



FRDC

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

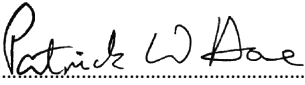
CONTENTS	Page
Certification	
Statement by the Managing Director and Chief Financial Officer	3
Primary financial statement	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Overview	
Objectives of the FRDC	8
Notes to the financial 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 November 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

Dec 24, 2019
.....
Date

Signed 
Cheryl Cole
A/g Chief Financial Officer

Dec 24, 2019
.....
Date

Statement of Comprehensive Income

for the period ended 30 November 2019

	Notes	2019-20 \$	2018-19 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	1,400,510	1,474,225
Suppliers	1.1B	727,820	670,610
Projects	1.1C	11,309,835	11,391,113
Depreciation and amortisation	2.2A	79,219	75,888
Write-down and impairment of assets	1.1D	-	12,073
Other expenses	1.1E	62,021	21,885
Total expenses		13,579,405	13,645,794
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	-	-
Interest	1.2B	177,203	254,666
Grants	1.2C	-	1,100,000
Contributions	1.2D	1,459,722	1,955,418
Other revenue	1.2E	52,452	22,222
Total own-source revenue		1,689,377	3,332,306
Total own-source income		1,689,377	3,332,306
Net cost of services		11,890,028	10,313,488
Revenue from the Australian Government	1.2F	15,885,054	14,479,017
Surplus on continuing operations		3,995,026	4,165,529
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		3,995,026	4,165,529

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

Statement of Financial Position

as at 30 November 2019

	Notes	2019-20 \$	2018-19 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	33,966,508	27,802,144
Trade and other receivables	2.1B	476,539	893,963
Other investments	2.1C	5,001	5,001
Total financial assets		34,448,048	28,701,108
Non-financial assets			
Property, plant and equipment	2.2A	48,831	99,938
Intangibles	2.2A	648,419	741,203
Other non-financial assets	2.2B	39,188	57,509
Total non-financial assets		736,438	898,650
Total assets		35,184,486	29,599,758
LIABILITIES			
Payables			
Suppliers and other payables	2.3A	99,349	75,500
Projects	2.3B	1,452,448	-
Total payables		1,551,797	75,500
Provisions			
Employee provisions	3.1A	966,911	1,024,220
Total provisions		966,911	1,024,220
Total liabilities		2,518,708	1,099,720
Net assets		32,665,778	28,500,038
EQUITY			
Asset revaluation reserves		411,236	412,900
Retained earnings		32,254,542	28,087,138
Total equity		32,665,778	28,500,038

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

Statement of Changes in Equity
for the period ended 30 November 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	3,995,026	4,165,529
Total comprehensive income	3,995,026	4,165,529
Closing balance as at 31 October 2019	32,254,542	28,087,138
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 31 October 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	3,995,026	4,165,529
Other comprehensive (loss)/income	-	-
Total comprehensive income	3,995,026	4,165,529
Closing balance as at 31 October 2019	32,665,778	28,500,038

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

Cash Flow Statement

for the period ended 30 November 2019

Notes	2019-20 \$	2018-19 \$
OPERATING ACTIVITIES		
Cash received		
Receipts from the Australian Government	18,629,174	15,992,242
Contributions	3,105,177	2,588,382
Grants	-	1,100,000
Interest	90,760	85,708
Net GST received	1,243,213	814,747
Other	57,697	24,444
Total cash received	23,126,021	20,605,523
Cash used		
Employees	(1,453,444)	(1,462,669)
Suppliers	(976,538)	(763,299)
Projects expenditure	(11,199,157)	(12,838,670)
Other	(68,223)	-
Total cash used	(13,697,362)	(15,064,638)
Net cash from operating activities	9,428,659	5,540,885
INVESTING ACTIVITIES		
Cash used		
Purchase of property, plant and equipment	-	(6,529)
Purchase of intangibles	(15,594)	(26,034)
Total cash used	(15,594)	(32,563)
Net cash used by investing activities	(15,594)	(32,563)
FINANCING ACTIVITIES		
Cash used		
Other	-	-
Total cash used	-	-
Net cash used by financing activities	-	-
Net increase in cash held	9,413,065	5,508,322
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	33,966,508	27,802,144

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	1,217,265	1,219,907
Superannuation		
Defined contribution plans	73,362	83,943
Defined benefit plans	162,816	158,819
Leave and other entitlements	(52,933)	11,556
Total employee benefits	1,400,510	1,474,225
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	-	14,205
Asset purchases less than \$5,000	3,086	9,425
Audit fees	-	-
Cost of goods sold	-	-
External service providers	104,725	126,394
Insurance	13,600	15,479
Information technology	174,743	160,175
Joint research and development corporation (RDC) activities	70,153	48,301
Legal	300	10,748
Loss on inventory write off	-	-
Office supplies	5,807	6,446
Postage and couriers	547	744
Property	8,788	11,542
Recruitment/director selection costs	-	4,527
Representation	11,730	16,524
Representative organisations consultation	7,376	3,620
Telecommunications	12,282	12,569
Training	43,059	30,917
Travel	25,797	19,997
Other	165,934	106,154
Total goods and services supplied or rendered	647,927	597,767
Other suppliers		
Operating lease rental in connection with external parties		
Operating lease rentals ¹	74,629	67,759
Workers compensation expenses	5,264	5,084
Total other suppliers	79,893	72,843
Total suppliers	727,820	670,610

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	112,900	156,376
Between 1 to 5 years	-	95,168
Total operating lease commitments	112,900	251,544

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)	894,513	1,328,341
State and territory governments	2,125,929	1,770,164
Universities and educational bodies	3,161,433	2,119,717
Research and development corporations	5,622	5,504
Industry (commercial, recreational and Indigenous)	3,072,191	2,299,773
Overseas research entities	-	69,029
Private providers	2,050,147	3,798,584
Total projects	11,309,835	11,391,113

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)	32,881,660	29,800,400
Between 1 to 5 years (1 July 2020 to 30 June 2024)	29,514,549	21,256,684
Over 5 years (from 1 July 2024)	-	146,674
Total project commitments	62,396,209	51,203,758

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	1,000	1,000
Factsheets	-	-
Communications External Provider	26,887	-
Media monitoring and releases	8,600	20,885
Other stakeholder consultation	-	-
FISH	25,447	-
RD&E plan	-	-
Sponsorship	-	-
Corporate Merchandise	-	-
Photos and Videos	87	-
Education materials and events	-	-
Total other expenses	62,021	21,885

	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	177,203	254,666
Total interest	177,203	254,666

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 1.2C: Grants

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

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	45,738	48,752
Australian Fisheries Management Authority	-	-
New South Wales	21,000	-
Northern Territory	-	-
Queensland	485,000	539,000
South Australia	4,000	-
Tasmania	167,776	691,554
Victoria	30,000	-
Western Australia	706,208	676,112
Total contributions	1,459,722	1,955,418

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	-	-
Project refunds of prior years expenditure	39,983	22,222
Other	12,469	-
Total other revenue	52,452	22,222

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	1,756,615	852,513
Total revenue from the Australian Government	15,885,054	14,479,017

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	2,966,508	4,802,144
Cash on deposit:		
Fixed term deposit - original term 6 months	-	15,000,000
Fixed term deposit - original term 3 months	21,000,000	-
Fixed term deposit - original term 2 months	10,000,000	8,000,000
Fixed term deposit - original term 1 months	-	-
Total cash and cash equivalents	33,966,508	27,802,144

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	142,992	704,045
Total goods and services receivables	142,992	704,045

Department of Agriculture

Receivables	-	-
Total receivables from Department of Agriculture	-	-

Other receivables

GST receivable from the Australian Taxation Office	333,547	189,918
Total other receivables	333,547	189,918
Total trade and other receivables	476,539	893,963

Trade and other receivables are expected to be recovered

No more than 12 months	476,539	893,963
Total trade and other receivables	476,539	893,963

Trade and other receivables aged as follows

Not overdue ¹	452,990	380,340
Overdue by		
0 to 30 days	19,149	478,561
31 to 60 days	4,400	-
61 to 90 days	-	35,063
More than 90 days	-	-
Total trade and other receivables	476,539	893,963

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	-	15,594	15,594
Revaluations recognised in other comprehensive income	-	-	-
Write down recognised in net cost of services	-	-	-
Depreciation and amortisation	(25,619)	(53,600)	(79,219)
Total as at 30 November 2019	48,831	648,419	697,250
Total as at 30 November 2019 represented by			
Gross book value	74,450	1,287,668	1,362,118
Accumulated depreciation and amortisation	(25,619)	(639,249)	(664,868)
Total as at 30 November 2019	48,831	648,419	697,250

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 November 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 November 2019.

	2019-20	2018-19
<i>Note 2.2: Non-financial assets continued</i>	\$	\$
Note 2.2B: Other non-financial assets		
Prepayments	39,188	57,509
Total other non-financial assets	39,188	57,509

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	26,000	-
FBT payable	(2,149)	(2,085)
PAYG payable	75,498	77,585
Other	-	-
Total suppliers and other payables	99,349	75,500
Suppliers and other payables expected to be settled		
No more than 12 months	99,349	75,500
Total suppliers	99,349	75,500

Settlement is usually made within 30 days.

Note 2.3B: Projects

Australian Government entities (related parties)	25,000	-
State and territory governments	125,888	-
Other	1,301,560	-
Total projects	1,452,448	-

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	966,911	1,024,220
Total employee provisions	966,911	1,024,220
Employee provisions that could be settled		
No more than 12 months	884,446	967,907
More than 12 months	82,465	56,313
Total employee provisions	966,911	1,024,220

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)	523,510	470,654
Post-employment benefits (superannuation)	85,806	88,922
Other long-term employee benefits (annual leave and long service leave)	51,825	50,425
Total key management personnel remuneration expenses	661,140	610,002

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

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

	2019-20	2018-19
Nil to \$39,999	0	12
\$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	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 (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	1,946	-	41,250	-
	Kal Analysis Pty Ltd <i>Director</i> 1 July 2019 to current	Research projects or work undertaken by the organisation	38,566	-	44,726	-
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	-	355,850	-
	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	1,583,408	-	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: \$0 (2018-19: \$1,100,000) (refer Note 1.2C: Grants).

Financial instrument and fair value measurements

	2019-20	2018-19
	\$	\$
Note 4.1: Financial instruments		
Note 4.1A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	33,966,508	27,802,144
Trade and other receivables	142,992	704,045
Other investments	5,001	5,001
Total Financial assets at amortised cost	34,114,501	28,511,190
Total financial assets	34,114,501	28,511,190
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers and other payables	26,000	-
Projects	1,452,448	-
Total Financial liabilities measured at amortised cost	1,478,448	-
Total financial liabilities	1,478,448	-

Note 4.1: Financial instruments continued

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

Financial assets class	Note	AASB 9 carrying amount at 2019-20 \$
Cash and cash equivalents	2.1A	33,966,508
Trade and other	2.1B	142,992
Other investments	2.1C	5,001
Total financial assets		34,114,501

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:

- 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)	177,203	254,666
Net gains on financial assets at amortised cost	177,203	254,666

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	73,409
Plant and equipment	27,390	26,529
Total non-financial assets	74,450	99,938

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