



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

BOARD OF SURVEYING AND SPATIAL INFORMATION

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Board of Surveying and Spatial Information:

- (a) presents fairly the Board's 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 section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

The financial report is the responsibility of the members of the Board of the Board of Surveying and Spatial Information. 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 Board 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 Board had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Board
- that it 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
25 October 2004

BOARD OF SURVEYING AND SPATIAL INFORMATION

Financial Statement for the Year Ended 30th June, 2004

Statement by Members of the Board

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with a resolution of the members of the Board of Surveying and Spatial Information, we declare on behalf of the Board that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position and transactions for the year ended 30 June, 2004 of the Board of Surveying and Spatial Information.
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983 as amended and the Public Finance and Audit (General) Regulation, 2000 and with the Treasurer's Directions as they relate to the preparation of those accounts.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



W. Watkins
President and Surveyor-General



P. Harcombe

21 October 2004

**DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2004**

	Note	2004 <u>\$</u>	2003 <u>\$</u>
INCOME FROM ORDINARY ACTIVITIES			
Annual Registration		371,300	-
Grants and contributions		-	300,000
Investment income		26,462	-
Fees for Spatial Information activities		55,000	3,070
Other income		69,198	123,150
TOTAL INCOME FROM ORDINARY ACTIVITIES	2	<u>521,960</u>	<u>429,290</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Depreciation		8,691	5,849
Other expenses		439,739	392,063
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	4	<u>448,430</u>	<u>397,912</u>
PROFIT FROM ORDINARY ACTIVITIES		<u>73,530</u>	<u>31,378</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		<u><u>73,530</u></u>	<u><u>31,378</u></u>

The accompanying notes form part of these financial statements.

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
STATEMENT OF FINANCIAL POSITION
As at 30 June 2004

	Note	2004 \$	2003 \$
ASSETS			
Current Assets			
Cash	8(a)	629,725	252,403
Receivable	5	35,091	275,286
Total Current Assets		<u>664,816</u>	<u>527,689</u>
Non-Current Assets			
Property, plant and equipment	7	29,979	18,231
Total Non-Current Assets		<u>29,979</u>	<u>18,231</u>
TOTAL ASSETS		<u>694,795</u>	<u>545,920</u>
LIABILITIES			
Current Liabilities			
Payables	6	96,774	21,429
Total Current Liabilities		<u>96,774</u>	<u>21,429</u>
NET ASSETS		<u>598,021</u>	<u>524,491</u>
EQUITY			
Retained Profits	12	598,021	524,491
TOTAL EQUITY		<u>598,021</u>	<u>524,491</u>

The accompanying notes from part of these financial statements.

**DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
STATEMENT OF CASH FLOW
For the year ended 30 June 2004**

	Notes	2004 <u>\$</u>	2003 <u>\$</u>
Cash flows from Operating Activities			
Receipts			
Receipts from operations		759,066	570,695
Interest received		9,803	-
GST Refund		29,813	19,936
Total Receipts		<u>798,682</u>	<u>590,631</u>
Payments			
Payments to suppliers		(400,921)	(425,120)
Total Payments		<u>(400,921)</u>	<u>(425,120)</u>
Net cash flow from Operating Activities	8(b)	<u>397,761</u>	<u>165,511</u>
Cash flows from Investing Activities			
Purchases of fixed assets		(20,439)	-
Net cash flows from Investing Activities		<u>(20,439)</u>	<u>-</u>
Net increase/(decrease) in cash		377,322	165,511
Opening cash balance		252,403	86,892
Closing cash balance	8(a)	<u>629,725</u>	<u>252,403</u>

The accompanying notes form part of these statements

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
Notes accompanying and forming part of the Financial Statements
For the year ended 30 June 2004

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

The Board of Surveying and Spatial Information is constituted under the Surveying Act 2002 to provide for the registration of Land and Mining surveyors to regulate the making of surveys and to advise the Government on Spatial Information. Under the Act the Board has an expanded roll that includes the functions of the previous Board

b) Basis of Accounting

The Board'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 (IUG)' Consensus Views and the requirements of the Public Finance and Audit Act and Regulation and Treasurer's Directions.

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 AAS6 "Accounting Policies" is considered.

The financial statements have been prepared in accordance with the historical cost convention.

All amounts are expressed in Australian currency.

c) Revenue Recognition

Revenue is recognised when invoices are issued. These invoices in the main relate to surveyors' annual registration fees.

Grants and Contributions are recognised when received

d) Employee Benefits

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

Lands Employee Services (note 4) represents the cost of employees from the Department of lands providing administrative assistance to the Board. The Department of lands is responsible for all superannuation and leave entitlements of its employees.

Accordingly the Board has no liability for employee entitlements.

e) Insurance

The Boards 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

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
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f) Accounting for Goods and Services Tax (GST)

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

- the amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost 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 acquisition of assets controlled by the Board. 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 revenue 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.

h) Plant and Equipment

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

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 the Board.

Depreciation Rates:

Plant and Equipment	20%
Furniture and fittings	10%
EDP Equipment	25%

i) Receivables

Receivables are recognised and carried at the original amount less 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.

j) Payables

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are secured) are settled in accordance with the policy set out in Treasurers Direction 219.01. If terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurers Direction 219.01 allows the minister to award interest for late payment. No interest was applied during the year

k) Accrued Expenses

Accruals are recognised for amounts due to be paid in the future for goods and services received whether or not invoiced. Amounts owing to suppliers (which are unsecured) are generally settled within 30 days.

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
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2) REVENUE

In accordance with the Surveying Act 2002 registration and other fees collected by the former Board of Surveyors were remitted to the Consolidated Fund.

The former board received a grant from the Department of Lands to meet its operating expenditure. Under agreed arrangements the Treasury returned the excess of the registration and other fees over the grant received from Lands.

All funds collected as at 30 June 2003 were paid to the Consolidated Fund by 30 June 2003.

Commencing with the 2003-2004 financial year, the NSW Treasury agreed that all fees collected by Board of Surveying and Spatial Information should be retained by the board. Treasury also reduced the Department of Lands budget allocation by \$300,000 to reflect the new arrangements.

	2004	2003
	\$	\$
Annual Registration fee	371,300	367,920
Application for Registration	2,940	1,620
Candidate Workshop Fee	13,300	12,710
Certificate of Registration	360	1,620
Continuous Professional Development Fees	-	7,435
Enrolment as Candidate	12,108	11,600
Examination Fee	17,700	14,800
Letters of Accreditation	360	360
Investment income	26,462	-
Fees for Spatial Information activities	55,000	3,070
Professional Training Agreement Fees	6,800	5,605
Restoration to Register	15,630	2,550
Total income from ordinary activities	<u>521,960</u>	<u>429,290</u>

3) BOARD MEMBERS' FEES

Board members' fees payable for 2003-2004 amounted to \$24,720 (2002-2003 - \$18,540). In addition Board members received \$13,130 (2002-03 - \$13,130) for acting as examiners and other Board related activities (included under other service fees) and were refunded travelling and accommodation expenses incurred in connection with the Board's operations (included under travelling and subsistence).

4) EXPENSES FROM ORDINARY ACTIVITIES

	2004	2003
	\$	\$
Depreciation	8,691	5,849
Other Expenses		
Audit	4,750	12,500
Board Member Fee	25,250	18,540
Continuing Professional Development Assessmen	1,160	10,727
Lands Administration Fee	30,145	30,145
Lands Employee Service	182,375	138,662
Lands rent	15,176	15,176
Examination Related Expense	47,902	37,790
Maintenance	1,330	526
Other Service Fees	72,836	81,696
Postage Telephone and Courie	5,860	7,359

DEPARTMENT OF LANDS
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Stores and Stationery	6,416	6,477
Travel and Subsistence	46,539	32,465
	<u>439,739</u>	<u>392,063</u>
Total expenses from ordinary activities	<u>448,430</u>	<u>397,912</u>

5) RECEIVABLES

	<u>2004</u>	<u>3003</u>
	<u>\$</u>	<u>\$</u>
Amount due from Crown Entity	-	260,236
Other debtors	35,091	15,050
	<u>35,091</u>	<u>275,286</u>
Amount owing by Treasury (Crown Entity) at 1 July	260,236	398,198
Less: amounts received during the year	(260,236)	(264,581)
Add: increase for the year	-	126,619
Balance owing by Treasury at 30 June	<u>-</u>	<u>260,236</u>

6) PAYABLES

Accrued administration expenses	71,000	21,429
Prepaid registration fees	25,774	-
	<u>96,774</u>	<u>21,429</u>

7) NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Building Improvements	Plant	Computer	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
At fair value	3,868	18,461	27,519	49,848
Less: Accumulated depreciation	(3,320)	(9,577)	(6,972)	(19,869)
Total property, plant & Equipment at net book value	<u>548</u>	<u>8,884</u>	<u>20,547</u>	<u>29,979</u>

Reconciliations

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

	Building Improvements	Plant	Computer	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2004				
Carrying amount at 1 July 2003	935	12,576	4,720	18,231
Addition	-	-	20,439	20,439
Depreciation expense	(387)	(3,692)	(4,612)	(8,691)
Carrying amount at 30 June 2004	<u>548</u>	<u>8,884</u>	<u>20,547</u>	<u>29,979</u>

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
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8) NOTES TO THE STATEMENT OF CASH FLOWS

- a) For the purposes of the Statement of Cash Flows cash consists of cash at bank. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2004	2003
	<u>\$</u>	<u>\$</u>
Cash at bank	629,725	252,403
Cash at the end of financial perio	<u>629,725</u>	<u>252,403</u>

b) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT FROM ORDINARY ACTIVITIES:

Net profit	73,530	31,378
Adjustment for non - cash items:		
Depreciation	8,691	5,849
Changes in Assets & Liabilities:		
Decrease in Receivables	240,195	124,501
Increase in Payables	75,345	3,783
	<u>397,761</u>	<u>165,511</u>

9) CAPITAL COMMITMENTS

At 30 June 2004 there were no material commitments. (2003 - NIL)

10) CONTINGENT LIABILITIES

At 30 June 2004 there were no contingent liabilities. (2003- NIL)

11) MATERIAL ASSISTANCE

The Board did not receive any material assistance free of charge.

12) CHANGES IN EQUITY

	2004	2003
	<u>\$</u>	<u>\$</u>
Opening balance at the beginning of financial year	524,491	493,113
Profit for the year	73,530	31,378
Closing balance at the end of financial year	<u>598,021</u>	<u>524,491</u>

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
Notes accompanying and forming part of the Financial Statements
For the year ended 30 June 2004

13) FINANCIAL INSTRUMENTS

Financial instruments give rise to positions that are a financial asset of either the Board or its counterparty and a financial liability (or equity instrument) of the other party. For the Board these include cash at bank, receivables, and creditors. These are recorded at 'cost' being the contractual amount owing or owed. All financial instrument cash flows are recognised on an accruals basis.

In accordance with AAS 33 "Presentation and Disclosure of Financial Instruments" information is disclosed here in respect of the interest rate risk and credit risk of financial instruments. Such amounts are carried in the accounts at net fair value unless otherwise stated. Financial instruments applicable to this Board consist of cash at bank, receivables and creditors.

(a) Interest Rate Risk

	Fixed Interest Rate Maturities						Total Carrying Amount As per the Statement of Financial Position \$000
	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	
30 June 2004							
Financial Assets							
Cash	4.18	630	-	-	-	-	630
Receivables		-	-	-	-	35	35
Total Financial Assets		630	-	-	-	-	665
30 June 2003							
Cash	3.75	253	-	-	-	-	253
Receivables		-	-	-	-	275	275
Total Financial Assets		253	-	-	-	-	528
30 June 2004							
Financial Liabilities							
Payables		-	-	-	-	97	97
Total Financial Liabilities		-	-	-	-	97	97
30 June 2003							
Payables		-	-	-	-	21	21
Total Financial Liabilities		-	-	-	-	21	21

(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 thereunder. The Board's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

DEPARTMENT OF LANDS
BOARD OF SURVEYING AND SPATIAL INFORMATION
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(c) Net Fair Value

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

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

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

The Board 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 the Board'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, the Department has taken the following steps to manage the transition to the new standards:

- The Department's Budget Committee is overseeing the transition. The Department's financial and Administrative Services is responsible for the project and reports to the Committee on progress against the plan.
- The following phases that need to be undertaken have been identified:
 - Scope and identify impact of the changes
 - Determine changes to be made by 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 the Board 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.

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 not identified any significant differences in accounting policies that will arise from adopting AIFRS.

The Board's accounting policies may be affected by a proposed standard designed to harmonise accounting standards with Government Finance (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 difference 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.

(b) Key differences in accounting policies (continued)

For the year ended 30 June similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds.

This differs from current Australian requirements, because such changes must be recognized in the current period through profit or loss, unless a new standard mandates otherwise.

END OF AUDITED FINANCIAL STATEMENTS