AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

LAND AND PROPERTY INFORMATION NEW SOUTH WALES

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Land and Property Information New South Wales (LPI), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of LPI as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to LPI's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LPI's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of LPI,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

S Stanton

Scott Stanton
Director, Financial Audit Services

20 October 2009
SYDNEY

STATEMENT BY CHIEF EXECUTIVE OFFICER

Pursuant to section 41C (1B) of the *Public Finance and Audit Act 1983*, we state that:

(1) the accompanying financial report exhibits a true and fair view of the financial position and financial performance of Land and Property Information, a business unit of the Department of Lands for the year ended 30 June 2009; and

(2) the financial report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, the Treasurer's Directions and Australian Accounting Standards (including Australian Accounting Interpretations).

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

Bob Costello

Director Finance and Corporate Support
Land and Property Management Authority
Date: 20 October 2009

Des Mooney

General Manager, LPI Division
Land and Property Management Authority
Date: 20 October 2009

Warwick Watkins

Chief Executive Officer
Land and Property Management Authority
Date: 20 October 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 $'000	2008 $'000
Revenue			
Sale of goods	2(a)	1,292	1,741
Rendering of services	2(b)	169,566	165,462
Investment revenue	2(c)	1,298	2,605
Other revenue	2(d)	13,696	14,379
Total revenue		**185,852**	**184,187**
Expenses			
Employee related expenses	3(a)	92,771	79,855
Other operating expenses	3(b)	44,122	41,172
Maintenance	3(c)	2,343	2,384
Depreciation and amortisation	3(d)	15,986	14,258
Grants and subsidies	3(e)	520	535
Other expenses	3(f)	4,780	2,343
Loss on disposal	3(g)	4	2
Total expenses		**160,526**	**140,549**
Surplus before income tax equivalent		25,326	43,638
Income tax equivalent expense	3(h)	4,881	9,568
SURPLUS FOR THE YEAR		**20,445**	**34,070**

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 $'000	2008 $'000
Net increase / (decrease) in property, plant and equipment asset revaluation reserve	13	11,004	-
Superannuation actuarial gains / (losses)	13	(137,754)	(50,556)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(126,750)**	**(50,556)**
Surplus for the year	13	20,445	34,070
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		**(106,305)**	**(16,486)**
EFFECT OF CHANGE IN ACCOUNTING POLICY			
Deficit for the period as reported		-	(16,486)
Superannuation actuarial losses		-	50,556
RESTATED SURPLUS FOR THE PERIOD		**-**	**34,070**

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	35,347	42,609
Trade and other receivables	6	10,507	10,146
Inventories	7	150	204
Total current assets		**46,004**	**52,959**
Non-current assets			
Inventories	7	1,513	1,571
Property, plant and equipment	8		
Land and buildings		81,313	69,602
Plant and equipment		14,087	13,709
Total property, plant and equipment		95,400	83,311
Intangible assets	9	30,066	30,461
Prepaid superannuation	12	-	6,056
Total non-current assets		**126,979**	**121,399**
TOTAL ASSETS		**172,983**	**174,358**
LIABILITIES			
Current liabilities			
Trade and other payables	11	20,245	32,838
Provisions	12	49,381	43,527
Total current liabilities		**69,626**	**76,365**
Non-current liabilities			
Provisions	12	136,474	13,416
Total non-current liabilities		**136,474**	**13,416**
TOTAL LIABILITIES		**206,100**	**89,781**
NET ASSETS		**(33,117)**	**84,577**
EQUITY	13		
Reserves		25,123	14,119
Retained earnings		(58,240)	70,458
TOTAL EQUITY		**(33,117)**	**84,577**

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Sale of goods and services		170,343	170,311
Interest received		2,315	2,735
Other revenue		17,988	19,870
Employee related		(95,364)	(89,998)
Income tax equivalent		(8,709)	(9,794)
Other expenses		(58,142)	(53,887)
Net cash flows from operating activities	16	**28,431**	**39,237**
Cash flows from investing activities			
Sale proceeds of fixed assets		6	15
Purchases of land and buildings, plant and equipment and intangible assets		(16,723)	(19,072)
Net cash flows used in investing activities		**(16,717)**	**(19,057)**
Cash flows from financing activities			
Contribution to Consolidated Fund		(18,976)	(16,512)
Net cash flows used in financing activities		**(18,976)**	**(16,512)**
NET INCREASE / (DECREASE) IN CASH		(7,262)	3,668
Opening cash and cash equivalents		42,609	38,941
CLOSING CASH AND CASH EQUIVALENTS	5	**35,347**	**42,609**

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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. The head office is located at 1 Prince Albert Road, Queens Square, Sydney, NSW 2000.

Under Section 45E of the *Public Finance and Audit Act 1983* (the Act), the Treasurer has directed the Department of Lands to prepare a separate financial report for LPI. The format of the financial report is to be in accordance with the requirements of Section 41A and Section 41B of the Act.

LPI is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated within the financial report of the Department of Lands and as part of the NSW Total State Sector Accounts.

The financial report for the year ended 30 June 2009 was authorised for issue by the Chief Executive Officer on 20 October 2009.

b. Basis of preparation

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

- applicable Australian Accounting Standards, which include Australian Accounting Interpretations; and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c. Statement of compliance

LPI's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

The following new Accounting Standards and Interpretations have not been applied and are not yet effective for the period ending 30 June 2009. NSW Treasury TC 09/03 has mandated that agencies do not early adopt any of the new standards or interpretations.

- AASB 3 *Business Combinations* (issued March 2008).
- AASB 8 *Operating Segments* (issued February 2007).
- AASB 101 *Presentation of financial statements* (issued September 2007).
- AASB 123 *Borrowing costs* (issued June 2007), *AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123* (issued June 2007).
- AASB 127 *Consolidated and Separate Financial Statements* (issued March 2008).
- AASB 1039 *Concise Financial Reports* (issued August 2008).
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (issued February 2007).
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (issued September 2007).
- AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* (issued December 2007).
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share based Payments: Vesting Conditions and Cancellations [AASB 2*] (issued February 2008).
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation* (issued March 2008).
- AASB 2008-3 *Amendments to Australian Accounting Standards and Interpretations arising from AASB 3 and AASB 127* (issued March 2008).
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process Project* (issued July 2008).
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (issued July 2008).
- *AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (issued July 2008).
- AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items* (issued August 2008).
- AASB 2008-9 *Amendments to AASB 1049 for consistency with AASB 101* (issued September 2008).
- AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities* (issued November 2008).
- AASB 2009-1 *Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities* (issued April 2009).
- AASB 2009-2 *Amendments to Australian Accounting Standards Improving Disclosures about Financial Instruments* (issued April 2009).
- Interpretation 15 *Agreements for the Construction of Real Estate* (issued August 2008).
- Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (issued August 2008).
- Interpretation 17 *Distributions of Non-Cash Assets to Owners* (issued December 2008) and AASB 2008- 13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners* (issued December 2008).
- Interpretation 18 *Transfers of Assets from Customers* (issued March 2009).

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the LPI.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to LPI and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transactions can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(iv) Grants and contributions

Grants and contributions are recognised as income when all the following conditions are satisfied: LPI obtains control over the assets comprising the grants/contributions or the right to receive the contribution; it is probable that the economic benefits comprising the contribution will flow to LPI; and the amount can be measured reliably.

e. Employee benefits and other provisions

(i) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 4.01% are used to discount long-term annual leave.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | E.EMPLOYEE BENEFITS AND OTHER PROVISIONS cont.

(ii) Long service leave and superannuation

LPI is responsible for the long service leave liability for employees with five or more years of service and all superannuation liabilities. These liabilities are recognised in the Balance Sheet.

The long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the Commonwealth government bond rate at the reporting date to employees with five or more years of service, using expected future rates of pay. This ratio is determined based on a periodical actuarial review to approximate present value. Where LPI does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as current liability.

LPI is responsible for employee superannuation entitlements under defined contribution plans and defined benefit plans.

Contributions to defined contribution superannuation plans are expensed when incurred. For defined benefit plans, the actuarial valuations are carried out at each reporting date by Pillar Administration using the projected unit credit method, and the actuarial gains and losses are recognised immediately through profit and loss in the period in which they occur as per NSW Treasury's mandate.

The defined benefit position recognised in the Balance Sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, net of the fair value of the plan assets.

(iii) Other provisions

Other provisions are recognised when LPI has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the legal or constructive obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

f. Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

g. 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 claim experience.

h. Accounting for the goods and services tax (GST)

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

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

The net amount of GST recoverable from, or payable to the taxation authority, is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to the Australian Taxation Office are classified as operating cash flows.

i. Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by LPI. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

j. Capitalisation thresholds

Property, plant and equipment and intangible assets 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.

k. Revaluation of physical non-current assets

Physical non-current assets are valued in accordance with NSW Treasury TPP 07-1 *Valuation of Physical Non-Current Assets at Fair Value*. This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Except for certain heritage assets, property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

LPI revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2009 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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.

For other assets, 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.

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 Income Statement, the increment is recognised immediately as revenue in the Income Statement.

Revaluation decrements are recognised immediately as expenses in the Income Statement, 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.

As a not for-profit entity, 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 retained earnings.

l. Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, LPI is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

m. Depreciation of non-current physical assets

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets, so as to write off the depreciable amount of each asset as it is consumed over its useful life to LPI.

All material separately identifiable components of assets are depreciated over their shorter useful lives. The normal depreciation rates of major asset classes are as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | M. DEPRECIATION OF NON-CURRENT PHYSICAL ASSETS cont.

Asset classes	Rates (%)
Heritage assets	0.00
Buildings and improvements	2.50
Printing press	6.67
Aeroplane/aerial photographic equipment	10.00 -14.25
Motor vehicles	20.00
Plant and equipment	20.00
EDP equipment	25.00

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

n. Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

o. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

p. 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 Income Statement in the periods in which they are incurred.

q. Intangible assets

The agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Development costs are only capitalised when certain criteria are met. Internally developed software costs that are directly associated with the production of identifiable and unique software products controlled by LPI and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for LPI's intangible assets, the assets are carried at cost less any accumulated amortisation.

LPI's intangible assets are amortised using the straight line method over a period of four years, for software and internally developed software. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, LPI is effectively exempted from impairment testing (refer note 1(l)).

r. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term receivables are measured at the original invoice amount where the effect of discounting is immaterial. Trade receivables, which generally have 2-30 days terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for impairment of receivables is made when there is objective evidence that the debts will by unable to collected. Bad debts are written off when identified.

s. Inventories

Inventories held are valued at the lower of cost and net realisable value.

Inventories are comprised of raw materials for map printing and maps stock. Maps stocks are valued at the weighted average cost of printing from the map masters at full absorption of labour, materials and overhead.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost LPI would incur to acquire the asset on the reporting date. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

t. Restricted assets – Torrens Assurance Fund

This fund is administered by LPI. The Torrens Assurance Fund was established under S134(1) of the *Real Property Act 1900* as a special deposit account administered by the Registrar-General. Refer to note 10.

u. Payables

These amounts represent liabilities for goods and services provided to LPI and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

v. Contribution to Consolidated Fund

LPI is required to pay income tax equivalent and contributions 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 after adjusting for any superannuation gain or loss impacting the Income Statement and cash paid to defined benefit superannuation plans. The contributions to the Consolidated Fund are paid at the rate of 100% of after tax adjusted profit, in two instalments in August and December.

w. Comparatives

Comparatives figures are, where appropriate, reclassified to conform with the basis of presentation and classification used in the current year.

x. Change in accounting policy

According with NSW Treasury policy, LPI has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 *Employee Benefits*.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation. Recognition outside profit or loss also harmonises better with the Government Finance Statistics/GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. A comprehensive income presentation will also be available at the entity level from 2009/10 under AASB 101 *Presentation of Financial Statements*.

The change in accounting policy increases 2009 '(deficit)/surplus for the period' from $117.309m deficit to $20.445m surplus (2008: from $16.486m deficit to $34.070m surplus), by excluding from profit the superannuation actuarial loss line item (2009: $137.754m, 2008: $50.556m). This item is now recognised in the 'statement of recognised income and expense' rather than the 'income statement'.

2. REVENUE

a. Sale of goods

	2009 $'000	2008 $'000
Mapping	1,292	1,741
	1,292	**1,741**

b. Rendering of services

	2009 $'000	2008 $'000
Title	126,939	125,543
Valuation	37,867	35,296
Torrens Assurance Fund (see note 10)	2,917	3,196
Corporate support	516	815
Miscellaneous income	1,327	612
	169,566	**165,462**

c. Investment revenue

	2009 $'000	2008 $'000
Interest	1,298	2,605
	1,298	**2,605**

d. Other revenue

	2009 $'000	2008 $'000
Government grants	13,696	14,159
Grants from other entities	-	220
	13,696	**14,379**

Government grants have been received for community service obligations. Grants from other entities have been received for the operations of the National Electronic Conveyancing System. There are no unfulfilled conditions or contingencies attached to these grants.

3. EXPENSES

a. Employee related expenses

	2009 $'000	2008 $'000
Salaries and wages (including recreation leave)	78,021	70,892
Superannuation – defined contribution plans	2,428	1,851
Superannuation – defined benefit plans *	(743)	(2,912)
Long service leave	7,363	4,426
Workers compensation	477	369
Payroll and fringe benefits tax	5,158	5,077
Other employee on-costs	67	152
	92,771	**79,855**

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

* Refer note 12. Superannuation actuarial losses of $137.754m (2008:$50.556m) are recognised in the 'Statement of recognised income and expenses'. Total superannuation expense for defined benefit plans, including actuarial losses recognised in the 'Statement of recognised income and expense' is $137.754m (2008:$50.556m).

3. EXPENSES cont.

b. Other operating expenses	**2009 $'000**	**2008 $'000**
Valuation contractors and expenses	18,788	17,680
Cleaning and utilities	1,386	1,414
Property rental costs	920	798
EDP – information technology services	4,355	3,594
Furniture, plant and equipment	306	509
Cost of sales	1,618	1,372
Consultancies and other contractors	8,294	7,595
Promotions, publicity, events management	420	467
Travel expenses	1,097	1,069
Telecommunication expenses	1,414	1,544
Motor vehicle expenses	1,102	1,043
Insurance	136	150
Auditor's remuneration – audit of the financial report	212	215
Freight and postage	744	775
Staff related and development	1,280	1,078
Administration	870	877
Legal fees	49	95
Land taxes	502	363
Impairment of receivables	185	141
Other	444	393
	44,122	**41,172**

The audit fee for the LPI audit of the 2009 financial report is $227,700 (2008 $199,500)

c. Maintenance	**2009 $'000**	**2008 $'000**
Plant and equipments	1,500	1,313
Furniture	5	2
Buildings	476	465
IT equipment	362	604
	2,343	**2,384**

d. Depreciation and amortisation	**2009 $'000**	**2008 $'000**
Buildings depreciation	490	298
Plant and equipment depreciation	4,512	4,436
Amortisation of intangible assets	10,984	9,524
	15,986	**14,258**

e. Grants and subsidies	**2009 $'000**	**2008 $'000**
Grants paid to other organisations	520	535
	520	**535**

f. Other expenses	**2009 $'000**	**2008 $'000**
Torrens Assurance Fund (see note 10)	4,780	2,343
	4,780	**2,343**

g. Loss on disposal	**2009 $'000**	**2008 $'000**
Proceed from disposal	(6)	(15)
Written down value of assets disposed	10	17
Net loss on disposal of property, plant and equipment	**4**	**2**

3. EXPENSES cont.

h. Income tax equivalent expense

	2009 $'000	2008 $'000
Accounting surplus for the year	25,326	43,638
Less: defined benefit superannuation expense adjustment	(9,057)	(11,744)
Adjusted accounting surplus for the year	**16,269**	**31,894**
Income tax equivalent expense for the year at 30%	4,881	9,568
	4,881	**9,568**

i. Distributed costs

Included in the expenses listed above are the costs of corporate services provided by LPI to the other divisions of Lands for which no revenues are received.

	2009 $'000	2008 $'000
Employee related	4,347	4,013
Other operating expenses	1,564	945
	5,911	**4,958**

4. INDIVIDUALLY SIGNIFICANT ITEMS

There is no individually significant item this year.

5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2009 $'000	2008 $'000
Cash at bank and on hand	35,347	42,609
	35,347	**42,609**

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

	2009 $'000	2008 $'000
Cash and cash equivalents (per Balance Sheet)	35,347	42,609
Closing cash and cash equivalents (as per Cash Flow Statement)	**35,347**	**42,609**

6. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2009 $'000	2008 $'000
Current receivables		
Sale of goods and services	7,921	5,554
Less: Allowance for impairment	(154)	(20)
GST receivable	699	1,621
Interest receivable	208	1,224
Other receivables	131	-
Prepayments	1,702	1,767
	10,507	**10,146**
Movement in allowance for impairment		
Balance at 1 July	20	8
Amounts written off during the year	(51)	(129)
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	185	141
Balance at 30 June	**154**	**20**

7. CURRENT/NON-CURRENT ASSETS – INVENTORIES

	2009 $'000	2008 $'000
Current inventories		
At cost		
Goods for resale	150	204
	150	**204**
Non-current inventories		
At cost		
Goods for resale	1,513	1,571
	1,513	**1,571**

Goods for resale (map stocks) are split 9% (2008 – 11.5%) current which is expected to be sold within the twelve months after the reporting date and 91% (2008 – 88.5%) non-current. The split is based on the entity's normal operating cycle.

There was no write down of inventories during the financial year ended 30 June 2009 (2008 – NIL).

8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2008 - fair value			
Cost (gross carrying amount)	70,326	40,984	111,310
Accumulated depreciation and impairment	(724)	(27,275)	(27,999)
Net carrying amount	**69,602**	**13,709**	**83,311**
At 30 June 2009 - fair value			
Cost (gross carrying amount)	82,527	43,549	126,076
Accumulated depreciation and impairment	(1,214)	(29,462)	(30,676)
Net carrying amount	**81,313**	**14,087**	**95,400**

Reconciliation

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
Year ended 30 June 2009			
Net carrying amount at start of year	69,602	13,709	83,311
Additions	1,201	4,896	6,097
Disposals	-	(10)	(10)
Revaluation increment	11,004	-	11,004
Reclassification	(4)	4	-
Depreciation expense	(490)	(4,512)	(5,002)
Net carrying amount at end of year	**81,313**	**14,087**	**95,400**

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2007 - fair value			
Cost (gross carrying amount)	66,966	38,869	105,835
Accumulated depreciation and impairment	(426)	(25,283)	(25,709)
Net carrying amount	**66,540**	**13,586**	**80,126**
At 30 June 2008 - fair value			
Cost (gross carrying amount)	70,326	40,984	111,310
Accumulated depreciation and impairment	(724)	(27,275)	(27,999)
Net carrying amount	**69,602**	**13,709**	**83,311**

8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT cont.

Reconciliation

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

	Land and buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2008			
Net carrying amount at start of year	66,540	13,586	80,126
Additions	3,360	4,576	7,936
Disposals	-	(17)	(17)
Depreciation expense	(298)	(4,436)	(4,734)
Net carrying amount at end of year	**69,602**	**13,709**	**83,311**

9. INTANGIBLE ASSETS

	Software $'000	Total $'000
At 1 July 2008		
Cost (gross carrying amount)	70,834	70,834
Accumulated amortisation and impairment	(40,373)	(40,373)
Net carrying amount	**30,461**	**30,461**
At 30 June 2009		
Cost (gross carrying amount)	81,422	81,422
Accumulated amortisation and impairment	(51,356)	(51,356)
Net carrying amount	**30,066**	**30,066**
Year ended 30 June 2009		
Net carrying amount at start of year	30,461	30,461
Additions		
- external acquired	601	601
- internally developed	9,988	9,988
Reclassification	-	-
Amortisation expense	(10,984)	(10,984)
Net carrying amount at end of year	**30,066**	**30,066**
At 1 July 2007		
Cost (gross carrying amount)	59,750	59,750
Accumulated amortisation and impairment	(30,849)	(30,849)
Net carrying amount	**28,901**	**28,901**
At 30 June 2008		
Cost (gross carrying amount)	70,834	70,834
Accumulated amortisation and impairment	(40,373)	(40,373)
Net carrying amount	**30,461**	**30,461**
Year ended 30 June 2008		
Net carrying amount at start of year	28,901	28,901
Additions		
- external acquired	863	863
- internally developed	10,221	10,221
Reclassification	-	-
Amortisation expense	(9,524)	(9,524)
Net carrying amount at end of year	**30,461**	**30,461**

10. 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 134 (1) of the *Real Property Act 1900*. It meets claims for losses arising out of fraud or agency error and is funded by a $4 charge on each land dealing lodged. The following is a summary of transactions in the Torrens Assurance Fund.

	2009 $'000	2008 $'000
Opening balance at beginning of year	18,407	17,554
Add: Revenue (see note 2b)	2,917	3,196
Less: Expenditure (see note 3f)	(4,780)	(2,343)
Balance at end of Year	**16,544**	**18,407**

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

11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2009 $'000	2008 $'000
Accrued salaries, wages and on-costs	1,954	1,761
Creditors	4,494	5,992
Income received in advance	80	40
Contribution to Consolidated Fund	11,389	18,976
Income tax equivalent payable	1,974	5,802
Other	354	267
	20,245	**32,838**

12. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2009 $'000	2008 $'000
Employee benefits and related on-costs - current		
Recreation leave	7,760	7,203
Long service leave	36,349	32,248
Oncosts on employee benefits	5,272	4,076
	49,381	**43,527**
Employee benefits and related on-costs - non-current		
Long service leave	257	115
Superannuation	135,933	13,292
Oncosts on employee benefits	16	9
	136,206	**13,416**
Other provisions - non-current		
Provision for make good	216	-
Provision for lease incentive	52	-
	268	**-**
Total provisions	**185,855**	**56,943**
Aggregate employee entitlements		
Provisions – current	49,381	43,527
Provisions – non-current	136,206	13,416
Accrued salaries and wages	1,954	1,761
	187,541	**58,704**
The amount of leave liability expected to be settled:		
Within 12 months	8,446	13,429
After 12 months	35,920	26,137
	44,366	**39,566**

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2009	Make good $'000	Lease incentive $'000	Total $'000
Carrying amount at the beginning of financial year	-	-	-
Additional provisions recognised	259	70	329
Amounts used	(43)	(18)	(61)
Carrying amount at the end of financial year	**216**	**52**	**268**

a. Superannuation liability

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

Actuarial gains and losses are recognised immediately in surplus and deficit in the year in which they occur.

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the schemes are closed to new members.

12. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS | A. SUPERANNUATION LIABILITY cont.

Superannuation position using AASB 119 basis

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Superannuation position for AASB 119 purposes								
Accrued liability	37,223	34,028	18,934	17,328	413,287	329,294	469,444	380,650
Estimated reserve account balance	(34,920)	(37,148)	(18,137)	(20,264)	(280,454)	(316,002)	(333,511)	(373,414)
Net (asset)/liability	**2,303**	**(3,120)**	**797**	**(2,936)**	**132,833**	**13,292**	**135,933**	**7,236**
Future service liability	(9,444)	(8,375)	(7,342)	(6,286)	(21,253)	(15,412)	(38,039)	(30,073)
Net (asset)/liability to be recognised in balance sheet	**2,303**	**(3,120)**	**797**	**(2,936)**	**132,833**	**13,292**	**135,933**	**7,236**

For 2008 balance sheet reports the SASS and SANCS scheme assets of $6.056m in non-current assets and the SSS scheme liabilities of $13.292m in Non-Current Liabilities.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Present value of partly funded defined benefit obligations at beginning of the year	34,028	32,861	17,328	16,699	329,294	320,234	380,650	369,794
Current service cost	1,431	1,371	884	901	2,583	2,704	4,898	4,976
Interest cost	2,164	2,049	1,084	1,021	21,217	20,160	24,465	23,230
Contributions by fund participants	811	775	-	-	3,583	3,669	4,394	4,444
Actuarial (gains)/losses	579	(1,219)	810	133	75,202	(2,626)	76,591	(3,712)
Benefits paid	(1,790)	(1,809)	(1,172)	(1,426)	(18,591)	(14,847)	(21,553)	(18,082)
Present value of partly funded defined benefit obligations at end of the year	**37,223**	**34,028**	**18,934**	**17,328**	**413,288**	**329,294**	**469,445**	**380,650**

Reconciliation of the fair value of fund assets

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fair value of fund assets at beginning of the year	37,148	31,537	20,264	17,859	316,002	351,973	373,414	401,369
Expected return on fund assets	3,000	2,409	1,624	1,401	25,481	27,308	30,105	31,118
Actuarial gains / (losses)	(5,844)	(3,912)	(3,601)	(2,506)	(51,718)	(47,850)	(61,163)	(54,268)
Employer contributions	1,595	8,147	1,022	4,936	5,697	(4,251)	8,314	8,832
Contributions by fund participants	811	776	-	-	3,583	3,669	4,394	4,445
Benefits paid	(1,790)	(1,809)	(1,172)	(1,426)	(18,591)	(14,847)	(21,553)	(18,082)
Fair value of fund assets at end of the year	**34,920**	**37,148**	**18,137**	**20,264**	**280,454**	**316,002**	**333,511**	**373,414**

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Present value of partly funded defined benefit obligations at end of year	37,223	34,028	18,934	17,328	413,287	329,293	469,444	380,649
Fair value of fund assets at end of year	(34,920)	(37,148)	(18,137)	(20,264)	(280,454)	(316,002)	(333,511)	(373,414)
Subtotal	(2,303)	(3,120)	(797)	(2,936)	132,833	13,291	135,933	7,235
Net (asset)/liability to be recognised in balance sheet	**(2,303)**	**(3,120)**	**(797)**	**(2,936)**	**132,833**	**13,291**	**135,933**	**7,235**

Expense recognised in income statement

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current service cost	1,431	1,371	884	901	2,583	2,704	4,898	4,976
Interest cost	2,164	2,049	1,084	1,021	21,217	20,160	24,465	23,230
Expected return on fund assets (net of expenses)	(3,000)	(2,409)	(1,624)	(1,401)	(25,481)	(27,308)	(30,105)	(31,118)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-	-	-
Expense/(income) recognised	**595**	**1,011**	**344**	**521**	**(1,681)**	**(4,444)**	**(742)**	**(2,912)**

12. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS | A. SUPERANNUATION LIABILITY cont.

Amounts recognised in the statement of recognised income and expense

	SASS		SANCS		SSS		Total	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Actuarial (gains)/losses	6,423	2,693	4,411	2,639	126,920	45,224	137,754	50,556
Adjustment for limit on net asset	-	-	-	-	-	-	-	-

The cumulative amount of actuarial losses recognised in the 'statement of recognised income and expense' from 2004/05 onwards is $86.77m.

Fund assets

The percentage invested in each asset class at the balance sheet date:

	2009	2008
Australian equities	32.1%	31.6%
Overseas equities	26.0%	25.4%
Australian fixed interest securities	6.2%	7.4%
Overseas fixed interest securities	4.7%	7.5%
Property	10.0%	11.0%
Cash	8.0%	6.1%
Other	13.0%	11.0%

Fair value of fund assets

All fund assets are invested by Superannuation Trustee Corporation (STC) at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on fund assets

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Actual return on fund assets	(3,643)	(2,082)	(1,977)	(1,105)	(30,814)	(22,933)	(36,434)	(26,120)

Valuation method and principal actuarial assumptions at the balance sheet date

(i) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(ii) Economic assumptions	2009 %	2008 %
Salary increase rate (excluding promotional increases)	3.5 pa	3.5 pa
Discount rate	5.59 pa	6.55 pa
Expected rate of return on assets backing current pension liabilities	8.13 pa	8.3 pa
Expected rate of return on assets backing other liabilities	8.13 pa	7.3 pa
Rate of CPI Increase	2.5 pa	2.5 pa

(iii) Demographic assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

Historical information

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Present value of defined benefit obligation	37,223	34,028	18,934	17,328	413,287	329,294	469,444	380,650
Fair value of fund assets	(34,920)	(37,148)	(18,137)	(20,264)	(280,454)	(316,002)	333,511	(373,414)
(Surplus)/deficit in fund	2,303	(3,120)	797	(2,936)	132,833	13,292	135,933	7,236
Experience adjustments – fund liabilities	579	(1,219)	810	133	75,202	(2,626)	76,591	(3,712)
Experience adjustments – fund assets	5,844	3,912	3,601	2,506	51,718	47,850	61,163	54,268

Expected contributions

	SASS		SANCS		SSS		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Expected employer contributions	1,541	1,473	1,012	1,023	5,733	5,870	8,286	8,366

12. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS | A. SUPERANNUATION LIABILITY cont.

Funding arrangements for employer contributions

(i) (Surplus)/deficit

The following is a summary of the 30 June financial position of the fund calculated in accordance with AAS 25 – *Financial Reporting by Superannuation Plans*.

	SASS		SANCS		SSS		Total	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Accrued benefits	34,693	34,007	17,389	17,420	300,262	304,292	352,344	355,719
Net market value of fund assets	(34,920)	(37,148)	(18,137)	(20,264)	(280,454)	(316,002)	(333,511)	(373,414)
Net (surplus)/deficit	**(227)**	**(3,141)**	**(748)**	**(2,844)**	**19,808**	**(11,710)**	**18,833**	**(17,695)**

(ii) Contribution recommendations

Recommended contribution rates for the entity are:

SASS multiple of member contributions		SANCS % member salary		SSS multiple of member contributions	
2009	**2008**	**2009**	**2008**	**2009**	**2008**
1.9	1.9	2.5	2.5	1.6	1.6

(iii) Funding method

The method used to determine the employer contribution recommendations in the 2006 actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(iv) Economic assumptions

The economic assumptions adopted for the last actuarial review of the fund were:

Weighted-average assumptions	2009 %	2008 %
Expected rate of return on fund assets backing current pension liabilities	8.3	7.7
Expected rate of return on fund assets backing other liabilities	7.3	7.0
Expected salary increase rate	4.0	4.0
Expected rate of CPI Increase	2.5	2.5

Nature of asset/liability

If a surplus exists in the employer's interest in the fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

13. CHANGES IN EQUITY

	Retained Earnings		Asset Revaluation Reserve		Total Equity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Balance at the beginning of the financial year	**70,458**	**105,921**	**14,119**	**14,119**	**84,577**	**120,040**
Changes in equity - transactions with owners as owners						
Contributions to Consolidated Fund	(11,389)	(18,977)	-	-	(11,389)	(18,977)
Total	**(11,389)**	**(18,977)**	**-**	**-**	**(11,389)**	**(18,977)**
Changes in equity - other than transactions with owners as owners						
Surplus for the year	20,445	34,070	-	-	20,445	34,070
Asset revaluation	-	-	11,004	-	11,004	-
Superannuation actuarial gains / (losses)	(137,754)	(50,556)	-	-	(137,754)	(50,556)
Total	**(117,309)**	**(16,486)**	**11,004**	**-**	**(106,305)**	**(16,486)**
Balance at the end of the financial year	**(58,240)**	**70,458**	**25,123**	**14,119**	**(33,117)**	**84,577**

14. COMMITMENTS FOR EXPENDITURE

a. Capital commitments

Aggregate capital expenditure for acquisition of items contracted for at balance date and not provided for:

	2009 $'000	2008 $'000
Not later than 1 year	1,767	2,243
Total (including GST)	**1,767**	**2,243**

14. COMMITMENTS FOR EXPENDITURE cont.

b. Other expenditure commitments

Aggregated below are commitments for the acquisition of items contracted for at reporting date including mass valuation contracts with various suppliers and other expenditures.

	2009 $'000	2008 $'000
Not later than one year	16,871	17,372
Later than one and not later than five years	4,576	10,548
Total (including GST)	**21,447**	**27,920**

c. Operating lease commitments – as lessee

LPI has entered into commercial property leases and commercial leases on certain motor vehicles and items of telecommunication equipment. These leases have an average life of between three and seven years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases for accommodation and motor vehicle for varying contract periods/suppliers:

	2009 $'000	2008 $'000
Not later than 1 year	1,503	1,291
Later than 1 year but not later than 5 years	1,308	1,100
Total (including GST)	**2,811**	**2,391**

The total capital commitments, other expenditure commitments and operating lease commitments above include input tax credits of $2.366m (2008 - $2.959m) that are expected to be recovered from the Australian Taxation Office.

15. CONTINGENT LIABILITIES

LPI maintains a special deposit account (Torrens Assurance Fund) for claims arising through fraud or Departmental error. As at 30 June 2009 known claims were assessed to have an estimated gross liability of $13.865m (2008 - $15.956m). These liabilities have been estimated on the assumption that all disputed claims will be lost by LPI.

LPI has received a claim in respect of copyright royalties, relating to the sale of plans containing surveyor's drawings. At this stage, LPI is not able to determine a reliable estimate of the potential costs involved, as this matter is in dispute. Therefore, this has been identified as a contingent liability and no provision has been made for any future liability.

16. RECONCILIATION OF SURPLUS FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES

	2009 $'000	2008 $'000
Net surplus	**20,445**	**34,070**
Adjustment for non-cash items		
Depreciation and amortisation	15,986	14,258
Net loss/(gain) on disposal of property plant and equipment	4	2
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(360)	2,399
(Increase)/decrease in inventories	112	(16)
(Increase)/decrease in other assets	6,056	26,844
Increase/(decrease) in provisions	(8,842)	(37,245)
Increase/(decrease) in trade and other payables	(4,970)	(1,075)
Net cash from operating activities	**28,431**	**39,237**

17. FINANCIAL INSTRUMENTS

LPI's principal financial instruments are outlined below. These financial instruments arise directly from LPI's operations or are required to finance LPI's operations. LPI does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

LPI's main risks arising from financial instruments are outlined below, together with LPI's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Director General of the Department of Lands has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by LPI, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by Lands Audit and Risk Committee and internal auditors on a continuous basis.

17. FINANCIAL INSTRUMENTS cont.

a. Financial instrument categories

Class:	Note	Category	2009 $'000 Carrying Amount	2008 $'000 Carrying Amount
Financial assets				
Cash and cash equivalents	5	n/a	35,347	42,609
Receivables[1]	6	Receivables measured at cost	8,106	6,759
Financial liabilities				
Payables[2]	11	Payables measured at cost	4,848	6,259

Notes:

1 Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2 Excludes statutory liabilities and unearned revenue (i.e. not within scope of AASB 7).

b. Credit risk

Credit risk arises when there is the possibility of LPI's debtors defaulting on their contractual obligations, resulting in a financial loss to LPI. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of LPI, including cash and receivables. LPI has not granted any financial guarantees. Credit risk associated with LPI's financial assets, is managed through the selection of counterparties, establishment of minimum credit rating standards and careful management of customer credit arrangements. Bank guarantees are also held for customers with large regular dealings with LPI.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance or impairment). No interest is earned on trade debtors. Sales are made on terms ranging from zero to 30 days.

LPI is not materially exposed to concentrations of credit risk from a single trade debtor or group of debtors. Based on past experience, debtors that are not past due and not more than 90 days past due are not considered impaired.

The only financial assets that are past due or impaired are within 'sale of goods and services' in the 'receivables' category of the balance sheet.

		Past Due but Not Impaired $'000			
	Total $'000	<3 months overdue	3-6 months overdue	>6 months overdue	Considered Impaired $'000
2009					
Receivables	3,358	2,984	27	193	154
2008					
Receivables	2,104	2,042	42	-	20

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired.

c. Liquidity risk

Liquidity risk is the risk that LPI will be unable to meet its payment obligations when they fall due. LPI continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

LPI has the following credit standby arrangements.

	2009 Limit $'000	2008 Limit $'000
Cheque cashing authority	66	68
MasterCard	166	166
	232	**234**

During the current and prior years, no assets have been pledged as collateral. LPI does not have any bank overdraft facility. LPI's exposure to liquidity risk is deemed insignificant, based on prior periods' data and current assessment of risk.

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 no 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.

17. FINANCIAL INSTRUMENTS | C. LIQUIDITY RISK cont.

The table below summarises the maturity profile of LPI's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Interest Rate %	Nominal Amount $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest Bearing $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000
2009								
Trade and other payables		4,848	-	-	4,848	4,848	-	-
Total financial liabilities		**4,848**	**-**	**-**	**4,848**	**4,848**	**-**	**-**
2008								
Trade and other payables		6,259	-	-	6,259	6,259	-	-
Total financial liabilities		**6,259**	**-**	**-**	**6,259**	**6,259**	**-**	**-**

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. LPI has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

LPI does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonable possible change of +/-1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. LPI's exposure to interest rate risk is set out below.

		$'000 -1%		$'000 1%	
	Carrying amount	Profit	Equity	Profit	Equity
2009					
Financial assets					
Cash and cash equivalent	35,347	(353)	(353)	353	353
2008					
Financial assets					
Cash and cash equivalent	42,609	(426)	(426)	426	426

18. AFTER BALANCE DATE EVENTS

Since balance date, the *Public Sector Employment and Management (Departmental Amalgamation) Order 2009* transferred all branches of the Department of Lands to the Land and Property Management Authority and abolished the Department of Lands.

END OF AUDITED FINANCIAL REPORT