

Department of Agriculture, Fisheries and Forestry
NATIONAL RESIDUE SURVEY
For the year ended 30 June 2005

Statement by the Chief Executive and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2005 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.



Joanna Hewitt
Chief Executive

31 August 2005



Allan Gaukroger
Chief Finance Officer

31 August 2005



INDEPENDENT AUDIT REPORT

To the Minister for Agriculture, Fisheries and Forestry

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the National Residue Survey for the year ended 30 June 2005. The Department of Agriculture, Fisheries and Forestry's Chief Executive is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information, which may have been hyperlinked to/from, the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Chief Executive's responsibility

The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the National Residue Survey for the year ended 30 June 2005.

The Department's Chief Executive is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the National Residue Survey, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Chief Executive is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of

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professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the National Residue Survey's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chief Executive.

Independence

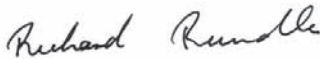
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit 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*; and
- (b) give a true and fair view of the National Residue Survey's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
31 August 2005

NATIONAL RESIDUE SURVEY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2004-2005 \$'000	2003-2004 \$'000
Revenues from Ordinary Activities			
Revenues from Government	4A	996	974
Goods and services	4B	7 882	6 360
Interest	4C	722	735
Other revenue	4D	308	341
<i>Revenues from ordinary activities</i>		9 908	8 410
Expenses from Ordinary Activities (excluding Borrowing Costs Expense)			
Employees	5A	1 561	1 761
Suppliers	5B	8 109	6 486
Depreciation and amortisation	5C	49	157
Value of assets sold	5D	65	-
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		9 784	8 404
			-
Borrowing costs expense	5E	2	6
Net surplus from ordinary activities		122	-
			-
Net increment/(decrement) to asset revaluation reserve	19	1	1
Total revenues, expenses and valuation adjustments recognised directly in equity		1	1
Total changes in equity other than those resulting from transactions with the Australian Government as owner		123	1

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

NATIONAL RESIDUE SURVEY
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2005

	Notes	2004-2005 \$'000	2003-2004 \$'000
ASSETS			
Financial Assets			
Cash	6, 20	-	-
Receivables	7	358	891
Investments	8	12 300	13 500
Accrued revenue	9	559	645
Total financial assets		13 217	15 036
Non-Financial Assets			
Infrastructure, plant and equipment	10, 14	62	82
Inventories	11	68	75
Intangibles	12, 14	68	102
Other non-financial assets	13	1	-
Total non-financial assets		199	259
Total Assets		13 416	15 295
LIABILITIES			
Provisions			
Employees	15	502	623
Total provisions		502	623
Payables			
Suppliers	16	265	343
Other payables	17	12 150	13 940
Total payables		12 415	14 283
Interest Bearing Liabilities			
Leases	18	47	61
Total interest bearing liabilities		47	61
Total Liabilities		12 964	14 967
NET ASSETS		452	328
EQUITY			
Contributed equity		158	158
Reserves		2	1
Retained surpluses		292	169
Total Equity	19	452	328
Current assets		13 286	15 111
Non-current assets		130	184
Current liabilities		12 531	14 468
Non-current liabilities		433	499
Net assets		452	328

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

NATIONAL RESIDUE SURVEY
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2004-2005 \$'000	2003-2004 \$'000
OPERATING ACTIVITIES			
Cash Received			
Appropriations		719	1 257
Goods and services		6 968	5 748
Interest		765	724
GST received from Australian Taxation Office		588	514
Other receipts		42	72
Total cash received		<u>9 082</u>	<u>8 315</u>
Cash Used			
Employees		1 681	1 608
Suppliers		8 524	6 423
Borrowing costs		2	6
GST paid to Australian Taxation Office		2	13
Other		-	1 208
Total cash used		<u>10 209</u>	<u>9 258</u>
Net cash from or (used by) operating activities	20	<u>(1 127)</u>	<u>(943)</u>
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sales of financial instruments		1 200	1 000
Total cash received		<u>1 200</u>	<u>1 000</u>
Cash Used			
Purchase of intangibles		-	2
Total cash used		<u>-</u>	<u>2</u>
Net cash from or (used by) investing activities		<u>1 200</u>	<u>998</u>
FINANCING ACTIVITIES			
Total cash received			
		-	-
Cash Used			
Finance lease capital payments		73	55
Total cash used		<u>73</u>	<u>55</u>
Net cash from or (used by) financing activities		<u>(73)</u>	<u>(55)</u>
Net increase / (decrease) in cash held		-	-
Cash at the beginning of the reporting period		-	-
Cash at the end of the reporting period	6, 20	<u>-</u>	<u>-</u>

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

NATIONAL RESIDUE SURVEY
SCHEDULE OF COMMITMENTS
for the year ended 30 June 2005

	2004-2005 \$'000	2003-2004 \$'000
BY TYPE		
Other Commitments		
Operating leases ¹	24	-
Goods and services contracts ²	2 865	-
GST payable	8	-
Total other commitments	2 897	-
Commitments Receivable		
Project commitments ³	91	-
GST receivable	209	-
Total commitments receivable	300	-
Net commitments by type	2 597	-
BY MATURITY		
Operating Lease Commitments		
One year or less	10	-
From one to five years	14	-
Total operating lease commitments	24	-
Other Commitments ⁴		
One year or less	2 868	-
From one to five years	5	-
Total other commitments	2 873	-
Total commitments receivable	300	-
Net commitments by maturity	2 597	-

NB: Commitments are GST inclusive where relevant.

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

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Agreement for the provision of motor vehicles to senior executive officers. Leases for motor vehicles for operations.	The National Residue Survey is a party to a tied contract for the provision of vehicles. No contingent rentals exist. An individual fixed rate is defined for each sub agreement (vehicle). Retention of the vehicle past the expiry date will result in a new lease sub agreement.
Lease for office equipment.	There is no purchase or renewal option on this lease. The lease contains a clause allowing increases in line with the 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 Human Resource and Legal Services.

⁴ Other commitments include subscriptions to international associations.

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

NATIONAL RESIDUE SURVEY
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

	Guarantees		Indemnities		Claims for damages/costs		Warranties		Letters of comfort		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Contingent Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	-	-	-	-	-	-	-	-
New	-	-	-	-	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-	-	-	-	-
Total Contingent Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Assets												
Balance from previous period	-	-	-	-	-	-	-	-	-	-	-	-
New	-	-	-	-	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-	-	-	-	-	-	-
Net Contingencies	-	-	-	-	-	-	-	-	-	-	-	-

1. The National Residue Survey has no contingent gains or losses at 30 June 2005 (2003-04: Nil)
2. The National Residue Survey has no unquantifiable or remote contingent gains or losses at 30 June 2005 (2003-04: Nil)

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

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

NOTE 1 Objectives of the National Residue Survey

The National Residue Survey (NRS) was established under the *National Residue Survey Administration Act 1992* 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:

- i) through the delivery of risk based residue testing programs, that are structured to meet market requirements within a specified budget; and
- ii) 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 of Agriculture, Fisheries and Forestry ('the Department'). The Departmental Outcome is as follows:

“Australian agricultural, food, 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 is a reporting entity within the Department, an agency controlled by the Government of the Commonwealth of Australia.

NOTE 2 Summary of Significant Accounting Policies

2.1 Basis of Accounting

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow 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 unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

2.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003-04.

All property, plant and equipment assets have been re-valued to current fair value as at 30 June 2005. Intangible assets are not re-valued and are reported at cost.

2.3 Revenue

I. Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (less any current year savings and reductions) are recognised as revenue, 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.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under either Appropriation Act (No.3) or Appropriation Act (No.4) of 2004-05.

Appropriations receivable are recognised at their nominal amounts.

II. Resources Received Free of Charge

Services 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 revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

2.4 Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

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

2.5 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 wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also 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.

1. Leave

The liability for employee benefits comprises 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, 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 as at 30 June 2005 has been determined by reference to the work of an actuary, KPMG Australia. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

II. Superannuation

Staff of NRS are members of either the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

NRS makes employer contributions to the Australian Government at rates determined by the Australian Government Actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of its employees.

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

2.6 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 benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability 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 basis that is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non cancellable lease agreements is expensed in the period in which the space becomes surplus.

2.7 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

NRS has no qualifying assets.

2.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

2.9 Other Financial Instruments

I. Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received and irrespective of having been invoiced.

II. Term Deposits

Term deposits are recognised at cost.

III. Contingent Liabilities and Contingent Assets

Contingent liabilities/assets are not recognised in the Statement of Financial Position but are disclosed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability/asset, or represent an existing liability/asset in respect of which settlement is not probable or the amount cannot be reliably measured. Where settlement becomes probable, a liability/asset is recognised. A liability/asset is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

2.10 Acquisition of Assets

Assets are recorded at cost of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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.

2.11 Property, Plant and Equipment (PP&E)

I. Asset Recognition Threshold

Assets are recognised in the Statement of Financial Position where the purchase cost is \$2,000 or more or where the purchase forms part of a group of similar items that are significant in total. Items costing less than \$2,000 are expensed in the year of acquisition.

II. Re-valuation Basis

Plant and equipment assets are carried at fair value. These assets are re-valued with sufficient frequency such that the carrying amount of each asset is not materially different, at reporting date, to its fair value. Valuations undertaken in each year are as at 30 June. All assets were re-valued to fair value as at 30 June 2005 in accordance with relevant accounting standards. Re-valuation of asset values has been performed by an independent valuer, except where the asset has been acquired during the current financial year. Where an asset has been acquired during the current financial year, the asset is re-valued to its carrying amount, which is considered to reasonably reflect its current fair value. Intangible assets are not re-valued and are reported at historical cost.

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

<i>Asset class</i>	<i>Fair value measured at:</i>
Land	Market selling price
Buildings	Depreciated replacement cost/Market selling price
Leasehold improvements	Depreciated replacement cost/Market selling price
Infrastructure, plant and equipment	Market selling price

Depreciated replacement cost refers to the cost of replacing depreciated assets with assets in a similar condition. Market selling price refers to assets whose values have been assessed and adjusted by reference to current market values.

Under fair value, assets that are surplus to requirements are measured at their net realisable value. At 30 June 2005, NRS reported no assets in this situation (2003-04: Nil).

III. Frequency

Plant and equipment assets are re-valued to fair value. Formal valuations are conducted by an independent qualified valuer. Between formal valuations, property plant and equipment assets are re-valued using an appropriate index reflecting movements in the value of similar assets.

Revaluation of assets to current fair value had the following financial effect:

<i>Asset class</i>	<i>Adjustment (\$)</i>	<i>Contra Account</i>
Infrastructure, plant and equipment	1,033	Revaluation reserve

The total financial effect was to increase the carrying amount of property, plant and equipment by \$1,033 and increase revaluation reserves by \$1,033.

IV. Threshold

A re-valuation threshold of \$2,000 and remaining useful life of 1 year or more was used to identify assets requiring re-valuation at 30 June 2005. This threshold was adopted on previous occasions where asset re-valuations were completed.

V. Depreciation

Depreciable 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.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

<i>Asset group</i>	<i>2004-05</i>	<i>2003-04</i>
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 5C.

VI. Impairment of Non-Current Assets

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing. Non-current assets carried at cost have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater.

2.12 Intangibles

Intangibles include computer software and assets such as patents, copyrights, computer models (for economic and scientific analysis) and other intellectual property. Computer software which has been purchased at a value over \$2,000 is brought to account on the historical cost basis. Other intangibles costing \$2,000 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.

All software assets were assessed for impairment as at 30 June 2005.

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

<i>Asset group</i>	<i>2004-05</i>	<i>2003-04</i>
Purchased software	3 years	3 years
Internally developed software	5 years	5 years

2.13 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value. Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

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 are assigned to individual items of stock on either a first in first out or weighted average basis.

2.14 Investments

Investments are recognised at cost less any discount on purchase plus any unamortised premium on purchase.

2.15 Industry Rebates and Program Results

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

The balance of monies standing to the credit of each industry in the National Residue Survey Special Account will be applied to future expenditure programs as agreed under the *National Residue Survey Administration Act 1992*. 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 expected residual balances in excess of \$10,000 to advise the approximate level of unspent funds and seeking their endorsement for NRS to continue to hold these funds on behalf of the relevant industry.

2.16 Special Account Balances

NRS operations are recorded in the National Residue Survey Account. Special accounts represent public money which has been set-aside for future purposes, under an enactment, or as determined by the Finance Minister.

Accounting treatments and disclosures for the NRS special account have been included in the Department's assets, liabilities, revenues and expenditure.

2.17 Taxation / Competitive Neutrality

Taxation

NRS is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the 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.

Competitive Neutrality

NRS provides cost recovered services to industry which include a component for competitive neutrality. As a business operation of an Australian Government Department, NRS is not subject to taxation other than the GST and FBT. However, under competitive neutrality arrangements, NRS is required to make payments for services rendered from the Australian National Audit Office to the Commonwealth.

2.18 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.

2.19 Insurance

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

2.20 Economic Dependency

NRS operates on a full cost recovery basis in respect of its industry clients. However, as a Commonwealth Agency it has Community Service Obligations and is dependent on annual appropriation to enable it to meet these obligations.

2.21 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation of these financial statements where required.

2.22 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- Note 21 Act of Grace Payments, Waivers and Defective Administration Scheme;
- Note 22 Executive Remuneration; and
- Note 23 Remuneration of Auditors.

NOTE 3 Adoption of AASB Equivalents to International Financial Reporting Standards (AEIFRS) from 2005-2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS, and therefore NRS will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 Financial Reporting by Government Departments will continue to apply under AEIFRS.

Accounting Standard AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

The purpose of this Note is to make these disclosures.

3.1 Management of the Transition to AEIFRS

NRS has taken the following steps for the preparation towards the implementation of AEIFRS:

The Department's Finance Sub-committee of the Audit Committee is tasked with oversight of the transition to and implementation of AEIFRS. The Chief Finance Officer is formally responsible for the project and reports regularly to the Finance Sub-committee of the Audit Committee on progress against the formal plan approved by the Committee.

The plan requires the following key steps to be undertaken and sets deadlines for their achievement:

- All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004.
- A transitional balance sheet as at 1 July 2004 under AEIFRS was completed and reviewed by the ANAO as part of the audit of the 2004-05 financial statements.
- An AEIFRS compliant balance sheet as at 30 June 2005 was also prepared during the preparation of the 2004-05 statutory financial reports.

- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.

3.2 Major Changes in Accounting Policy

NRS believes that the first financial report prepared under AEIFRS, that is, at 30 June 2006, will be prepared on the basis that NRS will be a first time adopter under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Changes in accounting policies under AEIFRS are applied retrospectively as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E of AASB 1. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by NRS. Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on NRS's operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

Property Plant and Equipment

It is expected that the 2005-06 Finance Minister's Orders will continue to require property plant and equipment assets to be valued at fair value in 2005-06. Historically, NRS has progressively valued property, plant and equipment at fair value. All property, plant and equipment other than internal use software has been reported at fair value for 2004-05.

Intangible Assets

Internally developed software and internal use software is currently reported at cost and so there will be no requirement for adjustment on the implementation of AEIFRS.

Impairment of Intangibles and Property, Plant and Equipment

NRS's policy on impairment of non-current assets is at Note 2.11 VI. Under AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. The impairment test is that the carrying amount of an asset must not exceed the greater of its fair value less costs to sell and its value in use. As NRS is a not-for-profit entity, value in use will be assessed as the depreciated replacement cost in accordance with paragraph Aus 32.1 of AASB 136.

Decommissioning, Restoration and Make-good

When assessing accommodation leases for the preparation of the opening balance sheet, no obligations for make-good were determined. In relation to non-financial assets, NRS is still assessing at reporting date whether any obligation for decommissioning, restoration or make-good is reliably estimable.

Inventory

NRS recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied. The new Australian Equivalent standard will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. After assessing the staff leave profile, NRS expects to make an adjustment for annual leave balances that will not be taken in the next 12 months.

Administered Items

NRS does not conduct Administered activities.

Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in NRS's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

NRS will be required by AEFIRS to review the carrying amounts of financial instruments at 1 July 2005 to ensure they align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of financial instruments held by NRS will not materially change as a result of this process.

Reconciliation of Impacts – AGAAP to AEIFRS

	30 June 2005 \$'000 \$	<i>30 June 2004 \$'000 \$</i>
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	452	328
Adjustments to accumulated results	-1	-
Adjustments to other reserves	10	-
<i>Total Equity under AEIFRS</i>	461	328
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	292	169
Adjustments:		
Work in progress	-	-
Assets – Carrying Value	-	-
Asset Revaluation Reserves	-	-
Depreciation	-	-
Employee Provisions	-1	-
<i>Total Accumulated Results under AEIFRS</i>	291	169
Reconciliation of Departmental Reserves		
Total Departmental Reserves under AGAAP	2	1
Adjustment:		
Asset Revaluation Reserve	10	-
<i>Total Departmental Reserves under AEIFRS</i>	12	1
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	158	158
Adjustments	-	-
<i>Total Contributed Equity under AEIFRS</i>	158	158

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2004-2005 \$'000	2003-2004 \$'000
NOTE 4 Operating Revenues		
<u>Note 4A - Revenues from Government</u>		
Appropriations for outputs:		
Appropriations - annual appropriation	719	706
<i>Total appropriations for outputs</i>	719	706
Resources received free of charge	277	268
<i>Total revenues from Government</i>	996	974
 <u>Note 4B - Goods and Services</u>		
Services	247	468
Taxes, levies, fees and charges	7 635	5 892
<i>Total goods and services</i>	7 882	6 360
 Rendering of services to:		
Related entities	-	468
External entities	247	-
<i>Total rendering of services</i>	247	468
 <u>Note 4C - Interest Revenue</u>		
Interest on fees	722	735
 <u>Note 4D - Other Revenues</u>		
Other	308	341
<i>Total other revenues</i>	308	341

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2004-2005	2003-2004
	\$'000	\$'000
NOTE 5 Operating Expenses		
<u>Note 5A - Employee Expenses</u>		
Remuneration	1 154	1 264
Superannuation	235	232
Leave and other entitlements	148	217
Other employee expenses	12	37
Total employee benefits expense	1 549	1 750
Workers' compensation expenses	12	11
Total employee expenses	1 561	1 761
 <u>Note 5B - Supplier Expenses</u>		
Goods from related entities	1 566	1 201
Goods from external entities	6 283	5 096
Services from related entities	42	18
Services from external entities	163	127
	8 054	6 442
Operating lease rentals	55	44
Total supplier expenses	8 109	6 486
 <u>Note 5C - 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	14	54
Total depreciation	14	54
 Amortisation		
Intangibles:		
Computer software - purchased	1	2
Computer software - internally developed	34	101
Total amortisation	35	103
Total depreciation and amortisation	49	157
 <u>Note 5D - Net Loss from Sale of Assets</u>		
Infrastructure, plant and equipment:		
Proceeds from disposal of infrastructure, plant and equipment	-	-
Net book value of infrastructure, plant and equipment disposed	65	-
Net loss on disposal of infrastructure, plant and equipment	(65)	-
Total proceeds from disposal	-	-
Total value of assets disposed	65	-
Total net loss from sale of assets	(65)	-

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

2004-2005	2003-2004
\$'000	\$'000

Note 5E - Borrowing Costs Expense

Interest payments

2	6
---	---

Interest payments relate to outsourced IT equipment.

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

NATIONAL RESIDUE SURVEY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2005

2004-2005	2003-2004
\$'000	\$'000

NOTE 6 Cash

Cash at bank

-	-
---	---

Under the new Budget and Estimates Framework agencies are required to transfer to the Department of Finance and Administration (Finance) all cash deposits above a pre defined threshold. No NRS cash was held by Finance as at 30 June 2005 (2004: Nil).

NOTE 7 Receivables

Goods and services

81	30
----	----

Other debtors

207	818
-----	-----

Less: Provision for doubtful debts

-	-
---	---

288	848
-----	-----

Goods and services tax receivable from the ATO

70	43
----	----

Total receivables (net)

358	891
-----	-----

Receivables (gross) are aged as follows:

Not overdue

358	891
-----	-----

Total receivables (gross)

358	891
-----	-----

NOTE 8 Investments

Market value at 30 June 2005	At cost 2004-2005	At cost 2003-2004
\$'000	\$'000	\$'000

Negotiable certificates of deposit

13 019	12 300	13 500
--------	--------	--------

Total investments

13 019	12 300	13 500
--------	--------	--------

All negotiable certificates of deposit are current assets.

NOTE 9 Accrued Revenue

Accrued interest

277	320
-----	-----

Goods and services

282	325
-----	-----

Total accrued revenue

559	645
-----	-----

All accrued revenues are current assets.

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2004-2005 \$'000	2003-2004 \$'000
NOTE 10 Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment - at valuation 30/06/04 (fair value)	-	24
less accumulated depreciation	-	(7)
	<u>-</u>	<u>17</u>
Infrastructure, plant and equipment - at valuation 30/06/05 (fair value)	16	-
less accumulated depreciation	-	-
	<u>16</u>	<u>-</u>
Infrastructure, plant and equipment - under finance lease	64	151
less accumulated depreciation	(18)	(86)
	<u>46</u>	<u>65</u>
Total Infrastructure, plant and equipment	<u>62</u>	<u>82</u>
The revaluations were in accordance with the progressive revaluation policy stated at Note 2 and were completed by the Australian Valuation Office and Dominion (ACT) Valuers and Auctioneers.		
NOTE 11 Inventories		
Inventories not held for sale	68	75
Total inventories	<u>68</u>	<u>75</u>
All departmental inventories are current assets.		
NOTE 12 Intangibles		
Computer software, purchased - at cost	42	43
less accumulated amortisation	(41)	(41)
	<u>1</u>	<u>2</u>
Computer software, internally developed - at cost	519	519
less accumulated amortisation	(452)	(419)
	<u>67</u>	<u>100</u>
Total intangibles	<u>68</u>	<u>102</u>
NOTE 13 Other Non-Financial Assets		
Prepayments	1	-
Total other non-financial assets	<u>1</u>	<u>-</u>
All other non-financial assets are current assets.		

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

NATIONAL RESIDUE SURVEY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2005

NOTE 14 Analysis of Property, Plant and Equipment and Intangibles

Table A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Land	Buildings - on freehold land	Buildings - leasehold improvements	Total buildings	Land and buildings	Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 2004	-	-	-	-	-	175	562	737
Additions - purchases	-	-	-	-	-	-	-	-
Additions - finance lease	-	-	-	-	-	62	-	62
Revaluations	-	-	-	-	-	(9)	-	(9)
Disposals	-	-	-	-	-	(148)	-	(148)
Write-downs	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Gross value as at 30 June 2005	-	-	-	-	-	80	562	642
Accumulated depreciation as at 1 July 2004	-	-	-	-	-	93	460	553
Depreciation for the year	-	-	-	-	-	14	34	48
Revaluations	-	-	-	-	-	(9)	-	(9)
Disposals	-	-	-	-	-	(83)	-	(83)
Write-downs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	3	-	3
Accumulated depreciation as at 30 June 2005	-	-	-	-	-	18	494	512
Net book value as at 30 June 2005	-	-	-	-	-	62	68	130
Net book value as at 1 July 2004	-	-	-	-	-	82	102	184

NOTE 14 Analysis of Property, Plant and Equipment and Intangibles (continued)

Table B - Assets at valuation

	Land	Buildings - on freehold land	Buildings - leasehold improvements	Total buildings	Land and buildings	Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2005								
Gross value	-	-	-	-	-	16	-	16
Accumulated depreciation/ amortisation	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	16	-	16
As at 30 June 2004								
Gross value	-	-	-	-	-	24	-	24
Accumulated depreciation/ amortisation	-	-	-	-	-	(7)	-	(7)
Net book value	-	-	-	-	-	17	-	17

Table C - Assets held under finance lease

	Land	Buildings - on freehold land	Buildings - leasehold improvements	Total buildings	Land and buildings	Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2005								
Gross value	-	-	-	-	-	64	-	64
Accumulated depreciation/ amortisation	-	-	-	-	-	(18)	-	(18)
Net book value	-	-	-	-	-	46	-	46
As at 30 June 2004								
Gross value	-	-	-	-	-	151	-	151
Accumulated depreciation/ amortisation	-	-	-	-	-	(86)	-	(86)
Net book value	-	-	-	-	-	65	-	65

Table D - Assets under construction

	Land	Buildings - on freehold land	Buildings - leasehold improvements	Total buildings	Land and buildings	Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2005								
Gross value	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-
As at 30 June 2004								
Gross value	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-

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

NATIONAL RESIDUE SURVEY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2005

2004-2005 2003-2004
 \$'000 \$'000

NOTE 15 Provisions - Employees

Salaries and wages	5	61
Leave	436	501
Separations and redundancies	-	-
Aggregate employee entitlement liability	441	562
Employee entitlement on-costs	61	61
Aggregate employee benefit liability and related on-costs	502	623
Current	97	154
Non-current	405	469
	502	623

NOTE 16 Payables - Suppliers

Trade creditors	265	343
-----------------	-----	-----

All supplier payables are current liabilities.

NOTE 17 Payables - Other

Industry rebates	12 150	13 940
Total other payables	12 150	13 940

All other payables are current liabilities.

NOTE 18 Leases

Finance lease commitments

Payable:

Within one year	22	35
In one to five years	30	32
In more than five years	-	-
Minimum lease payments	52	67
Deduct: future finance charges	(5)	(6)
Net lease liability	47	61

Lease liability is represented by:

Current	19	31
Non-current	28	30
Net lease liability	47	61

Finance leases exist in relation to 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.

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

NOTE 19 Equity

Item	Retained surpluses		Reserves		Contributed equity		TOTAL EQUITY	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	169	169	1	-	158	158	328	327
Net surplus (deficit)	123	-	-	-	-	-	123	-
Net revaluation increment/(decrement)	-	-	1	1	-	-	1	1
<i>Closing balance as at 30 June</i>	292	169	2	1	158	158	452	328

2004-2005	2003-2004
\$'000	\$'000

Asset revaluation reserve

The net revaluation change in the asset revaluation reserve comprises:

Revaluation increment/(decrement) - infrastructure, plant and equipment

1	1
<u>1</u>	<u>1</u>

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2004-2005	2003-2004
	\$'000	\$'000
NOTE 20 Cashflow Reconciliation		
(a) Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	-	-
Statement of Financial Position items comprising above cash:		
Financial Asset - Cash	-	-
(b) Reconciliation of Net Surplus to Net Cash from Operating Activities		
Net surplus (deficit)	122	-
Depreciation and amortisation	49	157
Adjustments to property, plant and equipment and intangibles	-	-
Loss on disposal of assets	65	-
Changes in assets and liabilities:		
Decrease/(increase) in net receivables	533	(465)
Decrease/(increase) in other financial assets	86	(1)
Decrease/(increase) in inventories	8	(14)
Decrease/(increase) in other non-financial assets	(1)	-
Increase/(decrease) in employee provisions	(120)	152
Increase/(decrease) in supplier payables	(79)	(261)
Increase/(decrease) in other payables	(1 790)	(511)
Net cash from / (used by) operating activities	(1 127)	(943)

(c) Non-Cash Financing and Investing Activities

Finance leases exist in relation to computer equipment provided under an outsourced IT service contract. Assets and liabilities relating to these have been recognised in the financial statements.

	2004-2005	2003-2004
	\$	\$
NOTE 21 Act of Grace Payments, Waivers and Defective Administration Scheme		
No Act of Grace payments were made during the reporting period (2003-04: Nil).	-	-
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
No payment was made under the 'Scheme for Compensation for Detriment caused by Defective Administration (CDDA)' during the reporting period (2003-04: Nil).	-	-

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

2004-2005

\$

NOTE 22 Executive Remuneration

Executive remuneration is all remuneration received, or due and receivable and includes salaries, accrued leave, performance pay, accrued superannuation (both PSS and CSS schemes), motor vehicle costs, allowances and fringe benefits tax.

The number of Executives who received or were due to receive total remuneration of \$100,000 or more:

\$100 000 to 109 999	-
\$110 000 to 119 999	-
\$120 000 to 129 999	-
\$130 000 to 139 999	-
\$140 000 to 149 999	-
\$150 000 to 159 999	-
\$160 000 to 169 999	-
\$170 000 to 179 999	-
\$180 000 to 189 999	-
\$190 000 to 199 999	-
\$200 000 to 209 999	-
\$210 000 to 219 999	-
	<u>-</u>
	<u>-</u>
The aggregate amount of total remuneration of executive officers shown above	<u>-</u>
The aggregate amount of performance pay paid during the year to executive officers shown above*	<u>-</u>
The aggregate amount of separation and redundancy payments during the year to executive officers shown above	<u>-</u>

* No performance pay was incurred in 2004-05 (2003-04: \$16 200). Performance pay reported for 2003-04 includes \$6 500 that related to the 2002-03 financial year.

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

2004-2005

\$

NOTE 23 Remuneration of Auditors

Financial statement audit services are provided by the Australian National Audit Office. The National Residue Survey operates through a 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 service

- at cost	15 000
- resource received free of charge	-
	<u>15 000</u>

The Australian National Audit Office provided no other services to the NRS in 2004-05.

The at cost payments made are competitive neutrality payments.

NOTE 24 Average Staffing Levels

The average staffing level for the NRS during the year was:

18

Average staffing levels are based on full-time equivalents.

NOTE 25 Events Occurring After Balance Date

There were no significant events occurring after balance date.

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

2003-2004

\$

-
-
-
-
-
-
-
-
-
-
-

1

1

213 517

22 700

-

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

2003-2004

\$

15 000

-

15 000

20

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

NOTE 26 Financial Instruments

(a) Terms, conditions & accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of benefit can be reliably measured.	
Cash		Cash is recognised at its nominal amount.	Monies in the NRS bank accounts are swept into the Official Public Account nightly.
Receivables for goods and services	7	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Normal credit terms are net 28 days (2003-04: 28 days).
Appropriation receivable	7	These receivables are recognised at the nominal amounts.	Amounts appropriated by the Parliament in the current or previous years which are available to be drawn down by the Department. Also includes amounts to be appropriated by the Parliament in a future year for services provided in previous years under a purchasing, workload or other agreement.
Negotiable securities	8	Investments in securities and negotiable certificates of deposit are recorded at cost. Any discounts or premiums on purchase are amortised over the term of the investment. Interest is credited to revenue as it accrues.	Investments in securities and negotiable certificates of deposit are readily realisable in cash, but are normally held until maturity.
Accrued revenue	9	Accrued revenue is recognised in respect of services provided which have not been invoiced, taxes and levies due, and accrued interest.	Accrued revenue is amounts due from receivers of services. Accrued interest is amounts due from borrowers and unpaid interest on investments. Accrued taxes and levies are amounts due from industry in relation to its fiscal obligations.

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

NOTE 26 Financial Instruments (continued)

(a) Terms, conditions & accounting policies (continued)

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade and other creditors	16	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	Settlement is usually made net 28 days (2003-04: 28 days).
Industry rebates	17	Industry rebates are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	See Note 2.15.
Finance leases	18	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rate used is the incremental borrowing rate.	At reporting date, the Department had finance leases for computer equipment provided under an outsourced information technology infrastructure service contract. The lease terms are for three or four years depending on the item.
<i>Unrecognised financial liabilities</i>			
Contingencies	Schedule of Contingencies	No contingent liability existed in 2004-05 (2003-04: Nil).	

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

NATIONAL RESIDUE SURVEY
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for the year ended 30 June 2005

NOTE 26 Financial Instruments (continued)

(b) Interest rate risk - agency

Financial instrument	Notes	Floating interest rate		Fixed interest rate								Non interest bearing		Total		Weighted average effective interest rate	
		2004-2005 \$'000	2003-2004 \$'000	1 year or less		1 - 2 years		2 - 5 years		> 5 years		2004-2005 \$'000	2003-2004 \$'000	2004-2005 \$'000	2003-2004 \$'000	2004-2005 %	2003-2004 %
				2004-2005 \$'000	2003-2004 \$'000	2004-2005 \$'000	2003-2004 \$'000	2004-2005 \$'000	2003-2004 \$'000	2004-2005 \$'000	2003-2004 \$'000						
Financial assets																	
Cash	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Receivables for goods and services	7	-	-	-	-	-	-	-	-	-	81	30	81	30	n/a	n/a	
Other debtors	7	-	-	-	-	-	-	-	-	-	277	818	277	818	n/a	n/a	
Appropriation receivable	7	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a	
Negotiable securities	8	-	-	12 300	13 500	-	-	-	-	-	-	-	12 300	13 500	5.85	5.30	
Accrued revenue	9	-	-	-	-	-	-	-	-	-	559	645	559	645	n/a	n/a	
Total financial assets (recognised)		-	-	12 300	13 500	-	-	-	-	-	917	1 493	13 217	14 993			
Total assets													13 416	15 295			
Financial liabilities																	
Trade and other creditors	16	-	-	-	-	-	-	-	-	-	265	343	265	343	n/a	n/a	
Industry rebates	17	-	-	-	-	-	-	-	-	-	12 150	13 940	12 150	13 940	n/a	n/a	
Finance leases	18	-	-	19	31	28	30	-	-	-	-	-	47	61	6.00	6.00	
Total financial liabilities (recognised)		-	-	19	31	28	30	-	-	-	12 415	14 283	12 462	14 344			
Total liabilities													12 964	14 967			
Liabilities not recognised																	
Claims for damages/costs	Schedule of Contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	n/a	
Total liabilities (unrecognised)		-	-	-	-	-	-	-	-	-	-	-	-	-			

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

NOTE 26 Financial Instruments (continued)

(c) Net fair value of financial assets and liabilities

	Note	2004-2005		2003-2004	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial assets					
Cash	6	-	-	-	-
Receivables for goods and services	7	81	81	30	30
Negotiable securities	8	12 300	12 300	13 500	13 500
Other debtors	7	277	277	818	818
Accrued revenue	9	559	559	645	645
Total financial assets		13 217	13 217	14 993	14 993
Financial liabilities (recognised)					
Trade and other creditors	16	265	265	343	343
Industry rebates	17	12 150	12 150	13 940	13 940
Finance leases	18	47	47	61	61
Total financial liabilities (recognised)		12 462	12 462	14 344	14 344
Financial liabilities (unrecognised)					
Claims for damages/costs		-	-	-	-
Total financial liabilities (unrecognised)		-	-	-	-

Financial assets

The net fair values of all monetary financial assets approximate their carrying amounts.

The net fair values of loans receivable are considered to be at their carrying amounts as all loan 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 values of all monetary financial liabilities are approximated by their carrying amounts.

The net fair values of indemnities are regarded as the most likely loss which the Commonwealth faces while the indemnity remains current.

(d) Credit risk exposure

NRS's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

NRS has no significant exposures to any concentrations of credit risk.

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

Concentrations of credit risk

Credit risk in trade receivables is managed in the following ways:

- payment terms are 28 days; and
- withdrawal of services if debt recovery action is unsuccessful.

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

NATIONAL RESIDUE SURVEY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

NOTE 27 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 of Agriculture, Fisheries and Forestry. Please refer to Note 38 of the financial statements for the Department of Agriculture, Fisheries and Forestry for appropriation disclosures and details on the operation of the Special Account.

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