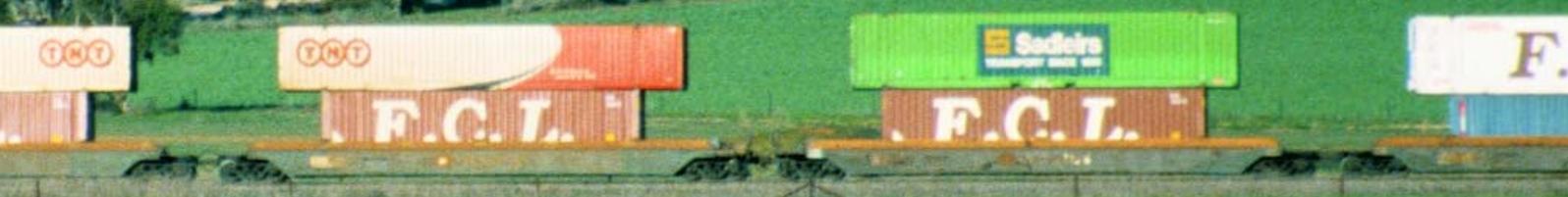




AUSTRALIAN RAIL TRACK CORPORATION LTD

Annual Report
2002



Directors' Report



Left to Right:
David Marchant (Managing Director)
Martine Pop
Ray McCutcheon
Richard Balderstone
Robert Maher
Dale Budd
Barry Murphy (Chairman)

The Board of Directors of the Australian Rail Track Corporation Limited ("Australian Rail Track Corporation") has pleasure in submitting the Directors' Report in respect of the year ended 30 June 2002.

DIRECTORS

The names of the directors in office during the year and at the date of this report, unless otherwise noted, are as follows:

B K Murphy (Chairman)
R T Balderstone
A H D Budd (Appointed 1 November 2001)
R B Maher (Appointed 1 November 2001)
R I McCutcheon
D W Marchant
M D F Pop (Appointed 1 November 2001)

DIRECTORS' MEETINGS

During the reporting period, the company held twelve meetings of directors. The attendance of the directors at meetings of the Board was:

	Meetings Of The Board of Directors Attendance	
B K Murphy	12	(12)
R T Balderstone	12	(12)
A H D Budd	7	(7)
R B Maher	7	(7)
R I McCutcheon	9	(12)
D W Marchant	12	(12)
M D F Pop	6	(7)

The figures in brackets () represent the maximum possible number of meetings each director could attend.

PRINCIPAL ACTIVITIES

The principal activities of the Australian Rail Track Corporation during the year were the provision of rail access and infrastructure management of rail networks either owned or leased by the company.

RESULTS

The profit of the company for the year ended 30 June 2002, after income tax, was \$17,174,889 (2001: \$20,202,089).

DIVIDENDS

A final dividend of \$4,750,000 in relation to the year ended 30 June 2001 was paid during the current year.

A dividend of \$5,725,000 was provided for in the current year.

REVIEW OF OPERATIONS

The review of the operations of the Australian Rail Track Corporation is contained in the Managing Director's Report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Australian Rail Track Corporation has submitted a proposal to lease certain track in New South Wales.

At balance date, the outcome of the proposal was not known.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Likely developments of the Australian Rail Track Corporation are contained in the Managing Director's Report.

ENVIRONMENTAL REGULATION/PERFORMANCE

The Australian Rail Track Corporation holds a licence from the Environmental Protection Authority under Part 6 of the Environmental Protection Act, 1993 to undertake the activity of a "Railway System". The licence will expire on 31 January 2003. To date, the Australian Rail Track Corporation has complied with the requirements of the licence agreement.

DIRECTORS' BENEFITS

During the twelve months under review, no director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements of the company;

- by reason of a contract made by the company with the director or with a firm of which the director is a member, or
- with a company in which the director has a substantial financial interest.

INDEMNIFICATION OF OFFICERS

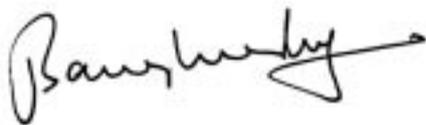
During the reporting period, the Company had insurance cover in respect of liabilities arising from the performance of their duties as directors and officers of the company. A premium of \$32,816 was paid in the prior year providing cover against wrongful acts to the extent permitted by law for the current and previous years.

No known liability has arisen under the insurance contract as at the date of this report.

ROUNDING OF AMOUNTS

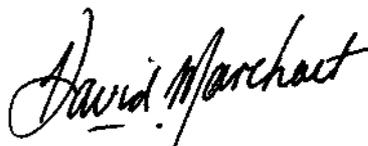
Amounts in the financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Signed in accordance with a resolution of directors.



B K Murphy

Chairman



D W Marchant

Managing Director

Signed at Adelaide, this fourteenth day of October 2002

Statement of Financial Position at 30 June 2002

	Note	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash	17	37,956	31,124
Receivables	6	12,896	16,908
Inventories	7	6,708	2,231
Other	8	1,142	419
Total current assets		58,702	50,682
NON-CURRENT ASSETS			
Property, plant and equipment	9	191,840	192,700
Total non-current assets		191,840	192,700
TOTAL ASSETS		250,542	243,382
CURRENT LIABILITIES			
Payables	10	13,710	19,308
Other provisions	11	17,643	14,182
Total current liabilities		31,353	33,490
NON-CURRENT LIABILITIES			
Other provisions	12	1,037	3,190
Total non-current liabilities		1,037	3,190
TOTAL LIABILITIES		32,390	36,680
NET ASSETS		218,152	206,702
SHAREHOLDERS' EQUITY			
Contributed equity	13	91,751	91,751
Retained profits	15	49,571	38,121
Reserves	14	76,830	76,830
TOTAL SHAREHOLDERS' EQUITY		218,152	206,702

The accompanying notes form an integral part of this Statement of Financial Position.

Statement of Financial Performance for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Revenue from ordinary activities	4	94,169	91,506
Employee expenses		8,735	8,001
Depreciation	9	10,344	9,631
Infrastructure maintenance		35,653	37,315
Operating lease expenses		3,397	1,242
Project and development costs		4,929	3,853
Insurance		2,854	1,913
Incident costs		6,047	5,425
Other expenses		5,035	3,924
Profit from ordinary activities before income tax		17,175	20,202
Income tax attributable to operating profit	5	–	–
NET PROFIT		17,175	20,202
Total changes in equity other than those resulting from transactions with owners as owners	15	17,175	20,202

The accompanying notes form an integral part of this Statement of Financial Performance.

Statement of Cash Flows for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Cash flows from operating activities			
Receipts from customers		101,184	93,696
Payments to suppliers and employees		(86,485)	(78,608)
GST Paid		(1,427)	(2,927)
Interest received		1,606	1,789
Insurance claims and settlements received		92	1,678
Net cash provided by operating activities	17(b)	14,970	15,628
Cash flows from investing activities			
Payments for property, plant and equipment		(17,488)	(26,980)
Receipts for plant & equipment from the Foundation (a)		14,100	12,090
Net cash used in investing activities		(3,388)	(14,890)
Cash flows from financing activities			
Payment of dividends		(4,750)	(8,750)
Net cash used in financing activities		(4,750)	(8,750)
Net increase/(decrease) in cash held		6,832	(8,012)
Cash at the beginning of the financial year		31,124	39,136
Cash at the end of the financial year	17(a)	37,956	31,124

(a) The Australian Railway Infrastructure Foundation ("the Foundation") was established by the Commonwealth to finance capital projects approved by the Commonwealth Minister for Transport and Regional Services. During the year ended 30 June 2002, the Foundation reimbursed ARTC for funds ARTC expended on approved projects on behalf of the Foundation.

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the Financial Statements

Note 1: Company Overview

The Australian Rail Track Corporation Limited was incorporated on 25 February 1998 as part of the corporatisation of the former "Track Access" business unit of the Commonwealth owned Australian National Railways Commission.

The company operates as a rail access provider and a rail infrastructure manager. Its main activities for the year to 30 June 2002 included: (a) provision of access to train operators over the rail network either owned or leased by the company; (b) management of the interstate rail infrastructure and related assets owned by ARTC; and (c) management, through a lease, of the interstate track and related assets located in Victoria.

The company's main responsibilities include the provision of equitable access arrangements to the rail network it manages, the provision of train pathway planning services for the network, the provision of a train control function for all trains operating on the network, and the management of a capital investment and infrastructure maintenance program.

Note 2: Statement of Significant Accounting Policies

BASIS OF ACCOUNTING

The financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, the Corporations Act (2001) and Urgent Issues Group Consensus Views. The financial statements have been prepared on an accrual basis and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets, except for certain assets, which are recorded at valuation.

FINANCIAL INSTRUMENTS INCLUDED IN ASSETS

Cash, money market deposits, and commercial bills held by the company are recorded at nominal value. The carrying amount of financial assets approximates fair value.

All trade debtors are recorded at the amount due, based on a pricing regime agreed with train operators. The amounts are reviewed on an ongoing basis and a provision for doubtful debt is created based on specific debts and on the principle that the debt is at that point is considered likely to be uncollectable.

Trade debtors are generally non-interest bearing and on 30 day terms.

INVENTORY

Inventories are valued at lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

RAIL INFRASTRUCTURE ASSETS

The rail infrastructure assets vested in the Australian Rail Track Corporation at 1 July 1998 covered all interstate mainline track and associated land, trackside and related assets under Commonwealth jurisdiction, and includes rail, sleepers, ballast, designated crossing loops, turnouts, signals and communications equipment, bridges, culverts, tunnels, and specified rolling stock.

VALUATION OF ASSETS

The company's assets were re-valued as at 30 June 2000, and follow the first valuation in June 1998. The company's assets were valued at their fair value, as determined by financial advisers and thereafter adopted by the Board. The fair value was calculated by discounting estimated future net cash flows using the estimated long term weighted average cost of capital. The same methodology, using the discounted cash flows, was used in the initial valuation.

The ARTC valuation policy is to have an independent review of the company's asset value undertaken at least once every three years or more frequently if there is a material change to the business.

Notes to the Financial Statements

Note 2: Statement of Significant Accounting Policies (continued)

CAPITAL WORK IN PROGRESS

Work in progress comprises expenditure on incomplete capital works.

CAPITALISATION

Expenditure on the acquisition of new infrastructure assets is capitalised when these new assets increase the net present value of future cash flows.

Infrastructure assets in the course of construction are classified as capital works in progress. Capital works in progress are recorded at cost, and are not depreciated until they have been completed and the assets are ready for economic use.

DEPRECIATION

All infrastructure assets are depreciated on a straight line basis over the estimated economic useful life of the assets as follows:

	Maximum Economic Useful Life*
Bridges	40 years
Culverts	100 years
Signals & Communications	10 years
Tunnels	50 years
Turnouts	12 years
IT & Other Equipment	4 years
Ballast	60 years
Rail	109 years
Sleepers	50 years
Motor Vehicles	5 years

Leasehold improvements are depreciated over the shorter of the remaining term of the lease or the useful life of the asset.

*Depending on the age and location of particular assets, the economic life may vary.

ASSESSMENT OF RECOVERABLE AMOUNTS

The value of the business will be reviewed on a periodic basis to determine whether the carrying amount of non-current assets requires adjustment to their recoverable amount. Recoverable amount is determined using future net cash flows discounted to present values.

Capital gains tax has not been taken into account in determining the carrying amounts of these assets as they are integral to the company's operations and it has no intention to sell these assets.

MAJOR PERIODIC MAINTENANCE

Maintenance of infrastructure assets is classified as major periodic maintenance if it is part of a systematic planned program of works, occurs on a cyclical basis and is significant in monetary values. Major periodic maintenance may include major corrective works, component replacement programs, and similar activities.

LEASED ASSETS

Operating lease assets are not capitalised. Rental payments are charged against operating profit in the period in which they are incurred.

There are no finance leases in existence.

FINANCIAL INSTRUMENTS INCLUDED IN LIABILITIES

Trade creditors and other amounts are carried at cost. The carrying amount of financial liabilities approximates fair value. Trade creditors are generally non-interest bearing and settled on 30 day terms.

Notes to the Financial Statements

EMPLOYEE ENTITLEMENTS

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave.

Applicable on-costs, including payroll tax, workers compensation and superannuation, are included in the determination of provisions. Annual leave and long service leave are measured at their nominal amounts. Long service leave is accrued from the time of employment.

OTHER PROVISIONS

Provisions are recognised when the company has a legal, equitable or constructive obligation to make future sacrifice of economic benefits to other entities as a result of past transactions or other past events. Included in the amounts of other provisions are liabilities to make payments for track restoration, for liabilities relating to incidents causing damage to the rail infrastructure and for survey and subdivision of defined railway land.

FINANCIAL INSTRUMENTS INCLUDED IN EQUITY

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

REVENUE RECOGNITION

Access revenue recorded in the Statement of Financial Performance comprises amounts received and receivable by the company granting operators access to the rail network during the year.

Interest revenue is recorded on an effective yield basis.

RECOVERIES AND EXPENSES ASSOCIATED WITH RAIL ACCESS RELATED INCIDENTS

Income attributable to insurance recoveries arising from rail access related incidents is not recognised until certain. Costs of rectification are recognised when incurred.

Where ARTC has suffered damage to its rail network due to other parties, the recourses of commercial negotiation and, if not successful, legal proceedings are initiated, as appropriate.

Contingent liabilities and assets are reviewed throughout the year and finalised at balance date for inclusion in the accounts. Inclusion of the liabilities or assets occurs where ARTC is reasonably certain of costs or recoveries.

THE AUSTRALIAN RAILWAY INFRASTRUCTURE FOUNDATION

The Australian Railway Infrastructure Foundation ("the Foundation") was established by the Commonwealth to finance capital projects approved by the Commonwealth Minister for Transport and Regional Services.

The Foundation has as its main objective the improvement of standard gauge interstate rail track to accommodate greater carrying capacity, speed, transit time and reliability of trains.

The improvements in rail infrastructure arising from the main objective will benefit rail operators with ARTC receiving a flow on effect following improvements to rail's competitive position.

No incremental amount has been recognised as an asset in ARTC's books with respect to the financial effect of the infrastructure projects undertaken in the current year. However, during the year ended 30 June 2000, ARTC undertook a valuation exercise of its infrastructure assets. The valuation was performed based on estimated future cash flows. Although difficult to measure, the estimated future cash flows effectively incorporated the effect on ARTC of the projects undertaken by the Foundation. While directors are satisfied with the carrying value of all non current assets, consistent with the company's policy of revaluing non current assets every 3 years, all infrastructure assets will nevertheless be revalued in fiscal 2003.

Notes to the Financial Statements

Note 2: Statement of Significant Accounting Policies (*continued*)

INCOME TAX

The financial statements apply the principles of tax-effect accounting. The income tax expense represents the tax on the pre-tax accounting profit adjusted for income and expenses not assessed or allowed for taxation purposes. The future income tax benefit and provision for deferred tax accounts represent the tax effect of differences between income and expense items recognised in different years for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse. Net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

COMPARATIVES

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Note 3: Employee Numbers

	2002	2001
Average number of employees	89	85

Note 4: Revenue from Ordinary Activities

	Note	2002 \$'000	2001 \$'000
Profit from ordinary activities is after crediting the following revenues:			
Revenue from operating activities:			
Access fees		87,853	86,181
Total Operating Revenue		87,853	86,181
Revenue from non operating activities:			
Unrelated parties			
Interest		1,533	1,850
License & fees		779	867
Insurance recovery & settlements		92	1,678
Other		3,912	930
Total Non Operating Revenue		6,316	5,325
Total Operating Revenue		94,169	91,506
Profit from ordinary activities is after charging the following expenses:			
Depreciation:			
– Leasehold Improvements		292	185
– Buildings		223	223
– Plant and equipment		9,829	9,223
Total depreciation		10,344	9,631

Notes to the Financial Statements

	2002 \$'000	2001 \$'000
Reversal of provision for doubtful debts	–	(26)
Other expense items:		
Employee expenses	8,735	8,001
Infrastructure maintenance and operating expenses	35,653	37,315
Operating lease expenses [4.(a)]	3,397	1,242
Project and development costs	4,929	3,853
Insurance	2,854	1,913
Incident costs	6,047	5,425
Other expenses from ordinary activities	5,035	3,924
Total other expenses items	66,650	61,673
Specific disclosure items [4. (a)] Comprises:		
– Lease payments – Victorian lease	2,185	952
– Lease payment – contingent rental	1,100	150
– Lease payments – equipment	40	28
– Lease payments – motor vehicles	72	112
	3,397	1,242

Note 5: Income Tax

The passing of Division 58, with Royal Assent on 16 July 1999, has entitled the company to value assets, for taxation purposes, using the pre-existing audited book values. This effectively means the value of rail infrastructure and related assets for taxation purposes is as recorded in the accounts of the Australian National Railways Commission before they were transferred to the company. This results in a significant permanent difference which will ensure the company is not liable for tax during the current reporting period and gives rise to likely significant income tax benefits in future years. However, as the tax losses arising from this permanent difference are not considered virtually certain of recovery, under the applicable tax effect accounting standard, the income tax benefits have not been recognised in the current year financial statements.

Further, due to differences in the depreciation rates used to depreciate the track infrastructure and related assets for tax and accounting purposes, a provision for deferred income tax arises. However, due to the magnitude of the tax losses arising from the passing of Division 58, the resultant tax benefit more than offsets any deferred tax liability in the current year.

Notes to the Financial Statements

Note 6: Receivables (Current)

	2002 \$'000	2001 \$'000
Trade debtors [6. (a)]	12,896	10,812
less provision for doubtful debts	–	–
Trade debtors , net	12,896	10,812
Non trade amounts owing by: Unrelated parties -	–	6,096
Total receivables (Current)	12,896	16,908

[6. (a)] includes net GST receivable

Note 7: Inventories (Current)

	2002 \$'000	2001 \$'000
Inventory at cost	6,708	2,231
Total inventories (Current)	6,708	2,231

Note 8: Other Assets (Current)

	2002 \$'000	2001 \$'000
Prepayments	1,055	419
Other	87	–
Total other assets (Current)	1,142	419

Note 9: Property, Plant and Equipment

	2002 \$'000	2001 \$'000
Leasehold improvements		
<u>Cost</u>		
Opening balance	2,400	–
Additions	2,324	2,400
Closing balance	4,724	2,400
<u>Accumulated depreciation</u>		
Opening balance	185	–
Depreciation for the year	292	185
Closing Balance	477	185
Net Book Value	4,247	2,215

Notes to the Financial Statements

Buildings

	2002 \$'000	2001 \$'000
<u>Cost [9. (a)]</u>		
Opening balance	950	950
Closing Balance	950	950
<u>Accumulated depreciation</u>		
Opening balance	502	279
Depreciation for the year	223	223
Closing Balance	725	502
Net Book Value	225	448

Plant & Equipment

<u>Cost</u>		
Opening balance	8,285	11,696
Additions	1,672	7,938
Disposals [9. (b)]	-	(11,349)
Closing Balance	9,957	8,285

At 2000 Valuation

Opening balance	181,989	181,989
Closing Balance	181,989	181,989

Accumulated depreciation

Opening balance	9,321	98
Depreciation for the year	9,829	9,223
Closing Balance	19,150	9,321
Net Book Value	172,796	180,953

Plant and Equipment

in the course of Construction	14,572	9,084
Total property, plant and equipment, net	191,840	192,700

[9. (a)] Building reclassified in 2001/02 financial statements from leasehold improvements in accordance with confirmation of Australian Rail Track Corporation's ownership of the asset.

[9. (b)] Write back of assets for the Tarcoola – Alice Springs line against the provision

Notes to the Financial Statements

Note 10: Payables (Current)

	2002 \$'000	2001 \$'000
Unsecured:		
Trade creditors	13,710	19,308
Total payables (Current)	13,710	19,308

Note 11: Other Provisions (Current)

	2002 \$'000	2001 \$'000
Dividends	5,725	4,750
Employee entitlements [11. (a)]	2,739	2,683
Track restoration [11. (b)]	1,518	2,014
Survey & subdivision [11. (c)]	106	433
Rail grinding [11. (d)]	177	568
Bridges [11. (e)]	86	130
Environmental	662	673
Incident provision	5,305	2,468
Other	1,325	463
Total other provisions(Current)	17,643	14,182

[11. (a)] Employee entitlements include provisions for both annual leave and the current portion of long service leave entitlements.

[11. (b)] The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by the Australian National Railways Commission on transfer of track assets to the company.

[11. (c)] The survey and subdivision provision represents the balance of funds made available by the Commonwealth to enable re-titling of land associated with rail infrastructure assets transferred to the company.

[11. (d)] The provision for rail grinding comprises estimated costs associated with corrective grinding and related works required to reinstate the track to a suitable standard.

[11. (e)] The provision for bridges comprises estimated costs associated with the maintenance of the identified bridges to meet performance requirements.

Notes to the Financial Statements

Note 12: Other Provisions (Non-current)

	2002 \$'000	2001 \$'000
Employee entitlements [12. (a)]	335	246
Survey & subdivision [12. (b)]	–	217
Track restoration [12. (c)]	–	2,014
Environmental	662	673
Other	40	40
Total other provisions (Non-current)	1,037	3,190

[12. (a)] Employee entitlements include the non-current portion of long service leave entitlements.

[12. (b)] The survey and subdivision provision represents the balance of funds made available by the Commonwealth to survey and title the interstate mainline land transferred by Ministerial Declaration to the company.

[12. (c)] The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by the Australian National Railways Commission on transfer of track assets to the company.

Note 13: Contributed Equity

	2002 \$'000	2001 \$'000
Paid up capital:		
100 Ordinary shares	91,751	91,751

Note 14: Reserves

Asset Revaluation Reserve

	2002 \$'000	2001 \$'000
Opening balance:	76,830	76,830
Asset revaluation	–	–
Closing balance	76,830	76,830

Notes to the Financial Statements

Note 15: Retained Profits and Dividends

	2002 \$'000	2001 \$'000
Retained profits at the beginning of the financial year	38,121	29,419
Dividends provided for and or paid	(5,725)	(11,500)
Net profit for the year	17,175	20,202
Retained profits at the end of the financial year	49,571	38,121

Equity

Total equity at the beginning of the financial year	206,702	198,000
Total changes in equity recognised in the Statement of Financial Performance	17,175	20,202
Dividends	(5,725)	(11,500)
Total equity at the reporting date	218,152	206,702

Retained profits:

Retained profits	49,571	38,121
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Dividend franking

At balance date, no franking credits were available.

Note 16: Contingent Liabilities/Assets

The company accounts for costs associated with rectifying rail access related incidents following their occurrence. Income from subsequent insurance and other recoveries is only recognised when received. As a result, certain potential insurance recoveries have not been recognised at year end, as their ultimate collection is not considered certain.

Notes to the Financial Statements

Note 17: Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2002 \$'000	2001 \$'000
Cash on hand	1,999	2,684
Call deposits with banks	6,014	9,487
Commercial paper	29,943	18,953
	37,956	31,124

(b) Reconciliation of net profit after income tax to net cash provided by operating activities.

Operating profit after income tax	17,175	20,202
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Adjustments for non-cash income and expense items:

– Depreciation	10,344	9,631
Movement in provision for:		
– Doubtful debts	–	(26)
– Sub-total	10,344	9,605

Changes in assets and liabilities:

(Increase)/decrease in assets:		
– Accounts receivable	(2,084)	(1,089)
– Inventories	(4,477)	(2,190)
– Prepayments	(724)	217
Increase/(decrease) in liabilities:		
– Trade creditors	(5,598)	(3,819)
– Provision for employee entitlements	145	(2,595)
– Other provisions	189	(4,703)
– Sub-total	(12,549)	(14,179)

Net cash from operating activities	14,970	15,628
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Notes to the Financial Statements

Note 18: Remuneration of Officers

Remuneration of Directors

The number of directors of the company who were paid, or were due to be paid, remuneration (including brokerage, commissions, bonuses, and salaries, but excluding any payments in connection with their retirement), directly or indirectly, from the company, as shown in the following bands, was:

	2002	2001
\$0 – 9,999	–	2
\$10,000 – 19,999	3	–
\$20,000 – 29,999	2	1
\$50,000 – 59,999	1	1
\$250,000 – 259,999	–	1
\$260,000 – 269,999	1	–

The aggregate remuneration of the directors referred to in the above bands was

<u>\$404,680</u>	<u>\$335,616</u>
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The total of all remuneration paid, or due and payable, directly or indirectly, from the company to directors was \$404,680. This amount includes the value of insurance premiums and indemnity payments made for the benefit of directors.

Remuneration of Executives

The number of executive officers whose total income for the reporting period falls within the following bands, was:

	2002	2001
\$120,000 – 129,999	1	–
\$130,000 – 139,999	1	–
\$160,000 – 169,999	2	4
\$170,000 – 179,999	1	–
\$250,000 – 259,999	–	1
\$260,000 – 269,999	1	–

The aggregate remuneration of the executives referred to in the above bands was

<u>\$1,024,866</u>	<u>\$912,056</u>
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Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the company (but excluding “retirement benefits”) in connection with the management of the affairs of the company, whether as executive officers or otherwise.

Note 19: Remuneration of Auditors

The following total remuneration was received, or is due and receivable, by the Australian National Audit Office in respect of:

	2002 \$'000	2001 \$'000
– Auditing the financial statements	68	75
	68	75

Notes to the Financial Statements

Note 20: Related Party Disclosures

Loans to directors, transactions with directors and director related entities concerning shares, units, options and other equity instruments and any other transactions with directors and director related entities.

A director related entity includes any legal, administrative or fiduciary arrangement, organizational structure or other party, including a person, having the capacity to deploy equity instruments in order to achieve objectives.

This entity must be under joint or overall control or significant influence of a director or his/her related parties.

ARTC Director, Mr R McCutcheon, undertakes occasional consultancy work for Westinghouse Signals Australia, a firm that ARTC has a commercial relationship with. This consultancy work does not relate to matters associated with ARTC. ARTC deals with Westinghouse Signals under normal commercial terms and conditions.

Other related parties including shareholders

Other than payment of a dividend to the shareholders of \$4,750,000, there were no other related party transactions for the year ended 30 June 2002.

Note 21: Segment Information

The company operates predominantly in one industry segment, the rail industry, and in one geographical segment, Australia.

Note 22: Economic Dependency

A significant level of the Australian Rail Track Corporation's track access revenue relates to a single rail operator. If not for this revenue, the company would find it difficult to maintain the current level of revenue and profit.

Note 23: Financial Instruments

Interest Rate Risk Exposures

The company had no borrowings at balance date. Trade debtors and creditors were not subject to interest providing payment was within agreed terms. The average interest rate for cash at bank for the year was 4.42% and for commercial papers maturing over a 30-35 day period the average interest for the year was 4.61%.

Credit Risk Exposure

The company's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Notes to the Financial Statements

Note 24: Commitments

Operating leases are entered into as a means of acquiring access to manage the interstate network in Victoria.

	2002 \$'000	2001 \$'000
Operating lease expenditure contracted for is payable as follows :		
Not later than one year	2,248	2,062
Later than one year but not later than five years	8,992	8,248
Later than five years	15,736	16,496
	26,976	26,806

Note 25: Employee entitlements

	2002 \$'000	2001 \$'000
Employee entitlement liabilities		
Provision for employee entitlements		
– Current (note 11)	2,739	2,683
– Non-current (note 12)	335	246
Aggregate employee entitlement liability	3,074	2,929

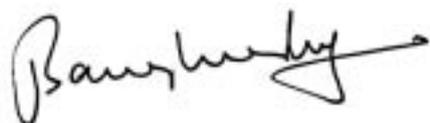
Directors' Declaration

The Directors declare that:

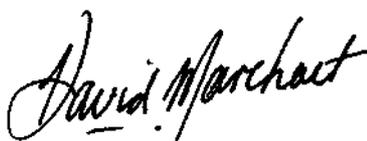
- (a) the financial statements and associated notes comply with the Accounting Standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2002 and performance of the company for the year then ended;
- (c) in the directors' opinion;
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and notes are in accordance with the Corporations Act (2001), including sections 296 and 297.

Signed in accordance with a resolution of directors.

On behalf of the directors.



B K Murphy
Chairman



D W Marchant
Managing Director

Signed at Adelaide, this fourteenth day of October 2002

Audit Letter



INDEPENDENT AUDIT REPORT

To the members of Australian Rail Track Corporation Limited

Scope

I have audited the financial report of Australian Rail Track Corporation Limited for the financial year ended 30 June 2002. The Financial report comprises:

- Directors' Report;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Notes to and forming part of the Financial Statements; and
- Directors' Declaration

The Australian Rail Track Corporation Limited's Directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Australian Rail Track Corporation Limited.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance whether the financial report is free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CAMBERRA ACT 2601
Constitution House 78 National Circuit
BARTON ACT
Phone (02) 6205 7300 Fax (02) 6205 7777

Audit Letter

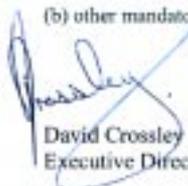
Audit Opinion

In my opinion the financial report of Australian Rail Track Corporation Limited is in accordance with

(a) the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2002 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.



David Crossley
Executive Director

Delegate of the Auditor-General

Canberra
17 October 2002



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