



**Financial statements
for the period ended
31 October 2020**

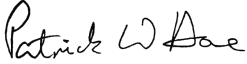
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FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

STATEMENT BY THE MANAGING DIRECTOR AND ACTING CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the period ended 31 October 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

Date Mar 4, 2021



Signed.....
Ms Cheryl Cole
Acting Chief Financial Officer

Date Feb 25, 2021

Statement of Comprehensive Income

for the period ended 31 October 2020

	Notes	2020-21 \$	2019-20 \$	Original Budget PBS 2020-21 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	1,003,591	1,130,441	3,119,000
Suppliers	1.1B	332,195	598,972	1,322,000
Projects	1.1C	7,397,547	8,010,259	27,572,000
Depreciation and amortisation	2.2A	117,713	63,641	323,000
Finance costs	1.1D	2,237	-	-
Write-down and impairment of assets	1.1E	-	-	-
Other expenses	1.1F	121,348	55,146	780,000
Total expenses		8,974,631	9,858,459	33,116,000
Own-source income				
Own-source revenue				
Revenue from contracts with customers	1.2A	9,730	-	-
Interest	1.2B	78,527	136,866	200,000
Grants	1.2C	-	-	-
Contributions	1.2D	1,084,230	1,390,757	9,173,000
Other revenue	1.2E	24,234	52,452	2,010,000
Total own-source revenue		1,196,721	1,580,075	11,383,000
Total own-source income		1,196,721	1,580,075	11,383,000
Net cost of services		7,777,910	8,278,384	21,733,000
Revenue from the Australian Government	1.2F	13,992,965	15,885,054	21,778,000
(Deficit)/surplus on continuing operations		6,215,055	7,606,670	45,000
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	2.2A	-	-	-
Total other comprehensive income/(loss)		-	-	-
Total comprehensive (loss)/income		6,215,055	7,606,670	45,000

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

Statement of Financial Position

as at 31 October 2020

	Notes	2020-21 \$	2019-20 \$	Original PBS Budget 2020-21 \$
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	33,410,690	30,530,532	27,090,000
Trade and other receivables	2.1B	891,544	6,068,747	1,597,000
Other investments	2.1C	-	5,001	-
Total financial assets		34,302,234	36,604,280	28,687,000
Non-financial assets¹				
Buildings	2.2A	776,084	-	835,000
Plant and equipment	2.2A	114,770	53,840	143,000
Computer software	2.2A	583,954	656,988	661,000
Other non-financial assets	2.2B	19,343	47,038	14,000
Total non-financial assets		1,494,151	757,866	1,653,000
Total assets		35,796,385	37,362,146	30,340,000
LIABILITIES				
Payables				
Suppliers	2.3A	85,721	97,944	204,000
Projects	2.3B	817,548	-	1,414,000
Total payables		903,269	97,944	1,618,000
Interest bearing liabilities				
Leases	2.4A	803,146	-	849,000
Total interest bearing liabilities		803,146	-	849,000
Provisions				
Employee provisions	3.1A	729,445	986,780	683,000
Total provisions		729,445	986,780	683,000
Total liabilities		2,435,860	1,084,724	3,150,000
Net assets		33,360,525	36,277,422	27,190,000
EQUITY				
Asset revaluation reserves		526,551	411,236	526,000
Retained earnings		32,833,974	35,866,186	26,664,000
Total equity		33,360,525	36,277,422	27,190,000

¹ Right-of-use assets are included in the following line item - Buildings.

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

Statement of Changes in Equity

for the period ended 31 October 2020

	2020-21	2019-20	Original PBS Budget 2020-21
	\$	\$	\$
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	26,618,919	28,259,516	26,619,000
Adjustment on initial application of AASB 15/AASB 1058/AASB 16	-	-	-
Opening balance as at 30 June 2020	26,618,919	28,259,516	26,619,000
Comprehensive income			
(Deficit)/surplus for the period	6,215,055	7,606,670	45,000
Total comprehensive (loss)/income	6,215,055	7,606,670	45,000
Closing balance as at 31 October 2020	32,833,974	35,866,186	26,664,000
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	526,551	411,236	526,000
Opening balance	526,551	411,236	526,000
Comprehensive income			
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	-	-	-
Closing balance as at 31 October 2020	526,551	411,236	526,000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	27,145,470	28,670,752	27,145,000
Adjustment on initial application of AASB 15/AASB 1058/AASB 16	-	-	-
Opening balance	27,145,470	28,670,752	27,145,000
Comprehensive income			
(Deficit)/surplus for the period	6,215,055	7,606,670	45,000
Other comprehensive income/(loss)	-	-	-
Total comprehensive (loss)/income	6,215,055	7,606,670	45,000
Closing balance as at 31 October 2020	33,360,525	36,277,422	27,190,000

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

Cash Flow Statement

for the period ended 31 October 2020

	Notes	2020-21 \$	2019-20 \$	Original PBS Budget 2020-21 \$
OPERATING ACTIVITIES				
Cash received				
Receipts from the Australian Government		14,843,474	13,720,727	23,122,000
Contributions		1,776,815	2,115,482	10,534,000
Grants		-	-	-
Interest		54,222	83,957	200,000
Net GST received		684,737	1,106,628	-
Other		26,657	57,697	-
Total cash received		17,385,905	17,084,491	33,856,000
Cash used				
Employees		(969,584)	(1,163,506)	(3,131,000)
Suppliers		(475,086)	(847,570)	(612,000)
Projects expenditure		(8,734,131)	(9,022,071)	(27,572,000)
Interest payments on lease liabilities		(2,237)	-	-
Other		(133,483)	(60,661)	(1,480,000)
Total cash used		(10,314,521)	(11,093,808)	(32,795,000)
Net cash from operating activities		7,071,384	5,990,683	1,061,000
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		-	-	(50,000)
Purchase of intangibles		(27,593)	(13,594)	(200,000)
Total cash used		(27,593)	(13,594)	(250,000)
Net cash used by investing activities		(27,593)	(13,594)	(250,000)
FINANCING ACTIVITIES				
Cash used				
Principal payments of lease liabilities		(44,449)	-	(132,000)
Total cash used		(44,449)	-	(132,000)
Net cash used by financing activities		(44,449)	-	(132,000)
Net increase in cash held		6,999,342	5,977,089	679,000
Cash and cash equivalents at the beginning of the reporting period		26,411,348	24,553,443	26,411,000
Cash and cash equivalents at the end of the reporting period	2.1A	33,410,690	30,530,532	27,090,000

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 FRDC's mission is to act as a national thought leader, facilitating knowledge creation, collaboration and innovation to shape the future of fishing and aquaculture in Australia for the benefit of the Australian people. To achieve this, the FRDC plans, invests in and manages research and development for fishing and aquaculture, and the wider community, and ensures that the resulting knowledge and innovation is adopted for impact. The FRDC also undertakes monitoring of key indicators of change across fishing and aquaculture. This helps in the evaluation of impact that results from the FRDC's investments. Information collected is also of use to decision makers, to understand and respond to emerging issues.

The FRDC's strong relationships with sectors, managers and researchers are fundamental to enable the needs of key stakeholders to be identified and addressed.

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 Acting 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

	2020-21	2019-20
	\$	\$
Note 1.1: Expenses		
Note 1.1A: Employee benefits		
Wages and salaries	814,361	976,080
Superannuation		
Defined contribution plans	53,121	57,211
Defined benefit plans	102,102	130,214
Leave and other entitlements	34,007	(33,064)
Total employee benefits	1,003,591	1,130,441

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	-	-
Asset purchases less than \$5,000	6,044	2,217
Audit fees	-	-
External service providers	94,982	68,411
Insurance	6,496	10,880
Information technology	162,911	136,733
Joint research and development corporation (RDC) activities	20,145	50,947
Legal	-	300
Office supplies	1,041	4,567
Postage and couriers	41	519
Property	4,364	6,246
Recruitment/director selection costs	-	-
Representation	-	5,530
Representative organisations consultation	-	6,704
Telecommunications	8,077	9,371
Training	300	32,785
Travel	-	20,037
Other	23,028	180,031
Total goods and services supplied or rendered	327,429	535,278

Other suppliers

Operating lease rental in connection with external parties

Workers compensation expenses	3,175	4,211
Operating lease rentals ¹	1,591	59,483
Total other suppliers	4,766	63,694
Total suppliers	332,195	598,972

¹ Operating lease

The FRDC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The FRDC has no short term lease commitments as at 31 October 2020

The above lease disclosures should be read in conjunction with the accompanying Notes 1.1B, 1.1D, 2.2A and 2.4A.

Canberra office

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, with a 3 year right of renewal until 31 July 2026. 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.

Accounting Policy

Short-term leases

The FRDC has no right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less.

	2020-21	2019-20
	\$	\$
<i>Note 1.1: Expenses continued</i>		
Note 1.1C: Projects		
Australian Government entities (related parties)	138,939	814,991
State and territory governments	1,032,198	1,421,702
Universities and educational bodies	2,614,446	1,548,999
Research and development corporations	-	7,342
Industry (commercial, recreational and Indigenous)	1,811,632	2,571,151
Overseas research entities	-	-
Private providers	1,800,333	1,646,074
Total projects	7,397,547	8,010,259

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 and approved invoice payment by the relevant delegate.

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 2021)	34,375,666	34,452,505
Between 1 to 5 years (1 July 2021 to 30 June 2025)	33,252,107	26,621,821
Over 5 years (from 1 July 2025)	-	-
Total project commitments	67,627,772	61,074,325

Note: Project commitments are GST inclusive.

Note 1.1D: Finance costs

Finance leases ¹	2,237	-
Total finance costs	2,237	-

¹ The FRDC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying Notes 1.1B, 2.2A and 2.4A.

Note 1.1E: Other expenses

Communications		
Annual report	1,000	1,000
Factsheets	-	-
Communications External Provider	9,126	24,249
Media monitoring and releases	6,450	6,450
Other stakeholder consultation	-	-
FISH Magazine	99,772	23,389
Sponsorship	5,000	-
Corporate Merchandise	-	-
Photos and Videos	-	58
Education materials and events	-	-
Total other expenses	121,348	55,146

	2020-21 \$	2019-20 \$
Note 1.2: Own-source income and revenue from the Australian Government		
Own-source revenue		
Note 1.2A: Revenue from contracts with customers		
Australian Government entities (related parties) - over time	9,730	-
Total revenue from contracts with customers	9,730	-

The FRDC has applied AASB 15 and AASB 1058 and has not applied retrospectively for comparatives, and therefore it has not been restated.

Accounting policy

The FRDC receives revenue from the Australian Government under which it manages a suite of research activities. These activities are listed at Note 3.4B. FRDC has specific funding agreements with the Australian Government that include enforceable rights and performance obligations. The FRDC initially recognises the funding received as a credit liability entry to recognise the contracted liability (refer Note: 2.3B). Once the performance obligations have been satisfied as per the funding agreement milestones over time, it is then recognised as revenue from contracts with customers, unwinding the liability.

Note 1.2B: Interest

Deposits	78,527	136,866
Total interest	78,527	136,866

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 1.2C: Grants

Australian Government		
Department of Agriculture, Water and the Environment ¹	-	-
Total grants	-	-

¹ Research & Development funding from Department of Agriculture Water, and the Environment (DAWE)

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

The FRDC has applied AASB 15 and AASB 1058 and has not applied retrospectively for comparatives, and therefore it has not been restated.

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.

Note 1.2D: Contributions

Fisheries		
Australian Prawn Farmers Association	84,061	37,213
Australian Fisheries Management Authority	-	-
New South Wales	-	21,000
Northern Territory	212,189	-
Queensland	-	485,000
South Australia	49,000	4,000
Tasmania	25,788	137,336
Victoria	-	-
Western Australia	713,192	706,208
Total contributions	1,084,230	1,390,757

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.

	2020-21	2019-20
	\$	\$
<i>Note 1.2: Own-source income continued</i>		
Note 1.2E: Other revenue		
Project funds received	1,946	-
Project refunds of prior years expenditure	22,288	39,983
Other	-	12,469
Total other revenue	24,234	52,452

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 Water and the Environment		
Corporate Commonwealth entity payment item of 0.50% of AGVP ¹	13,404,114	14,128,439
Matching of industry contributions ²	588,851	1,756,615
Total revenue from the Australian Government	13,992,965	15,885,054

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 FRDC.
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

	2020-21	2019-20
	\$	\$
Note 2.1: Financial assets		
Note 2.1A: Cash and cash equivalents		
Cash on hand or at call	3,410,690	9,530,532
Cash on deposit:		
Fixed term deposit - original term 6 months	20,000,000	-
Fixed term deposit - original term 3 months	10,000,000	21,000,000
Fixed term deposit - original term 2 months	-	-
Fixed term deposit - original term 1 months	-	-
Total cash and cash equivalents	33,410,690	30,530,532

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 three 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	131,748	1,023,717
Total goods and services receivables	131,748	1,023,717

Department of Agriculture, Water and the Environment

Receivables	588,851	4,908,447
Total receivables from Department of Agriculture, Water and the Environment	588,851	4,908,447

Other receivables

GST receivable from the Australian Taxation Office	170,945	136,583
Total other receivables	170,945	136,583
Total trade and other receivables	891,544	6,068,747

Trade and other receivables are expected to be recovered

No more than 12 months	891,544	6,068,747
Total trade and other receivables	891,544	6,068,747

Trade and other receivables aged as follows

Not overdue ¹	820,044	189,492
Overdue by		
0 to 30 days	16,500	5,874,855
31 to 60 days	55,000	4,400
Total trade and other receivables	891,544	6,068,747

¹Credit terms for goods and services are within 30 days (2019-20: 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 (ASCo), an unlisted company converting fish waste and fish nutrient into agriculture fertiliser products.

	-	5,001
Total other investments	-	5,001

ASCo closed effective 30 June 2020. The FRDC's share was written down to zero at 30 June 2020, as no funds were paid out to shareholders.

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**

	Buildings	Plant and equipment	Intangibles (computer software)	Total
	\$	\$	\$	\$
As at 1 July 2020				
Gross book value	1,009,479	129,400	1,315,629	2,454,508
Accumulated depreciation and amortisation	(175,046)	-	(714,535)	(889,581)
Total as at 1 July 2020	834,433	129,400	601,094	1,564,927
Additions				
Internally developed	-	-	27,592	27,592
Right-of-use-assets ¹	-	-	-	-
Depreciation and amortisation	-	(14,630)	(44,734)	(59,364)
Depreciation on right-of-use assets	(58,349)	-	-	(58,349)
Total as at 31 October 2020	776,084	114,770	583,952	1,474,806
Total as at 31 October 2020 represented by				
Gross book value	1,009,479	129,400	1,343,223	2,482,102
Accumulated depreciation and amortisation	(233,395)	(14,630)	(759,269)	(1,007,294)
Total as at 31 October 2020	776,084	114,770	583,954	1,474,808
Carrying amount of right-of-use assets	776,084	-	-	776,084

¹ **Right-of-use-assets (Building leases)**Canberra office

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, with a 3 year right of renewal until 31 July 2026.

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.

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

No 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).

Lease right of use (ROU) assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the FRDC has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and whole of government financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) 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:

	2020-21	2019-20
Buildings	Lease term	-
Leasehold improvements	Lease term	Lease term
Plant and equipment	up to 5 years	up to 5 years

Impairment

All assets were assessed for impairment at 31 October 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 (2019-20: 10 years).

All software assets were assessed for indications of impairment as at 31 October 2020.

	2020-21	2019-20
	\$	\$
<i>Note 2.2: Non-financial assets continued</i>		
Note 2.2B: Other non-financial assets		
Prepayments	19,343	47,038
Total other non-financial assets	19,343	47,038

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

	2020-21	2019-20
	\$	\$
Note 2.3: Payables		
Note 2.3A: Suppliers and other payables		
Trade creditors and accruals	25,700	26,000
FBT payable	(791)	(2,149)
PAYG payable	60,812	74,093
Total suppliers and other payables	85,721	97,944

Settlement is usually made within 30 days.

Note 2.3B: Projects		
State and territory government expense	-	-
Contract liability ¹	817,548	-
Other	-	-
Total projects	817,548	-

¹ The FRDC has applied AASB 15 using the modified retrospective approach and therefore the comparative information has not been restated.

The contract liability is associated with funding provided for Research & Development activities under Funding Agreements with the Department of Agriculture Water and the Environment and Department of Primary Industries NSW as detailed below.

Department of Agriculture Water and the Environment

- Assist with data generation to support APVMA application - erythromycin in finfish
- Assist with data generation to support APVMA application - Praziquantel - Skin and gill flukes (Monogenea) - Non-seriola finfish
- Development of on-farm biosecurity plan implementation support programs for aquaculture industry

The FRDC recognised a contract liability in 2020-21 totalling: \$291,548.

Department of Primary Industries NSW

- NSW seafood product development program

The FRDC recognised a contract liability in 2020-21 totalling: \$526,000.

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.

As per AASB 15 *Revenue from Contracts with Customers*, contract liabilities are recognised at their nominal amounts, being the amounts at which the liabilities are not yet settled. They relate to payments received for funding provided for research and development activities, of which specific performance obligations were not met at the end of the reporting period.

	2020-21	2019-20
	\$	\$
Note 2.4: Interest Bearing Liabilities		
Note 2.4A: Leases		
Lease liabilities ¹	803,146	-
Total leases	803,146	-

¹ The FRDC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Accounting Policy

Refer Overview section for accounting policy on leases.

People and relationships

	2020-21	2019-20
	\$	\$
Note 3.1: Employee Provisions		
Note 3.1A: Employee provisions		
Leave	729,445	986,780
Total employee provisions	729,445	986,780
Employee provisions that could be settled		
No more than 12 months	642,405	906,126
More than 12 months	87,040	80,654
Total employee provisions	729,445	986,780

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 senior general managers. Key management personnel remuneration is reported in the table below:

	2020-21	2019-20
	\$	\$
Short-term employee benefits (salary)	309,456	418,808
Post-employment benefits (superannuation)	63,643	68,645
Other long-term employee benefits (annual leave and long service leave)	36,047	41,460
Total key management personnel remuneration expenses	409,146	528,912

1

The total number of key management personnel that are included in the above table is 13 (2019-20: 14). They are made up of:

- seven non-executive directors
- one non-executive director (Chair)
- one Managing Director
- two senior general managers
- one acting senior general manager
- one senior general manager (retired 7 July 2020)

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

	2020-21	2019-20
Nil to \$39,999	1	2
\$40,000 to \$69,999	8	7
\$160,000 to \$239,999	3	3
\$280,000 to \$309,999	0	1
\$360,000 to \$389,999	1	1
Total number of key management personnel	13	14

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 senior general managers and other Australian Government entities.

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

Mr John Williams	Chair (Member People and Culture Committee)
Dr Kathryn Brooks	Director
Professor Colin D. Buxton	Director (Deputy Chair)
Dr Saranne Cooke	Director (Chair Finance, Audit and Risk Management Committee)
Ms Katina Hodson-Thomas	Director (Member People and Culture Committee)
Dr Patrick Hone	Managing Director
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 (Member 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 that all the transactions of that entity will be listed. 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 Directors disclosed material personal interests during the directors' related period.

Director	Organisation and position held	Nature of interest
Dr K. Brooks	OzFish Unlimited <i>Non-Executive Director</i> 1 July 2020 to current	Research projects or work undertaken by the organisation
	Kal Analysis Pty Ltd <i>Director</i> 1 July 2020 to current	Research projects or work undertaken by the organisation
	School of Humanities and Social Sciences, Faculty of Arts and Education Deakin University <i>Adjunct Associate Professor</i> 1 July 2020 to current	Research projects or work undertaken by the organisation
Professor C. D. Buxton	Southern Rock Lobster Ltd <i>Chair</i> 1 July 2020 to current	Research projects or work undertaken by the organisation
	Institute from Marine and Antarctic Studies University of Tasmania * <i>Adjunct Professor</i> 1 July 2020 to current	Research projects or work undertaken by the organisation
Dr P. Hone	Council of Rural Research & Development Corporation <i>Member of the Executive and CEO's Committee</i> 1 July 2020 to current	Research projects or work undertaken by the organisation

The following transactions occurred during the directors' related period with these entities.

Transactions with related entities	2020-21		2019-20	
	Expenditure	Income	Expenditure	Income
OzFish Unlimited	-	-	1,116	-
Kal Analysis Pty Ltd	-	-	-	-
School of Humanities and Social Sciences, Faculty of Arts and Education Deakin University	-	-	-	-
Southern Rock Lobster Ltd	-	-	113,850	-
Institute from Marine and Antarctic Studies University of Tasmania	1,280,983	-	567,143	-
Council of Rural Research & Development Corporation	22,159	-	51,940	-

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

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

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

- AQUAPLAN Development Workshop Publication
- Aquatic Animal Health Training Scheme 2019-2022
- Data generation to support APVMA Application
- Development of on-farm biosecurity plan implementation support programs for aquaculture industry
- National Carp Control Plan
- Rural R&D for Profit: Growing a profitable, innovative and collaborative Australian Yellowtail Kingfish aquaculture industry: bringing 'white' fish to the market
- The role of the recreational fisher in the stewardship of the Southern Bluefin Tuna fishery

The FRDC has received funding from Department of Agriculture Water and the Environment in 2020-21 totalling: \$Nil (2019-20: \$Nil).

Financial instrument and fair value measurements

	2020-21	2019-20
	\$	\$
Note 4.1: Financial instruments		
Note 4.1A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	33,410,690	30,530,532
Trade and other receivables	131,748	1,023,717
Other investments	-	5,001
Total Financial assets at amortised cost	33,542,438	31,559,250
Total financial assets	33,542,438	31,559,250
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers and other payables	25,700	26,000
Projects	817,548	-
Total Financial liabilities measured at amortised cost	843,248	26,000
Total financial liabilities	843,248	26,000

Accounting policy

Financial assets

As per AASB 9 *Financial Instruments*, the FRDC 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).

	2020-21	2019-20
	\$	\$
Note 4.1B: Net gain or loss from financial assets		
Financial assets at amortised cost		
Interest revenue (Note 1.2A)	78,527	136,866
Net gains on financial assets at amortised cost	78,527	136,866

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 2020. 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	
	2020-21 \$	2019-20 \$
Non-financial assets		
Leasehold improvements	111,450	47,060
Plant and equipment	17,950	27,390
Total non-financial assets	129,400	74,450

The FRDC did not measure any non-financial assets at fair value on a non-recurring basis as at 31 October 2020

As at 30 June 2020, 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 increment 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.

Other information

	2020-21 \$	2019-20 \$
Note 5.1: Aggregate Assets and Liabilities		
Note 5.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	34,321,577	36,646,317
More than 12 months	1,474,808	715,829
Total assets	35,796,385	37,362,146
Liabilities expected to be settled in:		
No more than 12 months	1,706,992	1,004,070
More than 12 months	728,868	80,654
Total liabilities	2,435,860	1,084,724









2020-10-31 Financial Statements

Final Audit Report

2021-03-03

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