

NATIONAL LIBRARY OF AUSTRALIA
INDEPENDENT AUDIT REPORT

To the Minister for Communications and the Arts

Scope

I have audited the financial statements of the National Library of Australia for the year ended 30 June 1997. The statements comprise:

- Statement by Council Members;
- Operating Statement;
- Statement of Assets and Liabilities;
- Statement of Cash Flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the Financial Statements.

The members of the Council are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to the Minister for Communications and the Arts.

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

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

Audit opinion

In accordance with sub-section 63M(2) of the *Audit Act 1901*, I now report that the statements are in agreement with the accounts and records of the National Library of Australia, and in my opinion:

- (i) the statements are based on proper accounts and records;
- (ii) the statements show fairly in accordance with applicable Accounting Standards, and other mandatory professional reporting requirements, the financial position of the Library as at 30 June 1997 and the results of its operations and its cash flows for the year then ended;
- (iii) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Library during the year have been in accordance with the *National Library Act 1960*; and
- (iv) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.

Australian National Audit Office



C M McPherson
Executive Director

for the Auditor-General

Canberra

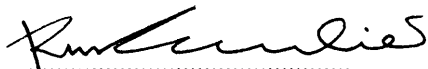
26 August 1997

STATEMENT BY COUNCIL MEMBERS

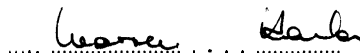
In our opinion the attached financial statements present fairly the information required by the Minister for Finance Guidelines on Financial Statements of Commonwealth Authorities.

Signed in accordance with a resolution of the Council of the National Library of Australia.

Signed at Canberra this 25th day of August 1997.



.....
Rodney Cavalier
Member of Council



.....
Warren Horton
Director-General

NATIONAL LIBRARY OF AUSTRALIA
OPERATING STATEMENT
for the year ended 30 June 1997

	Notes	1997 \$	1996 \$
NET COST OF SERVICES			
Operating expenses			
Employees	4A	25,290,913	27,821,668
Suppliers-collections	4B	5,052,108	5,615,996
Suppliers-other	4 c	13,447,574	15,757,687
Depreciation and amortisation	4D	4,930,146	3,095,441
Write-down of assets	4E	109,614	9,700
Net losses from sale of assets	4F	28,916	9,265
Grants	5	90,548	16,591
Interest	6	100,811	7,585
Total operating expenses		49,050,630	52,333,933
Operating revenues from independent sources			
Sales of goods and services		10,032,519	10,082,827
Interest	7A	379,581	464,238
Net foreign exchange gain	7B	442	683
Other revenue	7 c	1,268,020	794,196
Total operating revenues from independent sources		11,680,562	11,341,944
Net cost of services		37,370,068	40,991,989
REVENUES FROM GOVERNMENT			
Revenues from government			
Parliamentary appropriations received	8A	35,635,000	40,575,000
Resources received free of charge	8B	35,948	41,522
Liabilities assumed by government	8C	0	3,135,009
Total revenues from government		35,670,948	43,751,531
Surplus (deficit) of revenues from government over net cost of services		(1,699,120)	2,759,542
EQUITY INTEREST			
Accumulated surpluses at beginning of the reporting period	11	41,524,829	38,765,287
Adjustment to Accumulated Surpluses resulting from adoption of new accounting policy	1.16	477,584	0
Accumulated surpluses at the end of the reporting period	11	40,303,293	41,524,829

The accompanying notes form part of these financial statements.

NATIONAL LIBRARY OF AUSTRALIA
STATEMENT OF ASSETS AND LIABILITIES
as at **30 June 1997**

	Notes	1997 \$	1996 \$
DEBT			
Leases	9	10,212	1,806,349
Total debt		<u>10,212</u>	<u>1,806,349</u>
PROVISIONS AND PAYABLES			
Employees	10A	7,319,386	8,460,115
Suppliers	10B	1,450,055	1,200,008
Other	10C	275,242	1,077,729
Total provisions and payables		<u>9,044,683</u>	<u>10,737,852</u>
Total liabilities		<u>9,054,895</u>	<u>12,544,201</u>
EQUITY			
Reserves	11	107,287,795	95,718,914
Accumulated surpluses	11	40,303,293	41,524,829
Total equity		<u>147,591,088</u>	<u>137,243,743</u>
Total liabilities and equity		<u>156,645,983</u>	<u>149,787,944</u>
FINANCIAL ASSETS			
Cash	12A	5,347,460	6,336,124
Receivables	12B	1,454,149	1,646,630
Total financial assets		<u>6,801,609</u>	<u>7,982,754</u>
NON-FINANCIAL ASSETS			
Land and buildings	13A, C, G	135,600,000	125,539,085
Infrastructure, plant and equipment	13B, C	5,861,850	8,375,012
Inventories	13D	737,376	597,210
Intangibles	13E	6,269,937	5,775,217
Other	13F	1,375,211	1,518,666
Total non-financial assets		<u>149,844,374</u>	<u>141,805,190</u>
Total assets		<u>156,645,983</u>	<u>149,787,944</u>
Current liabilities		3,827,986	5,988,282
Non-current liabilities		5,226,909	6,555,919
Current assets		8,914,196	10,098,630
Non-current assets		147,731,787	139,689,314

The accompanying notes form part of these financial statements.

**NATIONAL LIBRARY OF AUSTRALIA
STATEMENT OF CASH FLOWS**

for the year ended 30 June 1997

	Notes	1997	1996
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	8A	35,635,000	40,575,000
Sales of goods and services		10,099,415	10,092,882
Interest		379,581	464,238
Other		531,678	1,044,853
Total cash received		46645,674	52,176,973
Cash used			
Grants		(90,548)	(16,591)
Employees		(26,486,204)	(24,041,449)
Suppliers		(16,972,913)	(19,713,859)
Interest and other financing costs		(100,811)	(7,585)
Total cash used		(43,650,476)	(43,779,484)
Net cash from operating activities		2,995,198	8,397,489
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		55,431	18,126
Total cash received		55,431	18,126
Cash used			
Purchase of property, plant and equipment		(2,243,597)	(6,129,759)
Total cash used		(2,243,597)	(6,129,759)
Net cash from investing activities		(2,188,166)	(6,111,633)
FINANCING ACTIVITIES			
Cash used			
Repayment of debt		(1,796,138)	(865,910)
Other		442	683
Total cash used		(1,795,696)	(865,227)
Net cash from financing activities		(1,795,696)	(865,227)
Net increase in cash held		(988,664)	1,420,629
add cash at 1 July		6,336,124	4,915,495
Cash at 30 June	12A	5,347,460	6,336,124

The accompanying notes form part of these financial statements.

NATIONAL LIBRARY OF AUSTRALIA
SCHEDULE OF COMMITMENTS
for the year ended 30 June 1997

	1997	1994
BY TYPE	\$	\$
CAPITAL COMMITMENTS		
Plant and equipment	237,305	58,858
Other capital commitments	3,324,783	3,788,598
Total capital commitments	<u><u>3,562,088</u></u>	<u><u>3,847,456</u></u>
OTHER COMMITMENTS		
Operating leases	2,139,303	87,414
Project commitments	39,184	0
Other commitments	10,167,103	4,589,058
Total other commitments	<u><u>12,345,590</u></u>	<u><u>4,676,672</u></u>
Total commitments payable	15,907,678	8,524,128
Commitments receivable	(126,150)	0
Net commitments	<u><u>15,781,528</u></u>	<u><u>8,524,128</u></u>
BY MATURITY		
One year or less	5,769,891	4,741,334
From one to two years	2,234,426	2,399,987
From two to five years	2,146,165	1,206,860
Over five years	5,631,046	175,947
Net commitments	<u><u>15,781,528</u></u>	<u><u>8,524,128</u></u>

The accompanying notes form part of these financial statements.

NATIONAL LIBRARY OF AUSTRALIA
SCHEDULE OF CONTINGENCIES
for the year ended 30 June 1997

	1997	1996
	\$	\$
CONTINGENT LOSSES		
Claims for damages ⁽¹⁾	550,000	550,000
Total contingent losses	<u>550,000</u>	<u>550,000</u>
CONTINGENT GAINS		
Claims for damages	0	0
Net contingencies	<u><u>550,000</u></u>	<u><u>550,000</u></u>

⁽¹⁾ As at 30 June an ex-employee and an employee of a Library contractor have unresolved claims for damages relating to injuries sustained while working in the Library building.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

As discussed in note 21 the Library has a 50% interest with the National Library of New Zealand in a joint venture for the National Document and Information Service (NDIS). The joint venture ceased activities on 20 December 1996. As at 30 June negotiations are continuing between the joint venture and the contract supplier to resolve outstanding matters under the contract. It is not possible to quantify the financial impact of the negotiations to resolve this matter; however, indicative estimates for legal costs are \$400,000.

As at 22 August 1997, the Library had received a claim for loss and damage from an unsuccessful tenderer. The Library will deny liability and will defend the claim. It is not possible to estimate the amounts of any eventual payments which may be required in relation to this claim.

The accompanying notes form part of these financial statements.

NATIONAL LIBRARY OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1997

Note	Description
1	Summary of significant accounting policies
2	Segment reporting
3	Economic dependency
4	Goods and services expenses
5	Grant expenses
6	Interest expenses
7	Operating revenue from independent sources
8	Revenues from government
9	Debt
10	Provisions and payables
11	Analysis of equity
12	Financial assets
13	Non-financial assets-plant and equipment
14	Non-cash financing and investing activities
15	Cash flow reconciliation
16	Remuneration of Council members
17	Related party disclosures
18	Remuneration of officers
19	Services provided by the Auditor-General
20	Trust money
21	Interest in joint venture activities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

1.1 Basis of accounting

The financial statements are a general purpose financial report.

They have been prepared in accordance with:

- Guidelines titled *Guidelines for Financial Statements of Commonwealth Authorities* issued by the Minister for Finance in July 1997 (the 'Guidelines') which require that the financial statements are prepared
 - in compliance with Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation, and
 - having regard to Statements of Accounting Concepts, and
 - the Consensus Views of the Urgent Issues Group.

However, the Library applied for and received an exemption for the financial year ending 30 June 1997 from the requirement under the Guidelines to bring to account in the accounting records and statement of financial position the value of the Library's national collection. The Library's accounting treatment of the national collection is disclosed at note 1.5.

The financial statements have been prepared on an accrual basis, except for trust accounts where cash accounting is employed and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

1.2 Taxation

The Library is exempt from all forms of taxation except fringe benefits tax and sales tax where the goods are bought for resale.

1.3 Inventories

Inventories held represent both stores of consumables not for resale and also inventories held for sale. Inventories are valued at the lower of cost or net realisable value where cost is determined using the 'first in-first out' basis.

1.4 Property, plant and equipment

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Assets and Liabilities, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The \$1,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

The acquisition of property, plant and equipment free of charge or for a nominal amount is recognised initially at fair value.

From 1996-97 onwards, the Guidelines require that property, plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation (as set out in the *Guidelines in Accounting Policy for Valuation of Assets of Government Trading Enterprises*) by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The Library is implementing its progressive revaluations as follows (changes in accounting policy from 1995-96 are indicated):

- Land and building was revalued as at 30 June 1997 and will be revalued each third year. (This does not represent a change from the previous accounting policy.)
- Library collections are planned to be initially recognised and valued during the 1997-98 financial year and thereafter each third year. (Prior to 1 July 1997 the accounting policy was not to value Library collections pending the issue of an Accounting Guidance from the Department of Finance defining the valuation methodology and approach for cultural and heritage collections. Refer to note 1.5.)
- Plant and equipment are planned to be revalued during the 1998-99 financial year and thereafter every three years. (The previous policy was to carry these assets acquired after 1 July 1983 on the basis of the value recognised on acquisition. Assets acquired prior to 1 July 1983 were recognised on the basis of a valuation performed by the Australian Taxation Office.)

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and depreciation charges will reflect the current cost of service potential consumed in each period.

With the application of the deprival method, the Library values the land under its control at its current market value and other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to its requirements are valued at net realisable value; at 30 June 1997, there was one major computing asset in this situation with a written-down value of \$300,000.

Depreciable property plant and equipment is written off to its estimated residual values over its estimated useful life to the Library using straight line method of depreciation. Useful lives and residual values are reviewed at each balance date and necessary adjustments made.

The useful lives of a number of plant and equipment assets have changed due to the change in the definition of 'useful life' in AAS 4, *Depreciation of Non-Current Assets*, from the asset's economic life to its useful life to the entity. The financial effect of the change has been taken up against the 1 July 1996 Accumulated Surpluses (refer to note 11).

Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

1.5 National collection

Expenditure on the purchase of and donation of Library material which adds to the national collection is not capitalised as an asset of the Library. Purchases are charged to expenditure in the year they occur and donations of such material are brought to account as other revenue. As referred to in note 1.4 it is planned that this accounting policy will be altered during the 1997-98 financial year with Library collections to be valued and capitalised.

1.6 Liability for employee entitlements

The liability for employee entitlements encompasses provisions for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 1997 and is recognised at its nominal value.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 1997. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Provision is also made for separation and redundancy payments in circumstances where the Library has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

1.7 Leases

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 capitalised at the present value of minimum lease payments at the inception of the lease and a liability for the lease payments recognised at the same amount. Lease payments are allocated between the principal component and the interest expense. Lease assets are amortised over the period of the useful life of the leased asset.

1.8 Foreign currency transactions

Transactions dominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. At balance date, amounts receivable and payable in foreign currency are translated at exchange rates prevailing at that date. Realised exchange gains or losses on foreign currency transactions only occur on sundry debtors. These transactions are reflected in the Operating Statement.

1.9 Bad and doubtful debts

Bad debts are written off to expenses during the year in which they are identified, to the extent they have not previously been provided for. A provision is raised for doubtful debts based on a review of all outstanding receivables at year end.

1.10 Cash

For the purpose of the Statement of Cash Flows, cash includes deposits held at call with a bank, cash on hand and petty cash floats.

1.11 Resources received free of charge

Resources received free of charge are recognised as revenues in the Operating Statement where their fair value can be reliably measured. Use of resources is recognised as an expense, or, where there is a long-term benefit, an asset is recognised.

1.12 Intangible assets

Where recognised, intangible assets are reported at the lower of cost or recoverable amount.

Intangible assets are amortised over their anticipated useful lives.

1.13 Subscriptions

The value of prepayments for subscriptions on journals and magazines purchased by the Library is a projection based on a statistical sampling methodology, which was revalidated by the Australian Bureau of Statistics during 1995-96.

1.14 Joint venture

Interests in the joint ventures are brought to account by including in the respective classifications, the share of the individual assets employed, and the liabilities and expenses incurred.

1.15 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.16 Changes in accounting policies

The accounting treatment for the Special Purpose Account has been altered from 1 July 1996. Previously unexpended Special Purpose Funds, which represent non-reciprocal payments, primarily in the nature of grants, were treated as a liability. As Special Purpose Funds represent a non-reciprocal contribution, the Library is required to comply with the Urgent Issues Group Abstract 11, *Accounting for Contributions of, or Contributions for the Acquisition of, Non-Current Assets*. Accordingly, as required by the transitional arrangements of this abstract the unexpended Special Purpose Funds as at 1 July have been adjusted against 1 July 1996 accumulated surpluses (refer to note 11).

Changes to accounting policies relating to property, plant and equipment have been disclosed in note 1.4.

2. Segment reporting

The Library is a not-for-profit organisation which operates predominantly in the field of library and information services within Australia, providing information and reference services to support the needs of government, education, research, business and the public, and maintaining a collection of library materials of national significance. During the reporting period the Library was also responsible for the administration of the National Portrait Gallery which is housed in a leased area within the Interim Parliament House. The responsibility for the administration for the National Portrait Gallery ceased as at 30 June 1997.

3. Economic dependency

The Library is dependent on appropriations to carry out its normal activities.

1997	1996
\$	\$

4. Goods and services expenses

4 A. Employee Expenses

Basic remuneration for services provided	24,252,170	26,581,237
Separation and redundancy-abnormal expenses	632,779	805,891
Total remuneration	24,884,949	27,387,128
Other	405,964	434,540
Total employee expenses	25,290,913	27,821,668

	1997	1996
	\$	\$
<u>4 B. Suppliers expenses—collections</u>		
Book collection	4,065,949	4,385,151
Manuscript collection	320,582	413,649
Film and video collection	106,347	194,770
Pictorial collection	173,966	314,098
Copying of Australian historic records	33,095	21,613
Oral history program	278,297	251,041
Music collection	12,440	12,525
Map collection	61,432	23,149
Total supplier expenses-collections	<u>5,052,108</u>	<u>5,615,996</u>

4c. Suppliers expenses—other

Supply of goods and services	12,395,292	14,802,736
Operating lease rentals	1,052,282	954,951
Total supplier expenses-other	<u>13,447,574</u>	<u>15,757,687</u>

4D. Depreciation and amortisation

Depreciation of property, plant and equipment	3,331,319	2,747,114
Amortisation of leased assets	866,009	22,542
Amortisation of leasehold improvements	75,672	100,074
Amortisation of intangible assets	657,146	225,711
Total expense	<u>4,930,146</u>	<u>3,095,441</u>

The depreciation and amortisation expense charged to the Operating Statement reflects the capitalisation of \$505,912 of amortisation and depreciation expenses capitalised as part of the cost of developing NDIS. This variation is reflected in note 13C.

4E. Write-down of assets

Financial assets:		
Receivables for goods and services	5,783	9,700
Non-financial assets:		
Inventories	103,831	0
Total expense	<u>109,614</u>	<u>9,700</u>

4F. Net losses from sale of assets

Plant and equipment	28,916	9,265
Total net losses	<u>28,916</u>	<u>9,265</u>

5. Grants expenses

Non-profit institutions	74,731	0
Individuals-Harold White Fellowships	15,817	16,591
Total grant expenses	<u>90,548</u>	<u>16,591</u>

	1997	1996
	\$	\$
6. Interest expenses		
Finance charges on lease liabilities	<u>100,811</u>	<u>7,585</u>
7. Operating revenue from independent sources		
<u>7A. Interest</u>		
Deposits	<u>379,581</u>	<u>464,238</u>
<u>7B. Net foreign exchange gains</u>		
Non-speculative	<u>442</u>	<u>683</u>
<u>7c. Other revenues</u>		
Resources received free of charge from sources other than government	618,647	575,242
Grants and other non-reciprocal payments by other entities	367,970	0
Other	281,403	218,954
Total other revenues	<u><u>1,268,020</u></u>	<u><u>794,196</u></u>
8. Revenues from government		
<u>8A. Parliamentary appropriations</u>		
Appropriation Acts Nos 1 & 3, 1996-97	35,635,000	34,033,000
Appropriation Acts Nos 2 & 4, 1996-97	0	6,542,000
	<u>35,635,000</u>	<u>40,575,000</u>
<u>8B. Resources received free of charge</u>		
Provision of facilities by the Department of Foreign Affairs and Trade	26,240	30,599
Provision of services by the Department of Finance	9,708	10,923
	<u>35,948</u>	<u>41,522</u>
<u>8C. Liabilities assumed by government</u>		
Superannuation liability	<u>0</u>	<u>3,135,009</u>

From 1 July 1996 the Library became responsible for the payment of employer contributions for superannuation and consequently these amounts are no longer brought to account as liabilities assumed by government.

1997	1996
\$	\$

9. Debt

Lease liabilities recognised in the Statement of Assets and Liabilities:

Current	3,507	35,999
Non-current	6,705	1,770,350
	<u>10,212</u>	<u>1,806,349</u>

Commitments under finance leases at reporting date are payable as follows:

One year or less	5,091	220,858
From one to two years	7,591	276,861
From two to five years	0	1,828,546
Minimum lease payments	12,682	2,326,265
Future finance charges	(2,470)	(519,916)
Total lease liabilities	<u>10,212</u>	<u>1,806,349</u>

10. Provisions and payables

10A. Liabilities to employees

Salaries and wages	272,687	289,246
Annual leave	2,450,992	2,705,051
Long service leave	4,462,955	4,636,429
Superannuation	36,726	23,498
Separations and redundancies	96,026	805,891
	<u>7,319,386</u>	<u>8,460,115</u>

10B. Suppliers

Trade creditors	1,443,728	1,188,229
Operating lease rentals	6,327	11,779
	<u>1,450,055</u>	<u>1,200,008</u>

10C. Other

Prepaid income	275,242	386,864
Unexpended Special Purpose Account	0	690,865
	<u>275,242</u>	<u>1,077,729</u>

11. Analysis of equity

Item	Accumulated Results \$	Asset Revaluation Reserve \$	Total Reserves \$	Total Equity \$
Balance as at 1 July 1994	41,524,829	95,718,914	95,718,914	137,243,743
Surplus/ (Deficit)	(1,699,120)	0	0	(1,699,120)
Net revaluations (Table 1)	0	11,568,881	11,568,881	11,568,881
Changes in accounting policies (Table 2)	477,584	0	0	477,584
Balance as at 30 June 1997	40,303,293	107,287,795	107,287,795	147,591,088

Table 1 Net revaluation increases / (decreases)	Increases \$	Decreases \$	Net \$
Item			
Land	0	(400,000)	(400,000)
Buildings	11,968,881	0	11,968,881
Other infrastructure, plant and equipment	0	0	0
Total	11,968,881	(400,000)	11,568,881

Table 2 Changes in accounting policies	\$
Details of changes in accounting policies are as follows:	
Change in the treatment of unexpended Special Purpose Funds as detailed in note 1.16.	722,754
Application of revised definition of useful life in AAS 4, <i>Depreciation of Non-Current Assets</i> , as detailed in note 1.16.	(245,170)
	<u>477,584</u>

1997	1996
\$	\$

12. Financial assets

12A. Cash

Cash at bank:

General account	1,435,743	2,982,477
Cash management account	3,280,951	2,619,079
Special Purpose Account	622,289	722,753
Cash on hand and petty cash floats	8,477	11,815
	<u>5,347,460</u>	<u>6,336,124</u>

	1997	1996
	\$	\$
<u>12B. Receivables</u>		
Goods and services	1,422,143	1,596,990
Other debtors	59,236	80,488
	<u>1,481,379</u>	<u>1,677,478</u>
Provision for doubtful debts	(27,230)	(30,848)
	<u>1,454,149</u>	<u>1,646,630</u>
Current receivables include receivables overdue by:		
-less than 30 days	18,758	20,723
-30 to 60 days	2,995	3,859
-more than 60 days	3,096	3,903
	<u>24,849</u>	<u>28,485</u>

	1997 \$	1996 \$
13. Non financial assets-plant and equipment		
<u>13A. Land and building</u>		
Leasehold land-at independent June 1997 valuation	<u>7.600.000</u>	<u>8,000,000</u>
Building-at independent June 1997 valuation	128,000,000	120,000,000
Accumulated depreciation	<u>0</u>	<u>(3,243,243)</u>
	<u>128,000,000</u>	<u>116.756.757</u>
Building improvements-at cost	0	723,114
Accumulated depreciation	<u>0</u>	<u>(16,458)</u>
	<u>0</u>	<u>706.656</u>
Leasehold improvements-at cost	246,387	246,387
Accumulated amortisation	<u>(246,387)</u>	<u>(170,715)</u>
	<u>0</u>	<u>75,672</u>
Total land and building	<u><u>135.600.000</u></u>	<u><u>125.539.085</u></u>
<u>13B. Plant and equipment</u>		
Plant and equipment- at independent June 1983 valuation	3,095,508	3,116,568
Accumulated depreciation	<u>(2,313,945)</u>	<u>(2,153,356)</u>
	<u>781,563</u>	<u>963,212</u>
Plant and equipment-at cost	15,486,313	13,088,633
Accumulated depreciation	<u>(10,415,730)</u>	<u>(7,961,180)</u>
	<u>5.070.583</u>	<u>5.127.453</u>
Plant and equipment under finance lease	15,812	2,707,359
Accumulated amortisation	<u>(6,108)</u>	<u>(423,012)</u>
	<u>9,704</u>	<u>2,284,347</u>
Total plant and equipment	<u><u>5.861.850</u></u>	<u><u>8,375,012</u></u>

The revaluation of land and buildings as at 30 June 1997 in accordance with the progressive revaluation policy stated at note 1 was completed by an independent valuer, Mr J.G. Armstrong AVLE (Val) of the Australian Valuation Office. A revaluation increment of \$11,968,881 for the building, and a revaluation decrement of \$400,000 for the land were transferred to the asset revaluation reserve.

13C. Analysis of property, plant and equipment and intangibles

Table A—Movement summary 1996–97 for all assets irrespective of valuation basis

Item	Land \$	Buildings \$	Total land and buildings \$	Other infrastructure, plant and equipment \$	Intangibles \$	Total \$
Gross Value as at 1 July 1996	8,000,000	120,969,501	128,969,501	18,912,560	6,009,015	153,891,076
Additions	0	201,947	201,947	689,996	1,351,654	2,243,597
Revaluations	(400,000)	7,074,939	6,674,939	0	0	6,674,939
Disposals	0	0	0	(1,004,922)	0	(1,004,922)
Other movements	0	0	0	0	0	0
Gross value as at 30 June 1997	7,600,000	128,246,387	135,846,387	18,597,634	7,360,669	161,804,690
Accumulated depreciation / amortisation as at 1 July 1996	0	3,430,416	3,430,416	10,537,548	233,798	14,201,762
Depreciation / amortisation charge for assets held 1 July 1996	0	1,697,293	1,697,293	2,633,336	626,464	4,957,093
Depreciation / amortisation charge for additions	0	12,619	12,619	435,663	30,682	478,964
Adjustment for revaluations	0	(4,893,941)	(4,893,941)	0	0	(4,893,941)
Adjustment for disposals	0	0	0	(916,145)	0	(916,145)
Adjustment for other movements	0	0	0	45,382	199,788	245,170
Accumulated depreciation / amortisation as at 30 June 1997	0	246,387	246,387	12,735,784	1,090,732	14,072,903
Net book value at 1 July 1996	8,000,000	117,539,085	125,539,085	8,375,012	5,775,217	139,689,314
Net book value at 30 June 1997	7,600,000	128,000,000	135,600,000	5,861,850	6,269,937	147,731,787

Table B-Summary of balances of assets at valuation as at 30 June 1997

Item	Land \$	Buildings \$	Total land and buildings \$	Other infrastructure, plant and equipment \$	Intangibles \$	Total \$
As at 30 June 1997						
Gross Value	7,600,000	128,000,000	135,600,000	3,095,508	0	138,695,508
Accumulated depreciation/amortisation	0	0	0	(2,313,945)	0	(2,313,945)
Other movements	0	0	0	0	0	0
Net book value	7,600,000	128,000,000	135,600,000	781,563	0	136,381,563
As at 30 June 1996						
Gross Value	8,000,000	120,000,000	128,000,000	3,116,568	0	131,116,568
Accumulated depreciation/amortisation	0	(3,243,243)	(3,243,243)	(2,153,356)	0	(5,396,599)
Other movements	0	0	0	0	0	0
Net book value	8,000,000	116,756,757	124,756,757	963,212	0	125,719,969

Table C—Summary of balances of assets held under finance lease as at 30 June 1997

Item	As at 30 June 1997						As at 30 June 1996					
	Gross Value	Accumulated depreciation/amortisation	Other movements	Net book value	Gross Value	Accumulated depreciation/amortisation	Other movements	Net book value	Gross Value	Accumulated depreciation/amortisation	Other movements	Net book value
Land \$	0	0	0	0	0	0	0	0	0	0	0	0
Buildings \$	0	0	0	0	0	0	0	0	0	0	0	0
Total land and buildings \$	0	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure, plant and equipment \$	15,812	(6,108)	0	9,704	15,812	(6,108)	0	9,704	2,707,359	(423,012)	0	2,284,347
Intangibles \$	0	0	0	0	0	0	0	0	0	0	0	0
Total \$	15,812	(6,108)	0	9,704	2,707,359	(423,012)	0	2,284,347	2,707,359	(423,012)	0	2,284,347

	1997	1996
	\$	\$
<u>13D. Inventories</u>		
Inventories held for sale (at cost)	587,128	597,210
Work in progress (at cost)	108,130	0
Inventories not held for sale (at cost)	42,118	0
	<u>737,376</u>	<u>597,210</u>

13E. Intangible assets

Computer software-purchased	1,588,171	1,408,930
Accumulated amortisation	(1,090,732)	(233,798)
	497,439	1,175,132
Computer software-internally developed	5,772,498	4,600,085
	6,269,937	5,775,217

13F. Other non-financial assets

Prepayments paid	1,375,211	1,518,666
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13G. Special categories of assets

The National Library building and land are categorised as restricted assets under the Guidelines for *Financial Statements of Commonwealth Authorities*. Restricted assets include those assets which cannot be redeployed or disposed of because of legal or government policy constraints. Specifically, the Library does not have the power to dispose of either the Library building or land upon which it stands. The value of the building and land is fully disclosed in note 13A.

14. Non-cash financing and investing activities

Plant and equipment acquired under finance leases	<u>0</u>	<u>2,609,378</u>
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1997	1996
\$	\$

15. Cash flow reconciliation

Reconciliation of net cash flows from operating activities to Net Cost of Services

Net cost of services	(37,370,068)	(40,991,989)
Revenue from government	<u>35,670,948</u>	<u>43,751,531</u>
Surplus / (Deficit)	(1,699,120)	2,759,542
Bad and doubtful debt	3,618	924
Depreciation and amortisation	4,930,146	3,095,441
Loss on disposal of fixed assets	28,916	9,265
Resources received free of charge: government	(35,948)	(3,176,531)
Notional superannuation expense	0	3,135,009
Notional administrative expense	35,948	41,522
Resources received free of charge: non-government	(624,514)	(575,242)
Notional library materials expenditure	624,514	515,213
Notional equipment expenditure	0	60,029
Capitalisation NDIS (non-funded charges)	506,283	876,366
Change in accounting policy-Special Purpose Account	722,753	0
Changes in assets and liabilities		
Decreases in receivables	192,481	84,412
Decrease in prepayments received	(111,622)	29,923
Increase in inventories	(140,166)	72,761
Decrease in prepayments paid	143,455	468,899
Increase in trade creditors	250,047	(374,444)
Decrease in accrued salaries and wages	(3,331)	(121,414)
Decrease in employee provisions	(1,137,398)	1,505,476
Decrease in unexpended Special Purpose Funds	(690,865)	(9,662)
Net cash provided by operating activities	<u>2,995,197</u>	<u>8,397,489</u>

16. Remuneration of Council members

The number of Council members whose total remuneration was within the following bands are as follows:

\$0	4	3
\$1-\$9,999	6	8
\$10,000-\$19,999	2	1
	<u>12</u>	<u>12</u>

The above disclosure excludes the Director-General, who is an Executive Member of Council, and the remuneration is disclosed in note 18. Included in employee expenses is \$67,819 (1995-96 \$58,764) paid to part-time Council members for annual allowance. These payments are determined by the Remuneration Tribunal and paid in accordance with sections 13 and 17A of the *National Library Act 1960*. Included in the annual allowance figure are payments totalling \$2,971 (1995-96 \$3,282) for contribution to superannuation as required by the *Superannuation Guarantee (Administration) Act 1992*.

17. Related party disclosures

National Library Council

Members of the Council during the year were:

A.F. Mason (Chairman)
SF. Macintyre (Deputy Chairman-term expired 1/12/96)
G.M. Paton (appointed Deputy Chairman from 2/12/96)
M. Browne
R.M. Cavalier
G. Freudenberg
A.V. Ghisalberti (term expired 28/3/97)
B.O. Jones (appointed from 9/12/96)
J.M. King (term expired 1/12/96)
J.V. Langmore (resigned 6/12/96)
N.R. Stevens
J. Tierney
W.M. Horton (Director-General and Executive Member of Council)

The aggregate remuneration of Council members is disclosed in note 16.

Transactions with Council members or Council member related entities

The Council members listed below are only regarded as having an interest in any contract that may be made with the entities listed below by virtue of either their directorship or membership of those entities.

<u>Name</u>	<u>Organisation</u>
W.M. Horton	AIMA Training and Consultancy Services Ltd
A.F. Mason	Brambles Industries Ltd AGL Canberra Ltd

In addition, no members of the National Library Council have, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Council members shown in the financial statements) by reason of a contract made by the entity or a related body with the Council member in which she/he has a substantial financial interest.

18. Remuneration of officers

	1997	1996
	\$	\$
Income received or due and receivable by officers	756,146	693,224

	1997 \$	1996 \$
The number of officers included in these figures are shown below in the relevant income bands		
\$100,000–\$109,999	1	4
\$110,000–\$119,999	2	0
\$120,000–\$129,999	1	0
\$130,000–\$139,999	1	2
\$140,000–\$149,999	1	0
	<u>6</u>	<u>6</u>

The officer remuneration includes all officers concerned with or taking part in the management of the Library during 1996-97 provided that their remuneration equals or exceeds \$100,000, and includes the Director-General. A superannuation contribution of \$15,024 (1995-96 \$14,711) was paid in respect of the Director-General. Performance pay has been included in the calculation of officer remuneration.

19. Services provided by the Auditor-General

Remuneration to the Auditor-General for auditing the financial statements for the reporting period	<u>72,900</u>	<u>69,500</u>
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No other services were provided by the Auditor-General during the reporting period.

20. Trust money

The National Library operates a number of trust funds to account for donations and income from the application of donated funds. Interest is earned on the daily balance of all accounts. The following is a brief comment on each fund currently in operation:

- (a) The Morris West Trust Fund was funded by the author Morris West. The fund is used for the publication of material owned by the Library. During 1996-97 the Trust received funds from the sale of trust fund publications and a donation. Disbursements were made for publication of a new title.

Balance 1 July	415,982	384,934
Deposits during the year	19,584	11,510
	<u>435,566</u>	<u>396,444</u>
Interest received	25,728	23,648
	461,294	420,092
Expenditure during the year	(35,352)	(4,110)
Balance at 30 June	<u>425,942</u>	<u>415,982</u>

- (b) The General Trust Fund comprises donations received for general purposes or where no purpose is specified by the donor. During 1996-97 the Trust received funds from general donations from the public and disbursements made for educational and promotional activities (\$33,373); hospitality (\$1,805); sponsorship for the Aurora Leadership Institute (\$5,000) and the 4th Dublin Core Metadata Workshop (\$5,000); and a contribution towards the Strategic Review of Library Coordination and Representation (\$12,500).

	1997	1996
	\$	\$
Balance 1 July	312,878	309,707
Deposits during the year	<u>8,980</u>	<u>24,304</u>
	321,858	334,011
Interest received	<u>19,305</u>	<u>18,396</u>
	341,163	352,407
Expenditure during the year	<u>(57,678)</u>	<u>(39,529)</u>
Balance at 30 June	<u><u>283,485</u></u>	<u><u>312,878</u></u>

- (c) The Kenneth Baillieu Myer Trust is a bequest from the late Kenneth Baillieu Myer for the purposes of the Kenneth Myer Annual Oration as held by the Library and for such other purpose as may be considered appropriate by the Director-General. The expenditure during the year was for a joint venture with IDP Education Australia Limited and further details are provided in note 21.

Balance 1 July	174,888	164,385
Deposits during the year	<u>0</u>	<u>0</u>
	174,888	164,385
Interest received	<u>9,992</u>	<u>10,503</u>
	184,880	174,888
Expenditure during the year	<u>(15,997)</u>	<u>(0)</u>
Balance at 30 June	<u><u>168,883</u></u>	<u><u>174,888</u></u>

- (d) The E.A. & V.I. Crome Trust is a bequest by the late E.A. Crome for the maintenance and addition to the E.A. & V.I. Crome collection.

Balance 1 July	131,848	124,262
Deposits during the year	<u>0</u>	<u>0</u>
	131,848	124,262
Interest received	<u>8,603</u>	<u>7,586</u>
	140,451	131,848
Expenditure during the year	<u>(0)</u>	<u>(0)</u>
Balance at 30 June	<u><u>140,451</u></u>	<u><u>131,848</u></u>

1997	1996
\$	\$

(e) The Acquisition Trust Fund comprises donations received specifically for the acquisition of library material.

Balance 1 July	49,852	46,954
Deposits during the year	<u>0</u>	<u>0</u>
	49,852	46,954
Interest received	<u>3,286</u>	<u>2,898</u>
	53,138	49,852
Expenditure during the year	<u>(0)</u>	<u>(0)</u>
Balance at 30 June	<u><u>53,138</u></u>	<u><u>49,852</u></u>

(f) The H.S. Williams Trust is a bequest from the late Harold S. Williams for the maintenance and addition to the H.S. Williams collection.

Balance 1 July	47,109	44,360
Deposits during the year	<u>0</u>	<u>0</u>
	47,109	44,360
Interest received	<u>3,012</u>	<u>2,749</u>
	50,121	47,109
Expenditure during the year	<u>(0)</u>	<u>(0)</u>
Balance at 30 June	<u><u>50,121</u></u>	<u><u>47,109</u></u>

(g) The Dame Mary Gilmore Trust Account is a specific bequest from the late Dame Mary Gilmore.

Balance 1 July	6,845	6,445
Deposits during the year	<u>0</u>	<u>0</u>
	6,845	6,445
Interest received	<u>453</u>	<u>400</u>
	7,298	6,845
Expenditure during the year	<u>(0)</u>	<u>(0)</u>
Balance at 30 June	<u><u>7,298</u></u>	<u><u>6,845</u></u>

21. Interest in joint venture activities

The Library has a 50% interest in a joint venture agreement with IDP Education Australia to market Australian library services to the international market. The joint venture, Australian Library and Information International Services, was established in May 1995. As at 30 June 1997 the Library had no interests in joint venture assets, no liabilities had been incurred and expenditure of \$15,996 had been made, of which \$6,917 represents a prepayment. Expenditure for this joint venture is borne by the Kenneth Baillieu Myer Trust.

The Library has a 50% interest in the assets, liabilities and output of a joint venture for the National Document and Information Service (NDIS). This joint venture is in association with the National Library of New Zealand and aims to undertake the development and operations of both libraries' computer-based retrieval systems.

On 20 December 1996, the NDIS joint venture between the Library and the National Library of New Zealand ceased activities. Negotiations are continuing between the joint venture and the contract supplier to resolve outstanding matters under the contract. Expenditure post the cessation date has not been capitalised, as it does not relate to the continued development of the outcomes of the project.

The joint venture is expected to incur costs in the future. These costs will be mainly legal costs and salary. These amounts and any potential liabilities under the contract are unable to be quantified until completion of negotiations with the contract supplier. The Library does not expect any material liability to result from these negotiations.

1997	1996
\$	\$

(a) Interests in joint venture assets

The interest of the Library in the assets of the NDIS joint venture is as follows:

Furniture and equipment-at cost	0	1,604,467
Building improvements-at cost	0	342,369
Leased assets-at cost	0	2,593,567
	<u>0</u>	<u>4,540,403</u>

Following the cessation of the joint venture activities, non-current assets of the joint venture that were owed by the Library have been redeployed for other purposes throughout the Library. These non-current assets have been recognised as assets of the Library and not of the joint venture from 1 January 1997.

(b) Joint venture liabilities

At 30 June the Library has liabilities for the NDIS joint venture as follows:

Liabilities	<u>476,358</u>	<u>592,784</u>
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(c) Commitments

Lease liabilities recognised in the Statement of Assets and Liabilities for the NDIS joint venture are:

Current	0	0
Non-current	0	1,760,138
	<u>0</u>	<u>1,760,138</u>

Commitments under finance leases for the NDIS joint venture are payable as follows:

First year	0	181,180
Second year	0	271,770
Third to fifth year	0	1,820,955
Minimum lease payment	<u>0</u>	<u>2,273,905</u>
Deduct: Future finance charges	(0)	(513,767)
Provided for in the accounts	<u>0</u>	<u>1,760,138</u>

	1997	1996
	\$	\$
At 30 June the Library has estimated expenditure contracted for the NDIS joint venture payable as follows:		
First year	2,715,554	2,759,325
Second year	477,102	1,029,273
	<u>3,192,656</u>	<u>3,788,598</u>