

Financial Report 2010-11

Independent Auditor's Report



GPO BOX 12
SYDNEY NSW 2001

Library Council of New South Wales and Controlled Entities

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Library Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Council and the consolidated entity. The consolidated entity comprises the Council and the entity it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the consolidated entity as at 30 June 2011, and of their financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Council determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

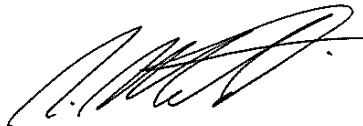
I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

- about any other information, which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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.



Steven Martin
Director, Financial Audit Services

13 October 2011
SYDNEY

Financial statements

for the year ended 30 June 2011

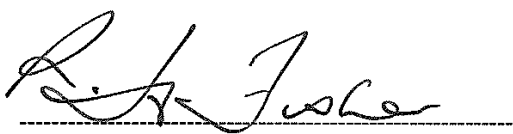
STATEMENT IN ACCORDANCE WITH SECTION 41C (1C) OF THE *PUBLIC FINANCE AND AUDIT ACT, 1983*

Pursuant to Section 41C (1C) of the Public Finance and Audit Act, 1983, and in accordance with a resolution of the members of the Library Council of New South Wales, on recommendation of the Audit and Finance Committee, we declare on behalf of the Library Council of New South Wales that, in our opinion:

- a. The accompanying financial report has been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements, the requirements of the *Public Finance and Audit Act 1983 and Regulation 2010* and Treasurer's Directions or issued by the Treasurer under section 9(2)(n) of the Act.
- b. The accompanying financial report exhibits a true and fair view of the financial position and the financial performance of the Library Council as at 30 June 2011 and transactions for the year then ended.
- c. There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Robert Thomas
President
Library Council of New South Wales



Richard Fisher AM
Member
Library Council of New South Wales

SYDNEY, 13 October 2011

Statement of comprehensive income

for the year ended 30 June 2011

	Notes	Consolidated		Parent Entity	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Income					
Sale of goods and services	2a.	1,961	1,644	1,961	1,644
Investment income	2b.	2,595	2,671	1,726	1,707
Grants and contributions	2c.	87,193	82,929	86,961	82,402
Other income	2d.	242	183	142	109
Total income		91,991	87,427	90,790	85,862
Less:					
Expenses					
Personnel services expense	3a.	29,628	28,804	29,113	28,329
Other expenses	3b.	15,231	15,945	14,981	15,752
Depreciation and amortisation	3c.	16,990	15,504	16,990	15,504
Grants and subsidies	3d.	25,404	25,648	25,404	25,648
Share of net loss of associates accounted for using the equity method	3e.	73	4	-	-
Total expenses		87,326	85,905	86,488	85,233
Surplus/(Deficit) for the year	16	4,665	1,522	4,302	629
Other comprehensive income for the year					
Collection Revaluation		-	271,082	-	271,082
Land & Buildings Revaluation			-		-
Total other comprehensive income for the year		-	271,082	-	271,082
Total comprehensive income for the year		4,665	272,604	4,302	271,711

The accompanying notes form part of these financial statements

Statement of changes in equity

for the year ended 30 June 2011

2011	Notes	Consolidated				Parent Entity			
		Accumulated Funds	Asset Revaluation Surplus	Other Reserves	Total	Accumulated Funds	Asset Revaluation Surplus	Other Reserves	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1/7/2010		1,606,174	788,156	-	2,394,330	1,594,006	788,156	-	2,382,162
Changes in accounting policy		-	-	-	-	-	-	-	-
Correction of errors		-	-	-	-	-	-	-	-
Restated total equity at 1/7/10		-	-	-	-	-	-	-	-
Surplus/deficit for the year		4,665	-	-	4,665	4,302	-	-	4,302
Other comprehensive income									
Net increase/(decrease) in property plant & equipment		-	-	-	-	-	-	-	-
Available for sale financial assets:		-	-	-	-	-	-	-	-
Valuation gains/(losses)	13	-	-	-	-	-	-	-	-
Transfers on disposal		-	-	-	-	-	-	-	-
Change in restoration liability		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		4,665	-	-	4,665	4,302	-	-	4,302
Transactions with owners in their capacity as owners									
Increase/(decrease) in net assets from equity transfers		-	-	-	-	-	-	-	-
Balance 30/6/2011		1,610,839	788,156	-	2,398,995	1,598,308	788,156	-	2,386,464

The accompanying notes form part of these financial statements

Statement of changes in equity (continued)

for the year ended 30 June 2011

2010	Notes	Consolidated				Parent Entity			
		Accumulated Funds	Asset Revaluation Surplus	Other Reserves	Total	Accumulated Funds	Asset Revaluation Surplus	Other Reserves	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1/7/2009		1,604,652	517,074	-	2,121,726	1,593,377	517,074	-	2,110,451
Changes in accounting policy		-	-	-	-	-	-	-	-
Correction of errors		-	-	-	-	-	-	-	-
Restated total equity at 1/7/09		-	-	-	-	-	-	-	-
Surplus/deficit for the year		1,522	-	-	1,522	629	-	-	629
Other comprehensive income									
Net increase/(decrease) in property plant & equipment		-	-	-	-	-	-	-	-
Available for sale financial assets:		-	-	-	-	-	-	-	-
Valuation gains/(losses)	13	-	271,079	-	271,079	-	271,079	-	271,079
Transfers on disposal		-	-	-	-	-	-	-	-
Change in restoration liability		-	-	-	-	-	-	-	-
Other		-	3	-	3	-	3	-	3
Total other comprehensive income		-	271,082	-	271,082	-	271,082	-	271,082
Total comprehensive income for the year		1,522	271,082	-	272,604	629	271,082	-	271,711
Transactions with owners in their capacity as owners		-	-	-	-	-	-	-	-
Increase/(decrease) in net assets from equity transfers		-	-	-	-	-	-	-	-
Balance 30/6/2010		1,606,174	788,156	-	2,394,330	1,594,006	788,156	-	2,382,162

The accompanying notes form part of these financial statements

Statement of financial position

as at 30 June 2011

	Notes	Consolidated		Parent Entity	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assets					
Current assets					
Cash and cash equivalents	7	11,774	6,960	10,854	6,502
Trade and other receivables	8	4,831	2,343	4,966	2,530
Inventories	9	212	252	212	252
Financial assets at fair value through profit or loss	10	18,779	18,382	7,227	6,745
Total current assets		35,596	27,937	23,259	16,029
Non-current assets					
Investments accounted for using the equity method	11	244	317	-	-
Property, plant and equipment	12	2,370,836	2,374,750	2,370,836	2,374,750
Total non-current assets		2,371,080	2,375,067	2,370,836	2,374,750
Total assets		2,406,676	2,403,004	2,394,095	2,390,779
Liabilities					
Current liabilities					
Trade and other payables	15	7,681	8,674	7,631	8,617
Total current liabilities		7,681	8,674	7,631	8,617
Total liabilities		7,681	8,674	7,631	8,617
Net assets		2,398,995	2,394,330	2,386,464	2,382,162
Equity					
Reserves	16	788,156	788,156	788,156	788,156
Accumulated funds	16	1,610,839	1,606,174	1,598,308	1,594,006
Total equity		2,398,995	2,394,330	2,386,464	2,382,162

The accompanying notes form part of these financial statements

Statement of cash flow

for the year ended 30 June 2011

	Notes	Consolidated		Parent Entity	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash flows from operating activities					
Payments					
Personnel services		32,872	31,823	32,357	31,391
Grants and subsidies		25,401	26,706	25,401	26,706
Other		19,121	16,279	18,830	15,323
Total payments		77,394	74,808	76,588	73,420
Receipts					
Sale of goods and services		1,597	1,495	1,597	1,495
Cash flows from government		82,600	80,517	82,600	80,517
Interest received		986	623	943	617
Other		11,917	9,291	10,882	7,734
Total receipts		97,100	91,926	96,022	90,363
Net cash flows from operating activities	19	19,706	17,118	19,434	16,943
Cash flows from investing activities					
Proceeds from sale of financial assets at fair value through profit or loss		910	379	-	79
Purchases of property, plant and equipment, collection assets and intangibles		(14,632)	(16,529)	(14,632)	(16,529)
Purchases of financial assets at fair value through profit or loss	10	(1,170)	(729)	(450)	(267)
Net cash flows from investing activities		(14,892)	(16,879)	(15,082)	(16,717)
Net increase (decrease) in cash and cash equivalents		4,814	239	4,352	226
Cash and cash equivalents at beginning of financial year		6,960	6,721	6,502	6,276
Cash and cash equivalents at end of financial year	7	11,774	6,960	10,854	6,502

The accompanying notes form part of these financial statements

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies

a. Reporting entity

The Library Council of New South Wales (the Library), as a reporting entity, comprises the State Library of New South Wales (the parent entity) and its controlled entity, the State Library of New South Wales Foundation.

The State Library of New South Wales Foundation's Trust Deed provides for monetary support for the development of the Australian cultural heritage collections of the Library. To benefit the Library, the Foundation also attracts and encourages donations, gifts, bequests, endowments, raises finance for the acquisition and preservation of objects of historic, educational and/or social interest, collections and artefacts. The Foundation maintains and supports the work of the Friends of the Library who are a vital part of the Library's operational and fundraising efforts.

In the process of preparing the consolidated financial report for the Library, all inter-entity transactions and balances have been eliminated.

The Library is a not-for-profit organisation and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The consolidated financial report for the year ended 30 June 2011 has been authorised for issue by the Library Council on 13 October 2011.

b. Basis of preparation

The Library's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards including Australian Accounting Interpretations;
- the requirements of the *Public Finance and Audit Act, 1983* and Regulation;
- the requirements of the *Public Authorities (Financial Arrangements) Act 1987* and Regulation;
- *Charitable Fundraising Act 1991* and Regulation
- Treasurer's Circulars issued by NSW Treasury;
- *Library Act 1939* and Regulation;
- Trust deed of the State Library of NSW Foundation

Property, plant and equipment and collection assets and financial assets "at fair value through profit or loss" are measured at fair value. Other financial report items are prepared on an accrual basis and prepared in accordance with the historical cost convention.

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

Amounts in the financial report are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c. Comparative information

Comparative amounts are disclosed from year to year to ensure that consistency of presentation is maintained, except when an Australian Accounting Standard requires otherwise.

d. Income tax

The Library is exempt from income tax.

e. Statement of compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards including Australian Accounting Interpretations.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

f. Presentation

Comparative amounts have been amended where changes in presentation are required.

g. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

i. Sale of goods

Revenue from the sale of goods is recognised as revenue when the Library transfers the significant risks and rewards of ownership of the assets.

ii. Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

iii. Investment income

Interest revenue is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with *AASB 117 Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with *AASB 118 Revenue* on an accrual basis in accordance with the substance of the relevant agreement. Imputation tax credits on investment income are recognised as revenue when the application for refund is approved by the Australian Taxation Office. Dividend revenue is recognised in accordance with *AASB 118 Revenue* when the right to receive the revenue is established.

iv. Grants and contributions

Grants and contributions, including donations and government grants, are generally recognised as income when the Library obtains control over the assets comprising the grants and contributions. Control over grants and contributions is normally obtained upon the receipt of cash.

h. Personnel services expense and other payables

i. Personnel services arrangements

The Library and the Department of Arts, Sport and Recreation (DASR) entered into a Memorandum of Understanding (MOU) effective from 17 March 2006 which sets out the arrangements for employment and payment of staff working at the Library who are considered to be employees of DASR now Department of Trade & Investment, Regional Infrastructure and Services, (DTIRIS), previously Communities NSW (CNSW). All payments to employees and related obligations are done in the DTIRIS name and Australian Business Number (ABN) and are classified as "Personnel Services Expense" in the financial report.

ii. Salaries and wages, annual leave, sick leave and on-costs

Based on the MOU with DASR, liabilities for personnel services are stated as liabilities to the service provider, DTIRIS. 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.

If applicable, 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*. Where applicable, market yields on government bonds 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.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

h. Personnel services expense and other payables (continued)

iii. Salaries and wages, annual leave, sick leave and on-costs (continued)

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to the provision of personnel services by DTIRIS (previous year CNSW), are recognised as liabilities and expenses where the personnel services to which they relate have been recognised.

iv. Long service leave and superannuation

In the financial report of DTIRIS (previous year CNSW), long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 10/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. The Library reports the equivalent expense and liability in its financial statements to reflect this provision of personnel services.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e., Basic Benefit and First State Super) is calculated as a percentage of the equivalent of employees' salary. For other superannuation schemes (i.e., State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the equivalent of employees' superannuation contributions.

i. Finance costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate to general government sector agencies.

j. Insurance

The Library'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.

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

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

- i. the amount of GST incurred by the Library 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; and
- ii. receivables and payables are stated with the amount of GST included;

The net amount of GST recoverable from the Australian Taxation Office is included as a current asset in the Statement of Financial Position.

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. Assets

i. Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Library. 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 Australian Accounting Standards.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

I. Assets (continued)

i. Acquisition of assets (continued)

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 (refer Note 13).

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, ie., the deferred payment amount is effectively discounted at an asset specific rate.

The personnel services directly involved in the preservation and conservation of original materials, such that they become available and ready for use by the Library, are capitalised as part of collection assets and are not depreciated.

ii. Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually, or forming part of a network costing more than \$5,000, are capitalised.

iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with NSW Treasury's policy and guidelines paper 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*.

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 as its market buying price, the best indicator of which is depreciated replacement cost.

Collection assets are valued on a deprival basis as a surrogate for fair value ie. using current market buying price where the asset can be replaced and current market selling price when the asset cannot be replaced.

Each class of property, plant and equipment is revalued at least every five years and with sufficient regularity to ensure that the carrying amount of each asset in the asset class does not differ materially from its fair value at reporting date. The Collection assets revaluation was completed as at 30 June 2010 and was undertaken by an independent valuer. The last revaluation for Land and Buildings was conducted as at 30 June 2009 and was also 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 amounts and the related accumulated depreciation amounts are separately restated.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

i. Assets (continued)

iii. Revaluation of property, plant and equipment (continued)

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 surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit 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 a 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.

iv. Impairment of assets

As a not-for-profit entity with no cash generating units, the Library is effectively exempted from *AASB 136 Impairment of Assets* and impairment testing. This is because *AASB 136 Impairment of Assets* 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.

v. Assets not able to be reliably measured

The Library holds certain assets that have not been recognised in the Statement of Financial Position because they cannot be reliably valued. These assets comprise 11,008 hours (2010: 10,983 hours) of original oral history and sound recordings on reel to reel and cassette tapes, accompanied by transcriptions and logs, covering all aspects of life in NSW.

m. Depreciation of property, plant and equipment

- i. 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 the Library. Useful lives, residual values and depreciation rates are reviewed on an annual basis.
- ii. All material separately identifiable component assets are depreciated over their shorter useful lives.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	50 years
Plant and equipment	7 years
Computer equipment	4 years
Library IT system	4 years
Collection assets	see below

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

m. Depreciation of property, plant and equipment (continued)

- iii. Collection assets are depreciated under both the double declining balance (DDB) and straight line bases according to the following major asset groupings:

Monographs, bound serials, microfilm and microfiche	60 years DDB
Multicultural materials	3 years straight line
Audio visual/electronic resources	7 years straight line

The use of DDB for monographs, bound serials, microfilm reels and microfiche is based on studies showing that usage is highest when an item is newly acquired and decreases over time, more rapidly in the earlier years than in the later, but never reaches the point of having no information value.

Even if rarely used there is utility in being able to refer to an historical item for a piece of information missing from other sources, or to use a particular item as part of a longitudinal survey or contextual data. Items in this asset group have a particularly long service life and DDB reflects their pattern of use over their useful life.

The straight line depreciation method is for collection asset groups with much shorter service lives. Multicultural materials have continuing high levels of usage which impact service life and audio visual/electronic resources can incur, in addition to regular wear and tear, technical obsolescence. In both these two asset groups usage is more evenly distributed across their service life.

- iv. Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original art works and collections and heritage buildings. Depreciation for these items cannot be reliably measured and, in these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

n. Maintenance

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

o. Leased assets

A distinction is made between finance leases, in which there is an effective transfer from the lessor to the lessee of substantially all the risks and benefits incidental to ownership of the 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 commencement of the lease term. 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 Comprehensive Income in the periods in which they are incurred.

p. Intangible assets

The Library recognises intangible assets only if it is probable that future economic benefits will flow 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 at the date of acquisition.

q. Inventories

Inventories are held for sale and are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

r. Financial assets and liabilities

Financial instruments give rise to positions that are a financial asset or a financial liability (or equity instrument). For the Library these financial instruments categories include cash and cash equivalents, financial assets at fair value through profit or loss, receivables and payables.

The information in Note 21 discloses the risks associated with financial instruments. All such amounts are carried in the accounts at fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instruments is stated below.

i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

ii. Financial assets at fair value through profit or loss

These financial assets are initially recognised at fair value. Gains or losses emanating from mark to market on these assets are recognised in the Statement of Comprehensive Income. These assets comprise units in TCorp Hour-Glass facilities.

The management of these investments is in accordance with a documented risk management strategy and the information about these assets is provided on that basis to key management personnel.

iii. Payables and receivables

Payables and receivables are non derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are recorded at amortised cost.

iv. Borrowings

Borrowings are loans not held for trading or designated at fair value through profit or loss and are recognised at amortised cost utilising the effective interest rate method. Gains or losses are recognised in the Statement of Comprehensive Income on derecognition.

The Library Council has no current borrowings.

s. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Library. These liabilities 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 original invoice amount where the effect of discounting is immaterial.

t. Trade and other receivables

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets 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, less an allowance for any impairment of receivables. Any changes are accounted for in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice value where the effect of discounting is immaterial.

Notes to the financial statements

for the year ended 30 June 2011

1. Summary of significant accounting policies (continued)

u. Investments in associates

Investments in associates are accounted for using the equity method after initially being recognised at cost (refer Note 11). Under this method, the Library's share of its associate's post acquisition profits or losses is recognised in the Statement of Comprehensive Income.

v. Equity transfers

There have been no transfers of net assets between the Library and other agencies.

w. Adjustments through changes in accounting policy or prior period errors

In the event that there are changes to accounting policies or errors that require prior period adjustments, they will be shown in the Statement of Changes in Equity and detailed in Notes to the Accounts. There are no changes in accounting policy for this period.

x. New accounting standards and interpretation

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

- AASB 7 regarding Financial Instruments Disclosures
- AASB 101 regarding Presentation of Financial Statements
- AASB 124 regarding Related Party Disclosures

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

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
2. Income				
a. Sale of goods and services				
Sale of goods				
Library Shop sales	526	455	526	455
Other sales	922	671	922	671
Rendering of services				
Fees	404	439	404	439
Admissions	97	49	97	49
Subscriptions	12	30	12	30
Total sale of goods and services income	1,961	1,644	1,961	1,644
b. Investment income				
Interest received	1,001	660	957	655
Unit distribution on investment	1,170	727	450	267
Dividends received	-	-	-	-
Rent	227	448	227	448
Royalties	60	60	60	60
Fair value gains on fair value assets at fair value through profit or loss	137	776	32	277
Total investment income	2,595	2,671	1,726	1,707
c. Grants and contributions				
Government contributions				
Grants for operating activities	59,925	58,133	59,925	58,133
Grants for capital activities	17,607	16,438	17,607	16,438
	77,532	74,571	77,532	74,571
Employment grants				
Superannuation	1,465	1,628	1,465	1,628
Long service leave	1,051	1,586	1,051	1,586
Payroll tax	80	93	80	93
	2,596	3,307	2,596	3,307
Total grants from DTIRIS (previous year CNSW)	80,128	77,878	80,128	77,878

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
2. Income (continued)				
c. Grants and contributions (continued)				
Other grants and contributions				
Blake Dawson	2	29	-	-
Capital Campaign – Discover Collections web design project	416	397	-	-
Robmar Investments Mitchell Library Centenary	-	125	-	-
Law Society of NSW Public Purpose Fund	798	774	798	774
Nelson Meers Foundation	67	25	-	-
NSW Department of Health	150	150	150	150
NSW Premiers' Department	63	50	63	50
NSW Department of State & Regional Development	2,000	2,000	2,000	2,000
Bequests	237	75	-	-
Donations of Original Material at Fair Value	560	95	560	95
Custodians Contributions	138	163	-	-
Other donations and grants	599	386	170	98
Contribution from State Library of NSW Foundation	-	-	3,092	650
Westpac	35	35	-	-
QANTAS	-	40	-	-
Private contribution towards Derby Collection Acquisition	2,000			
Total other grants and contributions	7,065	4,344	6,833	3,817
Services received free of charge – refer Note 3b.	-	707	-	707
Total grants and contributions	87,193	82,929	86,961	82,402
d. Other income				
Franking credit refund	25	28	9	11
Member subscriptions	63	53	-	-
Other	154	102	133	98
Total Other Income	242	183	142	109
3. Expenses				
a. Personnel services expense				
Salaries and wages (including recreation leave)	23,279	21,758	22,764	21,283
Superannuation – defined benefit plans	1,465	1,628	1,465	1,628
Superannuation – defined contribution plans	1,655	1,451	1,655	1,451
Long service leave	1,041	1,570	1,041	1,570
Workers' compensation insurance	359	543	359	543
Payroll tax on superannuation	80	93	80	93
Other payroll tax and fringe benefits tax	1,749	1,761	1,749	1,761
Total personnel services expense	29,628	28,804	29,113	28,329

Personnel services expense of \$4.5 million has been capitalised as part of Collection Assets and the e-Records Project during the year (2010: \$4.2 million). Personnel services expense of \$0.9 million has been reclassified to Grants and Subsidies (2010: \$0.9 million).

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
3. Expenses (continued)				
b. Other Expenses				
Advertising and promotions	407	230	398	228
Auditor's remuneration – audit of the financial reports	87	84	66	64
Cleaning	622	554	622	554
Computer software and licences	74	39	74	39
Cost of sales	289	243	289	243
Courier, freight and postage	206	238	203	236
Electricity	921	919	921	919
Exhibitions	863	355	863	355
Fees – contractors/projects	1,344	972	1,299	941
Fees – contractors/temps	620	831	620	831
Fees – general	493	394	447	383
Information retrieval	172	168	172	168
Insurance	853	872	853	872
Revaluation loss of financial instruments at fair value through profit or loss	-	-	-	-
Maintenance and repairs	2,384	3,291	2,356	3,291
Maintenance undertaken free of charge – refer Note 2c.	-	707	-	707
Offsite storage costs	1,796	1,570	1,796	1,570
Operating lease and rental expenses	12	8	12	8
Printing	758	900	742	858
Purchases – multicultural co-operative	437	526	437	526
Staff development	215	251	215	246
Stationery and consumables	264	308	262	306
Subscriptions	1,003	1,060	1,002	1,060
Telephone and other telecommunication costs	119	92	119	92
Travel and accommodation	156	134	142	128
Sundry expenses	1,136	1,199	1,071	1,127
Total other expenses	15,231	15,945	14,981	15,752
Reconciliation of total maintenance				
Maintenance as per above	2,384	3,291	2,356	3,291
Maintenance included in personnel services expense Note 3a.	906	888	906	888
Total maintenance.	3,290	4,179	3,262	4,179

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
3. Expenses (continued)				
c. Depreciation				
Computer equipment	641	499	641	499
Plant and equipment	1,059	725	1,059	725
Collections	9,807	8,797	9,807	8,797
Buildings	5,483	5,483	5,483	5,483
Total Depreciation	16,990	15,504	16,990	15,504
d. Grants and subsidies				
Public library subsidies including disability & geographic grants	19,415	19,214	19,415	19,214
Library development grants	3,190	3,381	3,190	3,381
NSW.net service	1,792	1,918	1,792	1,918
Co-operative and state wide projects	591	587	591	587
Services to public libraries	416	548	416	548
Vision Australia grant	-	-	-	-
Total grants and subsidies	25,404	25,648	25,404	25,648
The grants and subsidies paid provide benefits to public libraries throughout NSW and include the NSW.net service enabling internet connections and access to online databases.				
e. Share of loss in associate				
Total share of loss in associate	73	4	-	-
	73	4	-	-

4. The State Library of New South Wales Foundation

At 30 June 2011 the Foundation had \$12.5 million in net assets (2010: \$12.2 million). During the year the Foundation made a total contribution of \$3.092 million to the State Library (2010: \$0.650 million).

5. Charitable fundraising

No fundraising appeals, as defined by the *Charitable Fundraising Act 1991 and Charitable Fundraising Regulations 2003*, have been conducted by the Library. The Library's controlled entity (the Foundation) did conduct fundraising appeals and these have been disclosed in the Foundation's financial report.

6. Conditions of contributions

The balance of conditional contributions received during the year that were not spent at the end of year amounted to \$0.43 million (2010: \$0.17 million).

7. Cash and cash equivalents

Cash at bank and on hand	410	820	314	762
Short term deposits	11,364	6,140	10,540	5,740
Total cash and cash equivalents	11,774	6,960	10,854	6,502

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
8. Trade and other receivables				
Sale of goods and services	468	215	423	215
Less: Allowance for impairment	(27)	(5)	(26)	(5)
Other debtors	52	122	51	119
DTIRIS – long service leave (Previous year CNSW)	61	50	61	50
State Library of New South Wales Foundation	-	-	183	187
Prepayments	3,142	773	3,142	773
Australian Taxation Office – GST recoverable	1,135	1,188	1,132	1,191
Total trade and other receivables	4,831	2,343	4,966	2,530
9. Inventories				
Held for resale finished goods (Library Shop) – at cost	212	252	212	252
	212	252	212	252
10. Financial assets at fair value through profit or loss				
TCorp Hour-Glass Medium term Growth facilities	18,779	18,382	7,227	6,745
	18,779	18,382	7,227	6,745
Reconciliation of financial assets				
Carrying amount at the start of the year	18,382	17,258	6,745	6,280
Additions	-	-	-	-
Distributions	1,170	727	450	267
Disposals	(910)	(379)	-	(79)
Revaluation gain/(loss) of financial instruments at fair value through profit or loss	137	776	32	277
Carrying amount at the end of the year	18,779	18,382	7,227	6,745
11. Investments accounted for using the equity method				
Investments in associates	244	317	-	-
Total investments accounted for using the equity method	244	317	-	-

The State Library of New South Wales Foundation, being a controlled entity of the Library, is a one-third shareholder in a private company, Max Dupain & Associates Pty Ltd, as a result of a donation received 29 June 2007. The Foundation's share of assets as at 30 June 2011 is \$0.253 million (2010: \$0.330 million), share of liabilities is \$0.009 million (2010: \$0.014 million), share of revenue is \$0.026 million (2010: \$0.022 million) and share of the profit \$0.003 million (2010: loss \$0.004 million).

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
12. Property, plant and equipment				
a. Land and Buildings				
Land				
At gross carrying amount	64,682	64,682	64,682	64,682
Carrying amount at fair value	64,682	64,682	64,682	64,682
Buildings				
At gross carrying amount	202,763	199,876	202,763	199,876
Less accumulated depreciation	(51,819)	(46,337)	(51,819)	(46,337)
Carrying amount at fair value	150,944	153,539	150,944	153,539
Total land and buildings	215,626	218,221	215,626	218,221
b. Plant and equipment				
Computer equipment				
At gross carrying amount	3,670	4,988	3,670	4,988
Less accumulated depreciation	(2,183)	(3,011)	(2,183)	(3,011)
Carrying amount at fair value	1,487	1,977	1,487	1,977
Other plant and equipment				
At gross carrying amount	9,641	5,759	9,641	5,759
Less accumulated depreciation	(4,574)	(3,521)	(4,574)	(3,521)
Carrying amount at fair value	5,067	2,238	5,067	2,238
Total plant and equipment	6,554	4,215	6,554	4,215
c. Library collection				
At gross carrying amount	2,149,158	2,142,242	2,149,158	2,142,242
Less accumulated depreciation	(9,807)	-	(9,807)	-
Carrying amount at fair value	2,139,351	2,142,242	2,139,351	2,142,242
d. Work in progress				
	9,305	10,072	9,305	10,072
Total property, plant and equipment	2,370,836	2,374,750	2,370,836	2,374,750

The Library Collection was subject to a full revaluation on 30 June 2010 (refer note 1.1.iii).

Notes to the financial statements

for the year ended 30 June 2011

13. Reconciliation of property, plant & equipment and collection assets

2011 Consolidated (including parent at same values)

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

2011	Land	Building	Computer Equipment	Plant & Equipment	Library Collection	Work in Progress	Total
At Fair Value	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at start of year	64,682	153,539	1,977	2,238	2,142,242	10,072	2,374,750
Additions	-	510	151	1,069	6,356	4,436	12,522
Donated materials revalued at fair value	-	-	-	-	560	-	560
Revaluation – gross carrying amount	-	-	-	-	-	-	-
Revaluation – accumulated depreciation	-	-	-	-	-	-	-
Disposals – at cost	-	-	(1,470)	(12)	-	-	(1,482)
Disposals – accumulated depreciation	-	-	1,470	6	-	-	1,476
Depreciation charge	-	(5,483)	(641)	(1,059)	(9,807)	-	(16,990)
Transfer from WIP to asset account	-	2,378	-	2,825	-	(5,203)	-
Net carrying amount at close of year	64,682	150,944	1,487	5,067	2,139,351	9,305	2,370,836

During the year, original materials valued at \$0.560 million were donated to the Library (2010: \$0.095 million).

Collection Assets were revalued as at 30 June 2010 and Land and Buildings were revalued as at 30 June 2009 and tested for impairment at 30 June 2011. The 2011 depreciation expense for Collection Assets for the 2011 year was \$9.087 million and is included in the total depreciation charge of \$16.990 million shown in the Statement of Comprehensive Income.

Notes to the financial statements

for the year ended 30 June 2011

13. Reconciliation of property, plant & equipment and collection assets (continued)

2010 Consolidated (including parent at same values)

2010	Land	Building	Computer Equipment	Plant & Equipment	Library Collection	Work in Progress	Total
At Fair Value	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at start of year	64,682	158,873	921	2,825	1,872,973	2,276	2,102,550
Additions	-	-	1,555	138	6,892	7,945	16,530
Donated materials revalued at fair value	-	-	-	-	95	-	95
Revaluation – gross carrying amount	-	-	-	-	271,079	-	271,079
Revaluation – accumulated depreciation	-	-	-	-	-	-	-
Disposals – at cost	-	-	-	(30)	-	-	(30)
Disposals – accumulated depreciation	-	-	-	30	-	-	30
Depreciation charge	-	(5,483)	(499)	(725)	(8,797)	-	(15,504)
Transfer from WIP to asset account	-	149	-	-	-	(149)	-
Net carrying amount at close of year	64,682	153,539	1,977	2,238	2,142,242	10,072	2,374,750

Notes to the financial statements

for the year ended 30 June 2011

14. Restricted assets

The Library has assets valued at \$13.7 million as at 30 June 2011 (2010: \$12.9 million) which were originally received as bequests and other contributions. They are under different levels of restriction according to the conditions stipulated in the relevant documents. These assets have been invested with TCorp Hour Glass investment facilities.

In addition, as at 30 June 2011, the Library had unexpended conditional grants and contributions which were received during 2010/11 of \$0.43 million (2010: \$0.17 million) in cash and other financial assets.

	Consolidated		Parent Entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
15. Trade and other payables				
Trade payables	1,386	2,134	1,385	2,132
Accrued payables	1,967	2,427	1,918	2,373
Personnel services and on-costs	4,326	4,073	4,326	4,067
Income received in advance	2	40	2	5
State Library of New South Wales Foundation	0	-	-	40
	7,681	8,674	7,631	8,617
Reconciliation of personnel services and related on-costs				
Recreation leave and on-costs	2,768	2,699	2,768	2,699
Long service leave on-costs	798	809	798	809
Accrued personnel services	630	443	630	437
Accrued payroll tax	130	122	130	122
Total	4,326	4,073	4,326	4,067

Notes to the financial statements

for the year ended 30 June 2011

16. Changes in equity

	Accumulated Funds		Asset Revaluation Reserves		Total Equity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Consolidated						
Balance at the beginning of the financial year	1,606,174	1,604,652	788,156	517,074	2,394,330	2,121,726
Changes in equity - other than transactions with owners as owners						
Surplus/(Deficit) for the year	4,665	1,522	-	-	4,665	1,522
Increments/(decrements) on revaluation of property, plant and equipment		-		271,082	-	271,082
Total changes in equity	4,665	1,522	-	271,082	4,665	272,604
Balance at the end of the financial year	1,610,839	1,606,174	788,156	788,156	2,398,995	2,394,330
Parent						
Balance at the beginning of the financial year	1,594,006	1,593,377	788,156	517,074	2,382,162	2,110,451
Changes in equity - other than transactions with owners as owners						
Surplus/(Deficit) for the year	4,302	629		-	4,302	629
Increments/(decrements) on revaluation of property, plant and equipment		-		-		-
Increments/(decrements) on revaluation of collection		-	-	271,082	-	271,082
Total changes in equity	4,302	629	-	271,082	4,302	271,711
Balance at the end of the financial year	1,598,308	1,594,006	788,156	788,156	2,386,464	2,382,162

Notes to the financial statements

for the year ended 30 June 2011

Consolidated		Parent Entity	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000

17. Commitments for expenditure

a. Capital commitments

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

Not later than one year	1,624	372	1,624	372
Total (including GST)	1,624	372	1,624	372

b. Other expenditure commitments

Aggregate other expenditure for the acquisition of offsite storage and other general items contracted for at balance date and not provided for:

Not later than one year	4,438	4,654	4,438	4,654
Later than one year and not later than 5 years	8,366	7,972	8,366	7,972
Later than 5 years	13,862	15,919	13,862	15,919
Total (including GST)	26,666	28,545	26,666	28,545

c. Operating lease and rental commitments

Future non-cancellable operating leases and rentals not provided for and payable:

Not later than one year	6	3	6	3
Later than one year and not later than 5 years	11	-	11	-
Total (including GST)	17	3	17	3

Commitments disclosed above include input tax credits of \$2.61 million that are expected to be recoverable from the Australian Taxation Office (2010: \$2.63 million).

18. Contingent assets and liabilities

The Library Council is not aware of any contingent liabilities or contingent assets relevant to its activities as at 30 June 2011 (2010: nil).

Notes to the financial statements

for the year ended 30 June 2011

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
19. Reconciliation of cash flows from operating activities to deficit for the year				
Net cash flows from operating activities	19,706	17,118	19,434	16,943
Non-cash items				
Depreciation	(16,990)	(15,504)	(16,990)	(15,504)
Written down value of disposals		-		-
Donation of original material at fair value	560	95	560	95
Gains/(losses) on revaluation of financial instruments	137	776	32	277
(Increase)/decrease in payables	1,423	(1,779)	1,369	(1,775)
Increase/(decrease) in receivables	(58)	771	(63)	544
Increase/(decrease) in investments in associates	(73)	(4)	-	-
Increase/(decrease) in inventory	(40)	49	(40)	49
Surplus/(deficit) for the year	4,665	1,522	4,302	629

20. Non-cash financing and investing activities

Non-cash financing and investing activities represented the acceptance of personnel services of \$2.6 million (2010: \$3.3 million) by NSW Government.

21. Financial instruments and risk management

The Library's principal financial instruments, which are identified below, arise directly from the Library's operations or are required to finance the Library's operations. The Library does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Library's primary investments are placed with NSW Treasury Corporation (TCorp).

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

Notes to the financial statements

for the year ended 30 June 2011

21. Financial instruments and risk management (continued)

a. Financial instruments

			Consolidated Carrying Amount		Parent Entity Carrying Amount	
Financial Instrument Categories	Note	Category	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial Assets Class						
Cash and cash equivalents	7	N/A	11,774	6,960	10,854	6,502
Receivables*	8	Loans and receivables (at amortised cost)	493	332	631	516
Financial assets at fair value**	10	At fair value through profit or loss	18,779	18,382	7,227	6,745
Financial Liabilities Class						
Payables	15	Financial liabilities measured at amortised cost	7,681	8,674	7,631	8,617

* Excludes prepayments of \$3.142 million, long service leave owed by the Crown, \$0.061 million, and statutory receivables of \$1.135 million (2010: \$0.773 million, \$0.050 million, and \$1.188 million respectively) as these items are not within scope of AASB 7.

** The average rate of return for financial assets at fair value held in the TCorp Hour-Glass Investment Facility for the 2011 year was 7.138% (2010: 8.698%).

Fair value recognised in the statement of financial position

The Library uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

2011	Consolidated Carrying Amount				Parent Entity Carrying Amount			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000
Financial assets At fair value								
Derivatives								
TCorp Hour-Glass Investment Facility		18,779		18,779		7,227		7,227
Shares								
Total		18,779		18,779		7,227		7,227

Notes to the financial statements

for the year ended 30 June 2011

2010	Consolidated Carrying Amount				Parent Entity Carrying Amount			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2010 Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2010 Total \$'000
Financial assets At fair value								
Derivatives								
TCorp Hour-Glass Investment Facility		18,382		18,382		6,745		6,745
Shares								
Total		18,382		18,382		6,745		6,745

b. Credit risk

Credit risk arises where there is the possibility of the Library's debtors defaulting on their contractual obligations, resulting in a financial loss to the Library. Credit risk can also arise from the financial assets of the Library, including cash, receivables, Hour-Glass investment facilities and authority deposits. The Library's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position. Credit risk associated with the Library's financial assets is regarded as minimal as the counterparty of the Library's main financial assets is NSW Treasury Corporation. The risk of default is minimised as the Library is subject to effective performance management and monitoring by the NSW Government.

Authority deposits

The Library has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 4.70% (2010: 4.37%), while over the year the weighted average interest rate was 4.98% (2010: 4.08%). None of these assets are past due or impaired.

Receivables

The only financial assets that are past due or impaired are 'Sales of goods and services' in the 'Receivables' category of the Statement of Financial Position as per the table below.

Notes to the financial statements

for the year ended 30 June 2011

21. Financial instruments and risk management (continued)

b. Credit risk

	Consolidated Total	Parent Total	Consolidated Past due but not impaired	Parent Past due but not impaired	Consolidated considered impaired	Parent considered impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011						
< 3 months overdue	216	203	214	201	2	2
3 - 6 months overdue	19	18	4	4	15	14
> 6 months overdue	46	46	36	36	10	10
Impairment	(27)	(26)	-	-	(27)	(26)
Total	254	241	254	241	0	0
2010						
< 3 months overdue	71	71	69	69	2	2
3 - 6 months overdue	1	1	-	-	1	1
> 6 months overdue	2	2	-	-	2	2
Impairment	(5)	(5)	-	-	(5)	(5)
Total	69	69	69	69	-	-

Notes

- Each column in the table reports "gross receivables".
- 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. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

c. Liquidity risk

Liquidity risk is the risk that the Library will not be able to meet its payment obligations when they fall due. The Library continually manages this risk through monitoring its cash flows and maintaining sufficient cash and cash equivalents to meet projected outgoings. The Library's exposure to liquidity risk is considered insignificant based on the data from prior periods and the current assessment of risk.

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. The Library's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of TCorp's Hour-Glass investment facilities. The Library has no borrowings and does not enter into commodity contracts. The Library's exposure to interest rate risk is set out below.

Notes to the financial statements

for the year ended 30 June 2011

21. Financial instruments and risk management (continued)

d. Market risk (continued)

		-1%	-1%	1%	1%
Consolidated	2011	Carrying Amount	Profit	Equity	Profit
		\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents		11,774	(118)	(118)	118
Receivables		493	-	-	-
Financial assets at fair value		18,779	(188)	(188)	188
Financial liabilities:					
Payables		7,681	-	-	-

		-1%	-1%	1%	1%
Consolidated	2010	Carrying Amount	Profit	Equity	Profit
		\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents		6,960	(70)	(70)	70
Receivables		332	-	-	-
Financial assets at fair value		18,382	(184)	(184)	184
Financial liabilities:					
Payables		8,674	-	-	-

		-1%	-1%	1%	1%
Parent	2011	Carrying Amount	Profit	Equity	Profit
		\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents		10,854	(109)	(109)	109
Receivables		631	-	-	-
Financial assets at fair value		7,227	(72)	(72)	72
Financial liabilities:					
Payables		7,631	-	-	-

Notes to the financial statements

for the year ended 30 June 2011

21. Financial instruments and risk management (continued)

d. Market risk (continued)

Parent	2010	Carrying Amount	-1%	-1%	1%	1%
			Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:						
Cash and cash equivalents		6502	(65)	(65)	65	65
Receivables		516	-	-	-	-
Financial assets at fair value		6,745	(67)	(67)	67	67
Financial liabilities:						
Payables		8,617	-	-	-	-

e. Price risk

The Library is exposed to price risk primarily through its investment in the TCorp Hour-Glass investment facilities, which are held for strategic rather than trading purposes. The value of a unit in each Hour-Glass facility is the net asset value of the facility divided by the number of units on issue. The Hour-Glass facilities are also discussed under 'credit risk' above. Investment in the Hour-Glass facilities limits the Library's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

TCorp determines what is regarded as a 'reasonably possible change' in the unit price for each of its facilities, using historically based volatility information. The Torp Hour-Glass investment facilities are designated at fair value through profit or loss and, therefore, any change in unit price impacts directly on profit.

22. After balance date adjustments

The Library has not identified any event or transaction that is sufficiently material to require adjustment or disclosure in the financial report.

End of audited financial statements