



Financial statements

National Residue Survey 2008–2009



Australian Government

Department of Agriculture, Fisheries and Forestry

Department of Agriculture, Fisheries and Forestry
National Residue Survey
Financial Statements
For the year ended 30 June 2009

Statement by the Chief Executive and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2009 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Conall O'Connell
Chief Executive

31 August 2009

Darren Schaeffer
Chief Finance Officer

31 August 2009



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Fisheries and Forestry

Scope

I have audited the accompanying financial statements of the National Residue Survey for the year ended 30 June 2009, which comprise: a Statement by the Chief Executive and Chief Finance Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Chief Executive for the Financial Statements

The Department of Agriculture, Fisheries and Forestry's Chief Executive is responsible for the preparation and fair presentation of the financial statements of the National Residue Survey in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements based on my audit. I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the National Residue Survey:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the National Residue Survey's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Alana Foster
Executive Director
Delegate of the Auditor-General
Canberra
1 September 2009

NATIONAL RESIDUE SURVEY**INCOME STATEMENT***for the period ended 30 June 2009*

	Notes	2008–09 \$'000	2007–08 \$'000
INCOME			
Revenue			
Revenue from Government	3A	675	754
Sale of goods and rendering of services	3B	173	119
Taxes, levies, fees and charges	3C	9 493	9 140
Interest	3D	1 144	966
Other revenue	3E	62	260
Total revenue		11 547	11 239
Gains			
Other gains	3F	403	302
Total gains		403	302
Total income		11 950	11 541
EXPENSES			
Employee benefits	4A	1 827	1 558
Suppliers	4B	6 972	5 681
Grants	4C	856	1 026
Depreciation and amortisation	4D	11	5
Finance costs	4E	1	-
Losses from sale of assets	4F	-	9
Industry equalisation account adjustments	4G	2 283	3 258
Total expenses		11 950	11 537
Surplus (Deficit)		-	4
Surplus (Deficit) attributable to the Australian Government		-	4

The above statement should be read in conjunction with the accompanying notes.

NATIONAL RESIDUE SURVEY

BALANCE SHEET

as at 30 June 2009

	Notes	2008–09 \$'000	2007–08 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A, 10	-	-
Trade and other receivables	5B	1 131	1 686
Investments	5C	19 000	15 700
Accrued revenue	5D	894	1 024
Total financial assets		21 025	18 410
Non-Financial Assets			
Infrastructure, plant and equipment	6A, 6B	43	38
Inventories	6C	15	20
Intangibles	6D, 6E	9	2
Other non-financial assets	6F	-	1
Total non-financial assets		67	61
Total Assets		21 092	18 471
LIABILITIES			
Payables			
Suppliers	7A	85	81
Other payables	7B	19 888	17 444
Total payables		19 973	17 525
Provisions			
Employee provisions	8A	540	380
Total provisions		540	380
Interest bearing liabilities			
Finance leases	9	21	8
Total interest bearing liabilities		21	8
Total Liabilities		20 534	17 913
NET ASSETS		558	558
EQUITY			
Contributed equity		158	158
Reserves		2	2
Accumulated surplus/(deficit)		398	398
Total Equity		558	558
Current assets		21 040	18 425
Non-current assets		52	46
Current liabilities		20 433	17 864
Non-current liabilities		101	49

The above statement should be read in conjunction with the accompanying notes.

**NATIONAL RESIDUE SURVEY
STATEMENT OF CHANGES IN EQUITY**
as at 30 June 2009

	Retained Earnings 2008-09 \$'000	Asset Revaluation Reserves 2008-09 \$'000	Other Reserves 2008-09 \$'000	Contributed Equity/Capital 2008-09 \$'000	Total Equity 2008-09 \$'000
Opening Balance as at 1 July					
Balance carried forward from previous period	398	2	-	158	558
Adjustment for errors	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	398	2	-	158	558
Income and Expense					
Revaluation adjustment	-	-	-	-	-
Income and expenses recognised directly in equity					
Surplus (Deficit) for the period	4	-	-	-	4
Total income and expenses attributable to the Australian Government	4	-	-	-	4
Transactions with Owners					
<i>Distributions to Owners</i>					
Returns on capital	-	-	-	-	-
Returns of capital	-	-	-	-	-
Other (give details)	-	-	-	-	-
<i>Contributions by Owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other (give details below)	-	-	-	-	-
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components					
	-	-	-	-	-
Closing balance as at 30 June attributable to the Australian Government	398	2	-	158	558

The above statement should be read in conjunction with the accompanying notes.

NATIONAL RESIDUE SURVEY

CASH FLOW STATEMENT

for the period ended 30 June 2009

	Notes	2008–09 \$'000	2007–08 \$'000
OPERATING ACTIVITIES			
Cash Received			
Goods and services		9 679	9 200
Appropriations		675	754
Interest		1 240	800
Net GST received		533	417
Net cash transferred from the Official Public Account		572	601
Other cash received		62	260
Total cash received		12 761	12 032
Cash Used			
Employees		1 630	1 741
Suppliers		6 964	5 429
Grants		856	1 026
Total cash used		9 450	8 196
Net cash from (used by) operating activities	10	3 311	3 836
INVESTING ACTIVITIES			
Cash Received			
Total cash received		-	-
Cash Used			
Purchase of Infrastructure, plant and equipment		-	33
Purchase of intangibles		8	1
Purchase of financial instruments		3 300	3 800
Total cash used		3 308	3 834
Net cash from (used by) investing activities		(3 308)	(3 834)
FINANCING ACTIVITIES			
Cash Received			
Total cash received		-	-
Cash Used			
Repayment of borrowings		3	2
Total cash used		3	2
Net cash from (used by) financing activities		(3)	(2)
Net increase (decrease) in cash held		-	-
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash and cash equivalents at the end of the reporting period	10	-	-

The above statement should be read in conjunction with the accompanying notes.

NATIONAL RESIDUE SURVEY
SCHEDULE OF COMMITMENTS
as at 30 June 2009

	2008-09 \$'000	2007-08 \$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	1 244	1 142
Total commitments receivable	<u>1 244</u>	<u>1 142</u>
Other Commitments		
Operating leases ¹	9	190
Project commitments ²	975	1 950
Goods and services contracts ³	13 297	11 006
Total other commitments	<u>14 281</u>	<u>13 146</u>
Net commitments by type	<u><u>13 037</u></u>	<u><u>12 004</u></u>
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	679	444
From one to five years	565	698
Total other commitments receivable	<u>1 244</u>	<u>1 142</u>
Commitments payable		
Operating Lease Commitments		
One year or less	9	114
From one to five years	-	76
Total operating lease commitments	<u>9</u>	<u>190</u>
Other Commitments		
One year or less	7 760	4 969
From one to five years	6 512	7 987
Total other commitments	<u>14 272</u>	<u>12 956</u>
Net commitments by maturity	<u><u>13 037</u></u>	<u><u>12 004</u></u>

NB: Commitments are GST inclusive where relevant.

¹ Operating Leases included are effectively non-cancellable and comprise:

Leases for motor vehicles for operations.	NRS is a party to the Commonwealth Fleet Management Agreement contract for the provision of vehicles from Leaseplan Australia Pty Ltd. An individual fixed rate is defined for each sub-agreement (vehicle). Retention of the vehicle past expiry date may result in a new lease sub-agreement.
Leases for office equipment.	There are no purchases or renewal options on these leases. The lease contains a clause allowing increases in line with CPI.

² Project Commitments recognise contractual obligations in relation to achieving departmental outcomes.

³ Goods and services commitments comprise contractual obligations of NRS and include the provision of Legal Services and IT Services.

The above schedule should be read in conjunction with the accompanying notes

**NATIONAL RESIDUE SURVEY
SCHEDULE OF CONTINGENCIES**

as at 30 June 2009

There were no quantifiable contingencies in 2008-09 (2007-08: nil)

The above schedule should be read in conjunction with the accompanying notes

NATIONAL RESIDUE SURVEY
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as at 30 June 2009

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NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 1: Objectives of the National Residue Survey

The National Residue Survey (NRS) is a Special Account and a separate function within the Department of Agriculture, Fisheries and Forestry (the department), which is an Australian Government controlled organisation.

NRS was established under the *National Residue Survey Administration Act 1992* (Cwth) for the purpose of monitoring and reporting the level of contaminants in food, inputs to production and/or the environment. NRS provides services to participating primary industries related to the monitoring and prevention of chemical residues in products from those industries. NRS services support export and domestic market access for animal and plant products of participating industries:

- through the delivery of risk-based residue testing programs that are structured to meet market requirements within a specified budget; and
- through the provision of scientific advice to relevant stakeholders on residues and the management of residue-related issues.

NRS contributes to the outcome of the department. The departmental outcome is as follows:

- Australian agricultural, fisheries and forestry industries that are based on sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to markets, are protected from diseases and are underpinned by scientific advice and economic research.

NRS' activities are identified through the department's outcome and contribute to one output, being:

- Access to markets.

As a function of the department accounted for as a Special Account, continuation of NRS in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for NRS' administration and programs.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 2: Summary of Significant Accounting Policies

2.1 Basis of preparation of the financial statements

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are a general purpose financial report.

The statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the *Finance Minister's Orders for Financial Reporting*, for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified. The notes disclosing the full amount are:

- Note 11 Act of Grace Payments, Waivers and Defective Administration Scheme;
- Note 12 Executive Remuneration;
- Note 13 Remuneration of Auditors; and
- Note 18 Appropriations.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when, and only when, it is probable that future economic benefits will flow to NRS or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 17).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

2.2 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

2.3 Changes in Australian Accounting Standards

- i. *Adoption of new Australian Accounting Standard requirements*

In the current period no accounting standard has been adopted earlier than the application date as stated in the standards.

NATIONAL RESIDUE SURVEY
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Of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current financial year none have had a material financial impact on NRS.

ii. Future Australian Accounting Standard requirements

Of the new standards, amendments to standards and interpretations issued by the AASB that will become applicable in future periods, none are expected to have a material impact on NRS.

2.4 Revenue

i. Revenue from government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions or reductions) are recognised as revenue when NRS gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

ii. Resources received free of charge

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements.

iii. Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to NRS.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any allowance for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provision is made when collectability of the debt is no longer probable.

Levies are collected by the department on behalf of industry and are disbursed to NRS' Special Account. The levels of levy revenue and disbursement during the year are monitored by the department with reference to production forecasts prepared by the Australian Bureau of Agricultural and Resource Economics and the Australian Bureau of Statistics which are refined progressively during the production year. Levy revenues and disbursements have been accounted for on an accrual basis.

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

2.5 Gains

i. Other resources received free of charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the resources would have been purchased if they had not been donated. They are recognised as gains when they are generated other than in the course of the ordinary activities of NRS. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements. Restructuring is addressed in Note 2.6.

ii. Sale of assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

2.6 Transactions with the Government as owner

i. Equity injections

Amounts appropriated which are designated as 'equity injections' in a year (less any formal reductions) are recognised directly in contributed equity in that year.

ii. Re-structuring of administrative arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

iii. Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. NRS has not made any distribution.

2.7 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

i. Leave

The liability for employee benefits includes provision 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 in future years by employees of NRS is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that apply at the time the leave is taken, including NRS' employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2009. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. Future determinations are proposed to be completed by ongoing annual actuarial assessments.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

ii. Separation and redundancy

Provision is made for separation and redundancy benefit payments. NRS recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

NRS had no formal plan for separations or redundancies and has made no provision for separations or redundancies as at 30 June 2009 (2007–08: nil).

iii. Superannuation

Most staff of the NRS are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

NRS makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of NRS' employees. NRS accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

2.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. Under operating leases, the lessor effectively retains substantially all risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

2.9 Borrowing costs

All borrowing costs are expensed as incurred.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

2.10 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

2.11 Financial risk management

NRS' activities expose it to normal commercial financial risk. As a result of the nature of NRS' business, and internal and Australian Government policies dealing with the management of financial risk, NRS' exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

2.12 Investments

Investments are initially measured at their fair value. After initial recognition, financial investments are to be measured at their fair values except for:

- loans and receivables which are measured at amortised cost using the effective interest method;
- held-to-maturity investments which are measured at amortised cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which are measured at cost.

2.13 De-recognition of financial assets and liabilities

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are de-recognised when the obligation under the contract is discharged, cancelled or expires.

2.14 Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

i. Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

ii. Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

iii. Available for sale financial assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

2.15 Interest-bearing loans and borrowings

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

2.16 Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

2.17 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or an asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable, but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

2.18 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

2.19 Infrastructure, plant and equipment

i. Asset recognition threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$5 000, 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, and management consider capitalisation appropriate).

The threshold was increased in the current financial year from \$2 000 to better reflect reasonable asset value and to improve asset management by NRS. The changed threshold has been applied retrospectively and this resulted in the write-off of 7 assets from NRS' corporate fixed asset register. The financial impact

**NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2009

for NRS of the threshold change was a reduction in fixed assets (\$0.006m) offset by an increase in receivables to reflect the decision to absorb costs of the change at a corporate level.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

ii. Revaluation basis

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Assets are revalued on a class basis, with the exception of intangible assets, which are not revalued and are disclosed at cost. Following initial recognition at cost, infrastructure, plant and equipment assets are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Formal valuations are conducted by an independent qualified valuer.

Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the operating result. Revaluation decrements for a class of assets are recognised directly through the operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset re-stated to the revalued amount.

iii. Revaluation frequency

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Valuations undertaken in each year are as at 30 June.

Land and building assets are subject to formal revaluation every three years. Infrastructure, plant and equipment assets are subject to formal revaluation every four years. The last independent revaluation was performed by the Australian Valuation Office as at 30 June 2009.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

iv. *Asset revaluation threshold*

A revaluation threshold of \$10 000 and a remaining useful life of one year or more is used to identify assets requiring revaluation. This threshold was adopted on previous occasions where asset revaluations were completed.

v. *Depreciation*

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to NRS using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset group	2008-09	2007-08
Buildings on freehold land	40 to 50 years	40 to 50 years
Leasehold improvements	Lesser of estimated useful life or unexpired lease term	Lesser of estimated useful life or unexpired lease term
Information technology	3 to 4 years	3 to 4 years
Other plant and equipment	3 to 15 years	3 to 15 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4D.

vi. *Impairment*

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing. Where assets costing more than \$10 000 are not carried at up-to-date fair value, assessment for indication of impairment is carried out at balance date. Where indications of impairment exist, the recoverable amount of the asset is estimated and an impairment adjustment made if the recoverable amount of the asset is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell the asset and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if NRS were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Non-current assets costing less than \$10 000 are not subject to impairment testing, as any impairment loss attributable to these assets would not result in a material restatement of asset balances.

No assets were found to be carried above their cost of replacement or to be impaired at 30 June 2009 (2007-08: nil).

**NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2009

2.20 Intangibles

NRS' intangibles comprise purchased and internally developed software for use in NRS' activities. Intangibles include computer software, such as computer models (for economic and scientific analysis) and other intellectual property. Computer software which has been purchased at a value of \$5 000 or more is brought to account on the historical cost basis. Other intangibles costing \$5 000 or more with a useful life of greater than one year are brought to account when the historical cost can be reliably determined. Internally developed software is brought to account where the amount capitalised exceeds \$50 000 and \$20 000 for an enhancement to existing software.

Intangibles are carried at cost less accumulated amortisation and accumulated impairment losses.

All software assets costing more than \$10 000 were assessed for indications of impairment as at 30 June 2009. No indication of impairment was identified and no write-down of the carrying amount of intangible assets was required (2007–08: nil).

Intangible assets are amortised over their useful lives using a straight line method. The average useful lives are:

Asset group	2008–09	2007–08
Purchased software	3 years	3 years
Internally developed software	5 years	5 years

The aggregate amount of amortisation allocated for each class of asset during the reporting period is disclosed in Note 4D.

2.21 Inventories

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

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Inventories are brought to account if they are individually greater than \$1 000 or where the aggregate value of a particular store exceeds \$5 000. Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- Raw material and stores – purchase cost on a first in first out basis.
- Finished goods and work in progress – costs of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost, or nominal consideration, are initially measured at current replacement cost at the date of acquisition.

2.22 Industry rebates and program results

Industry funds for NRS' activities are predominantly received by way of commodity levies. All industry funds received are separately accounted for through the use of industry equalisation accounts, which ensure that no cross-subsidisation occurs between one industry and another.

NATIONAL RESIDUE SURVEY
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for the period ended 30 June 2009

The balance of monies standing to the credit of each industry in the NRS Special Account will be applied to future expenditure programs as agreed under the *National Residue Survey Administration Act 1992 (Cwlth)*. As such, unspent funds are recognised as an industry rebate liability. Agreements have been reached with industry to apply unspent funds to new or enhanced programs or to reducing future levy rates. Letters are also sent at the end of each financial year to all industries with a financial report for the current year and the budget for the next year for the relevant industries to endorse.

2.23 Special Account balances

Special Accounts represent public money which has been set aside for purposes under an enactment or as determined by the Finance Minister.

NRS operations are recorded in the National Residue Survey Special Account.

Accounting treatments and disclosures for the NRS Special Account have been included in the department's assets, liabilities, revenues and expenses.

2.24 Reporting by outcomes

NRS activities are incorporated in the outcomes statement reported by the department at Note 28 of the department's financial statements. The net cost to budget outcomes shown includes intra-government costs that are eliminated in calculating the actual budget outcome for the Government overall.

2.25 Taxation/competitive neutrality

i. Taxation

NRS is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

ii. Competitive neutrality

As a business operation of an Australian Government department, NRS is not subject to taxation other than the GST and FBT. However, competitive neutrality arrangements require NRS to make payments for services rendered by the Australian National Audit Office to the Commonwealth.

2.26 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

2.27 Insurance

NRS has insured for risks through the Government's insurable risk managed fund, Comcover. Workers' compensation is insured through the Government's Comcare Australia.

**NATIONAL RESIDUE SURVEY
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for the period ended 30 June 2009

2.28 Economic dependency

NRS operates on a cost recovery basis in respect of its industry clients. However, as an Australian Government agency, it has community service obligations and is dependent on an annual appropriation to meet these obligations

2.29 Dividends

The memorandum of understanding between the NRS and the Department of Finance and Deregulation specifies that NRS is not required to pay a dividend.

2.30 Comparative figures

Comparative figures conform to presentation requirements for financial statements as required on adoption of AASB Equivalents to International Financial Reporting Standards from 2005–06. In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* certain comparative figures have been changed to reflect adjustments in classification.

In 2008–09 there were some additional classifications within the Expenses class for superannuation and within the Assets class for supplier receivables, which have also been reflected in the comparative with the totals for expenses and assets remaining unchanged. There was a reclassification of superannuation and accrued salaries from employee provisions to payables which have also been reflected in the comparative with the total for liabilities remaining unchanged.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 3: Income		
<u>Revenue</u>		
<u>Note 3A: Revenue from Government</u>		
Appropriation:		
- Departmental outputs	675	754
Total revenue from Government	675	754
<u>Note 3B: Sale of goods and rendering of services</u>		
Rendering of services:		
Rendering of services - related entities	-	1
Rendering of services - external parties	173	118
Total rendering of services	173	119
Total sale of goods and rendering of services	173	119
<u>Note 3C: Taxes, levies, fees and charges</u>		
Levies	9 493	9 140
<u>Note 3D: Interest</u>		
Deposits	1 144	966
<u>Note 3E: Other revenue</u>		
Other	62	260
<u>Gains</u>		
<u>Note 3F: Other gains</u>		
Resources received free of charge	403	302
Total other gains	403	302

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 4: Expenses		
<u>Note 4A: Employee benefits</u>		
Wages and salaries	1 367	1 214
Superannuation		
Defined contribution plans	35	35
Defined benefit plans	187	176
Leave and other entitlements	171	133
Other employee benefits	67	-
Total employee benefits	1 827	1 558
<u>Note 4B: Suppliers</u>		
Provision of goods - related entities	1 335	1 960
Provision of goods - external parties	813	3 259
Rendering of services - related entities	1 767	40
Rendering of services - external parties	2 927	325
Workers' compensation premiums	23	15
Operating lease rentals - related entities:		
Minimum lease payments	86	-
Operating lease rentals - external parties:		
Minimum lease payments	21	82
Total supplier expenses	6 972	5 681
<u>Note 4C: Grants</u>		
Public sector:		
Australian Government Entities (related entities)	-	17
State and Territory Governments	129	99
Private sector:		
Non-profit organisations	727	910
Total grant expenses	856	1 026
<u>Note 4D: Depreciation and amortisation</u>		
The aggregate amounts of depreciation and amortisation expensed during the year for each class of depreciable asset are as follows:		
Depreciation:		
Infrastructure, plant and equipment	10	4
Total depreciation	10	4
Amortisation:		
Intangibles:		
Computer software - internally developed	1	1
Total amortisation	1	1
Total depreciation and amortisation	11	5

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 4: Expenses (continued)		
<u>Note 4E: Finance costs</u>		
Finance leases	1	-
Total finance costs	<u>1</u>	<u>-</u>
<u>Note 4F: Losses from sale of assets</u>		
Infrastructure, plant and equipment:		
Proceeds from sale	-	-
Carrying value of assets sold	-	9
Selling expense	-	-
Net loss on disposal of infrastructure, plant and equipment	<u>-</u>	<u>9</u>
Total carrying value of assets sold	-	9
Total net loss from sale of assets	<u>-</u>	<u>9</u>
<u>Note 4G: Industry equalisation account adjustments</u>		
Transfers to Industry Equalisation Accounts	<u>2 283</u>	<u>3 258</u>

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
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NOTE 5: Financial Assets

Note 5A: Cash and cash equivalents

Total cash and cash equivalents

-	-
---	---

Under the Budget & Estimates Framework agencies are required to transfer to the Department of Finance and Deregulation (Finance) all cash deposits above a pre-defined threshold. NRS had a balance of \$1.1m (2007-08: \$1.6m) held by Finance as at 30 June 2009. These monies are recognised as an appropriation receivable and are available for redraw as required.

Note 5B: Trade and other receivables

Goods and services - related entities

-	26
---	----

Goods and services - external parties

31	-
----	---

Total receivables for goods and services

31	26
----	----

Total receivables for goods and services (net)

31	26
----	----

GST receivable from the Australian Taxation Office

44	32
----	----

Appropriation receivable

1 056	1 628
-------	-------

Total trade and other receivables (net)

1 131	1 686
-------	-------

Trade and other receivables are represented by:

Current

1 131	1 686
-------	-------

Non-current

-	-
---	---

Total trade and other receivables (net)

1 131	1 686
-------	-------

Receivables (gross) are aged as follows:

Not overdue

1 106	1 686
-------	-------

Overdue by:

Less than 30 days

25	-
----	---

30 to 60 days

-	-
---	---

61 to 90 days

-	-
---	---

More than 90 days

-	-
---	---

Non-current receivable

-	-
---	---

Total trade and other receivables (gross)

1 131	1 686
-------	-------

Note 5C: Investments

Negotiable certificates of deposit

19 000	15 700
--------	--------

Total investments

19 000	15 700
--------	--------

All negotiable certificates of deposit are current assets.

Note 5D: Accrued revenue

Accrued interest

351	447
-----	-----

Goods and services

543	577
-----	-----

Total accrued revenues

894	1 024
-----	-------

All accrued revenues are current assets.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 6: Non-Financial Assets		
<u>Note 6A: Infrastructure, plant and equipment</u>		
Infrastructure, plant and equipment:		
- gross carrying value (at fair value)	32	32
- accumulated depreciation	(6)	(2)
- work in progress	-	-
Total infrastructure, plant and equipment not under finance lease	26	30
Infrastructure, plant and equipment under finance lease:		
- gross carrying value (at fair value)	27	12
- accumulated depreciation	(10)	(4)
Total infrastructure, plant and equipment under finance lease	17	8
Total infrastructure, plant and equipment (non-current)	43	38

No indicators of impairment were found for infrastructure, plant and equipment.

**NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2009

NOTE 6: Non-Financial Assets (continued)

Note 6B: Analysis of property, plant and equipment

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Land \$'000	Buildings - on freehold land \$'000	Buildings - leasehold improvements \$'000	Total buildings \$'000	Total land and buildings \$'000	Infrastructure, plant and equipment \$'000	Total \$'000
As at 1 July 2008							
Gross book value	-	-	-	-	-	44	44
Accumulated depreciation	-	-	-	-	-	(6)	(6)
Net book value 1 July 2008	-	-	-	-	-	38	38
Additions - by purchase	-	-	-	-	-	-	-
Additions - by finance lease	-	-	-	-	-	15	15
Internally developed	-	-	-	-	-	-	-
Restoration (make-good)	-	-	-	-	-	-	-
Revaluations and impairments through equity	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	-	(10)	(10)
Impairments recognised in the operating result	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Disposals (written off) - gross book value	-	-	-	-	-	-	-
Disposals (written off) - accumulated depreciation	-	-	-	-	-	-	-
Disposals (by sale) - gross book value	-	-	-	-	-	-	-
Disposal (by sale) - accumulated depreciation	-	-	-	-	-	-	-
Gross book value as at 30 June 2009	-	-	-	-	-	59	59
Accumulated depreciation	-	-	-	-	-	(16)	(16)
Net book value 30 June 2009	-	-	-	-	-	43	43

**NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2009

NOTE 6: Non-Financial Assets (continued)

Note 6B: Analysis of property, plant and equipment (continued)

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Land \$'000	Buildings - on freehold land \$'000	Buildings - leasehold improvements \$'000	Total buildings \$'000	Total land and buildings \$'000	Infrastructure, plant and equipment \$'000	Total \$'000
As at 1 July 2007							
Gross book value	-	-	-	-	-	75	75
Accumulated depreciation	-	-	-	-	-	(54)	(54)
Net book value 1 July 2007							
Additions - by purchase	-	-	-	-	-	21	21
Additions - by finance lease	-	-	-	-	-	21	21
Internally developed	-	-	-	-	-	9	9
Revaluations and impairments through equity	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	-	(4)	(4)
Impairments recognised in the operating result	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Disposals (written off) - gross book value	-	-	-	-	-	(61)	(61)
Disposals (written off) - accumulated depreciation	-	-	-	-	-	52	52
Disposals (by sale) - gross book value	-	-	-	-	-	-	-
Disposals (by sale) - accumulated depreciation	-	-	-	-	-	-	-
Gross book value as at 30 June 2008							
Accumulated depreciation							
Net book value 30 June 2008							

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 6: Non-Financial Assets (continued)		
<u>Note 6C: Inventories</u>		
Inventories held for distribution	15	20
Total inventories (current)	15	20

During 2008-09, \$24 690 of inventory held for distribution was recognised as an expense (2007-08: \$42 750).

No items of inventory are recognised at fair value less cost to sell.

Note 6D: Intangibles

Computer software purchased:		
- at cost	13	5
- accumulated amortisation	(6)	(5)
Total computer software purchased	7	-
Computer software internally developed:		
- at cost	519	519
- accumulated amortisation	(517)	(517)
Total computer software internally developed	2	2
Total intangibles (non-current)	9	2

No indicators of impairment were found for intangible assets.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 6: Non Financial Assets (continued)

Note 6E: Analysis of intangibles

Table A - Reconciliation of the opening and closing balances of intangibles (2008-09)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2008			
Gross book value	519	5	524
Accumulated depreciation/amortisation and impairment	(517)	(5)	(522)
Net book value 1 July 2008	2	-	2
Additions - by purchase ¹	-	8	8
Additions - by finance lease	-	-	-
Internally developed	-	-	-
Additions - from acquisitions of entities or operations (incl restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation	-	(1)	(1)
Recoverable amount write-downs	-	-	-
Other movements	-	-	-
Disposals (written off) - gross book value	-	-	-
Disposals (written off) - accumulated amortisation	-	-	-
Gross book value as at 30 June 2009	519	13	532
Accumulated amortisation	(517)	(6)	(523)
Net book value 30 June 2009	2	7	9

¹ Represents off the shelf software purchased as part of an internally developed software package.

**NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 6: Non Financial Assets (continued)

Note 6E: Analysis of intangibles (continued)

Table A - Reconciliation of the opening and closing balances of intangibles (2007-08)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2007			
Gross book value	519	33	552
Accumulated depreciation/amortisation and impairment	(516)	(33)	(549)
Net book value 1 July 2007	3	-	3
Additions - by purchase ¹	46	-	46
Additions - by finance lease	-	-	-
Internally developed	-	-	-
Additions - from acquisitions of entities or operations (incl restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation	(1)	-	(1)
Recoverable amount write-downs	-	-	-
Other movements	-	-	-
Disposals (written off) - gross book value	(46)	(28)	(74)
Disposals (written off) - accumulated amortisation	-	28	28
Gross book value as at 30 June 2008	519	5	524
Accumulated amortisation	(517)	(5)	(522)
Net book value 30 June 2008	2	-	2

¹ Represents off the shelf software purchased as part of an internally developed software package.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 6: Non-Financial Assets (continued)

Note 6F: Other non-financial assets

Prepayments

Total other non-financial assets

	2008-09 \$'000	2007-08 \$'000
Prepayments	-	1
Total other non-financial assets	-	1

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 7: Payables		
<u>Note 7A: Suppliers</u>		
Trade creditors	79	77
Workers' compensation	6	4
Total supplier payables	85	81
All supplier payables are current liabilities.		
Supplier payables - related entities are represented by:		
Current	42	48
Non-current	-	-
Supplier payables - external parties are represented by:		
Current	43	33
Non-current	-	-
Total supplier payables	85	81
Settlement is usually made net 30 days		
<u>Note 7B: Other payables</u>		
Industry rebates	19 299	17 017
Unearned income	-	30
Accrued expenses	513	355
Salaries and wages	27	17
Superannuation	49	25
Total other payables	19 888	17 444
All other payables are current liabilities.		
Total payables	19 973	17 525

For 2008-09, Salaries & Wages and Superannuation have been reclassified as payables. In 2007-08 these were included under Employee Provisions. The 2007-08 comparatives have also been reclassified.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 8: Provisions		
<u>Note 8A: Employee Provisions</u>		
Leave	540	380
Total employee provisions	540	380
Employee provisions are represented by:		
Current	449	336
Non-current	91	44
Total employee provisions	540	380
For 2008-09, Salaries & Wages and Superannuation have been reclassified as payables. In 2007-08 these were included under Employee Provisions. The 2007-08 comparatives have also been reclassified.		
Total provisions are represented by:		
Current	449	336
Non-current	91	44
Total provisions	540	380

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 9: Interest Bearing Liabilities		
Finance leases	21	8
Total interest bearing liabilities	21	8
Payable:		
Within one year	11	3
Minimum lease payments	12	3
Deduct: future finance charges	(1)	-
In one to five years	10	5
Minimum lease payments	11	5
Deduct: future finance charges	(1)	-
Finance leases recognised on the balance sheet	21	8
Interest bearing liabilities are represented by:		
Current	11	3
Non-current	10	5
Total interest bearing liabilities (net)	21	8

Finance leases are for computer equipment provided under an outsourced IT service contract. The leases are for periods of three or four years depending on the equipment. NRS does not guarantee the residual values of the leased assets.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2008-09 \$'000	2007-08 \$'000
NOTE 10: Cash Flow Reconciliation		
(a) Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Reported cash and cash equivalents as per:		
Cash Flow Statement	-	-
Balance Sheet	-	-
Difference	-	-
(b) Reconciliation of operating result to net cash from operating activities		
Operating result	-	4
Depreciation / amortisation	11	5
Loss / (Gain) on disposal of assets	-	9
Decrease / (increase) in net receivables	555	599
Decrease / (increase) in other financial assets	130	(242)
Decrease / (increase) in other non-financial assets	1	(1)
Decrease / (increase) in inventories	5	30
Increase / (decrease) in employee provisions	160	(146)
Increase / (decrease) in supplier payables	4	36
Increase / (decrease) in other payables	2 445	3 542
Net cash from / (used by) operating activities	3 311	3 836
	\$	\$
NOTE 11: Act of Grace Payments, Waivers, Write-offs and Defective Administration Scheme		
No Act of Grace payments were made during the reporting period (2007-08: 0).	-	-
No waivers of amounts owing to the Commonwealth were made pursuant to sub-section 34(1) of the FMA Act (2007-08: 0).	-	-
No payments were made under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA) during the reporting period (2007-08: 0).	-	-

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

2008-09	2007-08
\$	\$

NOTE 12: Senior Executive Remuneration

During 2008-09 and 2007-08 there were no Executives who received or were due to receive total remuneration of \$130,000 or more.

NOTE 13: Remuneration of Auditors

Financial statement audit services are provided by the Australian National Audit Office. The NRS operates through the NRS Special Account and is required to remit an amount equivalent to the cost of these audits to the Official Public Account. The fair value of the audit services provided was

- at cost	20 000	18 200
- resource received free of charge	-	-
	20 000	18 200
	20 000	18 200

The Australian National Audit Office provided no other services to NRS in 2008-09.

The at cost payments made are competitive neutrality payments.

NOTE 14: Events After Balance Date

There were no significant events occurring after balance date.

NOTE 15: Interest in Cooperative Research Centre

The NRS does not have any interest in Cooperative Research Centres.

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

NOTE 16: Departmental Financial Instruments

2008-09	2007-08
\$'000	\$'000

Note 16A: Categories of Financial Instruments**Financial Assets**

Held-to-maturity

Negotiable securities	19 000	15 700
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Loans and receivables

Trade receivables	31	26
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Accrued revenue ¹	351	447
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Carrying amount of financial assets

19 382	16 173
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Financial Liabilities ²

At amortised cost:

Trade Creditors	598	436
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Finance Leases	21	8
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Carrying amount of financial liabilities

619	444
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¹ Comparatives were restated to remove NRS statutory accrued revenue incorrectly included in the financial instruments note.

² Comparatives were restated to remove lease incentive liability and industry rebates incorrectly included in the financial instruments note.

Note 16B: Net income and expenses from financial assets

Held-to-maturity

Interest revenue	1 144	966
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Net gain/(loss) from financial assets

1 144	966
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Note 16C: Net income and expenses from financial liabilities

Other Liabilities

Interest expense	1	-
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Net gain/(loss) from financial liabilities

1	-
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NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

NOTE 16: Departmental Financial Instruments (continued)

Note 16D: Fair value of financial instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2008-09	2008-09	2007-08	2007-08
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Negotiable securities	19 000	19 000	15 700	15 700
Trade receivables	31	31	26	26
Accrued revenue	351	351	447	447
Total financial assets	19 382	19 382	16 173	16 173
FINANCIAL LIABILITIES				
Trade Creditors	598	598	436	436
Finance Leases	21	21	8	8
Total financial liabilities	619	619	444	444

Financial assets

The net value of all monetary financial assets approximate their carrying amounts. The net fair value of loans and receivables are considered to be at their carrying amounts, as all loans waivers have been written off and provision has been made for all doubtful debts. Investments in negotiable securities are carried at cost, as it is intended to hold them to maturity.

Financial liabilities

The net fair value of all monetary financial liabilities are approximated by their carrying amounts. Trade creditors and accruals are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured. Finance leases are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rate is the incremental borrowing rate.

NATIONAL RESIDUE SURVEY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the period ended 30 June 2009***NOTE 16: Departmental Financial Instruments (continued)**Note 16E: Credit Risk

The NRS is exposed to minimal credit risk as loans and receivables are cash, trade receivables, and negotiable securities. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2008-09: \$31 239 and 2007-08: \$26 242). As NRS is not exposed to the risk of default on payment, there has been no allocation of an impairment allowance account. NRS manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, NRS has policies and procedures that guide employees debt recovery techniques that are to be applied. NRS holds no collateral to mitigate against credit risk.

The maximum exposure to credit risk is outlined in the table below.

	2008-09 \$'000	2007-08 \$'000
FINANCIAL ASSETS		
Negotiable securities	19 000	15 700
Trade receivables	31	26
Accrued revenue	351	447
Total financial assets	19 382	16 173
FINANCIAL LIABILITIES		
Trade Creditors	598	436
Finance Leases	21	8
Total financial liabilities	619	444

NRS has assessed that there is no risk of the default in payment and has therefore not allocated any impairment allowance that is classified as a financial instrument per AASB 139.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2008-09 \$'000	Not past due nor impaired 2007-08 \$'000	Past due and not impaired 2008-09 \$'000	Past due and not impaired 2007-08 \$'000
FINANCIAL ASSETS				
Negotiable securities	19 000	15 700	-	-
Trade receivables	6	26	25	-
Accrued revenue	351	447	-	-
Total financial assets	19 357	16 173	25	-
FINANCIAL LIABILITIES				
Trade Creditors	598	436	-	-
Finance Leases	21	8	-	-
Total financial liabilities	619	444	-	-

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

NOTE 16: Departmental Financial Instruments (continued)

Note 16E: Credit Risk (continued)

Ageing of financial assets that are past due but not impaired for 2008-09

	0 to 30 days 2008-09 \$'000	31 to 60 days 2008-09 \$'000	61 to 90 days 2008-09 \$'000	90+ days 2008-09 \$'000	Total 2008-09 \$'000
FINANCIAL ASSETS					
Trade receivables	25	-	-	-	25
Total financial assets	25	-	-	-	25

Ageing of financial assets that are past due but not impaired for 2007-08

There were no assets that are past due but not impaired for 2007-08

Note 16F: Liquidity Risk

The financial liabilities of NRS are trade creditors and finance leases. The exposure to liquidity risk is based on the notion that NRS will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to NRS and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

NRS receives appropriation funding from the Australian Government through the department. NRS manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, NRS has policies in place to ensure timely payments are made when due and has no past experience of default.

The following tables illustrate the maturities for financial liabilities.

	On Demand 2008-09 \$'000	Within 1 Year 2008-09 \$'000	1 to 5 Years 2008-09 \$'000	>5 Years 2008-09 \$'000	Total 2008-09 \$'000
FINANCIAL LIABILITIES					
Trade Creditors	-	598	-	-	598
Finance Leases	-	11	10	-	21
Total financial liabilities	-	609	10	-	619

	On Demand 2007-08 \$'000	Within 1 Year 2007-08 \$'000	1 to 5 Years 2007-08 \$'000	>5 Years 2007-08 \$'000	Total 2007-08 \$'000
FINANCIAL LIABILITIES					
Trade Creditors	-	436	-	-	436
Finance Leases	-	3	5	-	8
Total financial liabilities	-	439	5	-	444

Note 16G: Market Risk

NRS holds basic financial instruments that do not expose the NRS to certain market risks. NRS is not exposed to 'Currency risk' or 'Other

Interest rate risk

The only interest-bearing items on the balance sheet are negotiable securities and finance leases. All bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 17: Contingent Liabilities and Assets

Quantifiable Contingencies

Liabilities

NRS has no quantifiable contingencies at 30 June 2009 (30 June 2008: nil).

Assets

NRS has no quantifiable contingencies at 30 June 2009 (30 June 2008: nil).

Unquantifiable Contingencies

Liabilities

NRS has no unquantifiable contingencies at 30 June 2009 (30 June 2008: nil).

Assets

NRS has no unquantifiable contingencies at 30 June 2009 (30 June 2008: nil).

Remote Contingencies

Liabilities

NRS has no remote contingencies at 30 June 2009 (30 June 2008: nil).

Assets

NRS has no remote contingencies at 30 June 2009 (30 June 2008: nil).

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

NOTE 18: Appropriations

NRS is a Special Account and a separate reporting entity within the Department of Agriculture, Fisheries and Forestry. Amounts appropriated for NRS outputs are included in the appropriation acts of the department. Please refer to Note 27 of the department's financial statements for appropriation disclosure and details on the operations of the Special Account.