



FRDC

**Financial statements
for the period ended
30 September 2019**

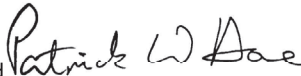
CONTENTS	Page
Certification	
Statement by the Managing Director and Chief Financial Officer	3
Primary financial statement	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Overview	
Objectives of the FRDC	8
Notes to the financial statements:	
1. Financial performance	
1.1 Expenses	9
1.2 Own-source revenue and revenue from Australian Government	11
2. Financial position	
2.1 Financial assets	13
2.2 Non-financial assets	14
2.3 Payables	16
3. People and relationships	
3.1 Employee provisions	17
3.2 Key management personnel remuneration	17
3.3 Annual total remuneration ranges paid to key management personnel	18
3.4 Related party disclosures	18
4. Financial instruments and fair value measurement	
4.1 Financial instruments	20
4.2 Fair value measurement	22

FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

STATEMENT BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the period ended 30 September 2019 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
Managing Director

Oct 18, 2019
Date

Signed 
Cheryl Cole
A/g General Manager Business

Oct 18, 2019
Date

Statement of Comprehensive Income

for the period ended 30 September 2019

	Notes	2019-20 \$	2018-19 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	841,322	873,649
Suppliers	1.1B	504,329	430,457
Projects	1.1C	5,942,267	7,133,832
Depreciation and amortisation	2.2A	47,569	45,408
Write-down and impairment of assets	1.1D	-	-
Other expenses	1.1E	29,493	12,324
Total expenses		7,364,980	8,495,670
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	-	-
Interest	1.2B	101,798	155,576
Grants	1.2C	-	100,000
Contributions	1.2D	578,193	685,507
Other revenue	1.2E	39,983	19,624
Total own-source revenue		719,974	960,707
Total own-source income		719,974	960,707
Net cost of services		6,645,006	7,534,963
Revenue from the Australian Government	1.2F	10,988,786	11,450,905
Surplus on continuing operations		4,343,780	3,915,942
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	2.2A	-	-
Total other comprehensive (loss)/income		-	-
Total comprehensive income		4,343,780	3,915,942

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

Statement of Financial Position

as at 30 September 2019

	Notes	2019-20 \$	2018-19 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	32,430,470	26,750,209
Trade and other receivables	2.1B	927,545	1,728,609
Other investments	2.1C	5,001	5,001
Total financial assets		33,363,016	28,483,819
Non-financial assets			
Property, plant and equipment	2.2A	59,019	102,909
Intangibles	2.2A	664,881	756,597
Other non-financial assets	2.2B	38,458	70,635
Total non-financial assets		762,358	930,141
Total assets		34,125,374	29,413,960
LIABILITIES			
Payables			
Suppliers and other payables	2.3A	152,465	107,895
Projects	2.3B	(26,068)	39,809
Total payables		126,397	147,704
Provisions			
Employee provisions	3.1A	984,445	1,015,805
Total provisions		984,445	1,015,805
Total liabilities		1,110,842	1,163,509
Net assets		33,014,532	28,250,451
EQUITY			
Asset revaluation reserves		411,236	412,900
Retained earnings		32,603,296	27,837,551
Total equity		33,014,532	28,250,451

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

Statement of Changes in Equity
for the period ended 30 September 2019

	2019-20	2018-19
	\$	\$
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	28,259,516	23,921,609
Opening balance as at 1 July 2019	28,259,516	23,921,609
Comprehensive income		
Surplus for the period	4,343,780	3,915,942
Total comprehensive income	4,343,780	3,915,942
Closing balance as at 30 September 2019	32,603,296	27,837,551
ASSET REVALUATION RESERVE		
Opening balance		
Balance carried forward from previous period	411,236	412,900
Opening balance as at 1 July 2019	411,236	412,900
Comprehensive income		
Other comprehensive (loss)/income	-	-
Total comprehensive (loss)/income	-	-
Closing balance as at 30 September 2019	411,236	412,900
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	28,670,752	24,334,509
Opening balance as at 1 July 2019	28,670,752	24,334,509
Comprehensive income		
Surplus for the period	4,343,780	3,915,942
Other comprehensive (loss)/income	-	-
Total comprehensive income	4,343,780	3,915,942
Closing balance as at 30 September 2018	33,014,532	28,250,451

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

Cash Flow Statement

for the period ended 30 September 2019

	Notes	2019-20 \$	2018-19 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from the Australian Government		13,732,906	12,112,618
Contributions		1,472,426	1,196,602
Grants		-	100,000
Interest		74,591	43,347
Net GST received		929,169	698,007
Other		43,981	21,586
Total cash received		16,253,073	14,172,160
Cash used			
Employees		(876,722)	(870,508)
Suppliers		(682,939)	(721,038)
Projects expenditure		(6,773,349)	(8,115,852)
Other		(32,442)	-
Total cash used		(8,365,452)	(9,707,398)
Net cash from operating activities		7,887,621	4,464,762
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		-	-
Purchase of intangibles		(10,594)	(8,375)
Total cash used		(10,594)	(8,375)
Net cash used by investing activities		(10,594)	(8,375)
FINANCING ACTIVITIES			
Cash used			
Other		-	-
Total cash used		-	-
Net cash used by financing activities		-	-
Net increase in cash held		7,877,027	4,456,387
Cash and cash equivalents at the beginning of the reporting period		24,553,443	22,293,822
Cash and cash equivalents at the end of the reporting period	2.1A	32,430,470	26,750,209

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 Australian Government 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); and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements 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 and future 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; Managing 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.

Taxation

The FRDC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) 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

	2019-20	2018-19
	\$	\$
Note 1.1: Expenses		
Note 1.1A: Employee benefits		
Wages and salaries	737,910	725,537
Superannuation		
Defined contribution plans	41,200	49,705
Defined benefit plans	97,611	95,265
Leave and other entitlements	(35,399)	3,142
Total employee benefits	841,322	873,649

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	-	3,772
Asset purchases less than \$5,000	1,646	2,963
Audit fees	-	-
External service providers	86,693	105,614
Insurance	8,160	9,287
Information technology	118,197	85,176
Joint research and development corporation (RDC) activities	49,767	47,250
Legal	-	7,244
Office supplies	3,462	3,732
Postage and couriers	214	298
Property	5,515	4,238
Recruitment/director selection costs	-	1,050
Representation	4,905	13,575
Representative organisations consultation	2,593	-
Telecommunications	4,682	6,688
Training	26,584	27,758
Travel	9,655	17,396
Other	145,084	47,411
Total goods and services supplied or rendered	467,157	383,452

Other suppliers

Operating lease rental in connection with external parties

Operating lease rentals ¹	34,014	43,226
Workers compensation expenses	3,158	3,779
Total other suppliers	37,172	47,005
Total suppliers	504,329	430,457

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 percent annual increase in accordance with the lease agreement.

Adelaide office

The lease for the office accommodation at Wine Australia, corner Botanic and Hackney Roads, Adelaide, South Australia commenced 31 March 2016 with an annual right of renewal until 30 March 2021. The current lease term expires 30 March 2020. Lease payments are subject to the annual increase in accordance with movements in the consumer price index.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	145,558	163,874
Between 1 to 5 years	-	118,960
Total operating lease commitments	145,558	282,834

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.

	2019-20	2018-19
<i>Note 1.1: Expenses continued</i>	\$	\$

Note 1.1C: Projects

Australian Government entities (related parties)	794,320	1,304,116
State and territory governments	1,103,312	1,496,374
Universities and educational bodies	1,094,647	1,724,980
Research and development corporations	5,622	5,504
Industry (commercial, recreational and Indigenous)	1,768,162	1,774,076
Overseas research entities	-	69,029
Private providers	1,176,204	759,753
Total projects	5,942,267	7,133,832

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 (unpaid deliverables up to 30 June 2020)	37,016,740	33,815,592
Between 1 to 5 years (1 July 2020 to 30 June 2024)	24,345,971	15,174,158
Over 5 years (from 1 July 2024)	-	146,674
Total project commitments	61,362,711	49,136,425

Note: Project commitments are GST inclusive.

Note 1.1D: Write down and impairment of assets

Write down of intangible assets	-	-
Total write down and impairment of assets	-	-

Note 1.1E: Other expenses

Communications

Annual report	-	-
Factsheets	-	-
Communications External Provider	12,369	-
Media monitoring and releases	-	12,324
Other stakeholder consultation	-	-
FISH	17,095	-
RD&E plan	-	-
Sponsorship	-	-
Corporate Merchandise	-	-
Photos and Videos	29	-
Education materials and events	-	-
Total other expenses	29,493	12,324

	2019-20	2018-19
	\$	\$

Note 1.2: Own-source income

Own-source revenue

Note 1.2A: Sale of goods and rendering of services

Sale of goods	-	-
Total sale of goods and rendering of services	-	-

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	101,798	155,576
Total interest	101,798	155,576

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 1.2C: Grants

Australian Government		
Department of Agriculture ¹	-	100,000
Total grants	-	100,000

¹ RD&E funding from Department of Agriculture.

The FRDC has a Research & Development Funding Head Agreement with the Department of Agriculture under which it manages a suite of research activities. The activities are listed at Note 3.4B, page 20.

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.

	2019-20	2018-19
	\$	\$

Note 1.2: Own-source income continued

Note 1.2D: Contributions

Fisheries

Australian Prawn Farmers Association	21,090	32,576
Australian Fisheries Management Authority	-	-
New South Wales	15,000	-
Northern Territory	-	-
Queensland	85,000	96,000
South Australia	4,000	-
Tasmania	100,000	218,875
Victoria	-	-
Western Australia	353,103	338,056
Total contributions	578,193	685,507

Accounting policy

Contributions are recognised when:

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

Note 1.2E: Other revenue

Project funds received	-	-
Project refunds of prior years expenditure	39,983	19,624
Other	-	-
Total other revenue	39,983	19,624

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		
Corporate Commonwealth entity payment item of 0.50% of AGVP ¹	10,988,786	10,598,392
Matching of industry contributions ²	-	852,513
Total revenue from the Australian Government	10,988,786	11,450,905

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 contributions (up to 0.25% of AGVP) by the Australian Government.

Accounting policy

Revenue from the Australian Government

Revenues from the Australian Government are recognised when they are entitled to be received by the entity.
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) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

Financial Position

	2019-20	2018-19
Note 2.1: Financial assets	\$	\$
Note 2.1A: Cash and cash equivalents		
Cash on hand or at call	11,430,470	3,750,209
Cash on deposit:		
Fixed term deposit - original term 6 months	-	15,000,000
Fixed term deposit - original term 3 months	21,000,000	3,000,000
Fixed term deposit - original term 2 months	-	-
Fixed term deposit - original term 1 months	-	5,000,000
Total cash and cash equivalents	32,430,470	26,750,209

Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of six months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 2.1B: Trade and other receivables

Goods and services receivables

Goods and services	750,088	692,132
Total goods and services receivables	750,088	692,132

Department of Agriculture

Receivables	-	851,513
Total receivables from Department of Agriculture	-	851,513

Other receivables

GST receivable from the Australian Taxation Office	177,457	184,964
Total other receivables	177,457	184,964
Total trade and other receivables	927,545	1,728,609

Trade and other receivables are expected to be recovered

No more than 12 months	927,545	1,728,609
Total trade and other receivables	927,545	1,728,609

Trade and other receivables aged as follows

Not overdue ¹	228,985	1,531,846
Overdue by		
0 to 30 days	698,561	196,763
31 to 60 days	-	-
Total trade and other receivables	927,545	1,728,609

¹Credit terms for goods and services are within 30 days (2018-19: 30 days).

Accounting policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Note 2.1C: Other investments

One-eighteenth share in Australian Seafood Co-Products Pty Ltd (Assoc), 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 2018			
Gross book value	74,450	1,272,074	1,346,524
Accumulated depreciation and amortisation	-	(585,649)	(585,649)
Total as at 1 July 2018	74,450	686,425	760,875
Additions			
Purchase	-	-	-
Internally developed	-	10,594	10,594
Revaluations recognised in other comprehensive income	-	-	-
Write down recognised in net cost of services	-	-	-
Depreciation and amortisation	(15,431)	(32,138)	(47,569)
Total as at 30 September 2019	59,019	664,881	723,900
Total as at 30 September 2019 represented by			
Gross book value	74,450	1,282,668	1,357,118
Accumulated depreciation and amortisation	(15,431)	(617,787)	(633,218)
Total as at 30 September 2019	59,019	664,881	723,900

Revaluations of non-financial assets

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

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:

	2019-20	2018-19
Property, plant and equipment	up to 5 years	up to 5 years
Leasehold improvements	Lease term	Lease term

Impairment

All assets were assessed for impairment at 30 September 2019. 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 (2018-19: 10 years).

All software assets were assessed for indications of impairment as at 30 September 2019.

	2019-20	2018-19
<i>Note 2.2: Non-financial assets continued</i>	\$	\$
<u>Note 2.2B: Other non-financial assets</u>		
Prepayments	38,458	70,635
Total other non-financial assets	38,458	70,635

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

	2019-20	2018-19
Note 2.3: Payables	\$	\$
<u>Note 2.3A: Suppliers and other payables</u>		
Trade creditors and accruals	76,482	32,000
FBT payable	-	-
PAYG payable	75,983	75,895
Other	-	-
Total suppliers and other payables	152,465	107,895
Suppliers and other payables expected to be settled		
No more than 12 months	152,465	107,895
Total suppliers	152,465	107,895

Settlement is usually made within 30 days.

<u>Note 2.3B: Projects</u>		
Australian Government entities (related parties)	-	-
State and territory governments	-	-
Other	(26,068)	39,809
Total projects	(26,068)	39,809

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.

People and relationships

	2019-20	2018-19
	\$	\$

Note 3.1: Employee Provisions

Note 3.1A: Employee provisions

Leave	984,445	1,015,805
Total employee provisions	984,445	1,015,805

Employee provisions that could be settled

No more than 12 months	906,079	963,676
More than 12 months	78,366	52,129
Total employee provisions	984,445	1,015,805

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 and any other superannuation funds are defined contribution schemes.

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, the Managing Director and three senior general managers. Key management personnel remuneration is reported in the table below:

	2019-20	2018-19
	\$	\$
Short-term employee benefits (salary)	314,106	274,311
Post-employment benefits (superannuation)	51,484	52,586
Other long-term employee benefits (annual leave and long service leave)	31,095	30,255
Total key management personnel remuneration expenses	396,684	357,152

The total number of key management personnel that are included in the above table is 12 (2018-19: 12). They are made up of:

- seven non-executive directors
- one non-executive director (Chair)
- one Managing Director
- three senior general managers

Note 3.3: Annual total remuneration ranges (including superannuation) paid to key management personnel

	2019-20	2018-19
Nil to \$39,999	0	7
\$40,000 to \$69,999	8	1
\$180,000 to \$239,999	2	2
\$280,000 to \$309,999	1	1
\$340,000 to \$369,999	1	1
Total number of key management personnel	12	12

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, the Managing Director, and three senior general managers and other Australian Government entities.

The non-executive directors and the Managing Director of the FRDC during the year were:

The Hon. Ronald Boswell	Chair (Re-appointed 1 September 2019) (Member People and Culture Committee)
Dr Kathryn Brooks	Director (Member Investment Mechanisms Working Group)
Professor Colin D. Buxton	Director (Deputy Chair) (Member Investment Mechanisms Working Group)
Dr Saranne Cooke	Director (Member Finance, Audit and Risk Management Committee)
Ms Katina Hodson-Thomas	Director (Member People and Culture Committee)
Dr Patrick Hone	Managing Director (Member Investment Mechanisms Working Group)
Mr Mark King	Director (Chair People and Culture Committee)
Mr John Lloyd	Director (Chair Investment Mechanisms Working Group) (Member Finance, Audit and Risk Management Committee)
Dr Lesley MacLeod	Director (Chair Finance, Audit and Risk Management Committee)

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 transactions that are not with related parties as defined by AASB124 Related Party Disclosures, are identified below with an asterisk (*)

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.

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 occurred during the directors' related period.

Director	Organisation and position held	Nature of interest	2019-20		2018-19	
			Expenditure	Income	Expenditure	Income
Dr K. Brooks (Appointed 10 Oct 2018)	OzFish Unlimited <i>Non-Executive Director</i> 1 July 2019 to current	Research projects or work undertaken by the organisation	1,116	-	-	-
	Kal Analysis Pty Ltd <i>Director</i> 1 July 2019 to current	Research projects or work undertaken by the organisation	-	-	-	-
Professor C. D. Buxton (Re-appointed 10 Oct 2018)	Southern Rock Lobster Ltd <i>Chair</i> 2015 to 31 August 2018 1 July 2019 to current	Research projects or work undertaken by the organisation	113,850	-	348,150	-
	Institute from Marine and Antarctic Studies University of Tasmania * <i>Adjunct Professor</i> 2014 to 31 August 2018 1 July 2019 to current	Research projects or work undertaken by the organisation	567,143	-	347,125	3,250
Dr P. Hone	Council of Rural Research & Development Corporation <i>Member of the Executive and CEO's Committee</i> 1 July 2019 to current	Research projects or work undertaken by the organisation	51,940	-	-	-

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

¹ n/a - The director had not engaged in research projects or other work with the director-related entity in the reporting period.

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

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

- An assessment of the non-market value of recreational fishing of Southern Bluefin Tuna fishery
- Aquatic Animal Health Training Scheme 2019-2022
- Aquatic Deed activities
- Aquavetplan manuals
- Development of on-farm biosecurity plan implementation support programs for aquaculture industry
- Improve Access to Industry Priority Uses of Agvet Chemicals
- National Carp Control Plan
- Non-tariff measures projects
- Rural R&D for Profit: Boosting farm profits through rural R&D Activity: East Open Oyster automation
- Rural R&D for Profit: Growing a profitable, innovative and collaborative Australian Yellowtail Kingfish
- The role of the recreational fisher in the stewardship of the Southern Bluefin Tuna fishery

The FRDC was provided grants in 2019-20 totalling: \$0 (2018-19: \$100,000) (refer Note 1.2C: Grants).

Financial instrument and fair value measurements

	2019-20	2018-19
	\$	\$
Note 4.1: Financial instruments		
<u>Note 4.1A: Categories of financial instruments</u>		
Financial assets at amortised cost		
Cash and cash equivalents	32,430,470	26,750,209
Trade and other receivables	750,088	692,132
Other investments	5,001	5,001
Total Financial assets at amortised cost	33,185,559	27,447,342
Total financial assets	33,185,559	27,447,342
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers and other payables	76,482	32,000
Projects	(26,068)	39,809
Total Financial liabilities measured at amortised cost	50,414	71,809
Total financial liabilities	50,414	71,809

Note 4.1: Financial instruments continued

Classification of financial assets on the date of initial applications of AASB 9

		AASB 9 carrying amount at 2019-20 \$
Financial assets class	Note	
Cash and cash equivalents	2.1A	32,430,470
Trade and other receivables	2.1B	750,088
Other investments	2.1C	5,001
Total financial assets		33,185,559

Accounting policy

Financial assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

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'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2019-20 \$	2018-19 \$
Note 4.1B: Net gain or loss from financial assets		
Financial assets at amortised cost		
Interest revenue (Note 1.2B)	101,798	155,576
Net gains on financial assets at amortised cost	101,798	155,576

There are no gains or losses on financial liabilities.

Note 4.2: Fair value measurement

Accounting policy

FRDC engaged Jones Lang LaSalle Public Sector Valuations (JLL) to conduct an asset revaluation of all non-financial assets as at 30 June 2019. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. JLL 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 that 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 account 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	
	2019-20 \$	2018-19 \$
Non-financial assets		
Leasehold improvements	47,060	80,781
Plant and equipment	27,390	22,127
Total non-financial assets	74,450	102,908

The FRDC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 September 2019.

As at 30 June 2019, Jones Lang LaSalle Public Sector Valuations conducted a revaluation of plant and equipment. The table above summarises the results of the valuation at fair value. A revaluation decrement was applied to the asset revaluation reserve by asset class and included in the equity section of the Statement of Financial Position. Refer Note: 2.2A.