

recruitmentsuper



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

RECRUITMENT SERVICES SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2006

	NOTE	30-Jun-06 \$	30-Jun-05 \$
Cash at Bank	7	<u>20,660,228</u>	<u>18,695,444</u>
		<u>20,660,228</u>	<u>18,695,444</u>
RECEIVABLES			
Contributions Receivable		13,000,000	11,172,383
Investment Income Receivable		-	-
Deferred Tax Assets		415,516	1,804,678
GST Receivable		389,383	127,533
Other Receivables	9	<u>702,184</u>	<u>45,126</u>
		<u>14,507,083</u>	<u>13,149,720</u>
UNSECURED LOAN			
Loan to EO Group Pty Limited		<u>3,000,000</u>	<u>-</u>
INVESTMENTS			
Other Interest Bearing Securities	8	539,136	518,016
Unit Trusts	8	<u>641,260,091</u>	<u>491,798,920</u>
		<u>641,799,226</u>	<u>492,316,936</u>
TOTAL ASSETS		<u>679,966,539</u>	<u>524,162,100</u>
LIABILITIES			
Amount Payable to EO Group Pty Limited		3,000,000	-
Other Payables	10	4,646,269	1,343,426
Income Tax Payable	13	6,279,155	6,763,874
Deferred Tax Liabilities		<u>13,432,152</u>	<u>8,537,554</u>
TOTAL LIABILITIES		<u>27,357,576</u>	<u>16,644,854</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>652,608,963</u>	<u>507,517,246</u>
Represented by:			
LIABILITIES FOR ACCRUED BENEFITS			
Vested Benefits:			
Allocated to Members' Accounts	4	635,709,011	499,900,946
Reserve	5	<u>16,899,953</u>	<u>7,616,300</u>
	3	<u>652,608,963</u>	<u>507,517,246</u>

The accompanying notes form an integral part of this Statement of Financial Position

RECRUITMENT SERVICES SUPERANNUATION FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	30-Jun-06 \$	30-Jun-05 \$
INVESTMENT REVENUE			
Interest		374,207	402,784
Changes in Net Market Values	11	61,222,902	30,649,007
Dividends/Distributions		15,397,457	21,430,554
Direct Investment Expenses	12	(518,960)	(676,373)
Other Investment Income		1,262,040	9,579
Realised Gains/(Losses)	11	8,535,454	(5,088,612)
Net Investment Revenue		<u>86,273,099</u>	<u>46,726,939</u>
CONTRIBUTIONS REVENUE			
Employer Contributions		158,186,181	142,094,242
Members' Contributions		3,312,856	1,307,650
Government Co-Contribution		1,088,679	609,421
Transfers from Other Funds		25,765,454	31,178,310
Total Contributions Revenue		<u>188,353,171</u>	<u>175,189,623</u>
OTHER REVENUE			
Group Life Insurance Proceeds		901,667	347,875
		<u>901,667</u>	<u>347,875</u>
TOTAL REVENUE FROM ORDINARY ACTIVITIES		<u>275,527,935</u>	<u>222,264,437</u>
GENERAL ADMINISTRATION EXPENSES			
Administration Services		19,101,437	13,310,690
Audit Fees	15	55,281	42,370
Group Life Insurance Premiums		3,965,326	1,174,793
Operating Expenses	14	798,137	854,920
Superannuation Contribution Surcharge	1(g)	650,893	618,235
TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES		<u>24,571,076</u>	<u>16,001,008</u>
Operating Surplus for the Year Before Tax		250,956,860	206,263,429
Less: Income Tax Expense	13	<u>(27,256,821)</u>	<u>(24,833,152)</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>223,700,039</u>	<u>181,430,277</u>

The accompanying notes form an integral part of this Statement of Financial Performance

RECRUITMENT SERVICES SUPERANNUATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE	30-Jun-06	30-Jun-05
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
<i>Contributions received:</i>		
Employer Contributions	156,332,975	140,266,056
Member Contributions	3,338,445	1,307,650
Government Co-Contribution	1,088,679	609,421
Benefits Transferred In	25,765,454	31,178,310
Interest	176,607	302,927
Group Life Insurance Proceeds	206,681	408,122
GST Paid and Claimable	1,173,789	932,380
Members' Benefits	(78,538,591)	(45,443,647)
Administration Expenses	(18,307,181)	(13,504,628)
Audit Fees	(57,481)	(24,195)
Group Life Insurance Premiums	(2,025,930)	(1,166,301)
Operating Expenses	(1,653,057)	(969,890)
Surcharge Tax Paid	(358,776)	(680,309)
Income Taxes Paid	(21,457,780)	(15,604,489)
NET CASH FLOW PROVIDED BY OPEF	65,683,834	97,611,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	214,008,960	331,763,713
Investments Units Purchased	(277,112,650)	(429,356,767)
Direct Investment Expenses	(615,361)	(680,385)
NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES	(63,719,051)	(98,273,439)
Net Increase in Cash Held	1,964,784	(662,032)
OPENING CASH BROUGHT FORWARD	18,695,444	19,357,476
CLOSING CASH CARRIED FORWARD	20,660,228	18,695,444

The accompanying notes form an integral part of this Statement of Cash Flows

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements. Unless otherwise stated, such accounting policies were also adopted in the corresponding preceding report period.

(a) Compliance with Australian Accounting Standards, the trust deed and legislative requirements.

The financial statements have been drawn up in accordance with Australian Accounting Standard AAS 25 "Financial Reporting by Superannuation Plans" other applicable Australian Accounting Standards, Statements of Accounting concepts, other mandatory professional requirements (Urgent Issues Group Consensus Views), the Superannuation Industry Supervision Act 1993 and Regulations and the provisions of the Trust Deed.

These financial statements reflect the result of operations of the Plan for the year ended 30 June 2006. The comparative figures relate to the year ended 30 June 2005.

(b) Taxation

The Plan is a complying superannuation plan within the provisions of the Income Tax Assessment Act 1936 as amended. Accordingly tax is payable on its taxable income at the rate of 15%.

The Plan follows a policy of tax-effect accounting. The income tax expense in the operating statement represents the tax on the pre-tax accounting income adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability or future income tax benefit represents the tax effect of differences between amounts which have been added to or deducted from earnings in respect of income and expense items recognised in different accounting years for book and tax purposes.

The tax rate applied to the timing differences is at a rate of 10% (2005 10%) to reflect the reduction in effective tax rate when future capital gains are realised.

(c) Investments

Assets of the fund have been measured at net market values after allowing for costs of realisation. Changes in net market value of assets are brought to account in the operating statements in the periods in which they occur.

Net market values have been determined as follows:

- (i) Shares in listed companies, government securities and other fixed interest securities by reference to the market quotations at the reporting date; and
- (ii) Units in managed funds by reference to the unit redemption prices at the reporting date.

(d) Benefits Payable

Benefits payable comprises the entitlements of members who ceased employment prior to the year end but have not been paid at balance date. Benefits payable are normally settled within 30 days.

(e) Receivable and Other Payables

Receivables are carried at their nominal amounts due which approximate net fair value.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. Payables are normally settled within 30 days.

(f) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and is deposited with the Commonwealth Bank of Australia.

(g) Superannuation Contributions Surcharge

Under the Superannuation Contributions Tax (Assessment and Collection) Act 1997, the holder of surchargeable contributions for the financial year is liable to pay the superannuation contributions surcharge. The surcharge is levied on surchargeable contributions depending on the individual member's adjusted taxable income. The Fund has recognised the surcharge as a liability when the assessment (including advance instalment) is received from the Australian Taxation Office. No assessed surcharge liability remains unpaid at year-end.

No additional superannuation contributions surcharge liability has been recognised at year end as the Trustee considers that it cannot be reliably measured. There is insufficient information to provide a reliable indication of the future surcharge expense at year-end due to various factors such as member taxable income is unknown, and number and turnover of members varies from year to year. The

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

(h) Accounting for GST

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Where the amount of GST incurred is not recoverable from the Australian Taxation Office it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

(i) Accrued Benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities at balance date.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Changes in net market value

Changes in net market value of investments are recognised in the operating statement in the periods in which they occur.

Contributions and transfers in

Contributions and transfers in are recognised when control of the asset has been attained and are recorded in the period to which they relate.

Interest

Controls of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of the right to receive consideration for the investment in assets is attained, usually evidenced by shareholders approval of the dividend at meeting of shareholders.

(k) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(l) Impact of Adopting Australian Equivalents of International Financial Reporting Standards

The Fund has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards ("IFRS"). Compliance with AAS 25 "Financial Reporting by Superannuation Plans" precludes the Fund from complying with certain IFRS, therefore adoption of IFRS is not expected to have a significant impact on the financial statements.

The main change is expected to be in relation to tax effect accounting. The concept of timing and permanent differences will be replaced with a balance sheet approach giving rise to temporary differences. This may permit the recognition of deferred tax assets or liabilities not previously recognised. Also a 'probable' test will replace the current 'virtual certainty' test for recognition of tax losses. This may also result in the recognition of additional deferred tax assets. Although the differences in recognition can not be reliably measured at this point in time, it is expected that any difference will be minimal.

NOTE 2. THE FUND

The Recruitment Services Superannuation Fund changed its name from the National Association of Personnel Consultants Superannuation Fund on 3 December 1997. The Fund is a nation-wide accumulation style superannuation fund, initially sponsored by the Recruitment and Consulting Services Association. The Fund has been established to provide employees in the Recruitment industry with a portable superannuation scheme. Under the terms of the Fund's declaration of trust, Professional Associations Superannuation Limited (A.B.N. 78 984 178 687) is appointed Trustee of the Fund.

The Fund provides for payment of contributions by participating employers at agreed rates as legislated. Members are also able to make voluntary contributions. Optional insurance coverage is available for members of the fund upon written application.

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3. LIABILITY FOR ACCRUED BENEFITS

The liability for accrued benefits is the Fund's present obligations to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at reporting date.

	30-Jun-06	30-Jun-05
	\$	\$
Changes in the liability for accrued benefits are as follows:		
Liability for accrued benefits at the beginning of the period	507,517,246	371,584,536
Impact of Adjustments	(32,985)	(4,677)
Plus: Increase in Accrued Benefits	223,700,039	181,430,277
Less: Gross Benefits Paid and Payable		
Resignations	(2,758,612)	(2,400,336)
Retirements	(2,922,749)	(2,781,142)
Transfers to other funds and ERF	(70,677,324)	(38,355,069)
Deaths	(832,410)	(395,292)
Disablements	(96,919)	(182,204)
Hardship	(1,074,851)	(1,107,602)
Compassionate	-	(7,038)
Unclaimed Monies	(212,473)	(264,207)
Total Gross Benefits Paid and Payable	<u>(78,575,338)</u>	<u>(45,492,890)</u>
Liability for accrued benefits at the end of the period	<u><u>652,608,963</u></u>	<u><u>507,517,246</u></u>

NOTE 4. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date.

	30-Jun-06	30-Jun-05
	\$	\$
Changes in the value of vested benefits are as follows:		
Vested Benefits at Beginning of Year	499,900,946	366,565,831
Contributions	162,587,716	144,011,313
Transfers In	25,765,728	31,178,310
Interest Allocated/(Charged) to Members	74,322,984	35,310,798
Cost of Member Benefit Protection	4,062,745	4,524,911
Proceeds from Insurance	901,667	347,875
Member Levies in Respect of:		
Tax	(23,766,182)	(21,321,413)
Administration Fees	(18,527,227)	(13,310,690)
Group Life Insurance Premiums	(3,797,288)	(1,294,864)
Surcharge	(650,893)	(618,235)
Expense Recovery Charge	(6,515,848)	-
Benefits Paid and Payable	(78,575,338)	(45,492,890)
Net Movement in Vested Benefits	<u>135,808,066</u>	<u>133,335,115</u>
Vested Benefits at End of Period	<u><u>635,709,011</u></u>	<u><u>499,900,946</u></u>

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	30-Jun-06 \$	30-Jun-05 \$
NOTE 5. MOVEMENT IN RESERVE		
Balance at Beginning of Period	7,616,300	5,018,705
Investment Income		
Dividends/Distributions	15,397,457	21,430,554
Interest	374,207	402,784
Other Investment Income	1,262,040	9,579
Movements in Net Market Value	69,758,355	25,560,395
Direct Investment Expenses	(518,959)	(676,373)
Interest (allocated)/charged to members	(63,285,271)	(28,203,066)
Unit Price Revaluations	(11,037,713)	(7,107,733)
Group Life Insurance Premiums	(3,965,326)	(1,174,793)
Group Life Insurance Levies	3,797,288	1,294,864
Proceeds from Insurance	901,667	347,875
Insurance Levies	(901,667)	(347,875)
Administration Expenses	(19,101,437)	(13,310,690)
Audit and Operating Expenses	(853,418)	(897,290)
Administration Fees Deducted from Members' Accounts		
Account Keeping Levies	16,341,088	9,997,725
Contribution Fee Levies	173,372	1,120,800
Benefit Payment Levies	2,012,767	2,192,165
Expense Recovery Charge	6,515,848	-
Cost of Member Benefit Protection	(4,063,334)	(4,524,911)
Superannuation Contributions Surcharge	(650,893)	(618,235)
Tax Levies in respect of Superannuation Contributions Surcharge	650,893	618,235
Income Tax Expense		
Investment Tax per Tax Calculation	(3,528,893)	(3,593,233)
Contributions Tax	(23,727,927)	(21,321,413)
Write-off Prior Year's (over)/under provision	-	81,495
Tax Levies charged to members	23,766,184	21,321,413
Benefits Paid to Members	(78,575,338)	(45,492,890)
Benefits Paid and Payable from Members' Accounts	78,575,338	45,492,890
Reserve Adjustments	(32,672)	(4,677)
Balance at End of Period	<u>16,899,953</u>	<u>7,616,300</u>

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 6. GUARANTEED BENEFITS

No guarantees have been made in respect of any part of the liability for accrued benefits.

	30-Jun-06	30-Jun-05
	\$	\$
NOTE 7. CASH AT BANK		
Cash at Bank - Withdrawals Account	1,090,763	625,007
Cash at Bank - Contributions Account	12,711,390	11,436,198
National Custodial Services Account	1,437,179	6,634,239
Cash in Transit	5,420,896	-
	<u>20,660,228</u>	<u>18,695,444</u>

NOTE 8. INVESTMENTS

SMHL Origination Fund No. 3	<u>539,136</u>	<u>518,016</u>
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Unit Trusts

Deutsche Property Fund	52,463,084	43,041,757
Utilities Trust of Australia	11,942,294	10,715,432
IFBT	326,933	163,425
NAB Capital International Global Share Fund	-	19,618,991
NAB Capital International Global Hedged Share Fund	60,452,586	42,932,346
Wellington Global Research Equity Fund	37,525,295	39,694,574
GMO Emerging Markets Equity Trust	15,936,011	11,292,407
ANZ Cash Plus Fund	25,325,920	39,756,662
Jana Australian Equities Fund	165,651,698	127,085,457
Colonial Wholesale Australian Equities Fund	28,073,145	34,478,130
Holowesko Global Fund	9,152,728	7,913,313
Warrakiri Alternative Aurora Fund	12,760,386	11,746,436
Aurora Offshore Fund	13,206,403	11,816,751
Jana Emerging Markets Fund	10,120,722	7,007,252
Jana Diversified Debt Fund	78,703,255	75,199,980
GMO Mutli Strategy Trust	15,460,636	9,336,007
Jana High Alpha Global Share Fund	39,253,097	-
Bridgewater All Weather Fund (Australia)	11,156,966	-
Templeton Capital SPC Short fund	5,228,786	-
Jana Australian Share Long Short Unit	22,176,000	-
Jana Global Share Long Short Unit	18,744,146	-
Investments In Transit	7,600,000	-
	<u>641,260,091</u>	<u>491,798,920</u>
	<u>641,799,226</u>	<u>492,316,936</u>

NOTE 9. OTHER RECEIVABLES

Bank Interest Receivable	-	8,531
Sundry Debtors	7,199	-
Security Deposit held in trust by PASL	-	20,645
Prepayments	-	15,950
Investment Income Receivable	694,986	-
	<u>702,185</u>	<u>45,126</u>

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	30-Jun-06	30-Jun-05
	\$	\$
NOTE 10. OTHER PAYABLES		
Administration Expenses Payable	1,653,016	858,760
Insurance Expense Payable	1,947,888	8,492
Audit Fees Payable	39,900	42,100
Trade Creditors	3,739	-
Accrued Expenses	129,906	10,084
Direct Investment Expenses Payable	41,179	99,607
Benefits Payable	175,494	138,747
Benefit Tax Payable	216,674	93,108
PAYG Tax	25,858	10,321
Superannuation Surcharge Payable	379,808	87,691
Cancelled & Unpresented Cheques	32,807	(5,484)
	4,646,269	1,343,426

NOTE 11. CHANGES IN NET MARKET VALUE OF INVESTMENTS

Unrealised Gains/(Losses)		
Unit Trusts	61,222,902	30,649,007
	61,222,902	30,649,007
Realised Gains/(Losses)		
Unit Trusts	8,535,454	(5,088,612)
Futures & Foreign Exchange Gains/(Losses)	-	-
	8,535,454	(5,088,612)
	69,758,355	25,560,395

NOTE 12. DIRECT INVESTMENT EXPENSES

Custodian Fees	86,177	275,044
Investment Consultancy Fees	39,200	176,337
Investment Management Fees	393,583	224,992
	518,960	676,373

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13. INCOME TAX

Income tax expense, assets and liabilities arising from the levying of income tax (including capital gains tax) on superannuation funds have been determined in accordance with the provisions of Australian Accounting Standard AAS3 "Accounting for Income Tax (Tax-effect Accounting)".

The income tax expense is provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	30-Jun-06	30-Jun-05
	\$	\$
Operating Surplus for the Year Before Tax	250,956,860	206,263,429
Prima Facie Tax Thereon at 15%	37,643,529 (457,928)	30,939,514
Permanent Differences		
Non-Assessable Contributions	(660,230)	(280,284)
Non-Assessable Roll ins/Transfers	(3,864,818)	(4,676,746)
Non-Assessable Investment Income	(441,876)	-
Trust Distributions - Imputation Credits	120,859	135,370
Trust Distributions - Reversal of Prior Period Distribution	(212,469)	97,253
Realised Taxable Gains/(Losses)	1,328,701	1,105,995
Unrealised Capital Gains/(Losses)	(5,916,342)	2,949
Group Life Insurance Proceeds	(135,250)	(52,181)
Legal Fees	7,803	2,654
Superannuation Surcharge	97,634	92,735
Imputation Credits & Other Rebates	(805,728)	(902,464)
Movement re: Tax Rate Change on Unrealised Losses	552,934	(1,550,148)
Prior Year (Over)/Under Provision	-	(81,495)
Income Tax Expense	<u>27,256,820</u>	<u>24,833,152</u>
Tax Effect on Timing Differences		
Contributions Receivable	(274,143)	(274,228)
Accrued Interest	1,279	(371)
Tax Deferred Income	212,469	(94,196)
Accrued Distributions	-	(185,716)
Realised Capital Gains/(Losses)	(2,609,019)	(2,279,053)
Unrealised Capital Gains/(Losses)	(3,267,093)	(3,837,008)
Group Life Insurance Premiums Payable	290,910	1,274
Auditor Fees Payable	(330)	-
Other	(84,898)	6,314
Movement re: Impact of Tax Rate Change on Opening Balance:	(552,934)	1,550,148
Tax Paid in Respect of Current Year	(15,016,172)	(13,357,037)
Prior Year Over/(Under) Provision	322,266	400,595
Income Tax Payable	<u><u>6,279,155</u></u>	<u><u>6,763,874</u></u>

RECRUITMENT SERVICES SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	30-Jun-06	30-Jun-05
	\$	\$
NOTE 14. OPERATING EXPENSES:		
Statutory Filing & Lodgement Fees	253,075	211,335
Indemnity Insurance	6,050	56,940
Bank Charges	24,161	23,761
Directors / Chairman Fees and Salaries	444,528	304,663
Professional Fees	52,017	153,718
Trustee Travel and Accommodation	12,984	13,412
Miscellaneous	4,296	81,399
Communication & Mail House Expenses	1,026	9,692
	<u>798,137</u>	<u>854,920</u>

NOTE 15. AUDITORS REMUNERATION

Audit Services	46,426	42,370
Other Services	8,855	30,305
	<u>55,281</u>	<u>72,675</u>

NOTE 16. SEGMENT INFORMATION

The Fund operates solely in the business of provision of benefits to members and operates in Australia only.