

Board financial statements

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 - Audit report from the ANAO
 - Financial statement
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INDEPENDENT AUDIT REPORT

To the Minister for Finance and Administration

Scope

The financial statements and Chief Executive's responsibility

The financial statements comprise:

- Statement by the Chairman and Chief Executive;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedule of Commitments; and
- Notes to and forming part of the Financial Statements

of the CSS Board for the year ended 30 June 2006.

The Board's Chief Executive is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the CSS Board, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia. The Board's 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 professional judgement, 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*

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Accountability Act 1997 and Accounting Standards in Australia, a view which is consistent with my understanding of the Board's financial position, and performance as represented by the results of its operations 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 CSS Board:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) gives a true and fair view of the CSS Board's financial position as at 30 June 2006 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 in Australia.

AUSTRALIAN NATIONAL AUDIT OFFICE



Carla Jago

Executive Director

Delegate of the Auditor-General

Canberra

30 October 2006

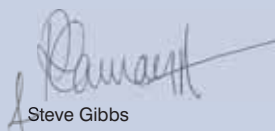
CSS Board

Statement by the Chairman and Chief Executive

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared 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.



Susan Doyle
Chairman
AUSTRALIAN REWARD INVESTMENT ALLIANCE
as successor in law to CSS Board



Steve Gibbs
Chief Executive Officer
AUSTRALIAN REWARD INVESTMENT ALLIANCE
as successor in law to CSS Board

30 October 2006

CSS Board

Income Statement for the financial year ended 30 June 2006

	Notes	2006 \$	2005 \$
INCOME			
Revenue			
Goods and services	4A	5 106 106	4 149 738
Total Revenue		<u>5 106 106</u>	<u>4 149 738</u>
Gains			
Resources received free of charge	4B	25 340	4 500
Reversals of previous asset write-downs	5D	5 840	-
Total Gains		<u>31 180</u>	<u>4 500</u>
Total Income		5 137 286	4 154 238
EXPENSE			
Employees	5A	1 823 480	1 606 192
Suppliers	5B	2 798 143	2 457 942
Depreciation and amortisation	5C	111 594	159 177
Write-down and impairment of assets	5D	-	57 559
Net loss from disposal of assets	4C	845	3 978
Total Expenses		<u>4 734 062</u>	<u>4 284 848</u>
Operating Result		403 224	(130 610)
Net Surplus / (Deficit) Attributable to the Australian Government		<u>403 224</u>	<u>(130 610)</u>

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

CSS Board

Balance Sheet as at 30 June 2006

	Notes	2006 \$	2005 \$
ASSETS			
Financial Assets			
Cash and equivalents	6A	445 429	310 685
Receivables	6B	<u>2 213 032</u>	<u>1 368 067</u>
Total Financial Assets		<u>2 658 461</u>	<u>1 678 752</u>
Non-Financial Assets			
Prepayments		139 901	111 572
Plant and equipment	7A	105 615	123 333
Intangibles	7B	30 617	48 786
Leasehold improvements	7C	<u>172 500</u>	<u>162 750</u>
Total Non-Financial Assets		<u>448 633</u>	<u>446 441</u>
Total Assets		<u>3 107 094</u>	<u>2 125 193</u>
LIABILITIES			
Payables			
Suppliers	8B	1 364 688	941 482
Other	8C	<u>438 720</u>	<u>423 308</u>
Total Payables		<u>1 803 408</u>	<u>1 364 790</u>
Provisions			
Employees	8A	<u>320 983</u>	220 082
Total Provisions		<u>320 983</u>	<u>220 082</u>
Total Liabilities		<u>2 124 391</u>	<u>1 584 872</u>
NET ASSETS		<u>982 703</u>	<u>540 321</u>
EQUITY			
Parent Entity Interest			
Contributed equity		359 929	359 929
Asset revaluation reserve		80 788	41 630
Retained surpluses		<u>541 986</u>	<u>138 762</u>
Total Parent Entity Interest		<u>982 703</u>	<u>540 321</u>
TOTAL EQUITY		<u>982 703</u>	<u>540 321</u>
Current assets		2 798 362	1 790 324
Non-current assets		308 732	334 869
Current liabilities		2 001 482	1 487 273
Non-current liabilities		122 909	97 599

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

CSS Board

Statement of Cash Flows for the financial year ended 30 June 2006

	Notes	2006 \$	2005 \$
OPERATING ACTIVITIES			
Cash received			
Goods and services		5 242 174	5 134 136
Total Cash Received		5 242 174	5 134 136
Cash Used			
Employees		1 823 956	1 666 389
Suppliers		2 848 146	3 165 776
Net GST payments		394 024	227 318
Total Cash Used		5 066 126	5 059 483
Net Cash From / (Used by) Operating Activities	9	176 048	74 653
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sale of plant and equipment		93	176
Total Cash Received		93	176
Cash Used			
Purchase of plant and equipment		21 859	138 312
Purchase of computer software		-	60 639
Leasehold improvements		19 538	36 394
Total Cash Used		41 397	235 345
Net Cash Used by Investing Activities		(41 304)	(235 169)
FINANCING ACTIVITIES			
Net Increase / (Decrease) in Cash Held		134 744	(160 516)
Cash at the beginning of the reporting period		310 685	471 201
Cash at the End of the Reporting Period		445 429	310 685

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

CSS Board**STATEMENT OF CHANGES IN EQUITY**
for the year ended 30 June 2006

Item	Accumulated Results		Asset Revaluation Reserve		Contributed Equity		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Opening Balance	138 762	269 372	41 630	6 435	359 929	359 929	540 321	635 736
Income and Expense Income and expenses recognised directly in equity Revaluation Adjustment	-	-	39 158	35 195	-	-	39 158	35 195
Net Operating Result	403 224	(130 610)	-	-	-	-	403 224	(130 610)
Total Income and Expenses recognised directly in Equity	403 224	(130 610)	39 158	35 195	-	-	442 382	(95 415)
Closing Balance	541 986	138 762	80 788	41 630	359 929	359 929	982 703	540 321
Closing Balance attributable to the Australian Government	541 986	138 762	80 788	41 630	359 929	359 929	982 703	540 321

CSS Board

Schedule of Commitments as at 30 June 2006

	Notes	2006 \$	2005 \$
BY TYPE			
Other commitments			
Operating leases		876 007	299 515
Total other commitments		876 007	299 515
Commitments receivable		(79 637)	(27 229)
Net commitments		796 370	272 286
BY MATURITY			
Operating lease commitments			
One year or less		188 324	139 795
From one to five years		608 046	132 491
Net commitments by maturity		796 370	272 286

Operating leases include leases for accommodation

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

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

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CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of CSS Board

The CSS Board was established under section 27B of the *Superannuation Act 1976 (CSS Act)*. Until 30 June 2006 the CSS Board administered the Commonwealth Superannuation Scheme (CSS) in accordance with the provisions of the *CSS Act* and was responsible for the management and investment of the CSS Fund.

The CSS Fund represents the funded component of CSS (i.e. the net assets arising from contributions and investment earnings), but excludes the unfunded liability of the Commonwealth Government to meet the anticipated value of future benefits.

In its capacity as a prescribed agency under the *Financial Management and Accountability Act 1997*, the CSS Board conducted its activities through the CSS Special Account - an account held with Reserve Bank of Australia. The objective of the CSS Board was to provide superannuation services that met the expectations of Government, employers, members and beneficiaries, and which complied with the superannuation regulatory environment.

The CSS Board's sole source of income was from external sources, and therefore no appropriations are included.

During the financial year ended 30 June 2006, the CSS Board's activities were funded through:

- an agreed share of the scheme administration charges collected by ComSuper from employers participating in CSS;
- charges to the PSS Board to recover costs jointly incurred by the CSS Board and PSS Board; and
- charges to the CSS Fund to recover the cost of administering and managing the CSS Fund.

On 1 July 2006 the CSS Board merged with the PSS Board, and the resulting entity was renamed Australian Reward Investment Alliance (ARIA), pursuant to the *Superannuation Legislation Amendments (Trustee Board and Other Measures) Act 2006*. See note 3 for further details regarding events occurring after balance date.

ARIA administers CSS and the CSS Fund in exactly the same manner as the CSS Board.

1.2 Basis of accounting

These financial statements, which represent the CSS Board's scheme administration activities, are required by section 49 of the *Financial Management and Accountability Act 1997*, and are a general purpose report.

The statements have been prepared in accordance with:

- the Finance Minister's Orders (being the Financial Management and Accountability Orders) (Financial Statements for reporting periods ending on or after 1 July 2005);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Urgent Issues Group Interpretations.

The Income Statement and Balance Sheet have been prepared on an accruals basis and are in accordance with historical cost convention, except for certain assets which are at valuation. Except where stated, no allowance is made for the effect of changing prices on the financial performance or the financial position.

Assets and liabilities are recognised in the Balance Sheet when it is probable that future economic benefits will flow, and the amounts of the assets and liabilities can be reliably measured. Possible liabilities and assets that arise from past events but whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events outside the control of the Trustee are reported in the note on Contingent Liabilities and Contingent Assets.

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

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies (continued)

1.3 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Australian Accounting Standards require the CSS Board to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards. These amendments are denoted by year and then number, for example 2005-1 indicates amendment number 1 in 2005.

The table below illustrates standards and amendments that will become effective for the Trustee in the future. The nature of the impending change in the table has been abbreviated out of necessity, and users should consult the full version on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Trustee's initial assessment at this date, but may change. The Trustee intends to adopt all of the standards upon their application date.

Title	Standard affected	Application date	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 January 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 January 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact
2005-5	AASB 1 and AASB 139	1 January 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact
2005-6	AASB 3	1 January 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 January 2006	Amended standards in regards to financial guarantee contracts.	No expected impact
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 January 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact
2006-1	AASB 121	31 December 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact
	AASB 7 Financial Instruments: Disclosures	1 January 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact, changes disclosure requirements

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies (continued)

1.4 Revenue

Goods and Services

The CSS Board recharges expenses incurred on a joint basis with the PSS Board in respect of the administration and management of the CSS Fund and the PSS Fund. All rebills are to CSS and the PSS Board respectively.

The CSS Board receives a share of the quarterly administration fees charged by ComSuper to participating employers of CSS. Any revenue not received by balance date is reflected in the Balance Sheet as a receivable.

Resources Received Free of Charge

Services received free of charge are recognised as revenue 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 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 (refer to Note 1.5).

1.5 Transactions with the Government as Owner

Restructuring of Administrative Arrangements

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

1.6 Employee Benefits

(a) Benefits

As required by the Finance Minister's Orders, the Trustee has early adopted AASB 119 Employee Benefits as issued in December 2004. Liabilities for services rendered by employees are recognised at the balance date to the extent that they have not been settled.

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within 12 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 benefits 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 balance date.

(b) Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting, and the average sick leave taken in future years by employees of the CSS Board is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including employer superannuation rates.

The liability for long service leave has been calculated by reference to the shorthand measurement technique prescribed by the Finance Minister's Orders i.e. as the present value of the probability-weighted long service leave liability.

(c) Separation and Redundancy

Separation and redundancy costs are recognised when the CSS Board has formally identified positions as excess to requirements and no suitable alternative position within the CSS Board is available.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies (continued)

1.6 Employee Benefits (continued)

(d) Superannuation

The directors and employees of the CSS Board are eligible to participate in Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme and Public Sector Superannuation Accumulation Plan on terms identical to all other members. The liability for their unfunded superannuation benefits is recognised in the financial statements of the Commonwealth Government and is settled by the Commonwealth Government as and when the obligations fall due.

The CSS Board makes employer contributions to the Commonwealth Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Board's directors and employees.

The liability for superannuation recognised as at 30 June 2006 represents outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which 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 inception of the lease and a liability recognised for the same amount. 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 which is representative of the pattern of benefits derived from the leased asset.

A lease incentive has been received from the lessor of the Johnsons Building in Sydney and is recognised as a liability in the Balance Sheet. This incentive is released on a straight-line basis over the period of the lease as a credit against the rent expense.

1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.9 Financial Instruments

Accounting policies for financial instruments are stated at Note 17.

1.10 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.

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 entity's accounts immediately prior to the restructuring.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies (continued)

1.11 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property (including leasehold improvements), plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, 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).

Revaluations

Basis

Property, plant and equipment for the year ended 30 June 2006 is carried at fair value on the basis of a valuation conducted by the Australian Valuation Office as at 30 June 2006.

Assets which are surplus to requirements are measured at depreciated replacement cost. At 30 June 2006 and 30 June 2005, the CSS Board did not have assets surplus to its requirements.

Frequency

The Finance Minister's Orders require that all plant and equipment assets be measured at up-to-date fair values for the financial year ending 30 June 2006 and subsequent years.

Conduct

All valuations are conducted by an independent qualified valuer.

Depreciation/amortisation Policy

Depreciable plant and equipment assets are written-off to their estimated residual values over their useful lives to the CSS Board using the straight-line method of depreciation.

Depreciation/amortisation rates (useful lives) and methods are reviewed each balance 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.

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

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

Asset Type	No of years
Computer hardware	3
Office equipment	5
Furniture and fittings	7-15

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies (continued)

1.11 Property, Plant and Equipment (continued)

Impairment of Non-current Assets

Non-current assets carried at up-to-date fair value at the balance date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amount at the balance date. The test compared the carrying amounts against the net present value of future net cash inflows.

Non-current assets carried at cost and not held to generate net cash inflows have been assessed for indications of impairment. Where indications of impairment exist, the asset is written down to the higher of its net selling price and, if the entity would replace the asset's service potential, its depreciated replacement cost.

Disposal of Non-Current Assets

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

1.12 Intangibles

The CSS Board's intangibles comprise purchased software. These assets are carried at cost which approximates fair value.

The carrying amount of each non-current intangible asset is reviewed to determine whether the asset has been impaired. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

Software is amortised on a straight-line basis over its anticipated useful life.

The useful life of the CSS Board's purchased software is 3 years.

1.13 Taxation

The CSS Board, in respect of its administration monies, is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST except:

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

1.14 Insurance

The CSS Board has insured for trustee indemnity risks through insurance policies with American Home Assurance Company; public liability, fire/perils, accidental damage, business interruption and burglary risks through insurance policies with QBEMM Insurance; and business travel and group personal injury risks through insurance policies held with Accident & Health Underwriting (security with Allianz Australia). Workers compensation risks are insured through ComCare.

1.15 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 the balance date. Associated currency gains and losses are not material.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 2: Impact of the transition to AIFRS from previous AGAAP

CSS Board changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (AIFRS). The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian equivalents to International Financial Reporting Standards' with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to AIFRS has affected the CSS Board's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	As at 1 July 2004	As at 30 June 2005
Total equity under previous AGAAP	635 736	540 321
Adjustment to retained earnings:	-	-
Total equity translated to AIFRS	635 736	540 321

Reconciliation of profit or loss as presented under previous AGAAP to AIFRS

	12 months ended 30 June 2005
Prior year loss as previously reported	130 610
Adjustments:	-
Prior year loss translated to AIFRS	130 610

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AIFRS.

Note 3: Events Occurring after Balance Date

On 1 July 2006 the CSS Board merged with the PSS Board, and the resulting entity was renamed Australian Reward Investment Alliance (ARIA), pursuant to the *Superannuation Legislation Amendments (Trustee Board and Other Measures) Act 2006*.

All of the assets and liabilities of the CSS Board at 30 June 2006 were transferred to ARIA on 1 July 2006 without conveyance, transfer or assignment at the carrying values included in these financial statements.

By virtue of the above legislation, the CSS Board was abolished from 1 July 2006.

ARIA is not aware of any events after balance date that would give rise to any adjustments to the values of assets and/or liabilities included in the Balance Sheet as at the balance date, or to the revenues and expenses included in the Income Statement for the reporting period then ended.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 4: Income

	2006	2005
	\$	\$
<i>Note 4A: Goods and Services</i>		
CSS Board's share of agency fees collected by ComSuper	1 410 836	955 224
Administration fees from the CSS Fund	3 667 310	3 191 782
Other	27 960	2 732
Total sales of goods and services	5 106 106	4 149 738

Note 4B: Resources received free of charge from Government

Resources received free of charge - audit services	25 340	4 500
Total resources received free of charge from government	25 340	4 500

Note 4C: Net Loss from Disposal of Assets

Plant and equipment		
Proceeds from disposal	93	176
Net book value of assets disposed	(938)	(4 154)
Net (loss) from disposal of plant and equipment	(845)	(3 978)

Note 5: Expenses from Ordinary Activities

Note 5A: Employees

Wages and salaries	1 525 380	1 368 806
Superannuation	216 012	163 111
Leave and other entitlements	69 453	62 493
Other	12 635	11 782
Total employee expenses	1 823 480	1 606 192

Note 5B: Suppliers

Goods and services from related entities	416 021	431 493
Goods and services from external entities	2 248 092	1 875 308
Operating lease rentals - accommodation	124 559	141 287
Workers compensation premiums	9 471	9 854
Total supplier expenses	2 798 143	2 457 942

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 5: Expenses from Ordinary Activities (continued)

	2006	2005
	\$	\$
<i>Note 5C: Depreciation and amortisation</i>		
Depreciation - plant and equipment	44 479	62 732
Amortisation of software	18 168	19 506
Amortisation of leasehold improvements	48 947	76 939
Total depreciation and amortisation	111 594	159 177

No depreciation or amortisation was allocated to the carrying amount of other assets.

Note 5D: Revaluation of Assets

Plant and equipment - revaluation to fair value (increment)/decrement	(5 840)	57 559
Total revaluation of assets	(5 840)	57 559

Note 6: Financial Assets

Note 6A: Cash

Cash on hand and at bank: CSS Special Account	445 429	310 685
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Note 6B: Receivables

Goods and services	1 834 372	1 055 772
GST receivable from the Australian Taxation Office	174 058	166 270
Accrued income	204 602	146 025
Total receivables	2 213 032	1 368 067

All receivables are current assets.

Receivables (gross) are aged as follows:

Not Overdue	2 213 032	1 368 067
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
Over 90 days	-	-
Total receivables	2 213 032	1 368 067

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 7: Non Financial Assets

	2006	2005
	\$	\$

Note 7A: Plant and equipment

At valuation (fair value)	105 615	123 333
Total plant and equipment	105 615	123 333

Note 7B: Intangibles - computer software purchased

At cost	108 940	108 940
Accumulated amortisation	(78 323)	(60 154)
Total intangibles - computer software	30 617	48 786

Note 7C: Leasehold Improvements

At valuation (fair value)	172 500	162 750
Total leasehold improvements	172 500	162 750

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. The most recent valuation was conducted as at 30 June 2006 by an independent valuer, the Australian Valuation Office.

Movement in Asset Revaluation Reserve: Increment for leasehold improvements	39 158	35 195
Increment/(Decrement) for Plant and Equipment included in Income Statement	5 840	(57 559)

Note 7D: Analysis of property, plant, equipment and intangibles
Table A: Reconciliation of the opening and closing balances of property, plant, equipment and intangibles

Item	Other Plant & Equipment At Valuation	Intangibles At Cost	Leasehold Improvements At Valuation	Total
	\$	\$	\$	\$
As at 1 July 2005				
Gross book value	123 333	108 940	162 750	395 023
Accumulated depreciation/amortisation	-	(60 154)	-	(60 154)
Net book value	123 333	48 786	162 750	334 869
Assets purchased	21 859	-	19 538	41 397
Depreciation/amortisation expense	(44 479)	(18 169)	(48 946)	(111 594)
Revaluation through operating result	5 840	-	-	5 840
Revaluation through equity	-	-	39 158	39 158
Disposals	(938)	-	-	(938)
As at 30 June 2006				
Gross book value	105 615	108 940	172 500	387 055
Accumulated depreciation/amortisation	-	(78 323)	-	(78 323)
Net book value as at 30 June 2006	105 615	30 617	172 500	308 732

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 8: Provisions and Payables

	2006	2005
	\$	\$
<i>Note 8A: Employee provisions</i>		
Wages and salaries	42 967	11 150
Leave	273 724	204 271
Superannuation	3 810	1 305
Other	482	3 356
Total employee provisions	320 983	220 082

Employee provisions are classified as:

Current liabilities	209 915	140 244
Non-current liabilities	111 068	79 838
	320 983	220 082

Note 8B: Trade suppliers

Trade creditors - accrued expenses	886 084	266 728
Trade creditors - unpaid invoices	478 604	674 754
Total trade suppliers	1 364 688	941 482

Trade suppliers are classified as:

Current liabilities	1 364 688	941 482
Non-current liabilities	-	-
	1 364 688	941 482

Note 8C: Other payables

Lease incentive - non interest bearing	11 841	17 761
Goods and services tax payable to ATO	338 494	285 114
Pay As You Go withholding tax payable to ATO	88 385	120 433
Total other payables	438 720	423 308

Other payables are classified as:

Current liabilities	426 879	405 547
Non-current liabilities	11 841	17 761
	438 720	423 308

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 9: Cash Flow Reconciliation

	2006	2005
	\$	\$
Reconciliation of cash per Balance Sheet to Statement of Cash Flows		
Cash at end of financial year per Statement of Cash Flows	<u>445 429</u>	<u>310 685</u>
Balance Sheet items comprising above cash:		
Financial asset - Cash	<u>445 429</u>	<u>310 685</u>
Reconciliation of net surplus (deficit) to net cash from operating activities:		
Net surplus/(deficit)	403 224	(130 610)
Depreciation/amortisation	111 594	159 177
(Write-up)/write down of non-current assets	(5 840)	57 559
Net loss from sale of assets	845	3 978
(Decrease)/increase in net receivables	(844 965)	109 113
Decrease in prepayments	(28 329)	(51 513)
Increase/(decrease) in employee provisions	100 901	(34 554)
Increase/(decrease) in supplier payables	423 206	(152 124)
Increase/(decrease) in other payables	15 412	113 627
Net cash from/(used by) operating activities	<u>176 048</u>	<u>74 653</u>
- Per statement of Cash Flows	<u>176 048</u>	<u>74 653</u>

Note 10: Contingent Liabilities and Contingent Assets

The CSS Board had no contingent liabilities or contingent assets (quantifiable or unquantifiable) as at 30 June 2006 or 30 June 2005.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 11: Trustee Remuneration

Certain of the trustees of the CSS Board are also trustees of the PSS Board. A fixed remuneration is paid to each trustee for acting in respect of one or both boards. The number of trustees (and their alternates) who received remuneration during the financial year fell within the following bands:

	2006	2005
\$0 to \$14 999	3	5
\$15 000 to \$29 999	2	4
\$30 000 to \$44 999	3	2
\$45 000 to \$59 999	1	-
\$60 000 to \$74 999	1	1

The aggregate remuneration paid to trustees during the financial year was \$291 842 (2005: \$268 832) of which \$175 524 (2005: \$165 281) was borne by the CSS Board.

Note 12: Executive Remuneration

Staff are employed jointly by the CSS Board and PSS Board. The number of executives during the financial year who received or who were due to receive total remuneration of \$130 000 or more from the CSS & PSS Boards are as follows:

	2006 No.	2005 No.
\$130 000 to \$144 999	1	-
\$160 000 to \$174 999	3	1
\$205 000 to \$219 999	-	1
\$220 000 to \$234 999	-	1
\$235 000 to \$249 999	2	-
\$250 000 to \$264 999	1	-
\$280 000 to \$294 999	1	-
\$295 000 to \$309 999	-	1
\$325 000 to \$339 999	-	1
\$355 000 to \$369 999	1	-
\$385 000 to \$399 999	1	-
\$430 000 to \$444 999	-	1
	2006	2005
	\$	\$
Aggregate amount of remuneration of executives shown above	2 422 361	1 658 078

There were no separation and redundancy/termination benefit payments during the year to executives shown above.

Note 13: Remuneration of Auditors

	2006	2005
	\$	\$
Audit services in respect of the CSS Board financial statements are provided free of charge to the CSS Board. The fair value of the services provided was:	25 340	4 500
Amounts received or due and receivable by the Australian National Audit Office as auditors of entities in respect of which the CSS Board acts as Trustee	91 465	58 656

Deloitte Touche Tohmatsu have been contracted by the Australian National Audit Office to provide audit services on behalf of the Auditor General. Fees for these services are included above. Deloitte Touche Tohmatsu provided no other services to the CSS Board.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 14: Average Staffing Levels

	2006	2005
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The average staffing levels for the CSS Board and PSS Board during the year were:

	25.4	20.4
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Note 15: Compensation and Debt Relief

No 'Act of Grace' payments were made under subsection 33(1) of the *Financial Management and Accountability Act 1997* during the reporting period, and there are no amounts owing at balance date.

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* or any other legislation.

No payments were made under the scheme for Commonwealth Compensation for Detriment caused by Defective Administration during the reporting period.

Note 16: Registered Office and Principal Place of Business:

10th Floor
12 Moore Street
CANBERRA ACT 2601

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 17: Financial Instruments

Note 17A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting amount, timing and certainty of cash flows)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Cash is recognised at its nominal amount.	The CSS Board does not earn interest on its operational bank account.
Receivables for goods and services	6B	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.	Credit terms are net 3 days.
FINANCIAL LIABILITIES		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 creditors	8B	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 and services have been received (and irrespective of having been invoiced).	Normal trading terms of settlement are within 30 days.

CSS Board

Notes to and forming part of the financial statements
for the financial year ended 30 June 2006

Note 17: Financial Instruments (continued)

Note 17B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Total		Weighted Average Effective Interest Rate			
		2006	2005	1 Year or Less		1 to 5 Years		> 5 Years		2006	2005	2006	2005		
				2006	2005	2006	2005	2006	2005					2006	2005
Cash	6A	-	-	-	-	-	-	-	-	445 429	310 685	445 429	310 685	n/a	n/a
Receivables for goods and services	6B	-	-	-	-	-	-	-	-	2 213 032	1 368 067	2 213 032	1 368 067	n/a	n/a
Total Assets		-	-	-	-	-	-	-	-	2 658 461	1 678 752	2 658 461	1 678 752		
										3 107 094	2 125 193				
Financial Liabilities															
Trade creditors	8B	-	-	-	-	-	-	-	-	1 364 688	941 482	1 364 688	941 482	n/a	n/a
Other	8B	-	-	-	-	-	-	-	-	438 720	423 300	438 720	423 300	n/a	n/a
Total Liabilities		-	-	-	-	-	-	-	-	1 803 408	1 364 782	1 803 408	1 364 782		
										2 124 391	1 584 872				

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 17: Financial Instruments (continued)

Note 17C: Fair Values of Financial Assets and Liabilities

		2006	2006	2005	2005
		\$	\$	\$	\$
Departmental Financial Assets	Notes	Total Carrying Amount	Aggregate Fair Value	Total Carrying Amount	Aggregate Fair Value
Cash	6A	445 429	445 429	310 685	310 685
Receivables for goods and services	6B	2 213 032	2 213 032	1 368 067	1 368 067
Total financial assets		2 658 461	2 658 461	1 678 752	1 678 752
Financial Liabilities					
Trade suppliers	8B	1 364 688	1 364 688	941 482	941 482
Other	8B	438 720	438 720	423 308	423 308
Total financial liabilities		1 803 408	1 803 408	1 364 790	1 364 790

The fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

The fair values for trade suppliers and lease incentives are approximated by their carrying amounts.

Note 17D: Credit Risk Exposures

The CSS Board's maximum exposure to credit risk at the balance date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet. These values do not take account of any collateral or other security.

The CSS Board has no significant exposures to any concentrations of credit risk.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 18: Special Accounts

2006 2005
\$ \$

CSS Special Account (Departmental)

Legal Authority: Financial Management and Accountability Act 1997, s20

Purpose: For expenditure relating to:

- the administration of the CSS Scheme by the CSS Board;
- the performance of any other function conferred on the CSS Board under legislation; or
- the management and investment of the CSS Fund by the CSS Board, where a corresponding amount has been or is to be credited to the CSS Special Account from the CSS Fund in respect of such expenditure.

Balance carried forward from previous year	310 685	471 201
Costs recovered from non-government sector		
Services - Rendering of services to external entities	3 305 663	3 635 258
Other receipts:		
Services - Rendering of services to related entities	1 410 836	955 224
Sale of assets	93	176
GST refunds received	525 675	543 654
Amount available for expenditure	5 552 952	5 605 513
Expenditure	(5 107 523)	(5 294 828)
Balance carried to next year	445 429	310 685
Represented by		
Cash held by CSS Board	445 429	310 685
Total balance carried to next year	445 429	310 685

Cash held in the CSS Special Account at 30 June 2006 was transferred to the PSS Special Account in July 2006 as part of the transfer of assets of the CSS Board. See note 3 for Events Occurring after Balance Date.

CSS Board

Notes to and forming part of the financial statements for the financial year ended 30 June 2006

Note 19: Reporting of Outcomes

Note 19A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2006 \$	2005 \$	2006 \$	2005 \$
Departmental Expenses	4 728 222	4 285 024	4 728 222	4 285 024
<i>Costs recovered from provision of goods and services to the non-government sector</i>				
Departmental	3 695 270	3 194 690	3 695 270	3 194 690
Total costs recovered	3 695 270	3 194 690	3 695 270	3 194 690
<i>Other external revenues</i>				
Departmental				
Goods and services revenue from related entities	1 410 836	955 224	1 410 836	955 224
Other	25 340	4 500	25 340	4 500
Total other external revenues	1 436 176	959 724	1 436 176	959 724
Net (contribution)/cost of outcome	(403 224)	130 610	(403 224)	130 610

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Note 19B: Major Classes of Departmental Revenues and Expenses by Outputs

	Output Group 1.1		Outcome 1 Total	
	2006 \$	2005 \$	2006 \$	2005 \$
Departmental expenses				
Employees	1 823 480	1 606 192	1 823 480	1 606 192
Suppliers	2 798 143	2 457 942	2 798 143	2 457 942
Depreciation and amortisation	111 594	159 177	111 594	159 177
Other expenses	(4 995)	61 713	(4 995)	61 713
Total departmental expenses	4 728 222	4 285 024	4 728 222	4 285 024
Funded by:				
Revenues from Government	25 340	4 500	25 340	4 500
Sale of goods and services	5 106 106	4 149 914	5 106 106	4 149 914
Total departmental revenues	5 131 446	4 154 414	5 131 446	4 154 414

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.