



**Financial statements
for the period ended
29 February 2020**

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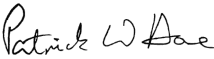
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FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

STATEMENT BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the period ended 29 February 2020 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

Apr 1, 2020
.....
Date

Signed.....
Cheryl Cole
A/g Chief Financial Officer

Apr 1, 2020
.....
Date

Statement of Comprehensive Income

for the period ended 29 February 2020

	Notes	2019-20 \$	2018-19 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	2,122,608	2,308,565
Suppliers	1.1B	1,064,563	993,862
Projects	1.1C	19,470,000	16,887,389
Depreciation and amortisation	2.2A	126,143	121,254
Write-down and impairment of assets	1.1D	-	12,073
Other expenses	1.1E	208,695	25,090
Total expenses		22,992,009	20,348,233
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	-	-
Interest	1.2B	258,803	397,407
Grants	1.2C	47,500	2,052,500
Contributions	1.2D	3,285,344	3,121,080
Other revenue	1.2E	992,313	1,845,147
Total own-source revenue		4,583,960	7,416,134
Total own-source income		4,583,960	7,416,134
Net cost of services		18,408,049	12,932,099
Revenue from the Australian Government	1.2F	17,188,152	16,484,672
Surplus on continuing operations		(1,219,897)	3,552,573
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		(1,219,897)	3,552,573

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

Statement of Financial Position

as at 29 February 2020

	Notes	2019-20 \$	2018-19 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	26,020,591	26,842,478
Trade and other receivables	2.1B	1,791,732	1,175,150
Other investments	2.1C	5,001	5,001
Total financial assets		27,817,324	28,022,629
Non-financial assets			
Property, plant and equipment	2.2A	33,987	87,401
Intangibles	2.2A	616,339	715,771
Other non-financial assets	2.2B	54,051	37,687
Total non-financial assets		704,377	840,859
Total assets		28,521,701	28,863,488
LIABILITIES			
Payables			
Suppliers and other payables	2.3A	221,024	69,565
Projects	2.3B	-	-
Other payables	2.3C	-	-
Total payables		221,024	69,565
Provisions			
Employee provisions	3.1A	849,822	906,841
Total provisions		849,822	906,841
Total liabilities		1,070,846	976,406
Net assets		27,450,855	27,887,082
EQUITY			
Asset revaluation reserves		411,236	412,900
Retained earnings		27,039,619	27,474,182
Total equity		27,450,855	27,887,082

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

Statement of Changes in Equity
for the period ended 29 February 2020

	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	(1,219,897)	3,552,573
Total comprehensive income	(1,219,897)	3,552,573
Closing balance as at 29 February 2020	27,039,619	27,474,182
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 29 February 2020	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	(1,219,897)	3,552,573
Other comprehensive (loss)/income	-	-
Total comprehensive income	(1,219,897)	3,552,573
Closing balance as at 29 February 2020	27,450,855	27,887,082

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

Cash Flow Statement

for the period ended 29 February 2020

	Notes	2019-20 \$	2018-19 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from the Australian Government		19,922,344	17,997,897
Contributions		3,982,665	3,522,490
Grants		47,500	2,052,500
Interest		237,977	337,225
Net GST received		1,576,760	1,070,824
Other		1,091,544	2,029,662
Total cash received		26,858,790	27,010,598
Cash used			
Employees		(2,292,631)	(2,414,388)
Suppliers		(1,226,066)	(1,123,020)
Projects expenditure		(21,627,786)	(18,884,574)
Other		(229,565)	-
Total cash used		(25,376,048)	(22,421,982)
Net cash from operating activities		1,482,742	4,588,616
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		-	(8,409)
Purchase of intangibles		(15,594)	(31,551)
Total cash used		(15,594)	(39,960)
Net cash used by investing activities		(15,594)	(39,960)
Net increase in cash held		1,467,148	4,548,656
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	26,020,591	26,842,478

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	1,921,997	2,024,904
Superannuation		
Defined contribution plans	120,453	135,370
Defined benefit plans	250,180	254,114
Leave and other entitlements	(170,022)	(105,823)
Total employee benefits	2,122,608	2,308,565

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	-	29,178
Asset purchases less than \$5,000	12,671	18,082
Audit fees	-	-
Cost of goods sold	-	-
External service providers	175,468	199,544
Insurance	21,760	24,766
Information technology	316,827	213,487
Joint research and development corporation (RDC) activities	72,084	51,298
Legal	11,659	11,381
Loss on inventory write off	-	-
Office supplies	11,374	12,648
Postage and couriers	1,103	1,067
Property	16,135	31,489
Recruitment/director selection costs	-	4,527
Representation	24,182	32,333
Representative organisations consultation	42,808	3,955
Telecommunications	22,934	20,863
Training	66,986	60,486
Travel	47,821	60,360
Other	95,248	95,677
Total goods and services supplied or rendered	939,060	871,141

Other suppliers

Operating lease rental in connection with external parties

Operating lease rentals ¹	118,478	113,857
Workers compensation expenses	7,025	8,864
Total other suppliers	125,503	122,721
Total suppliers	1,064,563	993,862

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 2023. 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 2021. 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	195,948	145,129
Between 1 to 5 years	349,417	59,480
Total operating lease commitments	545,365	204,609

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
	\$	\$

Note 1.1: Expenses continued

Note 1.1C: Projects

Australian Government entities (related parties)	1,375,226	1,838,532
State and territory governments	3,185,583	3,880,798
Universities and educational bodies	6,236,175	3,920,240
Cooperative research centres	-	100
Research and development corporations	90,622	5,504
Industry (commercial, recreational and Indigenous)	5,633,429	4,151,073
Overseas research entities	10,000	129,542
Private providers	2,938,965	2,961,600
Total projects	19,470,000	16,887,389

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)	25,654,827	29,900,341
Between 1 to 5 years (1 July 2020 to 30 June 2024)	27,979,811	33,159,004
Over 5 years (from 1 July 2024)	-	146,674
Total project commitments	53,634,638	63,206,019

Note: Project commitments are GST inclusive.

Note 1.1D: Write down and impairment of assets

Write down of intangible assets	-	12,073
Total write down and impairment of assets	-	12,073

Note 1.1E: Other expenses

Communications

Annual report	1,001	1,005
Factsheets	8,745	-
Communications External Provider	68,413	-
Media monitoring and releases	15,050	24,085
Other stakeholder consultation	-	-
FISH Magazine	99,891	-
Sponsorship	3,446	-
Corporate Merchandise	2,300	-
Photos and Videos	183	-
Education materials and events	9,666	-
Total other expenses	208,695	25,090

	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:

- the risks and rewards of ownership have been transferred to the buyer, and
- 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	258,803	397,407
Total interest	258,803	397,407

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 1.2C: Grants

Australian Government

Department of Agriculture ¹	47,500	2,052,500
Total grants	47,500	2,052,500

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:

- the FRDC obtains control of the grant or the right to receive the grant;
- it is probable that the economic benefits comprising the grant will flow to the FRDC; and
- 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	85,291	68,516
Australian Fisheries Management Authority	-	15,000
New South Wales	136,000	-
Northern Territory	-	-
Queensland	538,776	539,000
South Australia	319,168	288,964
Tasmania	785,798	872,934
Victoria	31,000	-
Western Australia	1,389,311	1,336,666
Total contributions	3,285,344	3,121,080

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	802,951	1,800,000
Project refunds of prior years expenditure	189,072	45,147
Other	290	-
Total other revenue	992,313	1,845,147

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	14,128,439	13,626,504
Matching of industry contributions ²	3,059,713	2,858,168

Total revenue from the Australian Government	17,188,152	16,484,672
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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	6,020,591	6,842,478
Cash on deposit:		
Fixed term deposit - original term 6 months	-	-
Fixed term deposit - original term 3 months	-	10,000,000
Fixed term deposit - original term 2 months	20,000,000	10,000,000
Fixed term deposit - original term 1 months	-	-
Total cash and cash equivalents	26,020,591	26,842,478

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	1,212,850	977,041
Total goods and services receivables	1,212,850	977,041

Department of Agriculture

Receivables	9,928	-
Total receivables from Department of Agriculture	9,928	-

Other receivables

GST receivable from the Australian Taxation Office	568,955	198,109
Total other receivables	568,955	198,109
Total trade and other receivables	1,791,732	1,175,150

Trade and other receivables are expected to be recovered

No more than 12 months	1,791,732	1,175,150
Total trade and other receivables	1,791,732	1,175,150

Trade and other receivables aged as follows

Not overdue ¹	1,385,717	359,078
Overdue by		
0 to 30 days	406,015	797,870
31 to 60 days	-	18,202
61 to 90 days	-	-
More than 90 days	-	-
Total trade and other receivables	1,791,732	1,175,150

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 2019			
Gross book value	74,450	1,272,074	1,346,524
Accumulated depreciation and amortisation	-	(585,649)	(585,649)
Total as at 1 July 2019	74,450	686,425	760,875
Additions			
Purchase	-	-	-
Internally developed	-	15,594	15,594
Revaluations recognised in other comprehensive income	-	-	-
Write down recognised in net cost of services	-	-	-
Depreciation and amortisation	(40,463)	(85,680)	(126,143)
Total as at 29 February 2020	33,987	616,339	650,326
Total as at 29 February 2020 represented by			
Gross book value	74,450	1,287,668	1,362,118
Accumulated depreciation and amortisation	(40,463)	(671,329)	(711,792)
Total as at 29 February 2020	33,987	616,339	650,326

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 29 February 2020. 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 29 February 2020.

	2019-20	2018-19
	\$	\$

Note 2.2: Non-financial assets continued

Note 2.2B: Other non-financial assets

Prepayments	54,051	37,687
Total other non-financial assets	54,051	37,687

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

	2019-20	2018-19
	\$	\$

Note 2.3: Payables

Note 2.3A: Suppliers and other payables

Trade creditors and accruals	-	-
FBT payable	(2,149)	(3,667)
PAYG payable	223,173	73,232
Other	-	-
Total suppliers and other payables	221,024	69,565

Suppliers and other payables expected to be settled

No more than 12 months	221,024	69,565
Total suppliers	221,024	69,565

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

	2019-20	2018-19
	\$	\$

Note 3.1: Employee Provisions

Note 3.1A: Employee provisions

Leave	849,822	906,841
Total employee provisions	849,822	906,841
Employee provisions that could be settled		
No more than 12 months	761,814	846,708
More than 12 months	88,008	60,133
Total employee provisions	849,822	906,841

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)	835,817	777,574
Post-employment benefits (superannuation)	137,119	144,606
Other long-term employee benefits (annual leave and long service leave)	82,920	80,681
Total key management personnel remuneration expenses	1,055,855	1,002,861

The total number of key management personnel that are included in the above table is 12 (2018-19: 17). They are made up of:

- seven non-executive directors
- one non-executive director (Chair)
- one Managing Director
- three senior general managers
- one non-executive director (Chair) (retired 1 January 2020)

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

	2019-20	2018-19
Nil to \$39,999	1	12
\$40,000 to \$69,999	7	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	17

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 (Retired 1 January 2020)
Dr Kathryn Brooks	Director (Member Investment Mechanisms Working Group)
Professor Colin D. Buxton	Director (Deputy Chair) (A/g 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	2,454	-	71,895	-
	Kal Analysis Pty Ltd <i>Director</i> 1 July 2019 to current	Research projects or work undertaken by the organisation	38,566	-	83,226	-
	School of Humanities and Social Sciences, Faculty of Arts and Education Deakin University <i>Adjunct Associate Professor</i> 8 October 2019 to current	Research projects or work undertaken by the organisation	206,030	-	-	-
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	191,290	852	653,290	-
	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	2,661,259	-	434,346	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: \$47,500 (2018-19: \$2,052,500) (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	26,020,591	26,842,478
Trade and other receivables	1,212,850	977,041
Other investments	5,001	5,001
Total Financial assets at amortised cost	27,238,442	27,824,520
Total financial assets	27,238,442	27,824,520
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers and other payables	-	-
Projects	-	-
Total Financial liabilities measured at amortised cost	-	-
Total financial liabilities	-	-

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	26,020,591
Trade and other	2.1B	1,212,850
Other investments	2.1C	5,001
Total financial assets		27,238,442

Accounting policyFinancial 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:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) 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:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. 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)	258,803	397,407
Net gains on financial assets at amortised cost	258,803	397,407

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	62,532
Plant and equipment	27,390	24,869
Total non-financial assets	74,450	87,401

The FRDC did not measure any non-financial assets at fair value on a non-recurring basis as at 29 February 2020.

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.