 12 months	390	486
Total prepayments	**515**	**590**

Note 7: Payables and Unearned Income

	2015 $'000	2014 $'000
Note 7A: Suppliers		
Trade creditors and accruals	1,617	1,194
Total suppliers	**1,617**	**1,194**
Suppliers expected to be settled:		
No more than 12 months	1,617	1,194
Total suppliers	**1,617**	**1,194**
Suppliers in connection with:		
Related parties	-	5
External parties	1,617	1,189
Total supplier payables	**1,617**	**1,194**

Settlement of supplier balances was usually made within 30 days.

	2015 $'000	2014 $'000
Note 7B: Unearned Income		
Unearned establishment and commitment fees income	6,530	4,903
Unearned income expected to be recognised:		
No more than 12 months	1,400	804
More than 12 months	5,130	4,099
Total unearned income	**6,530**	**4,903**
Note 7C: Other Payables		
Wages and salaries	2,618	2,977
Superannuation	65	50
FBT liability	3	1
Other	318	369
Total other payables	**3,004**	**3,397**
Other payables expected to be settled:		
No more than 12 months	2,778	3,130
More than 12 months	226	267
Total other payables	**3,004**	**3,397**

Note 8: Provisions

	2015 $'000	2014 $'000
Note 8A: Employee Provisions		
Annual and long service leave	878	599
Total employee provisions	**878**	**599**
Employee provisions expected to be settled:		
No more than 12 months	466	349
More than 12 months	412	250
Total employee provisions	**878**	**599**
Note 8B: Other Provisions		
Provision for concessional loans	10,233	10,064
Provision for make good	129	249
Provision for impairment on irrevocable undrawn commitments	498	232
Total other provisions	**10,860**	**10,545**
Other provisions expected to be settled:		
No more than 12 months	129	22
More than 12 months	10,731	10,523
Total other provisions	**10,860**	**10,545**

	Provision for concessional loans $'000	Provision for make good $'000	Provision for irrevocable commitments $'000	Total $'000
Opening balance 1 July 2014	**10,064**	**249**	**232**	**10,545**
Additional provisions made	1,854	14	266	2,134
Finance cost	-	6	-	6
Amounts reversed	(464)	(140)	-	(604)
Offset to loans and advances	(1,221)	-	-	(1,221)
Closing balance 30 June 2015	**10,233**	**129**	**498**	**10,860**
Opening balance 1 July 2013	**5,890**	**-**	**-**	**5,890**
Additional provisions made	5,665	118	232	6,015
Received from LCAL	2,085	125	-	2,210
Finance cost	-	6	-	6
Amounts reversed	(87)	-	-	(87)
Offset to loans and advances	(3,489)	-	-	(3,489)
Closing balance 30 June 2014	**10,064**	**249**	**232**	**10,545**

Note 9: Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per:		
Cash flow statement	149,577	123,102
Statement of financial position	149,577	123,102
Difference	**-**	**-**
Reconciliation of net cost of services to net cash from operating activities		
Net contribution from services:	31,155	17,296
Revenue from Australian Government	-	8,000
Adjustments for non-cash items		
Depreciation and amortisation	455	387
Concessional loan charge	1,392	5,582
Impairment	2,271	542
Provision for irrevocable commitments	266	232
Capitalised interest and fees on loans	(3,147)	(1,276)
Amortisation of concessional loan discount	(1,508)	(1,414)
Interest on make good	6	6
Gain on elimination of make good	(139)	-
Distribution from equity investment	(14)	-

	2015 $'000	2014 $'000
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	590	(7,082)
(Increase) / decrease in prepayments and other assets	75	134
Liabilities		
Increase / (decrease) in employee provisions	279	310
Increase / (decrease) in supplier payables	311	692
Increase / (decrease) in unearned income	549	3,430
Increase / (decrease) in other payables	(296)	2,411
Increase / (decrease) in other provisions	-	(16)
Net cash from operating activities	**32,245**	**29,234**

Note 10: Contingent Assets and Liabilities

Quantifiable Contingencies

At 30 June 2015 and 2014 the Corporation had no significant quantifiable contingencies.

Unquantifiable Contingencies

At 30 June 2015 and 2014 the Corporation had no significant unquantifiable contingencies.

Significant Remote Contingencies

At 30 June 2015 and 2014 the Corporation had no significant remote contingencies.

Note 11: Directors' Remuneration

	2015 No.	2014 No.
The number of non-executive directors of the Corporation included in these figures are shown below in the relevant remuneration bands:		
$30,000 to $59,999	6	-
$60,000 to $89,999	-	6
$90,000 to $119,999	1	1
Total	**7**	**7**
Total remuneration received or due and receivable by non-executive directors of the Corporation	**$448,512**	**$510,251**

The Corporation has no executive directors.

Note 12: Related Party Disclosures

Transactions with Directors or Director-Related Entities

The following table provides the total amount of transactions that were entered into with director-related parties during the financial year ended 30 June 2015. The directors involved took no part in the relevant decisions of the Board.

Director	Related Party	Transaction	Year	Purchase from Related Party $'000	Receipt from Related Party $'000
Martijn Wilder AM	Baker & McKenzie	Staff secondment	2015	-	-
Martijn Wilder AM	Baker & McKenzie	Legal advice	2015	7	-
Martijn Wilder AM	Baker & McKenzie	Staff secondment	2014	301	-
Martijn Wilder AM	Baker & McKenzie	Legal advice	2014	151	-

Mr Wilder was also the Chairman of LCAL.

Transactions with Other Related Entities

The following transactions were entered into with other related parties under common control during the financial year ended 30 June 2015:

Department of the Treasury:

The Department of the Treasury has provided administrative funding totalling $Nil (2014: $8 million) as a corporate Commonwealth entity payment for operational expenditures (refer Note 4D).

The Department of the Treasury were instrumental in establishing the operational capability of the Corporation in 2013. In establishing the Corporation, The Department of the Treasury incurred costs on behalf of, and for the benefit of, the Corporation. The final $14,000 of these costs were reimbursed to the Department of the Treasury by the Corporation during the year ended 30 June 2014.

Low Carbon Australia Limited:

The Corporation and LCAL worked co-operatively to achieve the practical integration of the two entities as announced by both Boards, and endorsed by the Australian Government on 19 December 2012. This arrangement included LCAL incurring approximately $Nil (2014: $321,000) of costs on behalf of the Corporation and charging to the Corporation during the year ended 30 June 2014 matters such as rental of offices, third party IT infrastructure support services and web-site development. The $321,000 incurred by LCAL in 2014 was included in the appropriate categories of expenditure in the statement of comprehensive income rather than as a single line item of supplier expenses: rendering of services – related parties, and was reimbursed by the Corporation prior to 30 June 2014. $Nil remained outstanding and owing to LCAL at 30 June 2015 or 30 June 2014.

Certain staff continued to provide services to LCAL through 30 June 2014 to ensure that Corporation and its Board were able to meet their remaining contractual, portfolio management, regulatory, reporting and administrative obligations. The entities have estimated that the value of the work undertaken by the Corporation's staff up to 30 June 2015 on behalf of LCAL was approximately $Nil (2014: $98,000). LCAL was not charged for this work in light of the significant work undertaken by LCAL to assist in the establishment of the Corporation prior to 30 June 2013.

As part of a restructuring of administrative arrangements, LCAL relinquished net assets totalling $18,398,000 (2014: $68,627,000) to the Corporation for $Nil consideration. This was recognised by CEFC as an equity contribution. The distribution of net assets from LCAL was undertaken in accordance with the wind-up provisions in the Constitution of that entity and details of the net assets transferred have been included in Note 18 – Contributed Equity.

Note 13: Senior Management Personnel Remuneration

	2015	2014
Short-term employee benefits		
Salary	2,158,013	2,117,481
Performance bonuses	655,817	673,243
Retention bonuses	283,349	288,271
Travel allowances	17,600	-
Motor vehicle and other allowances	1,083	1,769
Total short-term employee benefits	**3,115,862**	**3,080,764**
Post-employment benefits		
Superannuation	94,298	89,235
Total post-employment benefits	**94,298**	**89,235**
Other long-term employee benefits		
Annual leave accrued	45,140	43,685
Long service leave	45,750	34,259
Total other long-term employee benefits	**90,890**	**77,944**
Total senior management personnel remuneration expenses	**3,301,050**	**3,247,943**

The total number of senior management personnel that are included in the above table are 5 (2014:5).

Note 14: Financial Instruments

	2015 $'000	2014 $'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Cash and cash equivalents	149,577	123,102
Total cash and cash equivalents	**149,577**	**123,102**
Loans and receivables		
Trade and other receivables	6,451	4,759
Short-term investments	100,000	270,000
Loans and advances	322,871	231,627
Other financial assets	597,875	621,822
Total loans and receivables	**1,027,197**	**1,128,208**
AFS financial assets		
Debt	75,902	-
Equity securities	1,155	305
Total AFS financial assets	**77,057**	**305**
Carrying amount of financial assets	**1,253,831**	**1,251,615**

	2015 $'000	2014 $'000
Financial Liabilities		
At amortised cost		
Trade creditors and accruals	1,617	1,194
Other	304	257
Total	**1,921**	**1,451**
Carrying amount of financial liabilities	**1,921**	**1,451**
Note 14B: Net Gains on Financial Assets		
Cash and cash equivalents		
Interest from cash and short-term investments	12,711	16,545
Interest from other financial assets	15,932	8,965
Net gains on cash and cash equivalents	**28,643**	**25,510**
Loans and receivables		
Interest income and fees	22,826	14,863
Unwind of concessional loan discount	1,508	1,414
Net gains on loans and receivables	**24,334**	**16,277**
AFS financial assets		
Interest income from debt securities	1,642	-
Distributions from equity investments	19	-
Net gains on AFS financial assets	**1,661**	**-**
Net gains on financial assets	**54,638**	**41,787**

The total interest income from financial assets not at fair value through profit or loss was $54,638,000 (2014: $41,787,000).

	2015 $'000	2014 $'000
Note 14C: Net losses on Financial Liabilities		
Financial liabilities – at amortised cost		
Interest expense	6	30
Net losses on financial liabilities – at amortised cost	**6**	**30**
Net losses on financial liabilities	**6**	**30**

The total interest expense from financial liabilities not at fair value through profit or loss was $6,000 (2014: $30,000).

Note 14D: Fair Value of Financial Instruments

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy for financial assets:

	Fair Value				Carrying Value
	Level 1 2015 $'000	Level 2 2015 $'000	Level 3 2015 $'000	Total 2015 $'000	Total 2015 $'000
Financial assets at fair value					
AFS financial assets	77,027	-	30	77,057	77,057
Financial assets for which fair value is disclosed					
Loans and advances	-	235,000	115,000	350,000	322,871
Total	**77,027**	**235,000**	**115,030**	**427,057**	**399,928**

There was no transfer between levels.

	Fair Value				Carrying Value
	Level 1 2014 $'000	Level 2 2014 $'000	Level 3 2014 $'000	Total 2014 $'000	Total 2014 $'000
Financial assets at fair value					
AFS financial assets	250	-	55	305	305
Financial assets for which fair value is disclosed					
Loans and advances	-	161,000	70,900	232,000	231,627
Total	**250**	**161,000**	**70,955**	**232,305**	**231,932**

There was no transfer between levels.

Management assessed that cash, cash equivalents, short-term deposits, trade and other receivables, other financial assets, supplier payables, and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following is a description of the determination of fair value for financial instruments using valuation techniques:

AFS financial assets

- Fair value of quoted debt securities is derived from quoted market prices in active markets;
- Fair value of quoted equities is derived from quoted market prices in active markets; and
- Fair value of the unquoted equities has been estimated using a Discounted Cash Flow ('DCF') model. The valuation requires Management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in Management's estimate of fair value for these unquoted equity investments.

Loans and advances

- The fair value on day one is the transaction price, and subsequent fair value is determined by applying market interest rates and using the valuation technique of discounted cash flows through an external valuation system.
- Non-concessional loans are classified as level 2 and the long-term fixed-rate and variable-rate receivables are valued by the Corporation through an external valuation system that recognises the discounted value of future cash flows based on current market interest rate (base rate plus a credit adjusted margin) for each customer. The credit adjusted margin for each customer is determined by reference to their Shadow Credit Rating (SCR) as set forth in Note 5D: Loans and Advances. These SCR's are reviewed regularly throughout the year by the credit managers within the portfolio management team and any significant changes are reported quarterly to the Board of Directors.
- Concessional loans together with any loans that are identified as requiring a specific impairment allowance are classified as level 3 as the impact on the estimated fair value of the loan arising from the concessionality or a forecast shortfall in cash flows in the case of an impaired loan have to be derived from inputs that are not necessarily based on observable market data. Concessional loans include inputs such as the likely rate of deployment of capital by co-financiers and impaired loans will include inputs such as the likely recovery amount and date of realisation in respect of any security held. Concessional long-term fixed-rate and variable-rate receivables are also valued by the Corporation through an external valuation system that recognises the discounted value of future cash flows based on current market interest rate (base rate plus a credit adjusted margin) for each customer. The credit adjusted margin for each customer is determined by reference to their Shadow Credit Rating (SCR) as set forth in Note 5D: Loans and Advances and these SCR's are reviewed regularly throughout the year by the credit managers within the portfolio management team and any significant changes are reported quarterly to the Board of Directors. The impact of concessionality as well as recoverable amounts related to security on impaired assets are factored into the forecasts of future cash flows for each of the transactions.
- When it is likely that a loan or debt will not be recovered in full, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Note 14E: Credit Risk

Credit risk arises from the possibility of defaults on contractual obligations, resulting in financial loss.

The Corporation has assessed the risk of default on payment and has not identified any specific loans that are past due at reporting date and likely to be impaired. The Corporation managed its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Corporation had policies and procedures that guided employee's debt recovery techniques that were to be applied.

The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on Management's credit evaluation of the counterparty. Collateral held will vary, but may include:

- a floating charge over all assets and undertakings of an entity, including uncalled capital and called but unpaid capital;
- specific or inter-locking guarantees;
- specific charges over defined assets of the counterparty; and
- loan agreements which include affirmative and negative covenants and in some instances, guarantees of counterparty obligations.

Credit quality of financial instruments not past due or individually determined as impaired

	Note	Not past due nor impaired 2015 $'000	Not past due nor impaired 2014 $'000	Past due or impaired 2015 $'000	Past due or impaired 2014 $'000	Total 2015 $'000	Total 2014 $'000
Cash and cash equivalents	5A	149,577	123,102	-	-	149,577	123,102
Short-term investments	5B	100,000	270,000	-	-	100,000	270,000
Trade and other receivables	5C	6,451	4,759	-	-	6,451	4,759
Loans and advances	5D	322,276	232,231	3,431	-	325,707	232,231
AFS financial assets	5E	77,057	305	-	-	77,057	305
Other financial assets	5F	597,875	621,822	-	-	597,875	621,822
Total financial assets		**1,253,236**	**1,252,219**	**3,431**	**-**	**1,256,667**	**1,252,219**
Committed credit facilities	17	704,245	685,564	-	-	704,245	685,564
Total Commitments		**704,245**	**685,564**	**-**	**-**	**704,245**	**685,564**
Total credit risk exposure		**1,957,481**	**1,937,783**	**3,431**	**-**	**1,960,912**	**1,937,783**

Cash and cash equivalents are held with authorised deposit-taking institutions in Australia in accordance with the prudential controls set by the *Public Governance, Performance and Accountability Act, 2014* (previously the *Commonwealth Authorities and Companies Act 1997*).

Non-financial assets, including property, plant and equipment, have not been included in the above table as there is no significant associated credit risk.

Ageing of financial assets that were past due but not impaired for 2015

The Corporation had no amounts past due but not impaired at 30 June 2015.

Note 14F: Liquidity Risk

The Corporation's financial liabilities are trade creditors, operating leases and amounts owing to the Australian Taxation Office. The exposure to liquidity risk is based on the notion that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. This is considered highly unlikely as the Corporation has significant cash balances, all invested short-term, access to government funding, and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Undiscounted financial liabilities 2015

	On demand $'000	within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade creditors and accruals	-	1,617	-	-	-	1,617
Other	-	304	-	-	-	304
Total	**-**	**1,921**	**-**	**-**	**-**	**1,921**

Undiscounted financial liabilities 2014

	On demand $'000	within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade creditors and accruals	-	1,194	-	-	-	1,194
Other	-	257	-	-	-	257
Total	**-**	**1,451**	**-**	**-**	**-**	**1,451**

Any financing shortfall is addressed through the contribution of equity provided by the Australian Government from the CEFC Special Account that is to be funded in an amount of $2 billion per annum for each of the 5 years commencing 1 July 2013. The Corporation has drawn amounts totalling $1,131.6 million from this Special Account to fund its initial tranche of investments.

Note 14G: Market Risk

The Corporation holds basic financial instruments that do not expose it to certain market risks, such as 'Currency risk' and 'Other price risk'. However, the Corporation is involved in lending and therefore inherent interest rate risks arise.

The Corporation accounts for loans and advances at amortised cost, so any change to fair value arising from a movement in the market interest rates has no impact on the reported profit or loss unless an investment is sold prior to maturity and crystallises a previously unrealised gain or loss.

The Corporation accounts for AFS debt securities at fair market value. A +/-10bp change in the yield of the debt securities would have approximately a +/- $425,000 impact on the fair value at which the instruments are recorded in the statement of financial position.

Note 14H: Concentration of Exposure

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors and have similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions.

The Corporation will have a significant concentration of exposure to the energy and renewables sectors since it has been established for investment in commercialisation and deployment of (or in relation to the use of) Australian based renewable energy, energy efficiency and low emissions technologies (or businesses that supply goods or services need to develop the same), with at least 50% of its investment in the renewables sector.

The Corporation is in the early stage of investment and therefore will have a relatively concentrated exposure to individual assets, entities and industries until such time as it is able to establish a more broad and diversified portfolio.

	2015 $'000	2014 $'000
Note 14I: Concessional Loans		
Loan Portfolio		
Nominal value	123,165	84,977
Less principal repayment	(6,729)	(5,077)
Less unexpired discount	(7,044)	(7,330)
Less impairment allowance	(1,336)	(4)
Carrying value of concessional loans	**108,056**	**72,566**

Note 15: Financial Assets Reconciliation

	2015 $'000	2014 $'000
Total financial assets as per Statement of Financial Position	**1,253,831**	**1,251,615**
Total financial assets as per Financial Instruments Note	**1,253,831**	**1,251,615**

Note 16: Remuneration of Auditors

	2015 $'000	2014 $'000
Financial statement audit services were provided to the Corporation by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
Financial statement audit services	145	132
Total	145	132

No other services were provided by the ANAO.

Note 17: Committed Credit Facilities

Commitments represent funds committed by the Corporation to third parties where the funds remain available but undrawn at year end. Commitments to provide credit may convert to loans and other assets in the ordinary course of business. As these commitments may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	2015 $'000	2014 $'000
Committed credit facilities	499,245	605,564
Committed investments at call	205,000	80,000
Total committed credit facilities as per commitments note	**704,245**	**685,564**

Note 18: Contributed Equity

Equity from CEFC Special Account

The Department of the Treasury maintains the CEFC Special Account established in accordance with section 45 of the CEFC Act.

	2015 $'000	2014 $'000
Appropriations credited to the CEFC Special Account maintained by the Department of the Treasury	2,000,000	2,000,000
Funds drawn / (returned) during the year as an equity contribution / (return) from / (to) the CEFC Special Account maintained by the Department of the Treasury	(50,600)	1,131,600

Restructuring of Administrative Arrangements

In accordance with an instruction received from the Australian Government, as part of a restructuring of administrative arrangements, another Australian Government controlled entity - LCAL - relinquished the following net assets to the CEFC for $Nil consideration (refer also Note 12).

LCAL de-registered by the Australian Government as advised in the 2014-15 Environment Portfolio Budget Statement. This accorded with the recommendation abolition of LCAL in the report of the National Commission of Audit – *Towards Responsible Government*. On 1 August 2014, the Hon. Greg Hunt MP as representative of the sole Member of the Company and the Responsible Minister of LCAL wrote to the LCAL Board directing it to expeditiously complete winding-up. LCAL was accordingly de-registered as of 17 December 2014.

A summary of the assets acquired and liabilities assumed follows:

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalents	18,398	42,107
Loans and advances	-	28,344
AFS financial assets	-	300
Non-Financial Assets		
Deposits	-	23
Property, plant and equipment, net	-	520
Intangibles, net	-	38
Payables and unearned income		
Unearned income	-	(334)
Suppliers	-	(161)
Provisions		
Provision for concessional loans	-	(2,085)
Make good provision	-	(125)
Net assets received	**18,398**	**68,627**
Summary of Contributed Equity		
Opening balance – 1 July	1,200,565	338
Return of equity to CEFC Special Account	(50,600)	-
Equity from CEFC Special Account	-	1,131,600
Net Assets received from restructuring of administrative arrangements	18,398	68,627
Closing contributed equity balance – 30 June	**1,168,363**	**1,200,565**

Note 19: Reporting of Outcomes

The Corporation has one outcome – to facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders.

Note 19A: Net Return from Outcome Delivery

	Outcome 1 2015 $'000	Outcome 1 2014 $'000	Total 2015 $'000	Total 2014 $'000
Departmental				
Expenses	23,622	24,491	23,622	24,491
Own-source income	54,777	41,787	54,777	41,787
Net return from outcome delivery	**31,155**	**17,296**	**31,155**	**17,296**

Note 20: Budgetary Reports and Explanation of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Treasury Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with AAS for the Corporation. The Budget is not audited.

Note 20A: Departmental Budgetary Reports

The budgeted financial statements for 2014/15 were prepared on the basis of the Australian Government's intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth was before Parliament at that time. Given the uncertainty regarding the timing of the passage of legislation, the budgeted financial statements assumed the CEFC was to be abolished from 1 July 2014. Accordingly, the 2014/15 budget assumed:

- no new investments would be entered into by the CEFC post 30 June 2014;
- revenue from those contracts planned to be executed prior to 30 June 2014 was forecast to continue through the life of the investments (including revenue associated with the unwind of previously recorded concessionality charges);
- no additional concessionality charges were forecast to be incurred (consistent with the assumption of no new investments being entered into by the CEFC post 30 June 2014);
- all operational expenses (employee benefits and supplier costs) were anticipated to cease effective 30 June 2014;
- an allowance for possible loan impairment was provided in each period of the forward estimates in relation to the existing investment portfolio; and
- all outstanding liabilities to suppliers and employees were assumed to be settled at 30 June 2014.

The Corporation was not abolished at 1 July 2014, and therefore has continued to fulfil its obligation to invest in accordance with the CEFC Act. There has been no material change in the direction of the Corporation or the operations of the Corporation during the 2014/15 financial year, and as a consequence there are a large number of material variances to a budget that was based on assumption of abolition on the first day of the financial period. In explaining variances to the budget, the Corporation has therefore focussed on those items which are considered of most significance to the operations of the CEFC.

CLEAN ENERGY FINANCE CORPORATION

Statement of Comprehensive Income

for the period ended 30 June 2015

	Actual $'000	Budget[1] $'000	Variance[2] $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	14,544	-	(14,544)
Suppliers	4,688	-	(4,688)
Depreciation and amortisation	455	313	(142)
Finance costs	6	-	(6)
Concessional loan charges	1,392	-	(1,392)
Write-down and impairment of assets	2,271	3,396	1,125
Provision for irrevocable loan commitments	266	-	(266)
Total expenses	**23,622**	**3,709**	**(19,913)**
Own-Source Income			
Own-source revenue			
Interest and loan fee revenue	54,619	37,125	17,494
Other revenue	19	-	19
Total own-source revenue	**54,638**	**37,125**	**17,513**
Gains			
Other gains	139	-	139
Total gains	**139**	**-**	**139**
Total own-source income	**54,777**	**37,125**	**17,652**
Net contribution by / (cost of) services	**31,155**	**33,416**	**(2,261)**
Revenue from Australian Government	-	-	-
Surplus before income tax on continuing operations	**31,155**	**33,416**	**(2,261)**
Income tax expense	-	-	-
Surplus after income tax on continuing operations	**31,155**	**33,416**	**(2,261)**
Surplus after income tax	**31,155**	**33,416**	**(2,261)**
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent classification to net cost of services			
Changes in asset revaluation surplus	1,138	-	1,138
Total other comprehensive income before income tax	1,138	-	1,138
Income tax expense – other comprehensive income	-	-	-
Total other comprehensive income after income tax	**1,138**	**-**	**1,138**
Total comprehensive income	**32,293**	**33,416**	**(1,123)**

1. The Corporation's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Corporation's 2014-15 PBS).
2. Difference between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

CLEAN ENERGY FINANCE CORPORATION

Statement of Financial Position

as at 30 June 2015

	Actual $'000	Budget[1] $'000	Variance[2] $'000
ASSETS			
Financial assets			
Cash and cash equivalents	149,577	-	149,577
Short-term investments	100,000	-	100,000
Trade and other receivables	6,451	3,924	2,527
Loans and receivables at amortised cost	322,871	408,311	(85,440)
Available for sale financial assets	77,057	565	76,492
Other financial assets	597,875	413,574	184,301
Total financial assets	**1,253,831**	**826,374**	**427,457**
Non-financial Assets			
Property, plant and equipment	314	134	180
Intangibles	338	-	338
Prepayments and other assets	515	-	515
Total non-financial assets	**1,167**	**134**	**1,033**
Total assets	**1,254,998**	**826,508**	**428,490**
LIABILITIES			
Payables and unearned income			
Suppliers	1,617	-	(1,617)
Unearned income	6,530	7,140	610
Other payables	3,004	-	(3,004)
Total payables and unearned income	**11,151**	**7,140**	**(4,011)**
Provisions			
Employee provisions	878	-	(878)
Other provisions	10,860	21,508	10,648
Total provisions	**11,738**	**21,508**	**9,770**
Total liabilities	**22,889**	**28,648**	**5,759**
Net assets	**1,232,109**	**797,860**	**434,249**
EQUITY			
Contributed equity	1,168,363	742,307	426,056
Reserves	1,138	-	1,138
Retained surplus	62,608	55,553	7,055
Total equity	**1,232,109**	**797,860**	**434,249**

1. The Corporation's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Corporation's 2014-15 PBS).
2. Difference between the actual and original budgeted amounts for 2014/15. Explanations of major variances are provided further below.

CLEAN ENERGY FINANCE CORPORATION

Statement of Changes in Equity

for the period ended 30 June 2015

	Retained Surplus			Reserves			Contributed Equity			Total Equity		
	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000
Opening balance												
Balance carried forward from previous period	31,453	22,137	9,316	-	-	-	1,200,565	1,217,439	(16,874)	1,232,018	1,239,576	(7,558)
Comprehensive income												
Surplus for the period	31,155	33,416	(2,261)	-	-	-	-	-	-	31,155	33,416	(2,261)
Other comprehensive income	-	-	-	1,138	-	1,138	-	-	-	1,138	-	1,138
Total comprehensive income	**31,155**	**33,416**	**(2,261)**	**1,138**	**-**	**1,138**	**-**	**-**	**-**	**32,293**	**33,416**	**(1,123)**
Transactions with owners												
Distributions to owners												
Return of equity to Special Account	-	-	-	-	-	-	(50,600)	(475,132)	424,532	(50,600)	(475,132)	424,532
Contributions by owners												
Equity injection from Low Carbon Australia Limited	-	-	-	-	-	-	18,398	-	18,398	18,398	-	18,398
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(32,202)**	**(475,132)**	**442,930**	**(32,202)**	**(475,132)**	**442,930**
Closing balance as at 30 June	**62,608**	**55,553**	**7,055**	**1,138**	**-**	**1,138**	**1,168,363**	**742,307**	**426,056**	**1,232,109**	**797,860**	**434,249**

1. The Corporation's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Corporation's 2014–15 PBS).
2. Difference between the actual and original budgeted amounts for 2014/15. Explanations of major variances are provided further below.

CLEAN ENERGY FINANCE CORPORATION

Cash Flow Statement

for the period ended 30 June 2015

	Actual $'000	Budget[1] $'000	Variance[2] $'000
OPERATING ACTIVITIES			
Cash received			
Interest and fees	51,620	38,166	13,454
Distributions from equity investments	6	-	6
Total cash received	**51,626**	**38,166**	**13,460**
Cash used			
Employees	14,576	3,883	10,693
Suppliers	4,805	960	3,845
Total cash used	**19,381**	**4,843**	**14,538**
Net cash from operating activities	**32,245**	**33,323**	**(1,078)**
INVESTING ACTIVITIES			
Cash received			
Principal loan repayments received	18,605	16,411	2,194
Redemption of short-term investments	375,000	160,000	215,000
Redemption of other financial assets	201,333	26,241	175,092
Total cash received	**594,938**	**202,652**	**392,286**
Cash used			
Purchase of property, plant and equipment	254	-	254
Purchase of intangibles	388	-	388
Loans made to other parties	108,650	162,972	(54,322)
Purchase of AFS financial assets	74,514	-	74,514
Purchase of short-term investments	205,000	-	205,000
Acquisition of other financial assets	179,700	-	179,700
Total cash used	**568,506**	**162,972**	**405,534**
Net cash from (used by) investing activities	**26,432**	**39,680**	**(13,248)**
FINANCING ACTIVITIES			
Cash received			
Contributed equity	18,398	-	18,398
Total cash received	**18,398**	**-**	**18,398**

	Actual $'000	Budget[1] $'000	Variance[2] $'000
Cash used			
Return of equity	50,600	474,710	(424,110)
Total cash used	**50,600**	**474,710**	**(424,110)**
Net cash from / (used by) financing activities	**(32,202)**	**(474,710)**	**442,508**
Net increase in cash held	**26,475**	**(401,707)**	**428,182**
Cash and cash equivalents at the beginning of the reporting period	123,102	401,707	(278,605)
Cash and cash equivalents at the end of the reporting period	**149,577**	**-**	**149,577**

1. The Corporation's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Corporation's 2014-15 PBS).
2. Difference between the actual and original budgeted amounts for 2014/15. Explanations of major variances are provided further below.

Note 20B: Departmental Major Budget Variance for 2014–15

Explanations of Major Variances	Affected Line Items
Statement of Comprehensive Income	
Employee Benefits	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget) employee benefit costs were incurred for the full 2014–15 financial year. In order to meet the obligations of the CEFC Act, it was necessary for the Corporation to continue to employ executives and staff across all key functions including investment, legal, risk management, finance, corporate affairs, human resources, etc.
Suppliers	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget) supplier costs were incurred in the normal course operations of the Corporation for the full 2014–15 financial year.
Concessional loan charges	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget) additional concessional loan charges were incurred on a number of new investments made during the 2014–15 financial year. The budget had assumed that no new investments would be made after 1 July 2014.
Interest and loan fee revenue	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to The Department of the Treasury but instead were invested to generate income for the Corporation throughout the financial year.
Statement of Financial Position	
Cash and Cash Equivalents; and Short Term investments	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to the CEFC Special Account held by Treasury but instead were held to fund new investments by the Corporation.

Explanations of Major Variances	Affected Line Items
Loans and receivables at amortised cost	A number of investments made by the Corporation in the 2013–14 financial year were expected to draw-down and become new receivables during the 2014–15 financial year. However, due to market uncertainty surrounding energy prices, including as a result of the proposed changes to the RET, a number of major projects did not proceed to construction and investment. Another significant investment by the Corporation was subsequently able to be funded by third party commercial banks, so the Corporation stepped aside and relinquished this investment to commercial banks.
Available for sale financial assets	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), the Corporation continued to make new investments in 2014–15. The largest component of the variance to budget in available for sale financial assets was an investment made during 2014–15 in a Climate Bond issuance by National Australia Bank.
Other financial assets	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), the Corporation continued to make new investments in 2014–15 and this is reflected in the other financial assets category.
Other provisions	The positive variance to budget in other provisions is due to (a) the fact that less concessionality was granted in 2013–14 than was anticipated at the time of preparing the 2014–15 budget and (b) the status of various investments in the Corporation's portfolio at 30 June 2015. Once an investment draws-down, the provision for concessionality is classified as an offset to the loan and receivable. In preparing a budget it is not possible to anticipate exactly at what stage each investment will be at any given point in time.
Contributed equity	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to the CEFC Special Account held by Treasury but instead were held to fund new investments by the Corporation. This meant that returns of equity to the CEFC Special Account held by Treasury were lower than budgeted.
Retained Surplus	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), it continued operations and generated a larger retained surplus than would have been the case had it been abolished.
Statement of Changes in Equity	
Retained Surplus	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), it continued operations and retained earnings are larger than would have been the case had it been abolished.
Contributed Equity	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to the CEFC Special Account held by Treasury but instead were held to fund new investments by the Corporation. This meant that returns of equity to the CEFC Special Account held by Treasury were lower than budgeted. The only return of equity in 2014/15 was an amount of $50.6 million from investments that had been realised during the normal course of operations.

Explanations of Major Variances	Affected Line Items
Cash Flow Statement	
Interest and fees	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to The Department of the Treasury but instead were invested and generated income for the Corporation.
Employees	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget) employees were retained in the Corporation and employment related payments were made throughout the 2014–15 financial year in the normal course of the Corporation fulfilling its investment obligations under the CEFC Act.
Suppliers	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget) supplier costs were paid throughout the 2014–15 financial year for costs associated with operating the Corporation in the normal course.
Redemption of other financial assets; and Acquisition of other financial assets	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), the Corporation continued to make new investments in 2014–15 and this is reflected in the redemption and acquisition of other financial assets in the Cash Flow Statement.
Loans made to other parties	A number of investments made by the Corporation in the 2013–14 financial year were expected to draw-down and become new receivables during the 2014–15 financial year. However, due to market uncertainty surrounding energy prices, including as a result of the proposed changes to the RET, a number of major projects did not proceed to construction and investment. Another significant investment by the Corporation was subsequently able to be funded by third party commercial banks, so the Corporation stepped aside and relinquished this investment to commercial banks.
Purchase of AFS financial assets	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), the Corporation continued to make new investments in 2014–15 including the purchase of AFS financial assets. The main component of AFS financial assets acquired was a climate bond issued by a major Australian Bank.
Redemption of short-term investments; and Purchase of short-term investments	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to the CEFC Special Account held by Treasury but instead were used to fund short-term investments and then subsequently redeemed by the Corporation to funds loans made to other parties, purchases of AFS financial assets and acquisitions of other financial assets.
Contributed equity	The Corporation received a final distribution of cash from LCAL upon the formal dissolution of that Company during the 2014–15 financial year. The 2014–15 budget had assumed that this would be received prior to 30 June 2014.
Return of equity; and Cash and cash equivalents at the beginning of the reporting period	Since the Corporation was not abolished effective 30 June 2014 (as anticipated in the budget), funds held for new investments were not returned to the CEFC Special Account held by Treasury but instead were held to fund new investments by the Corporation.