

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

for the period ended 30 June 2008

	2007-08 \$'000	2006-07 \$'000
NOTE 6: Non Financial Assets (continued)		
<u>Note 6C: Inventories</u>		
Inventories held for distribution	20	50
Total inventories (current)	<u>20</u>	<u>50</u>

During 2007-08 \$42 750 of inventory held for distribution was recognised as an expense (2006-07 \$38 559).

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

Note 6D: Intangibles

Computer software purchased:

- at cost	14	42
- accumulated amortisation	(14)	(42)

Computer software internally developed:

- at cost	519	519
- accumulated amortisation	(517)	(517)

Total computer software internally developed

	<u>2</u>	<u>2</u>
Total intangibles (non-current)	<u>2</u>	<u>2</u>

No indicators of impairment were found for intangible assets.

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for the period ended 30 June 2008

NOTE 6: Non Financial Assets (continued)

Note 6E: Analysis of intangibles

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	42	561
Accumulated depreciation/amortisation and impairment	(517)	(42)	(559)
Net book value 1 July 2007	2	-	2
Additions - by purchase	1	-	1
Additions - by finance lease	-	-	-
Internally developed	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation	(1)	-	(1)
Recoverable amount write-downs	-	-	-
Disposals (written off) - gross book value	-	(28)	(28)
Disposals (written off) - accumulated depreciation	-	28	28
Gross book value as at 30 June 2008	519	14	533
Accumulated amortisation	(517)	(14)	(531)
Net book value 30 June 2008	2	-	2

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NOTE 6: Non Financial Assets (continued)

Note 6E: Analysis of intangibles (continued)

Table A - Reconciliation of the opening and closing balances of intangibles (2006-07)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2006			
Gross book value	515	42	567
Accumulated depreciation/amortisation and impairment	(486)	(42)	(528)
Net book value 1 July 2006	33	-	33
Additions - by purchase	-	-	-
Additions - by finance lease	-	-	-
Internally developed	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation	(31)	-	(31)
Recoverable amount write-downs	-	-	-
Disposals (written off) - gross book value	-	-	-
Disposals (written off) - accumulated depreciation	-	-	-
Gross book value as at 30 June 2007	515	42	567
Accumulated amortisation	(517)	(42)	(559)
Net book value 30 June 2007	2	-	2

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	2007-08	2006-07
	\$'000	\$'000

NOTE 6: Non Financial Assets (continued)

Note 6F: Other non-financial assets

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.

NOTE 7: Payables

Note 7A: Suppliers

Trade creditors	77	44
Workers' compensation	4	2
Total supplier payables	81	46

All supplier payables are current liabilities.

Note 7B: Other payables

Industry rebates	17 017	13 756
Unearned income	30	4
Accrued expenses	355	60
Total other payables	17 402	13 822

All other payables are current liabilities.

Total payables	17 483	13 868
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NOTE 8: Provisions

Note 8A: Employee Provisions

Salaries and wages	17	11
Leave	380	526
Superannuation	25	69
Total employee provisions	422	606

Employee provisions are represented by:

Current	378	519
Non-current	44	87
Total employee provisions	422	606

The classification of current employee provisions includes amounts for which there is no unconditional right to defer settlement. Therefore, in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled within twelve months from reporting date total \$140 000 (2007: \$172 000), in excess of one year total \$282 000 (2007: \$434 000).

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	2007-08 \$'000	2006-07 \$'000
NOTE 9: Interest bearing liabilities		
Finance leases	8	10
<i>Total interest bearing liabilities</i>	8	10
Payable:		
Within one year		
Minimum lease payments	3	9
Deduct: future finance charges	-	-
In one to five years		
Minimum lease payments	5	1
Deduct: future finance charges	-	-
<i>Finance leases recognised on the balance sheet</i>	8	10
Lease liability is represented by:		
Current	3	9
Non-current	5	1
<i>Net lease liability</i>	8	10

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

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for the period ended 30 June 2008

	2007-08 \$'000	2006-07 \$'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	73
Depreciation / amortisation	6	55
Gain on disposal of assets	9	-
Decrease / (increase) in net receivables	599	(2 207)
Decrease / (increase) in other financial assets	(242)	(170)
Decrease / (increase) in other non-financial assets	(1)	1
Decrease / (increase) in inventories	30	21
Increase / (decrease) in employee provisions	(184)	29
Increase / (decrease) in supplier payables	35	(4)
Increase / (decrease) in other payables	3 580	1 755
Net cash from / (used by) operating activities	3 836	(447)
	\$	\$
NOTE 11: Act of Grace Payments, Waivers, Write-offs and Defective Administration Scheme		
No Act of Grace payments were made during the reporting period (2006-07: 0).	-	-
No waivers of amounts owing to the Commonwealth were made pursuant to sub-section 34(1) of the Financial Management and Accountability Act 1997 (2006-07: 0).	-	-
No payments were made under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA) during the reporting period (2006-07: 0).	-	-

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2007-08 2006-07

NOTE 12: Executive Remuneration

During 2007-08 and 2006-07 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	18 200	16 500
- resource received free of charge	-	-
	18 200	16 500

The Australian National Audit Office provided no other services to NRS in 2007-08.

The at cost payments made are competitive neutrality payments.

NOTE 14: Events Occurring After Balance Date

At the time of adoption of the financial statements the NRS' information technology service provider, Commander Communications Pty Ltd, was trading under voluntary administration arrangements with the appointment of a receiver. The receiver, McGrathNicol, has given the NRS a commitment to continue providing the full range of managed IT services from Commander until decisions regarding its future are finalised. The contract with Commander for provision of IT services ends on 26 June 2009. In accordance with the procurement plan, the NRS is progressing its tender to select a vendor to provide these services after the end of the contract; the Commander receivership situation has not affected the tender process.

NOTE 15: Joint Ventures

NRS is not involved in any joint ventures.

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

for the period ended 30 June 2008

2007-08	2006-07
\$'000	\$'000

NOTE 16: Financial Instruments

Note 16A: Categories of Financial Instruments

Loans and receivables

Trade receivables	26	2
Negotiable securities	15 700	11 900
Accrued revenue	1 024	782

Carrying amount of financial assets

16 750	12 684
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Financial Liabilities

Trade creditors	436	106
Industry rebates	17 017	13 758
Finance leases	8	10

Carrying amount of financial liabilities

17 461	13 874
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Note 16B: Net income and expenses from financial assets

Loans and receivables

Interest revenue	966	745
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Net gain/(loss) from financial assets

966	745
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The total interest revenue from financial assets that are not at fair value through profit and loss is \$966 000 in 2007-08.

The total interest revenue from financial assets that are not at fair value through profit and loss is \$745 000 in 2006-07.

Note 16C: Net income and expenses from financial liabilities

Other Liabilities

Interest expense	-	2
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Net gain/(loss) from financial liabilities

-	2
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There is no interest revenue or expense from financial liabilities that are not at fair value through profit or loss in 2007-08.

The total interest expense from financial liabilities that are not at fair value through profit and loss is \$2 000 in 2006-07.

NATIONAL RESIDUE SURVEY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 16: Financial Instruments (continued)

Note 16D: Fair value of financial instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2007-08 \$'000	2007-08 \$'000	2006-07 \$'000	2006-07 \$'000
FINANCIAL ASSETS				
Trade receivables	26	26	2	2
Negotiable securities	15 700	15 700	11 900	11 900
Accrued revenue	1 024	1 024	782	782
Total financial assets	16 750	16 750	12 684	12 684
FINANCIAL LIABILITIES				
Other Liabilities				
Trade creditors	436	436	106	106
Industry rebates	17 017	17 017	13 758	13 758
Finance leases	8	8	10	10
Total financial liabilities	17 461	17 461	13 874	13 874

Financial assets

The only interest-bearing item on the balance sheet is 'Finance lease'. All bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate. 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. Industry rebates are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. 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**

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NOTE 16: Financial Instruments (continued)

Note 16E: Credit Risk

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 (2007-08: \$26 242 and 2006-07: \$1 787). 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.

	2007-08 \$'000	2006-07 \$'000
FINANCIAL ASSETS		
Loans and receivables		
Trade receivables	26	2
Negotiable securities	15 700	11 900
Accrued revenue	1 024	782
Total financial assets	16 750	12 684
FINANCIAL LIABILITIES		
Other Liabilities		
Trade creditors	436	106
Industry rebates	17 017	13 758
Finance leases	8	10
Total financial liabilities	17 461	13 874

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.

NATIONAL RESIDUE SURVEY
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NOTE 16: Financial Instruments (continued)

Note 16E: Credit Risk (continued)

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

	Not past due nor impaired 2007-08 \$'000	<i>Not past due nor impaired 2006-07 \$'000</i>	Past due or impaired 2007-08 \$'000	<i>Past due or impaired 2006-07 \$'000</i>
FINANCIAL ASSETS				
Loans and receivables				
Trade receivables	26	2	-	-
Negotiable securities	15 700	11 900	-	-
Accrued revenue	1 024	782	-	-
Total financial assets	16 750	<i>12 684</i>	-	-
FINANCIAL LIABILITIES				
Trade creditors	436	106	-	-
Industry rebates	17 017	13 758	-	-
Finance leases	8	9	-	1
Total financial liabilities	17 461	<i>13 874</i>	-	1

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

There were no financial assets that are past due but not impaired in 2007-08.

Ageing of financial assets that are past due but not impaired for 2006-07

The \$1 000 of finance lease liability was within 0-30 days in 2006-07.

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

for the period ended 30 June 2008

NOTE 16: Financial Instruments (continued)

Note 16F: Liquidity Risk

The financial liabilities of NRS are payables, industry rebates, 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 is appropriated funding from the Australian Government. 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 payment are made when due and has no past experience of default.

The following tables illustrate the maturities for financial liabilities.

	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					
Other Liabilities					
Trade creditors	-	436	-	-	436
Industry rebates	-	17 017	-	-	17 017
Finance leases	-	3	5	-	8
Total financial liabilities	-	17 456	5	-	17 461

	On Demand 2006-07 \$'000	Within 1 Year 2006-07 \$'000	1 to 5 Years 2006-07 \$'000	>5 Years 2006-07 \$'000	Total 2006-07 \$'000
FINANCIAL LIABILITIES					
Other Liabilities					
Trade creditors	-	106	-	-	106
Industry rebates	-	13 758	-	-	13 758
Finance leases	-	9	1	-	10
Total financial liabilities	-	13 873	1	-	13 874

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 price risk'.

Interest rate Risk

The only interest-bearing item on the balance sheet is 'Finance lease'. All bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate. 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.

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NOTE 17: Contingent Liabilities and Assets

Quantifiable Contingencies

Liabilities

NRS has no quantifiable contingent liabilities.

Assets

NRS has no quantifiable contingent assets.

Unquantifiable Contingencies

Liabilities

NRS has no unquantifiable contingent liabilities.

Assets

NRS has no unquantifiable contingent assets.

Remote Contingencies

Liabilities

NRS has no remote contingent liabilities.

Assets

NRS has no remote contingent assets.

NATIONAL RESIDUE SURVEY

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NOTE 18: Appropriations

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