

Financial Report

Part 7



Library Board of Queensland Financial Report 2006-07

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General Information

This report covers the Library Board of Queensland and its controlled entity, The Queensland Library Foundation.

The Library Board of Queensland is a Queensland Government Statutory Body established under the *Libraries Act 1988*.

The agency is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the agency is:

Stanley Place
South Brisbane Qld 4101

A description of the nature of the agency's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the agency's financial report please call Val Johnston, Executive Manager Finance, Facilities and Administration on (07) 3840 7872, email val.johnston@slq.qld.gov.au or visit the agency's internet site www.slq.qld.gov.au.

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Library Board of Queensland

Income Statement For the year ended 30 June 2007

	Notes	Economic Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Income					
Revenue					
User charges	3	1,410	920	1,410	881
Grants and other contributions	4	48,781	46,108	50,571	45,485
Other revenue	5	1,243	1,022	1,050	880
Gains					
Gain on sale of property, plant and equipment	6	26	22	26	22
Total Income		<u>51,460</u>	<u>48,072</u>	<u>53,057</u>	<u>47,268</u>
Expenses					
Employee expenses	7	18,378	16,728	18,378	16,728
Supplies and services	8	15,839	11,235	15,811	11,122
Grants and subsidies	9	15,460	14,720	15,520	14,780
Depreciation and amortisation	10	513	447	513	447
Finance/borrowing costs	11	20	29	20	29
Other Expenses	12	1,536	2,352	1,531	2,347
Total Expenses		<u>51,746</u>	<u>45,511</u>	<u>51,773</u>	<u>45,453</u>
Operating Surplus/(Deficit)		<u>(286)</u>	<u>2,561</u>	<u>1,284</u>	<u>1,815</u>

The accompanying notes form part of these statements.

Library Board of Queensland

Balance Sheet As at 30 June 2007

	Notes	Economic Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current assets					
Cash and cash equivalents	13	9,085	9,751	5,643	6,733
Receivables	14	1,555	967	3,644	938
Inventories	15	145	–	145	–
Other	16	329	411	329	411
Total current assets		11,114	11,129	9,761	8,082
Non-current Assets					
Intangible assets	17	383	521	383	521
Property, plant and equipment	18	80,794	77,504	80,794	77,504
Total non-current assets		81,177	78,025	81,177	78,025
Total Assets		92,291	89,154	90,938	86,107
Current liabilities					
Payables	19	3,385	1,162	3,380	1,033
Other financial liabilities	20	136	128	136	128
Accrued employee benefits	21	1,604	1,481	1,604	1,481
Other	22	322	950	322	950
Total current liabilities		5,447	3,721	5,442	3,592
Non-current liabilities					
Other financial liabilities	20	139	276	139	276
Accrued employee benefits	21	385	369	385	369
Total non-current liabilities		524	645	524	645
Total Liabilities		5,971	4,366	5,966	4,237
Net Assets		86,320	84,788	84,972	81,870
Equity					
Contributed equity		1,447	1,432	1,447	1,432
Retained surpluses		46,630	45,916	44,282	42,998
Asset revaluation reserve	23	39,243	37,440	39,243	37,440
Total Equity		86,320	84,788	84,972	81,870

The accompanying notes form part of these statements.

Library Board of Queensland

Statement Of Changes In Equity For the year ended 30 June 2007

Retained surpluses

Balance 1 July
Operating Surplus/(Deficit)

Balance 30 June

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$000	\$000	\$000	\$000
45,916	43,355	42,998	41,183
(286)	2,561	1,284	1,815
45,630	45,916	44,282	42,998

Asset Revaluation Reserve

Balance 1 July
Non owner changes in equity:
Revaluation increment/(decrement)

Balance 30 June

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$000	\$000	\$000	\$000
37,440	36,581	37,440	36,581
1,803	859	1,803	859
39,243	37,440	39,243	37,440

Contributed Equity

Balance 1 July
Transactions with owners as owners

- Net leave liabilities transferred to (from) other government entities

Balance 30 June

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$000	\$000	\$000	\$000
1,432	1,490	1,432	1,490
15	(58)	15	(58)
1,447	1,432	1,447	1,432

The accompanying notes form part of these statements.

Library Board of Queensland Statement Of Cash Flows For the year ended 30 June 2007

	Notes	Economic Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash flows from operating activities					
Inflows:					
User charges		839	809	(1,282)	793
Grants and other contributions		48,112	46,941	49,932	46,435
GST collected from customers		327	152	322	147
GST input tax credits from ATO		3,218	2,996	3,222	2,996
Interest receipts		1,127	932	938	804
Other		65	111	65	111
Outflows:					
Employee expenses		(18,189)	(16,420)	(18,189)	(16,420)
Supplies and services		(13,482)	(11,253)	(13,360)	(11,443)
Grants and subsidies		(15,471)	(14,709)	(15,531)	(14,769)
GST paid to suppliers		(3,231)	(2,920)	(3,231)	(2,920)
GST remitted to ATO		(315)	(151)	(315)	(145)
Finance/borrowing costs		(20)	(29)	(20)	(29)
Other		(1,676)	(2,352)	(1,671)	(2,347)
Net cash provided by operating activities	24	1,304	4,107	880	3,213
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		21	22	21	22
Outflows:					
Payments for Valuables		(267)	(372)	(267)	(372)
Payments for Library Collection		(665)	(1,009)	(665)	(1,009)
Payments for property, plant and equipment		(930)	(235)	(930)	(235)
Payments for intangibles		-	-	-	-
Net cash (used in) investing activities		(1,841)	(1,594)	(1,841)	(1,594)
Cash flows from financing activities					
Outflows:					
Borrowing redemption		(129)	(121)	(129)	(121)
Net cash (used in) financing activities		(129)	(121)	(129)	(121)
Net increase/(decrease) in cash held		(666)	2,392	(1,090)	1,498
Cash at beginning of financial year		9,751	7,359	6,733	5,235
Cash at end of financial year	13	9,085	9,751	5,643	6,733

The accompanying notes form part of these statements.

1. Objectives and Principal Activities of the Library Board of Queensland

To provide equitable access to quality State and public library services in Queensland.

The State Library is predominantly funded for the outputs it delivers by Parliamentary appropriations. In 2006-07 it also provided the following services on a fee for service basis:

- reproduction services;
- BR+SQ (Business Research + Solutions Queensland – Business Research Services);
- networking charges;
- Library Bookshop and Café;
- Venue Hire; and
- Qld.Comm Books (LOTE Book Services).

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

The financial report is a general purpose financial report.

In particular, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2007, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

In the financial statements, the term Parent Entity refers to the Library Board of Queensland (the Board), and includes the value of all revenues, expenses, assets, liabilities and equity of the Board. The term Economic Entity refers to the consolidated entity of the Library Board of Queensland and the Queensland Library Foundation (the Foundation) (Refer note 28).

In the process of consolidating into a single economic entity, all transactions between the Board and the Foundation have been eliminated (where material).

(c) User Charges

User charges controlled by the Board are recognised as revenue when invoices for the related services are issued. User charges are controlled by the Board where they can be deployed for the achievement of the Board's objectives.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Board obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised when a fair value can be determined reliably and the services would be purchased if not donated.

(e) Cash and cash equivalents

For the purposes of the Balance Sheet and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Board's or issuer's option and that are subject to a low risk of changes in value.

2. Summary of Significant Accounting Policies (cont'd)

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written off as at 30 June.

(g) Non-current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next 12 months. Management has determined that no such assets are currently held by the Agency.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average cost method.

(i) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible assets. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architect's fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department, are recognised at their fair value at date of acquisition in accordance with *AASB116 Property, Plant and Equipment*.

(j) Property, Plant and Equipment

All items of property, plant and equipment, with the exception of the Collections and Valuables, with a cost or other value, in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

(k) Collections

Capital expenditure on the reference collection (e.g. book purchases) is recorded as additions to the State Library Collection. Purchases of common use collections are expensed on purchase. In accordance with the *Non-Current Asset Accounting Policies for the Queensland Public Sector* adopted for the first time in 2005-06 the State Library's reference collections are revalued using the average purchase price over the past 5 years. Future additions will be added at cost and revalued as part of the year end revaluation process.

The financial impact of the change in Accounting Policy was \$8.436m in the valuation of the Library Collection as at 30 June 2006.

Depreciation is not applied to the reference collection in accordance with Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

(l) Heritage and Cultural Assets (Valuables)

Capital expenditure on rare or heritage book purchases is recorded as an addition to Valuables. Due to the nature of these Valuables, they are not depreciated.

2. Summary of Significant Accounting Policies (cont'd)

(m) Revaluation of Non-Current Physical and Intangible Assets

Heritage and Cultural assets, and Reference Collections are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment* and *Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

An independent revaluation of the Library's heritage and cultural assets was undertaken as at 30 June 2007 to determine the market value of these assets. The revaluation was conducted by Mr. G. Addicott, FAPI MPIA, Regional Manager of the Australian Valuation Office, Darwin.

The methodology to determine Fair Value of heritage and cultural assets was undertaken by an assessment of national and international market prices for antiquarian materials and other collectables.

Heritage and Cultural assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Fair value for the reference collection is determined using average replacement cost based on the average cost of purchases over the last five years. This cost is applied to all titles in the collection at year end in line with *Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

All other non-current assets are measured at cost.

(n) Intangibles

All intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is expensed over its estimated useful life to the agency, less any residual value. The residual value is zero for all the Library Board's intangible assets.

It has been determined that there is not an active market for any of the Library Board's intangible assets. As such the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally generated software

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

(o) Amortisation and Depreciation of Property, Plant and Equipment and Intangibles

Property, plant and equipment is depreciated using the straight line method so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over the estimated useful life to the entity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the entity.

For each class of depreciable asset the following depreciation rates were used:

Class	Rate
Plant and equipment	
Computers	20%-30%
Audio equipment	20.0%
Air conditioning	11.1%
Office equipment	20%-33.33%
Intangibles	
Business applications	14.28%

2. Summary of Significant Accounting Policies (cont'd)

(p) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the agency determines the assets' recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement costs.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 2(m).

(q) Investment Property

The Board did not hold any investment property during the financial year.

(r) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases under which the lessor effectively retains substantially all risks and benefits.

The Board does not have any finance leases.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(s) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(t) Employee Benefits

Wages, Salaries, Recreation Leave and Sick leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. Payroll tax, and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

2. Summary of Significant Accounting Policies (cont'd)

(t) Employee Benefits (cont'd)

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the Board to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 Financial Reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Board's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 Financial Reporting by Governments*.

Executive Remuneration

The executive remuneration disclosures in the employee expenses note (Note 7) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the entity or any related party in connection with the management of the affairs of the entity or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- performance pay received or due and receivable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, and repairs/maintenance incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing (being the market value of the rent or rental subsidy – where rent is part-paid by the executive – during the financial year, both paid and payable as at 30 June);
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives appointed by Governor in Council and/or classified as SES1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

2. Summary of Significant Accounting Policies (cont'd)

(u) Provisions

Provisions are recorded when the agency has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date to settle the obligation in a future period, but where the timing and/or amount required to settle the obligation is uncertain at reporting date, discounted to the present value using the pre-tax discount rate.

(v) Insurance

The Board carries insurance cover in the areas of Property (including items on loan), General Liability (incorporating Directors & Officers liability), Professional Indemnity, Personal Accident, and Collections. Insurance coverage is with the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Board pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(w) Resources Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

(x) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland public sector entities as a result of machinery-of-Government changes are adjusted to 'Contributed Equity' in accordance with UIG Abstract 1038 *Contributions to Owners Made to Wholly Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(y) Taxation

The Board is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(z) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson of the Library Board of Queensland and the Director, Organisational Effectiveness of the State Library of Queensland at the date of signing the Management Certificate.

(aa) Judgements and Assumptions

The Board has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(ab) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(ac) Corporate Administration Agency

The Corporate Administration Agency (CAA) was established on 1 July 1997, as a unit of Arts Queensland. The *Arts Legislation Amendment Act 1997* transferred the assets and liabilities of the Queensland Cultural Centre Trust (QCCT) that was abolished in December 1997 to the State and the CAA became the manager of the Cultural Centre precinct. The Board had a signed lease agreement with the QCCT and the lease has been assumed by the State of Queensland (Section 85(2) of the Act). While the State does not charge rent on the premises occupied by the State Library, the State Library does make a contribution to the continued maintenance of the building occupied. The provision of the building and items of fitout, including plant and equipment, forms part of this agreement.

The CAA also provides corporate services under the 'Shared Services Provider' model. These fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial systems and processing
- Management accounting
- Human resources recruitment, payroll and consultancy
- Information systems and support in relation to records management and building maintenance.

2. Summary of Significant Accounting Policies (cont'd)

(ad) Board and Executive Remuneration

Board fees, including both sitting fees and special assignment fees totalled \$30,452. On-costs such as travel, catering and printing totalled \$47,752. The total cost of Board operations was therefore \$78,204.

Fees paid to members of the Library Board of Queensland are in accordance with the guidelines provided for the Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities. These amounts exclude expenses associated with the hosting and transport to meetings.

State Library of Queensland executives employed by the Library Board of Queensland are paid at rates set by Government for Senior Executives and Senior Officers. These executives are engaged as employees under the *Libraries Act 1988* on renewable contracts.

Remuneration of Board members was as follows:

	2007	2006
Roy Webb	\$11,117	\$10,720
Ann Bunnell	-	-
Terence Callaghan	\$4,714	\$4,626
David Gardiner (resigned 22 June 2006)	-	\$1,048
Geoff Ginn	\$3,162	\$3,162
Sue Gough	\$2,358	\$1,179
Rob Holloway	\$2,944	\$3,193
Cheryl Macnaught	\$1,310	\$1,703
Janice Rickards	\$2,096	\$1,965
Marie Siganto	\$262	\$2,488
Lilla Watson	\$2,489	\$2,423
Total	\$30,452	\$32,507

(ae) Other financial liabilities

Loans payable are recognised at the face value of the principal outstanding, interest being expensed or otherwise recognised as it accrues. The fair value of these loans is disclosed in Note 20.

(af) Financing / Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are included in the costs of qualifying assets. The capitalisation rate used to determine borrowing costs is the weighted average interest rate applicable to the Library Board's outstanding borrowings, 6.67% (2006: 6.07%).

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings; and
- Ancillary administration charges.

2. Summary of Significant Accounting Policies (cont'd)

(ag) New and Revised Accounting Standards

Disclosure is required when initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect, except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods.

In the current year, the Board had adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for 2006-07 reporting period.

The AASB released AASB 2005-9: Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132] in September 2005.

Disclosure is required when a new Australian Accounting Standard which has been issued but is not yet effective has not been applied.

The Board cannot early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Treasury. The Treasurer mandated the early adoption of AASB 7 *Financial Instruments: Disclosure* and AASB 132 *Financial Instruments: Presentation* in the 2005-06 financial year. No additional standards have been early adopted in 2006-07. Consequently, the Board has not applied the other Australian Accounting Standards and AASB & UIG Interpretations that have been issued but are not yet effective. These will be applied from their operative date.

At the date of authorisation of the financial report, the following Standards and Interpretations had been issued/revised but were not yet effective:

Title	Operative for reporting periods beginning on/after
AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards	1 January 2008
AASB 4: Insurance Contracts	1 January 2007
AASB 101: Presentation of Financial Statements	1 January 2007
AASB 114: Segment Reporting	1 January 2007
AASB 118: Revenue	28 February 2007
AASB 120: Accounting for Government Grants and Disclosure of Government Assistance	28 February 2007
AASB 121: The Effects of Changes in Foreign Exchange Rates	28 February 2007
AASB 127: Consolidated and Separate Financial Statements	28 February 2007
AASB 132: Financial Instruments: Presentation	1 January 2007
AASB 139: Financial Instruments: Recognition and Measurement	28 February 2007
AASB 1023: General Insurance Contracts	1 January 2007
AASB 1048: Interpretation and Application of Standards	31 March 2007
AASB 2007-1: Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	1 March 2007
AASB 2007-2: Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	28 February 2007 1 January 2008
AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	1 January 2009
Interpretation 10: Interim Financial Reporting and Impairment	1 November 2006
Interpretation 12: Service Concession Arrangements	1 January 2008
Interpretation 129: Disclosure – Service Concession Arrangements [revised]	1 January 2008

It is anticipated that the above Standards and Interpretations are either not applicable to the agency or adoption of them in future periods will have no material financial impact on the agency's financial statements.

	Economic Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
3. User charges				
BR+SQ	44	52	44	52
Reproduction services	56	61	56	61
Bookshop and merchandising	269	1	269	1
Book sales	8	10	8	10
Qld.Comm Books	403	396	403	396
Network services	68	140	68	140
Internet services	51	45	51	45
Other	511	215	511	176
Total	1,410	920	1,410	881
4. Grants and other contributions				
Recurrent Grants*	47,781	44,891	47,531	44,891
Grants other	-	-	3,006	542
Donations	936	1,047	-	-
Industry contributions	23	61	23	52
Goods received below fair value	41	109	11	-
Total	48,781	46,108	50,571	45,485
* Principally State Appropriation received in the State Budget				
5. Other revenue				
Interest	1,178	911	985	769
Miscellaneous	65	111	65	111
Total	1,243	1,022	1,050	880
6. Gains				
Gains on sale of property, plant and equipment				
Plant and equipment	26	22	26	22
Total	26	22	26	22
7. Employee expenses				
Employee Benefits				
Wages and salaries	13,575	12,431	13,575	12,431
Employer superannuation contributions*	1,726	1,581	1,726	1,581
Long service leave levy*	265	242	265	242
Annual leave expenses	1,285	1,291	1,285	1,291
Employee related expenses				
Payroll Tax*	806	733	806	733
Other	721	450	721	450
Total	18,378	16,728	18,378	16,728

* Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer Superannuation Contributions and the long service leave levy are regarded as employee benefits.

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$000	\$000	\$000	\$000

7. Employee expenses (cont'd)

The total number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

Number of employees:	265	258	265	258
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Executive Remuneration

The following is remuneration paid/payable to senior executives:

\$100,000 to \$119,999	1		–	
\$140,000 to \$159,999	1		–	
\$200,000 to \$219,999	1		1	
Total	3		1	

The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

Aggregate amount of total remuneration of executives shown above	461,863		204,850	
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Aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above	Nil		Nil	
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8. Supplies and services

Bookshop and merchandising	219	209	219	209
Communications	436	310	436	310
Consultants and contractors	5,744	1,589	5,744	1,589
Corporate service charges	1,058	1,038	1,058	1,038
Facilities costs – other	390	527	390	527
Facilities costs – Queensland Cultural Centre	7	1,061	7	1,061
Freight and postage	563	589	563	589
Information technology	434	465	434	465
Exhibits and materials	32	53	32	53
Library collections – new and existing	2,630	2,479	2,630	2,479
Electronic subscriptions	725	642	725	642
Printing, stationery and office supplies	461	264	461	264
Repairs and maintenance	585	439	585	439
Sundries	2,019	1,200	2,021	1,196
Travel	495	261	495	261
Goods provided below fair value	41	109	11	–
Total	15,839	11,235	15,811	11,122

9. Grants and subsidies

Bookstock for Independent Libraries	15,131	14,662	15,131	14,662
Queensland Library Foundation subsidy	–	–	60	60
Strategic Development Grants	(1)	5	(1)	5
CLS Equipment	34	46	34	46
Other	296	7	296	7
Total	15,460	14,720	15,520	14,780

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
10. Depreciation and amortisation				
Collections	-	-	-	-
Plant and equipment	375	309	375	309
Computer software	138	138	138	138
Total	513	447	513	447
11. Finance/Borrowing costs				
Interest	20	29	20	29
Administration charges	-	-	-	-
Total	20	29	20	29
The Library Board does not capitalise financing/borrowing costs.				
12. Other expenses				
External audit fees*	39	38	34	33
Internal audit fees	37	38	37	38
Insurance premiums – QGIF	73	68	73	68
Operating lease rentals	1,345	2,172	1,345	2,172
Bad and doubtful debts	-	2	-	2
Board fees and expenses	32	31	32	31
Loss on sale of assets	5	-	5	-
Other	5	3	5	3
Total	1,536	2,352	1,531	2,347
* Total external audit fees for the economic entity relating to the 2006-07 financial year are estimated to be \$34,000 (2006: \$38,000). There are no non-audit services included in this amount.				
13. Cash and cash equivalents				
Imprest accounts	13	12	13	12
Cash at bank and on hand	(27)	2	(28)	-
Cash deposit accounts	9,099	9,737	5,658	6,721
Total	9,085	9,751	5,643	6,733
14. Receivables				
Trade debtors	804	239	784	239
Less: Provision for impairment	(13)	(13)	(13)	(13)
	791	226	771	226
GST receivable	534	521	530	521
Less: GST payable	(31)	(19)	(26)	(19)
Long service leave reimbursements	23	58	23	58
Interest	65	14	47	-
Other	173	167	2,299	152
Total	1,555	967	3,644	938

15. Inventories

Current

Inventories held for resale – Bookshop

Total

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$000	\$000	\$000	\$000

	145	–	145	–
	145	–	145	–

16. Other Current Assets

Prepayments

Total

	329	411	329	411
	329	411	329	411

17. Intangibles

Computer software

At cost

Less: Accumulated amortisation

Total

	968	968	968	968
	(585)	(447)	(585)	(447)
	383	521	383	521

Amortisation of intangibles is included in the line *Depreciation and amortisation* in the Income Statement.

All intangible assets of the Board have finite lives and are amortised on a straight line basis. Refer Note 2(n).

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Intangibles Reconciliation

	Software	Total
	2007	2007
	\$000	\$000
Carrying amount at 1 July	521	521
Acquisitions	–	–
Amortisation	(138)	(138)
Carrying amount at 30 June	383	383

18. Property, plant and equipment

	Economic Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Heritage and Cultural Assets: (Valuables)				
At valuation	35,297	33,194	35,297	33,194
	<u>35,297</u>	<u>33,194</u>	<u>35,297</u>	<u>33,194</u>
Library Collections				
At valuation	43,454	42,478	43,454	42,478
At cost	665	1,009	665	1,009
	<u>44,119</u>	<u>43,487</u>	<u>44,119</u>	<u>43,487</u>
Plant and equipment:				
At cost	3,153	2,451	3,153	2,451
Less: Accumulated depreciation	(1,775)	(1,628)	(1,775)	(1,628)
	<u>1,378</u>	<u>823</u>	<u>1,378</u>	<u>823</u>
Total	<u>80,794</u>	<u>77,504</u>	<u>80,794</u>	<u>77,504</u>

The insured value of the expensed common use library collection is \$23.552m (2005-06 \$34.643m)

The State Library has Plant and Equipment assets with an original cost of \$816,196 and a written down value of zero, still being used in the provision of services. It is expected that these assets will be decommissioned in the 2007-08 financial year.

Property, plant and equipment reconciliation

	Heritage & Cultural Assets	Library Collections	Plant & Equip	Total
	2007 \$000	2007 \$000	2007 \$000	2007 \$000
Carrying amount at 1 July	33,194	43,487	823	77,504
Acquisitions	267	665	930	1,862
Donated assets	-	-	-	-
Net Disposals	-	-	-	-
Revaluation increment/(decrement)	1,836	(33)	-	1,803
Electronic subscriptions expensed	-	-	-	-
Transfers between classes	-	-	-	-
Depreciation/Amortisation	-	-	(375)	(375)
Carrying amount at 30 June	<u>35,297</u>	<u>44,119</u>	<u>1,378</u>	<u>80,794</u>

	Economic Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
19. Payables				
Trade creditors	194	2	194	2
Grants and subsidies	-	11	-	11
Other	3,191	1,149	3,186	1,020
Total	3,385	1,162	3,380	1,033

20. Other financial liabilities

Current

Queensland Treasury Corporation borrowings	136	128	136	128
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Non-current

Queensland Treasury Corporation borrowings	139	276	139	276
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No assets have been pledged as security for any liabilities.

Loans are carried at face value, interest being recognised as an expense as it accrues. All borrowings are in \$A denominated amounts. Repayment is two years.

Principal and interest repayments are made quarterly in arrears.

The market value of borrowings as notified by Queensland Treasury Corporation was \$272,395. This represents the value of the debt if the Library repaid it in full at balance date.

21. Accrued employee benefits

Current

Recreation leave	1,137	1,108	1,137	1,108
Long service leave levy payable	127	62	127	62
Wages outstanding	304	280	304	280
Superannuation payable	36	31	36	31

Total	1,604	1,481	1,604	1,481
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Non-current

Recreation leave	385	369	385	369
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Total	385	369	385	369
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22. Other current liabilities

Unearned revenue	322	950	322	950
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Total	322	950	322	950
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23. Asset revaluation reserve by class

	Library Collections	Heritage & Cultural Assets	Total
	2007 \$000	2007 \$000	2007 \$000
Balance 1 July	8,494	28,946	37,440
Revaluation Increments	(33)	1,836	1,803
Balance 30 June	8,461	30,782	39,243

	Economic Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
24. Reconciliation of operating surplus/(deficit) to net cash provided by operating activities				
Operating Surplus/(Deficit)	(287)	2,561	1,284	1,815
Depreciation and amortisation expenses	513	447	513	447
Donated assets received	-	-	-	-
Loss on sale of property, plant and equipment	5	-	5	-
(Gain) on sale of property, plant and equipment	(26)	(22)	(26)	(22)
Net leave liabilities transferred	15	(58)	15	(58)
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in GST input tax credits receivable	(13)	76	(9)	76
Decrease in LSL reimbursement receivable	35	61	35	61
(Increase)/decrease in Interest receivable	(51)	21	(47)	35
(Increase) in other receivables	(571)	(111)	(2,692)	(88)
(Increase)/decrease in inventories	(145)	-	(145)	-
(Increase)/decrease in prepayments	82	(165)	82	(165)
Increase/(decrease) in accounts payable	2,223	49	2,347	(145)
Increase in accrued employee benefits	139	305	139	305
Increase/(decrease) in unearned revenue	(628)	942	(628)	950
Increase in GST payable	12	1	7	2
Net cash provided by operating activities	1,303	4,107	880	3,213

25. Non-cash financing and investing activities

Assets and liabilities donated to/transferred by the State Library and recognised as revenues and expenses (where applicable for the current year) are set out in Notes 4 and 8 respectively.

26. Commitments for Expenditure

(a) Non-cancellable operating lease commitments

	Economic Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:				
Not later than one year	357	1,603	357	1,603
Later than one year and not later than five years	1,538	1,018	1,538	1,018
Later than five years	135	1,551	135	1,551
	2,030	4,172	2,030	4,172

Operating leases are entered into as a means of acquiring access to office accommodation necessary for effective operations. Lease payments are generally fixed, but with escalation clauses on which contingent rentals are determined.

No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

(b) Expenditure Commitments

Payable				
• Not later than one year	10	2,844	10	2,844
• Later than one year and not later that five years	-	145	-	145
• Later than five years	-	-	-	-
	10	2,989	10	2,989

27. Contingencies

There are no known contingent assets or liabilities of a significant nature at balance date.

28. Controlled entity

The following entity is controlled by the Library Board of Queensland:

Name of Controlled Entity	Audit Arrangements
Queensland Library Foundation Inc	Auditor-General of Queensland

The assets, liabilities, revenues and expenses of the Queensland Library Foundation have been consolidated in these financial statements.

29. Events Occurring after Balance Date

There were no significant events occurring after balance date.

30. Financial Instruments – Economic Entity

Categorisation of Financial Instruments

The Board has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	
Receivables	Receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through the Profit and Loss (at nominal value)
Borrowings	Financial liability not at fair value through the Profit and Loss (at amortised cost)

Credit Risk Exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

There are no amounts offset as per AASB 132.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

The Board manages credit risk through the use of Management Reports. These reports aim to reduce the exposure to credit default by ensuring that the Board invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on a timely basis. The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and expected changes in client credit ratings.

The following table represents the Board's maximum exposure to credit risk based on contractual amounts net of any allowances as per AASB 139:

Maximum exposure to Credit Risk

	2007 \$000	2006 \$000
Financial Assets		
Cash	9,072	9,739
Receivables	1,555	967
Total	10,627	10,706

Past due or impaired

No collateral is held as security relating to the financial assets held by the Board. No credit enhancements relate to the financial assets held by the Board.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. Ageing of past due or impaired financial instruments are disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

30. Financial Instruments – Economic Entity (cont'd)

Liquidity Risk

The Board is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation.

The Board manages liquidity risk through the use of management reports. These reports aim to reduce the exposure to liquidity risk by ensuring the Board has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The contract maturity analysis is disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

Market Risk

The Agency does not trade in foreign currency and is not materially exposed to commodity price changes. The Agency is exposed to interest rate risk through its cash deposited in interest bearing accounts. Details have been disclosed in the liquidity and interest risk tables. The Agency does not undertake any hedging in relation to interest risk.

Fair Value

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and liabilities cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately below.
- The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
- The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately.
- The Board does not hold any available for sale financial assets.

The Agency has not offset any assets and liabilities.

The carrying amounts of all financial assets and financial liabilities are representative of their fair value. The fair value of borrowings is disclosed below.

Financial Instruments	2007		2006	
	Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
Financial Liabilities				
Queensland Treasury Corporation borrowings	275	275	404	404
Total	275	275	404	404

30. Financial Instruments – Economic Entity (cont'd)

The following table sets out the credit, liquidity and interest risks of financial instruments held by the Board in a format as it might be provided to management. The maturity amounts relate to the actual contractual payments before net present value calculation with the associated adjustment back to book value disclosed.

Credit, Liquidity and Interest Risk Tables

Maturity Date:

	Less than 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	Greater than 5 years \$000	Adjustment \$000	Carrying Amount \$000	Weighted Average Rate %
2007								
Financial Assets								
Non-interest bearing	1,555	-	-	-	-	-	1,555	n/a
Variable interest rate	9,072	-	-	-	-	-	9,072	6.59
Total	10,627	-	-	-	-	-	10,627	
Financial Liabilities								
Non-interest bearing	3,385	-	-	-	-	-	3,385	n/a
Variable interest rate	-	33	99	143	-	-	275	6.67
Total	3,385	33	99	143	-	-	3,660	
2006								
Financial Assets								
Non-interest bearing	967	-	-	-	-	-	967	n/a
Variable interest rate	9,739	-	-	-	-	-	9,739	5.91
Total	10,706	-	-	-	-	-	10,706	
Financial Liabilities								
Non-interest bearing	1,162	-	-	-	-	-	1,162	n/a
Variable interest rate	-	32	98	274	-	-	404	6.07
Total	1,162	32	98	274	-	-	1,566	

31. Collections as an Agent

Employees have authorised the Library to make deductions from salaries and wages, for on-payments to third parties. The collections for the year and the posting at balance date follow.

	2007 \$000	2006 \$000
Balance 1 July	-	-
Collections during reporting period	152	108
Distributions to principals during reporting period	(152)	(108)
Balance 30 June	-	-

Library Board of Queensland Certificate of the Library Board of Queensland

These general purpose financial statements have been prepared pursuant to section 46F (1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with section 46F (3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishment and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Library Board of Queensland and the consolidated entity for the financial year ended 30 June 2007, and of the financial position of the entity at the end of that year.

Emeritus Professor Roy Webb AO

Chairperson
Library Board of Queensland

27 September 2007

Bruce MacGregor

Director, Organisational Effectiveness
State Library of Queensland

27 September 2007

To the Library Board of Queensland

Report on the Financial Report

I have audited the accompanying financial report of the Library Board of Queensland, which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Chairperson and the Director, Organisational Effectiveness of the consolidated entity comprising the Board and the entities it controlled at the year's end or from time to time during the financial year.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

And audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) In my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Library Board of Queensland and the consolidated entity for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.

R W HODSON CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane, 28 September 2007