GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Land and Property Information New South Wales

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of Land and Property Information New South Wales:

(a) presents fairly the Land and Property Information New South Wales' financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

(b) complies with sections 45E and 45EA of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

The Director-General's Role

The financial report is the responsibility of the Director-General of the Department of Lands. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Director-General in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Director-General had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of Land and Property Information New South Wales,
- that Land and Property Information New South Wales has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

G J Gibson FCPA
Director of Audit

SYDNEY
21 October 2004

DEPARTMENT OF LANDS

LAND AND PROPERTY INFORMATION NSW

Financial Statements for the year ended 30 June 2004

Pursuant to section 45F of the Public Finance and Audit Act 1983, I state that:

(1) the accompanying financial statements exhibit a true and fair view of the financial position of the Land and Property Information NSW, a business unit of the Department of Lands as at 30 June 2004 and the transactions for the year then ended.

(2) the statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's Directions.

Further, I am not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

W. Watkins
Director General
Department of Lands

D. Mooney
General Manager
Land and Property Information

L. Scambler
Director, Financial Services
Department of Lands

Date: 21 October 2004

LAND AND PROPERTY INFORMATION NSW
Statement of Financial Performance
For the year ended 30 June 2004

	Notes	Actual 2004 $000	Actual 2003 $000
REVENUES FROM ORDINARY ACTIVITIES			
Sale of Goods and Services	3(a)	129,844	124,817
Investment Income	3(b)	3,324	1,591
Grants and contributions	3(c)	12,410	10,058
Other income	3(d)	2,714	3,651
Profit/(loss) from sale of fixed asset	5	110	-
TOTAL REVENUES FROM ORDINARY ACTIVITIES		**148,402**	**140,117**
EXPENSES FROM ORDINARY ACTIVITIES			
Operating Expenses			
Employee related	4(a)	69,543	96,113
Other Operating Expenses	4(b), 5	25,639	24,623
Maintenance		2,474	2,910
Depreciation and amortisation	4(c)	9,941	7,677
Grants and subsidies	4(d)	324	48
Borrowing cost expense	4(e)	278	293
Other Expenses	4(f)	1,465	22,703
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		**109,664**	**154,367**
Profit/(loss) from ordinary activities before income tax equivalent		**38,738**	**(14,250)**
Income tax equivalent		11,621	-
Net profit/(loss) from ordinary activities after income tax equivalent		**27,117**	**(14,250)**
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		**-**	**-**
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	16	**27,117**	**(14,250)**

The accompanying notes form part of these statements.

LAND AND PROPERTY INFORMATION NSW
Statement of Financial Position
As at 30 June 2004

	Notes	Actual 2004 $000	Actual 2003 $000
ASSETS			
Current Assets			
Cash	7	67,004	48,081
Receivables	8	6,991	6,949
Inventories	9	330	366
Other	10	1,321	1,830
Total Current Assets		**75,646**	**57,226**
Non-Current Assets			
Inventories	9	1,306	1,450
Property, Plant and Equipment	11		
Land and Buildings		48,207	47,700
Plant and Equipment		31,705	29,457
Total Property Plant and Equipment		79,912	77,157
Total Non-Current Assets		**81,218**	**78,607**
TOTAL ASSETS		**156,864**	**135,832**
LIABILITIES			
Current Liabilities			
Payables	13	37,479	6,294
Interest Bearing Liabilities	14	446	446
Provisions	15	8,167	8,221
Total Current Liabilities		**46,092**	**14,961**
Non-Current Liabilities			
Interest Bearing Liabilities	14	2,323	2,483
Provisions	15	67,435	81,442
Total Non-Current Liabilities		**69,758**	**83,925**
Total Liabilities		**115,850**	**98,886**
Net Assets		**41,014**	**36,946**
EQUITY	16		
Accumulated Funds		41,014	36,946
Total Equity		**41,014**	**36,946**

The accompanying notes form part of these statements

LAND AND PROPERTY INFORMATION NSW
Statement of Cash Flows
For the year ended 30 June 2004

	Notes	Actual 2004 $'000	Actual 2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(83,820)	(68,352)
Borrowing costs		(278)	(293)
Other		(36,793)	(32,335)
Total Payments		(120,891)	**(100,980)**
Receipts			
Sale of goods and services		131,795	133,435
Interest received		2,360	1,591
Other		18,405	13,705
Total Receipts		152,560	**148,731**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**19**	**31,669**	**47,751**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Land & Buildings, Plant & Equipment		660	94
Purchases of Land & Buildings, Plant & Equipment		(13,246)	(13,272)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(12,586)**	**(13,178)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and advances		(160)	(146)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(160)**	**(146)**
NET INCREASE (DECREASE) IN CASH		18,923	**34,427**
Opening cash and cash equivalents		48,081	13,654
CLOSING CASH AND CASH EQUIVALENTS	**7**	**67,004**	**48,081**

The accompanying notes form part of these statements

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

1. REPORTING ENTITY

Land and Property Information New South Wales (LPI) is a non budget dependent commercial entity within the Department of Lands. LPI provides integrated land and property information services to the government and community of New South Wales.

In compliance with section 45E of the *Public Finance and Audit Act 1983* and Treasury directives separate audited financial statements are provided for LPI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

LPI's financial statements are a general purpose financial report which has been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act and Regulations.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for certain investments, land, buildings and plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

b. Revenue Recognition

Revenue is recognised when LPI has control of the good or right to receive, it is probable that the economic benefits will flow to LPI and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

(i) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie, user charges. User charges are recognised as revenue when the Department obtains control of the assets that result from them.

(ii) Investment Income

Interest revenue is recognised as it accrues.

(iii) Grants and Contributions

Grants and subsidies are recognised in the financial statements when received.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Employee Benefits

(i) Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

LPI is responsible for the long service leave and all superannuation liabilities for its employees and these are fully recognised in the accounts.

The long service leave is measured using present value method based on the actual remuneration rates for all employees with five or more years of service.

LPI contributes to the employees' superannuation entitlements under the State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-Contributory Superannuation Scheme (SANCS) and pays the contributions to Pillar Corporation and employee nominated funds. These payments are applied towards the accruing liability in respect of employees and are charged to expenses.

The superannuation liability under these schemes has been adjusted to reflect the liability as assessed by William Mercer Limited.

d. Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred (except where they are included in the costs of qualifying assets

e. Insurance

LPI's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

f. Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by LPI as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

g. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by LPI. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate being the rate at which a similar borrowing could be obtained.

h. Plant and equipment

Plant and equipment costing $5,000 and above individually are capitalised. Individual items of computer equipment costing $1,000 and above are capitalised when they form part of a network.

i. Revaluation of Physical Non-Current Assets

Physical non-current assets are measured on a fair value on an existing use basis in accordance with the AASB 1041 from the financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining service potential.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

J. Revaluation of Physical Non-Current Assets (continued)

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the Profit/Loss.

Revaluation decrements are recognised immediately as expenses in the Profit/Loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. Buildings and Land are revalued at least every five years.

Revaluation increments and decrements are offset against one another within the same class of non-current assets but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

k. Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight-line basis against all depreciable assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its useful life to LPI. Land is not a depreciable asset.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Asset Classes	Rates (%)
Buildings and Improvements	2.50
Printing Press	6.67
Aeroplane / Aerial Photographic Equipment	14.25
Motor Vehicles	20.00
Plant and Equipment	20.00
EDP Equipment	25.00

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Maintenance and Repairs

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

m. Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

n. Receivables

Receivables are recognised and carried at cost based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

o. Inventories

Inventories are comprised of raw materials for map printing and maps stock. Raw materials are valued on a first-in-first-out basis. Maps stocks are valued at the weighted average cost of printing from the map masters at full absorption of labour, materials and overhead. Stock is used on a first-in-first-out basis.

p. Restricted Assets : Torrens Assurance Fund

This fund is administered by LPI. The Torrens Assurance Fund was established under S133A of the Real Property Act as a Special Deposit Account administered by the Registrar-General. Refer to Note 12.

q. Payables

These amounts represent liabilities for goods and services provided to LPI and other amounts, including interest. Interest is accrued over the period it becomes due (where applicable).

r. Interest bearing liabilities

The finance lease liability is determined in accordance with AAS 17 "Leases".

s. Contribution to Consolidated Fund

LPI is required to pay income tax equivalents and dividends to the Consolidated Fund. Tax effect accounting is not required to be applied. Income tax is calculated by applying the prevailing company tax rate to profits earned by LPI. Dividends are paid at the rate of 85% of after tax profit in two equal instalments, in August and December following the financial year-end. As LPI recorded an operating loss in the last financial year 2003 no income tax equivalents and dividends were payable for that year.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

3. REVENUES

3(a) Sale of Goods and Services

	2004 $000	2003 $000
Title	101,235	96,359
Valuation	22,936	22,535
Mapping	3,656	3,912
Torrens Assurance Fund (see note 12)	2,017	2,011
	129,844	**124,817**

3(b) Investment Income

Interest	3,324	1,591
	3,324	**1,591**

3(c) Grants and contributions

Implementation of Walton Report recommendations	-	900
Community Service Obligations	12,410	9,158
	12,410	**10,058**

3(d) Other Revenue

Printing and Publishing	418	497
Digital Database Sales	13	52
International Projects	651	372
Corporate Support	57	2,009
Miscellaneous Income	1,575	721
	2,714	**3,651**

4. EXPENSES

4(a) Employee Related Expenses

Salaries and wages (including recreation leave)	59,152	54,416
Superannuation	1,827	30,118
Long Service Leave	3,749	6,767
Workers Compensation	559	791
Payroll and Fringe Benefits Tax	4,257	3,480
Payroll Tax on Employer's Superannuation Contribution	(1)	541
	69,543	**96,113**

The agency charges the full cost of long service leave and current cost of superannuation to operations.

4(b) Other Operating Expenses

	2004 $000	2003 $000
Valuation contractors & expenses	9,305	9,880
Cleaning & Utilities	1,107	1,017
Property rental costs	634	593
EDP - Information Technology Services	3,315	2,069
Furniture, Plant & Equipment	306	324
Stores & Materials	2,123	1,598
Consultancies & other contractors	1,919	2,714
Promotions, publicity, events management	248	256
Travel expenses	655	518
Telecommunication expenses	1,606	1,814

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

	2004 $000	2003 $000
Motor Vehicle Expenses	593	619
Insurance	269	246
Auditor's remuneration - audit or review of the financial report	177	167
Freight & Postage	606	619
Staff related & development	698	512
Administration	968	729
Legal fees	53	74
Taxes	326	313
Bad debts	292	79
Other	439	486
	25,639	**24,627**

4(c) Depreciation expenses

Buildings	694	879
Plant and Equipment	9,247	6,798
	9,941	**7,677**

4(d) Grants and Subsidies

Grants paid to other organisations	324	48
	324	**48**

4(e) Borrowing costs

Finance lease interest charges	278	293
	278	**293**

4(f) Other expenses

Land & Buildings revaluation decrement	-	20,823
Torrents Assurance Fund	1,465	1,880
	1,465	**22,703**

4(g) Distributed costs

Included in the expenses listed above are the costs of corporate services provided by LPI to the other divisions of the Department of Lands for which no revenues are received. Amounts were not readily available for 2003.

Employee related	3,822	-
Other operating expenses	941	-
	4,763	-

5. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

Proceeds from disposal - Property, Plant & Equipment	660	94
Written Down Value of assets disposed	(550)	(90)
Net (loss) / gain on disposal of Property, Plant & Equipment	**110**	**4**

6. INDIVIDUALLY SIGNIFICANT ITEMS

Included in expenses from ordinary activities is $15.940m for superannuation expenses written back due to a significant increase in the income earned in the superannuation fund reserves. In 2003 - $9.663m for superannuation for 3 months from 2 April to 30 June 2003 was included in the expenses from ordinary activities. That amount included an unfavourable negative result following the triennial review by the Pillar Administration Corporation.

In 2003 a revaluation decrement on land and buildings of $20.823m was also included in expenses from ordinary activities and an increment on plant and equipment of $0.928m was credited directly to equity.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

7. CURRENT ASSETS - CASH

Cash at bank and on hand	67,004	48,081
	67,004	**48,081**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank.
Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	67,004	48,081
Closing cash and cash equivalents (as per Statement of Cash Flows	67,004	**48,081**

8. CURRENT/NON-CURRENT ASSETS - RECEIVABLES	2004 $000	2003 $000
Current Receivables		
Sale of goods and services	4,408	5,239
GST Receivable	690	689
Interest Receivable	1,976	1,012
Other Receivable	122	128
Less: Provision for doubtful debts	(205)	(120)
	6,991	**6,948**

9. CURRENT/NON-CURRENT ASSETS - INVENTORIES

Current Inventories		
At cost		
Raw materials	4	4
Goods for resale	326	362
	330	**366**
Non-current Inventories		
At cost		
Goods for resale	1,306	1,450
	1,306	**1,450**

Raw materials are classified as current assets because they are used within a short period. Goods for resale (map stocks) are split 20% current and 80% non-current based on 5 year usage.
There was no write down of inventories during the financial year ended 30 June 2004 (2003 - NIL).

10. CURRENT/NON-CURRENT ASSETS - OTHER

Current Prepayments		
Prepayments	1,321	1,830
	1,321	**1,830**

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

11. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

	2004 $000	2003 $000
LAND AND BUILDINGS		
At Fair Value	49,065	47,866
Less:		
Accumulated Depreciation	(859)	(166)
Net Book Value	**48,206**	**47,700**
PLANT AND EQUIPMENT		
At Fair Value	66,094	57,188
Less:		
Accumulated Depreciation	(34,389)	(27,731)
Net Book Value	**31,705**	**29,457**
Total Property, Plant and Equipment at Net Book Value	**79,912**	**77,157**

Reconciliations

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

	2004 $000	2003 $000
Land and Buildings		
Carrying amount at start of year	47,700	67,607
Additions	1,314	1,795
Disposals	(70)	-
Reclassification	(44)	-
Net amount of revaluation increments less decrements	-	(20,823)
Depreciation expense	(694)	(879)
Carrying amount at end of year	**48,206**	**47,700**
Plant & Equipment		
Carrying amount at start of year	29,457	23,175
Additions	11,931	12,242
Disposals	(3,070)	(2,728)
Reclassification	44	-
Net amount of revaluation increments less decrements	-	928
Depreciation expense	(9,247)	(6,798)
Written back on disposal	2,590	2,638
Carrying amount at end of year	**31,705**	**29,457**
Total Property, Plant & Equipment at net book value	**79,912**	**77,157**

12. RESTRICTED ASSETS

Torrens Assurance Fund - Special Deposit Account

LPI operates the Torrens Assurance Fund within the Special Deposit Accounts. The Fund was established under Section 133A of the Real Property Act 1900. It meets claims for losses arising out of fraud or agency error and is funded by $2 charge on each land dealing lodged. The following is a summary of transactions in the Torrens Assurance Fund.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

	2004 $000	2003 $000
Opening cash balance	8,273	8,142
Add:		
Revenue	2,017	2,011
Less:		
Expenditure	(1,465)	(1,880)
Cash balance at end of Year	**8,825**	**8,273**

The above transactions and balances have been recognised in LPI's financial statements.

13. CURRENT LIABILITIES - PAYABLES

	2004 $000	2003 $000
Accrued salaries, wages and on-costs	1,371	1,587
Creditors	2,773	3,237
Income received in advance	131	112
Dividend payable	23,049	-
Income Tax Equivalent payable	9,034	-
Other	1,121	1,358
	37,479	**6,294**

14. CURRENT/NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

Secured/Unsecured
Current Liabilities

	2004	2003
Finance lease commitments (Note 17)	446	446
	446	**446**

Secured/Unsecured
Non-Current Liabilities

	2004	2003
Finance lease commitments (Note 17)	2,323	2,483
	2,323	**2,483**

15. CURRENT/NON-CURRENT LIABILITIES - PROVISION

	2004 $000	2003 $000
Current employee benefits and related on-costs		
Recreation leave	4,061	4,138
Long service leave	3,564	3,666
Oncosts on employee benefits	542	417
Total provisions	**8,167**	**8,221**
Non-Current employee benefits and related on-costs		
Recreation leave	1,608	2,796
Long service leave	25,110	28,131
Superannuation	33,525	48,965
Oncosts on employee benefits	7,192	1,550
	67,435	**81,442**

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

15. CURRENT/NON-CURRENT LIABILITIES - PROVISION (continued)

	2004 $000	2003 $000
Aggregate employee entitlements		
Provisions - current	8,167	8,221
Provisions - non-current	67,435	81,442
Accrued salaries and wages	1,371	1,587
	76,973	**91,250**

Superannuation liability

Land and Property Information NSW is responsible for funding the employer's superannuation liability through monthly contributions to LPI's reserve account held at the Superannuation Administration Corporation. Superannuation payments to retiring employees are made out of this reserve account. Periodically LPI's reserve account balance is augmented by interest distributions made at the discretion of the Superannuation Administration Corporation. LPI has no control over interest distributions. The reserve account can only be used for the settlement of superannuation liabilities.

Actuarial assessments for the defined benefit schemes SASS, SANCS and SSS (refer to note 2 (d) (ii)) have been made for the year ended 30 June 2004 based on the full requirements of AAS25.

	Assessed Liability		Reserve Account		Superannuation Prepaid/(Deficit)	
	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000
State Superannuation Scheme	190,899	176,88	162,380	132,263	(28,519)	(44,622)
State Authorities Superannuation Scheme	13,478	11,075	10,048	8,214	(3,430)	(2,861)
Sub-Total	***204,377***	***187,960***	***172,428***	***140,477***	***(31,949)***	***(47,483)***
State Authorities Non-Contributory Superannuation Scheme	12,517	10,832	10,941	9,350	(1,576)	(1,482)
	216,894	**198,792**	**183,369**	**149,827**	**(33,525)**	**(48,965)**

LPI's superannuation liabilities as at 30 June 2004 as assessed by William Mercer Limited were based on the following key assumptions:

	2004 %	2005 %	2006 %
• Rate of Investment Return	7.0	7.0	7.0
• Rate of General Salary Increase	4.0	4.0	4.0
• Rate of Increase in CPI	2.5	2.5	2.5

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

16. EQUITY

	Retained Profits		Asset Revaluation Reserve		Total Equity	
	2004 $'000	**2003 $'000**	**2004 $'000**	**2003 $'000**	**2004 $'000**	**2003 $'000**
Balance beginning of the financial year	**36,946**	**50,268**		**-**	**36,946**	**50,268**
Transactions with owners as owners						
Dividend	(23,049)				**(23,049)**	
Transfers from asset revaluation reserve on administration restructure	-	928		-		928
Total	**13,897**	**51,196**	**-**	**-**	**13,897**	**51,196**
Other than transactions with owners as owners						
Net Profit/(Loss) for the year	27,117	(14,250)		-	**27,117**	(14,250)
Increment/(Decrement) on revaluation	-			928	-	928
Transferred to retained profits on administrative restructure	-			(928)	-	(928)
Total	27,117	(14,250)	-	-	27,117	(14,250)
Balance at the end of the financial year	**41,014**	**39,946**	**-**	**-**	**41,014**	**36,946**

17. COMMITMENTS FOR EXPENDITURE

(a) Other Expenditure Commitments

Aggregate of other expenditure for the acquisition of items as detailed below contracted for at balance date and not provided for: - Mass valuation contracts with various suppliers.

	2004 $000	**2003 $000**
Not later than 1 year	8,985	8,880
Later than 1 and not later than 5 years	11,370	10,591
Total (including GST)	**20,355**	**19,471**

(b) Operating Lease commitments

Future non-cancellable operating lease rentals not provided for and payable for accommodation and motor vehicle for varying contract periods/suppliers.

	2004 $000	**2003 $000**
Not later than 1 year	837	1,230
Later than 1 year but not later than 5 years	409	538
Total (including GST)	**1,246**	**1,768**

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

17. COMMITMENTS FOR EXPENDITURE (continued)

(c) Finance Lease Commitments

Not later than 1 year	446	446
Later than 1 year but not later than 5 years	1,783	1,783
Later than 5 years	2,229	2,675
Minimum lease payments	**4,458**	4,904
Less: future finance charge	**(1,689)**	(1,975)
Total (including GST)	**2,769**	**2,929**

Classified as:

Current	**446**	446
Non-current	**2,323**	2,483
	2,769	**2,929**

The finance lease asset relates to the lease/purchase of premises in Bathurst. The lease commenced on 16th January 1976 with a non-cancellable term of 38 years. The building is constructed on land owned by the Crown.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Land and Property Information NSW maintains a special deposit account for claims arising through fraud or Departmental error (Torrens Assurance Fund). As at 30 June 2004 known claims were assessed to have an estimated gross liability of $8.127m (2003 - $8.342m). These liabilities have been estimated on the assumption that all disputed claims will be lost by LPI branch.

19. RECONCILIATION OF OPERATING PROFIT/(LOSS) AFTER INCOME TAX EQUIVALENT TO CASH FLOWS FROM OPERATIONS.

	2004 $000	2003 $000
Net profit/(loss) from operating activities	**27,117**	**(14,250)**
Depreciation	9,941	7,677
Net (Loss)/Gain on sale/revaluation of non-current assets	(110)	20,819
Changes in Assets and Liabilities		
Decrease/(Increase) in Receivables	(42)	4,568
Decrease/(Increase) in Inventories	179	(169)
Decrease/(Increase) in Other Assets	509	(22)
Increase/(Decrease) in Provisions	(14,062)	27,761
Increase/(Decrease) in Current liabilities	8,137	1,367
Net Cash Flow from operating activities	**31,669**	**47,751**

20. FINANCIAL INSTRUMENTS

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11.00 am unofficial cash rate adjusted for a management fee to Treasury. Interest is reported in the financial statements as it is earned. For the purposes of the Statement of Cash Flows, cash comprises cash on hand and at bank.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

20. FINANCIAL INSTRUMENTS (continued)

Receivables

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are generally made on 30 days terms.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made not later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was paid during the year (30 June 2003-Nil). The carrying amount approximates net fair value.

Leased Assets

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expenses. Operating lease payments are expensed in the periods in which they are incurred.

(a) Interest Rate Risk

			Fixed Interest Rate Maturities				
	Weighted Average Effective Interest Rate %	Floating Interest Rate $000	1 year Or less $000	1 to 5 years $000	More than 5 years $000	Non Interest Bearing $000	Total Carrying Amount As per the Statement of Financial Position $000
30 June 2004							
Financial Assets							
Cash	4.18	67,004	-	-	-	-	67,004
Receivables		-	-	-	-	6,991	6,991
Total Financial Assets		**67,004**				**6,991**	**73,995**
30 June 2003							
Cash	3.75	48,081	-	-	-	-	48,081
Receivables		-	-	-	-	6,948	6,948
Total Financial Assets		**48,081**	**-**	**-**	**-**	**6,948**	**55,029**
30 June 2004							
Financial Liabilities							
Payables		-	-	-	-	37,479	37,479
Interest Bearing	9.75		446	1,783	540	-	2,769
Total Financial Liabilities			**446**	**1,783**	**540**	**37,479**	**40,248**
30 June 2003							
Payables						6,294	6,294
Interest Bearing	9.75		446	1,783	700	-	2,929
Total Financial Liabilities			**446**	**1,783**	**700**	**6,294**	**9,223**

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

20. FINANCIAL INSTRUMENTS (continued)

(b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation there under. LPI's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

20. SEGMENT INFORMATION

The entity is the sole business of administration and provision of land and property information in New South Wales (NSW).

Geographically, the whole operation is in NSW. Although the organisation operates mainly from two centres, Sydney and Bathurst, the main functions are integrated and complement one another, with the exception of title registration which is mainly located in Sydney.
Neither the group of closely related products or services provided by the entity nor the geographical location give rise to risks and returns that are different from any distinguishable component of the entity.

Accordingly, segment information by both business and geographically is not required in accordance with AASB1005.

21. AFTER BALANCE DATE EVENTS

No events have occurred after reporting date that need to be recognised or disclosed in the financial report.

22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Explanation of how the transition to AIFRS is being managed.

The Land and Property Information (LPI) will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005. The Department of Lands is managing LPI's transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. Where necessary the Department will also engage legal or accounting professional resources to provide expert advice.

As a result of this exercise, LPI has taken the following steps to manage the transition to the new standards:

The Department's Budget Committee is oversighting the transition. The Director, Financial and Administrative Services is responsible for the project and reports to the Committee on progress against the plan. The Department's Audit Committee also provides input to the process.

The following phases that need to be undertaken have been identified:

- Scope and identify impact of the changes
- Determine changes to be made to systems, processes, policies.
- Train staff
- Implement changes and review

By the end of June 2004 a preliminary assessment of the impact of the changes for LPI by the Department of Lands had been undertaken. All other stages, including the requisite changes to systems will be completed by the end of November 2004.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

21. AFTER BALANCE DATE EVENTS (continued)

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

(b) Key Differences in Accounting Policies

The Department has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the Department of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

LPI's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

❑ AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions.

❑ AASB 110 Events after the balance sheet date states that only dividends "declared" or appropriately "authorised before the reporting date can be recognised. This is more restrictive that the current approach which is based on 'valid expectations". However, this change is not expected to impact on dividend recognition as the signing of the statement of Corporate Intent/Statement of Business Intent before the reporting date to which it relates, "authorises" the dividend and any change in the amount of the dividend after the reporting date constitutes an "adjusting event after the reporting date".

However, the amount of the dividend may be affected by other AIFRS, such as AASB 139 Financial Instrument Recognition and Measurement and AASB 119 Employee Benefits (refer below) as these standards may impact on retained earnings (on first adoption) and the amount and volatility of profit/loss.

❑ AASB 116 Property, Plant and Equipment requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.

For-profit entities must account for asset revaluation increments and decrements on an individual asset basis, rather than on a class basis. This change may decrease accumulated funds.

❑ AASB 117 Leases requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.

LAND AND PROPERTY INFORMATION NSW
Notes to the Financial Statements
For the year ended 30 June 2004

- AASB 119 Employee Benefits requires the defined benefit obligation to be discounted using the government bond rate at each reporting date rather than the long term expected rate of return on plan assets. This will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expenses.

- AASB 136 Impairment of Assets requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the

entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy Valuation of Physical Non-Current Assets at Fair Value.

- AASB 138 Intangibles requires that all research costs must be expensed and restricts capitalisation of development costs. Some previously recognised internally generated intangible assets may need to be derecognised. Further, intangibles assets can only be revalued where there is an active market, which is unlikely to occur. As a result, it is likely that any revaluation increments will need to be derecognised and intangible assets recognised at cost.

END OF AUDITED FINANCIAL STATEMENTS