



FRDC

**Financial statements
for the Period ended
31 December 2017**

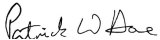
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FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

STATEMENT BY THE EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the period ended 31 December 2017 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the FRDC will be able to pay its debts as and when they fall due.

Signed 
Dr Patrick Hone
Executive Director

Jan 17, 2018
.....
Date

Signed 
John Wilson
Chief Financial Officer

Jan 17, 2018
.....
Date

Statement of Comprehensive Income

for the period ended 31 December 2017

	Notes	2017-18 \$	2016-17 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	1,634,421	1,358,187
Suppliers	1.1B	902,837	731,907
Projects	1.1C	11,619,428	7,024,381
Depreciation and amortisation	2.2A	86,945	79,940
Losses from assets disposals	1.1D	-	800
Other expenses	1.1E	-	-
Total expenses		14,243,631	9,195,215
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	345	1,250
Interest	1.2B	210,316	188,046
Grants	1.2C	222,500	2,335,564
Contributions	1.2D	2,763,459	1,863,696
Other revenue	1.2E	262,474	151,064
Total own-source revenue		3,459,094	4,539,620
Total own-source income		3,459,094	4,539,620
Net cost of services		10,784,537	4,655,595
Revenue from the Australian Government	1.2F	14,392,239	13,108,337
Surplus attributable to the Australian Government		3,607,702	8,452,742
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	-
Total other comprehensive income		-	-
Total comprehensive income attributable to the Australian Government		3,607,702	8,452,742

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

Statement of Financial Position

as at 31 December 2017

	Notes	2017-18 \$	2016-17 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	22,566,298	19,141,880
Trade and other receivables	2.1B	866,036	1,041,603
Other investments	2.1C	5,001	5,001
Total financial assets		23,437,335	20,188,484
Non-financial assets			
Property, plant and equipment	2.2A	135,818	36,183
Intangibles	2.2A	783,369	836,201
Inventories	2.2B	-	11,933
Other non-financial assets	2.2C	62,890	61,586
Total non-financial assets		982,077	945,903
Total assets		24,419,412	21,134,387
LIABILITIES			
Payables			
Suppliers and other payables	2.3A	65,479	183,856
Projects	2.3B	-	-
Other payables	2.3C	-	-
Total payables		65,479	183,856
Provisions			
Employee provisions	3.1A	1,021,713	964,540
Total provisions		1,021,713	964,540
Total liabilities		1,087,192	1,148,396
Net assets		23,332,220	19,985,991
EQUITY			
Asset revaluation reserves		410,774	276,447
Retained earnings		22,921,446	19,709,544
Total equity		23,332,220	19,985,991

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

Statement of Changes in Equity
for the period ended 31 December 2017

	2017-18	2016-17
	\$	\$
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	19,313,744	11,256,802
Adjusted opening balance	19,313,744	11,256,802
Comprehensive income		
Surplus for the period	3,607,702	8,452,742
Total comprehensive income	3,607,702	8,452,742
Closing balance as at 31 December	22,921,446	19,709,544
ASSET REVALUATION RESERVE		
Opening balance		
Balance carried forward from previous period	410,774	276,447
Adjusted opening balance	410,774	276,447
Comprehensive income		
Other comprehensive income	-	-
Total comprehensive income	-	-
Closing balance as at 31 December	410,774	276,447
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	19,724,518	11,533,249
Adjusted opening balance	19,724,518	11,533,249
Comprehensive income		
Surplus for the period	3,607,702	8,452,742
Other comprehensive income	-	-
Total comprehensive income	3,607,702	8,452,742
Closing balance as at 31 December	23,332,220	19,985,991

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

Cash Flow Statement

for the period ended 31 December 2017

	Notes	2017-18 \$	2016-17 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from the Australian Government		20,181,997	16,680,077
Contributions		4,089,989	3,146,979
Grants		222,500	2,335,564
Interest		94,901	60,725
Net GST received		889,523	1,065,380
Other		289,066	167,420
Total cash received		25,767,976	23,456,145
Cash used			
Employees		(1,594,135)	(1,384,597)
Suppliers		(1,108,912)	(955,214)
Projects expenditure		(12,919,533)	(7,901,819)
Total cash used		(15,622,580)	(10,241,630)
Net cash from operating activities		10,145,396	13,214,515
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		(8,698)	(12,396)
Purchase of intangibles		(30,270)	(15,935)
Total cash used		(38,968)	(28,331)
Net cash used by investing activities		(38,968)	(28,331)
FINANCING ACTIVITIES			
Cash used			
Other		(153,722)	-
Total cash received		(153,722)	-
Net cash from financing activities		(153,722)	-
Net increase in cash held		9,952,706	13,186,184
Cash and cash equivalents at the beginning of the reporting period		12,613,592	5,955,696
Cash and cash equivalents at the end of the reporting period	2.1A	22,566,298	19,141,880

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

Overview

Objectives of the FRDC

The FRDC is an Australian Government controlled entity. It is a not-for-profit entity established as a statutory corporation on 2 July 1991 under the provisions of the *Primary Industries Research and Development Act 1989* (PIRD Act). The objectives of the FRDC are to plan and invest in fisheries research, development and extension (RD&E) activities and in related marketing activities.

As a national organisation with strong linkages to industry, managers, and researchers the FRDC has a fundamental role in providing leadership and coordination. The FRDC achieves this through establishing strong relationships, and putting in place mechanisms to identify and address priorities with industry and government stakeholders. In addition, the FRDC monitors and evaluates the adoption of RD&E and marketing outputs to better inform future decisions.

The FRDC is structured to meet the following outcome:

Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.

The continued existence of the FRDC in its present form, and with its present outcome, is dependent on Australian Government policy, and on continuing funding from the Parliament for the FRDC's outcome.

The basis of preparation

The financial statements are general purpose financial statements, and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the statements by the: Board Chair; Finance, Audit and Risk Management Committee Chair; Executive Director; and Chief Financial Officer; and are applicable to the current reporting period, did not have a material impact, and are not expected to have a future material impact, on the FRDC's financial statements.

Future Australian Accounting Standard requirements

The new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the statements by the: Board Chair; Finance, Audit and Risk Management Committee Chair; Executive Director; and Chief Financial Officer; and are applicable to the future reporting period, are not expected to have a future material impact on the FRDC's financial statements.

Taxation

The FRDC is exempt from all forms of taxation except fringe benefits tax (FBT), payroll tax and the goods and services tax (GST).

Events after the reporting period

No reportable events have occurred after the Statement of Financial Position date.

Financial Performance

	2017-18	2016-17
	\$	\$
Note 1.1: Expenses		
Note 1.1A: Employee benefits		
Wages and salaries	1,308,005	1,125,310
Superannuation		
Defined contribution plans	119,557	96,763
Defined benefit plans	166,572	162,524
Leave and other entitlements	40,287	(26,410)
Total employee benefits	1,634,421	1,358,187

Accounting policy

Accounting policies for employee related expenses are contained at note 3.1A.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Agency staff	8,860	8,017
Annual report	1,000	1,600
Asset purchases less than \$5,000	28,497	7,742
Audit fees	-	-
External service providers	220,493	157,239
Insurance	18,611	15,539
Information technology	249,592	137,358
Joint research and development corporation (RDC) activities	24,522	31,274
Legal	7,574	5,502
Media monitoring and releases	10,266	10,408
Office supplies	12,769	12,415
Photographs	-	3,218
Postage and couriers	1,149	1,334
Property	10,785	33,342
Recruitment/director selection costs	-	-
Representation	23,937	4,666
Representative organisations consultation	22,808	13,506
Telecommunications	17,740	15,959
Training	64,654	13,193
Travel	44,059	29,363
Other	54,242	141,728
Total goods and services supplied or rendered	821,558	643,403

Other suppliers

Operating lease rental in connection with

External parties		
Operating lease rentals ¹	73,292	80,108
Workers compensation expenses	7,987	8,396
Total other suppliers	81,279	88,504
Total suppliers	902,837	731,907

¹ Operating lease commitments

Canberra office

Operating leases included were effectively non-cancellable. The lease for the office accommodation at 25 Geils Court, Deakin Australian Capital Territory has been renegotiated for a further three years and expires 31 July 2020. Lease payments are subject to a 3% annual increase in accordance with the lease agreement.

Adelaide office

The lease for the office accommodation at Wine Australia, corner Botanic and Hackney Road Adelaide, South Australia commenced 31 March 2016 with an annual right of renewal until 30 March 2021. The current lease term expires 30 March 2018. Lease payments are subject to the annual increase in accordance with upwards movements in the consumer price index.

Port Stephens office

Resources received free of charge

The Department of Industry New South Wales provides FRDC with office space at the Port Stephens Fisheries Institute, Nelson Bay, free of charge for three FRDC staff members working on the National Carp Control Plan. The monetary value cannot be reliably determined and therefore not included in the operating lease commitment schedule.

	2017-18	2016-17
	\$	\$
<i>Note 1.1: Expenses continued</i>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	140,976	80,507
Between 1 to 5 years	213,161	-
Total operating lease commitments	354,137	80,507

Note: Leasing commitments are GST inclusive.

Accounting policy

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

Note 1.1C: Projects

Australian Government entities (related parties)	1,737,303	1,104,720
State and territory governments	1,800,237	1,404,780
Universities and educational bodies	2,934,192	1,866,811
Cooperative research centres	-	41,209
Research development corporations	5,433	-
Industry (commercial, recreational and Indigenous)	2,815,871	1,767,599
Overseas research entities	90,208	7,765
Private Providers	2,236,184	831,497
Total projects	11,619,428	7,024,381

Accounting policy

The FRDC recognises project liabilities through project agreements that require research partners to perform services or provide facilities, or to meet eligibility criteria. In these cases, liabilities are recognised only to the extent that the services required have been performed, an invoice issued consistent with the contractual requirements, and the eligibility criteria have been satisfied by the research partner to the FRDC's satisfaction.

Project commitments

Project commitments comprise the future funding of approved projects that are contingent on the achievement of agreed deliverables over the life of those projects (project agreements are exchanged prior to release of the first payment on a project). Projects, where amounts were payable but were unpaid at the end of the period, have been brought to account as project payables. The FRDC contracts to fund projects in future years in advance of receipt of the income needed to fund them. FRDC manages this risk by having the project agreement allow for termination at its sole discretion for any reason. If the FRDC were to terminate a project agreement, it would only be liable to compensate the research partner for any reasonable costs in respect of unavoidable loss incurred by the research provider and directly attributable to the termination of the agreement, provided that the costs are fully substantiated to the FRDC.

Project commitments are payable as follows:

Within 1 year	27,927,516	24,726,169
Between 1 to 5 years	28,754,088	23,045,025
Over five years	-	-
Total project commitments	56,681,604	47,771,194

Note: Project commitments are GST inclusive.

Note 1.1D: Losses from asset disposals

Property, plant and equipment:

Carrying value of assets disposed of	-	800
Total losses from asset disposals	-	800

Note 1.1E: Other expenses

Bad debts written off	-	-
Total other expenses	-	-

	2017-18	2016-17
	\$	\$

Note 1.2: Own-source income

Own-source revenue

Note 1.2A: Sale of goods

Sale of goods

Sale of goods	345	1,250
Total sale of goods	345	1,250

Accounting policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer, and
- b) the entity retains no managerial involvement or effective control over the goods.

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

Receivables for goods, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1.2B: Interest

Deposits	210,316	188,046
Total interest	210,316	188,046

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 1.2C: Grants

Australian Government

Department of Agriculture and Water Resources ¹	222,500	2,335,564
Total grants	222,500	2,335,564

¹ RD&E funding from Department of Agriculture and Water Resources (refer Note 3.4B).

Accounting policy

Australian Government grants income is revenue paid to FRDC for the purpose of funding specific research and development projects, and is recognised when:

- a) the FRDC obtains control of the grant or the right to receive the grant;
- b) it is probable that the economic benefits comprising the grant will flow to the FRDC; and
- c) the amount of the grant can be reliably measured.

	2017-18	2016-17
	\$	\$

Note 1.2: Own-source income continued

Note 1.2D: Contributions

Fisheries

Australian Prawn Farmers Association	57,832	56,093
Australian Fisheries Management Authority	-	-
Australian Capital Territory	-	-
New South Wales	159,500	168,000
Northern Territory	-	30,000
Queensland	600,000	490,500
South Australia	565,964	100,000
Tasmania	736,368	389,570
Victoria	15,000	49,218
Western Australia	628,795	580,315
Total contributions	2,763,459	1,863,696

Accounting policy

Contributions are recognised when:

- a) the FRDC obtains control of the contribution or the right to receive the contribution;
- b) it is probable that the economic benefits comprising the contribution will flow to the FRDC; and
- c) the amount of the contribution can be reliably measured.

Note 1.2E: Other revenue

Project funds received	-	140,100
Project refunds of prior years expenditure	258,157	2,861
Other ¹	4,317	8,103
Total other revenue	262,474	151,064

¹ On 1 June 2017 the Seafood CRC Board, as part of its wind up process, resolved, in accordance with its constitution, to transfer its remaining funds to the FRDC. Included in Note 1.2E: Other, includes an amount of \$3,924 that was transferred to FRDC on 04 July 2017.

Accounting policy

Project funds received are recognised when they are entitled to be received by the FRDC.
Project refunds from research partners are brought to account when received.

Note 1.2F: Revenue from the Australian Government

Department of Agriculture and Water Resources		
Corporate Commonwealth entity payment item of 0.50% of AGVP ¹	13,053,236	12,210,098
Matching of industry contributions ²	1,339,003	898,239
Total revenue from the Australian Government	14,392,239	13,108,337

¹ AGVP is the average gross value of fisheries production for the current year and the two preceding financial years. The Australian Government's contribution of 0.50% of AGVP is made on the grounds that the FRDC exercises a stewardship role in relation to fisheries resources on behalf of the Australian community.

² Matching of industry's contributions (up to 0.25% of AGVP) by the Australian Government.

Accounting policy

Revenue from the Australian Government

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity paid by special appropriation) is recognised as revenue from the Australian Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

Financial Position

	2017-18	2016-17
Note 2.1: Financial assets	\$	\$
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	22,566,298	19,141,880
Total cash and cash equivalents	22,566,298	19,141,880
Note 2.1B: Trade and other receivables		
Goods and services receivables in connection with		
Goods and services	787,051	815,197
Total goods and services receivables	787,051	815,197
Department of Agriculture and Water Resources		
Receivables	-	-
Total receivables from Department of Agriculture and Water Resources	-	-
Other receivables		
GST receivable from the Australian Taxation Office	78,985	226,406
Total other receivables	78,985	226,406
Total trade and other receivables	866,036	1,041,603
Trade and other receivables are expected to be recovered		
No more than 12 months	866,036	1,041,603
Total trade and other receivables	866,036	1,041,603
Trade and other receivables aged as follows		
Not overdue	625,476	395,206
Overdue by		
0 to 30 days	240,560	299,449
31 to 60 days	-	958
61 to 90 days	-	263,120
More than 90 days	-	82,870
Total trade and other receivables	866,036	1,041,603
Credit terms for goods and services are within 30 days (2016-17: 30 days).		
Accounting policy		
Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.		
Note 2.1C: Other investments		
One-eighteenth share in Australian Seafood Co-Products Pty Ltd (ASCo), an unlisted company converting fish waste and fish nutrient into agriculture fertiliser products	5,001	5,001
Total other investments	5,001	5,001

Note 2.2: Non-financial assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles**Reconciliation of the opening and closing balances of property, plant and equipment and intangibles**

	Property, plant and equipment \$	Intangibles (computer software) \$	Total \$
As at 1 July 2017			
Gross book value	154,700	1,165,023	1,319,723
Accumulated depreciation and amortisation	-	(352,559)	(352,559)
Total as at 1 July 2017	154,700	812,464	967,164
Additions			
Purchase	8,698	-	8,698
Internally developed	-	30,270	30,270
Revaluations recognised in other comprehensive income	-	-	-
Depreciation and amortisation	(27,580)	(59,365)	(86,945)
Disposals	-	-	-
Total as at 31 December 2017	135,818	783,369	919,187
Total as at 31 December 2017 represented by			
Gross book value	163,398	1,195,293	1,358,691
Accumulated depreciation and amortisation	(27,580)	(411,924)	(439,504)
Total as at 31 December 2017	135,818	783,369	919,187

Revaluations of non-financial assets

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

No property, plant and equipment is expected to be sold or disposed of within the next 12 months.

Accounting policy

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income 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's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, that are expensed in the year of acquisition (other than where they form part of a group of similar items where the value is greater than \$5,000).

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend on the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the FRDC using, in all cases, the straight-line method of depreciation.

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

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

	2017-18	2016-17
Property, plant and equipment	3 to 5 years	3 to 5 years
Leasehold improvements	Lease term	Lease term

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal, or when no further future economic benefits are expected from its use or disposal.

Intangibles

The FRDC's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the FRDC's software is 10 years (2016-17: 10 years).

All software assets were assessed for indications of impairment as at 31 December 2017.

	2017-18	2016-17
	\$	\$

Note 2.2: Non-financial assets continued

Note 2.2B: Inventories

Inventories held for sale

Finished goods	-	11,933
Total inventories	-	11,933

Accounting policy

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

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

Note 2.2C: Other non-financial assets

Prepayments	62,890	61,586
Total other non-financial assets	62,890	61,586

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

	2017-18	2016-17
	\$	\$

Note 2.3: Payables

Note 2.3A: Suppliers and other payables

Trade creditors and accruals	-	-
FBT payable	(2,383)	(1,568)
PAYG payable	67,862	181,388
Other	-	4,036
Total suppliers and other payables	65,479	183,856

Suppliers and other payables expected to be settled

No more than 12 months	65,479	183,856
Total suppliers	65,479	183,856

Settlement is usually made within 30 days.

Note 2.3B: Projects

Australian Government entities (related parties)	-	-
State and territory governments	-	-
Other	-	-
Total projects	-	-

Accounting policy

Project payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. They relate to payments approved on achievement of agreed deliverables, but which were unpaid at the end of the reporting period. Settlement is usually made within 30 days.

Note 2.3C: Other payables

Other	-	-
Total other payables	-	-

People and relationships

	2017-18	2016-17
Note 3.1: Provisions	\$	\$
Note 3.1A: Employee provisions		
Leave	1,021,713	964,540
Total employee provisions	1,021,713	964,540
Employee provisions that could be settled		
No more than 12 months	991,801	952,726
More than 12 months	29,912	11,814
Total employee provisions	1,021,713	964,540

Accounting policy

Liabilities for 'short-term' employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The FRDC's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The FRDC makes employer contributions to the employee's defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

Note 3.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the FRDC, directly or indirectly, including any director of the board (whether executive or otherwise) of the FRDC. The FRDC has determined the key management personnel to be the non-executive directors, executive director and three senior managers. Key management personnel remuneration is reported in the table below:

	2017-18	2016-17
	\$	\$
Short-term employee benefits (Salary)	563,032	535,573
Post-employment benefits (Superannuation)	115,862	118,691
Other long-term employee benefits (Annual leave and long service leave)	59,199	58,038
Total key management personnel remuneration expenses	738,093	712,302

The total number of key management personnel that are included in the above table is 11 (2016-17: 12), made up of:

- six non-executive directors
- one non-executive director (Chair)
- one executive director
- three senior managers

Note 3.3: Annual total remuneration ranges (including superannuation) paid to key management personnel and the independent Finance Audit and Risk Management Committee member¹

	2017-18	2016-17
Nil to \$39,999 ¹	7	8
\$40,000 to \$69,999	1	1
\$180,000 to \$239,999	2	2
\$270,000 to \$299,999	1	1
\$330,000 to \$359,999	1	1
Total number of senior management personnel	12	13

Note 3.4: Related party disclosures**Related party relationships**

The FRDC is an Australian Government controlled entity. Related parties to this entity are non-executive directors, executive director and three senior managers and other Australian Government entities.

The Non Executive Directors and the Executive Director of the FRDC during the year were:

The Hon. Ronald Boswell	Chair
Ms Renata Brooks	Director (Deputy Chair) (Chair Finance, Audit and Risk Management Committee)
Professor Colin D. Buxton	Director (Member Finance, Audit and Risk Management Committee)
Mr John Harrison	Director
Dr Patrick Hone	Executive Director
Dr Lesley MacLeod	Director (Member Finance, Audit and Risk Management Committee)
Associate Professor Daryl McPhee	Director
Mr John Susman	Director
Ms Christine Feldmanis ¹	Independent Member Finance, Audit and Risk Management Committee

¹ Independent Member Finance, Audit and Risk Management

Ms Feldmanis is paid under a consultancy agreement; and is included in Note 3.3 Annual remuneration ranges, but is not included in Note 3.2 Key management personnel remuneration.

Note 3.4A: Transactions with director-related entities

The FRDC's practice is to disclose all transactions with an entity with whom a director has an association. This means that directors who have disclosed a material personal interest have attributed to them all the transactions of that entity with the FRDC. Typically, the FRDC will not transact with all the entities for which a director has made such a declaration.

The FRDC's 'Board governance policy' provides guidance to directors on how the FRDC deals with material personal interests. Where a director has an association with an entity where a conflict has the potential to arise, in addition to the duty to disclose that association, the director absents him/herself from both the discussion and the decision-making process.

Transactions with related parties

Given the breadth of Australian Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year

Director	Organisation and position held	Nature of interest	Expenditure paid to entity \$	Income received from entity \$
Ms R. Brooks	NSW Department of Primary Industries <i>Consultant</i>	Research projects or work undertaken by the organisation	-	175,450
	Australian Fisheries Management Authority <i>Commissioner</i>	Research projects or work undertaken by the organisation	27,500	12,536
	Department of Fisheries WA <i>Consultant</i>	Research projects or work undertaken by the organisation	242,235	-
	South Australian Research and Development Institute (SARDI) <i>Consultant</i>	Research projects or work undertaken by the organisation	665,900	193,600
Professor C. D. Buxton	Southern Rock Lobster Ltd <i>Chair</i>	Research projects or work undertaken by the organisation	122,989	-
	Institute from Marine and Antarctic Studies (IMAS) University of Tasmania <i>Adjunct Professor</i>	Research projects or work undertaken by the organisation	1,055,384	-
Mr J. Harrison	Western Australian Fishing Industry Council <i>CEO</i>	Research projects or work undertaken by the organisation	1,714	-

All transactions were conducted under normal terms and conditions and include GST.

Note 3.4B: Other related party disclosures**Department of Agriculture and Water Resources**

The FRDC has a Research & Development Funding Head Agreement with the Department of Agriculture and Water Resources under which it manages the suite of activities detailed below:

- National Carp Control Plan
- Pacific Oyster Mortality Syndrome - resistant oyster breeding for a sustainable Pacific Oyster Industry in Australia
- Rural R&D for Profit: Growing a profitable, innovative and collaborative Australian Yellowtail Kingfish
- Non-tariff measures
- Facilitating the development of a central Australian fishing vessel database
- National Social and Economic Survey of Recreational Fishers
- Variation to Aquaplan 2014-2019
- An assessment of the non-market value of recreational fishing of Southern Bluefin Tuna (SBT) fishery
- The role of the recreational fisher in the stewardship of the Southern Bluefin Tuna (SBT) fishery

The FRDC recognised in 2017-18: \$222,500 : (2016-17: \$2,335,564) (refer Note 1.2C: Grants).

Financial instrument and fair value measurements

	2017-18	2016-17
	\$	\$
Note 4.1: Financial instruments		
Note 4.1A: Categories of financial instruments		
Financial assets		
Loans and receivables		
Cash and cash equivalents	22,566,298	19,141,880
Trade and other receivables	787,051	815,197
Other investments	5,001	5,001
Total loans and receivables	23,358,350	19,962,078
Total financial assets	23,358,350	19,962,078
Financial liabilities		
Other financial liabilities		
Suppliers and other payables	-	-
Projects	-	-
Other payables	-	-
Total other financial liabilities	-	-
Total financial liabilities	-	-

Accounting policyFinancial assets

The FRDC classifies its financial assets in the following category:

- a) loans and receivables.

Loans and receivables

Trade receivables, loans and other receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade and other receivables are recognised where the FRDC becomes party to a contract and has a legal right to receive cash. Loans and receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Note 4.1B: Net gain or loss from financial assets**Loans and receivables**

Interest revenue (Note 1.2B)	210,316	188,046
Net gain from loans and receivables	210,316	188,046

Note 4.2: Fair value measurement

Accounting Policy

FRDC engaged the service of the Australian Valuation Solutions (AVS) to conduct an asset revaluation of all non-financial assets as at 30 June 2017. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations carried out at least once every three years. AVS has provided written assurance to the FRDC that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows.

Physical depreciation and obsolescence - assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the depreciated replacement cost approach. Under the depreciated replacement cost approach the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

FRDC's policy is to recognise transfers into, and transfers out of, fair value hierarchy levels as at the end of the reporting period.

Note 4.2A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2017-18 \$	2016-17 \$
Non-financial assets		
Leasehold improvements	114,518	20,039
Plant and equipment	21,301	19,511
Total non-financial assets	135,819	39,550

The FRDC did not measure any non-financial assets at fair value on a non-recurring basis as at 31 December 2017.