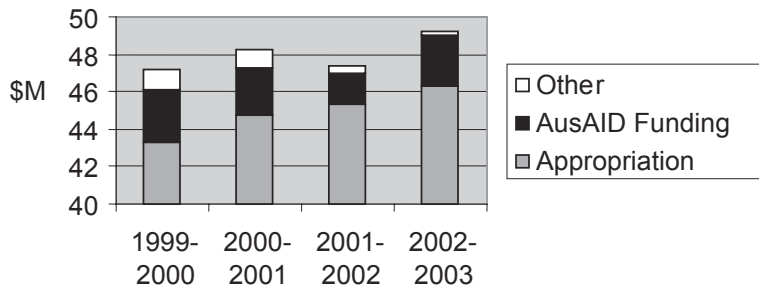


ACIAR obtains its funds primarily from the Commonwealth appropriation, with some external funding and other revenue from interest and sale of publications. Over recent years ACIAR has maintained its level of appropriation, in real terms. Other revenue and external funding have fluctuated over the same period.

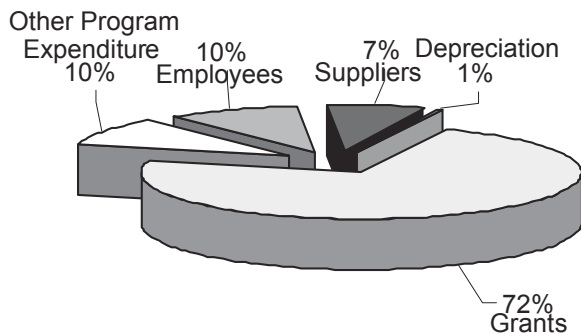


ACIAR Revenue 1999-2000 to 2002-2003



About 82 per cent of ACIAR's expenditure is on bilateral and multilateral research (shown as 'Grants' in the graph below), and on education and training of researchers and publication to assist in project impacts (shown as Other Program expenditure).

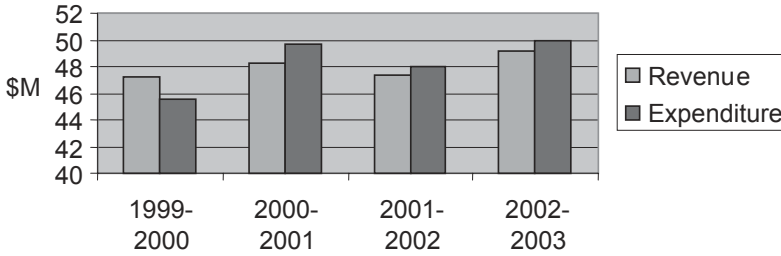
ACIAR Expenditure 2002-03



Paul Tyrrell, Finance Manager

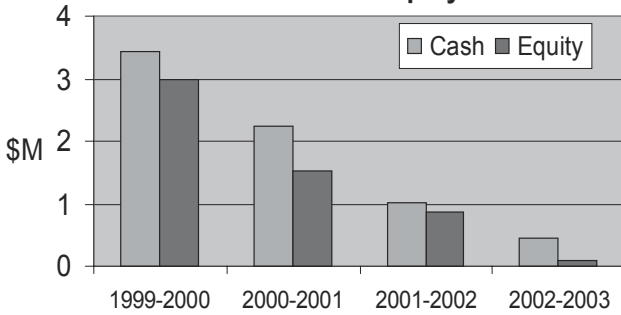
In 1999–2000 ACIAR had a surplus of \$1.685m which resulted from delays in project start dates. During subsequent years ACIAR has refined its budgeting strategy to cater for such delays and has incurred operating deficits to achieve a more optimal level of cash and equity. For 2002–03 the deficit is \$698 709.

Revenue and Expenditure 1999-2000 to 2002-2003



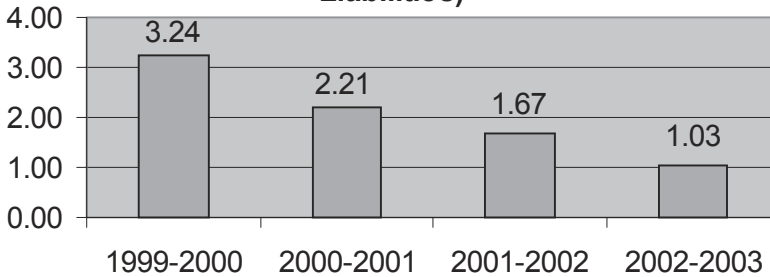
ACIAR has achieved an optimal financial position with an appropriate level of cash and equity. ACIAR intends to operate a balanced budget in future years to maintain this position.

ACIAR Cash & Equity Position



Our current ratio closely reflects these changes and is now at an optimal level.

Current Ratio (Current Assets / Current Liabilities)



ACIAR will continue its focus on good stewardship of its financial resources.

Financial statements

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Schedule of contingencies	105
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The Board noted:

(a) the financial statements for 2002-03 that ANAO had confirmed as a 'true and fair view' of ACIAR's financial position;

Decision 92/19

and

(b) the text of the proposed management representation letter to the ANAO

Decision 92/20

9 September 2003



Paul Tyrrell, Manager



Gloria Radosavljevic, Accountant



Henry Lee, Finance Officer



Frances McPherson, Budget Officer

ACIAR's finance team



INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Australian Centre for International Agricultural Research for the year ended 30 June 2003 included on the Australian Centre for International Agricultural Research's web site. The Agency's Director is responsible for the integrity of the Australian Centre for International Agricultural Research's web site.

The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial report.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the financial statements of Australian Centre for International Agricultural Research for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Director and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Agency's Director is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Australian Centre for International Agricultural Research's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australian Centre for International Agricultural Research at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Willie Tan
Senior Director

Delegate of the Auditor-General

Canberra
10 September 2003

Statement by Director and Chief Finance Officer



AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
 STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2003

	Notes	2003 \$	2002 \$
Revenues from ordinary activities			
Revenues from Government	3A	46,298,000	45,389,000
Sales of goods and services	3B	25,676	24,832
Interest	3C	37,549	295,828
Revenue from sale of assets	3D	200	15,581
External funds revenue	3E	2,703,340	1,622,940
Other revenue		137,280	27,490
Total revenues from ordinary activities		49,202,045	47,375,671
Expenses from ordinary activities			
<i>Administration</i>			
Employees	4A	4,826,528	4,845,625
Suppliers	4B	3,527,870	3,241,855
Depreciation and amortisation	4C	272,147	237,060
Value of assets sold	3D	10,020	11,979
<i>Programme Expenditure</i>			
Grants	5A	36,391,306	34,824,948
Other programme expenditure	5B	4,872,883	4,844,819
Total expenses from ordinary activities		49,900,754	48,006,286
Borrowing costs expense	6	-	468
Net operating surplus (deficit) from ordinary activities		(698,709)	(631,083)
Net surplus (deficit)		(698,709)	(631,083)
Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity			
		(698,709)	(631,083)
Total changes in equity other than those resulting from transactions with owners as owners			
		(698,709)	(631,083)

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

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
 STATEMENT OF FINANCIAL POSITION
as at 30 June 2003

	Notes	2003 \$	2002 \$
ASSETS			
Financial assets			
Cash	7A	456,460	1,023,231
Receivables	7B	1,099,277	595,372
Total financial assets		1,555,737	1,618,603
Non-financial assets			
Infrastructure, plant, equipment	8A,C	835,286	694,335
Intangibles	8B,C	176,431	153,967
Prepayments	8D	117,275	401,536
Total non-financial assets		1,128,992	1,249,838
TOTAL ASSETS		2,684,729	2,868,441
LIABILITIES			
Provisions			
Capital use charge	9A	-	32,000
Employees	9B	1,693,730	1,605,666
Total provisions		1,693,730	1,637,666
Payables			
Suppliers	10A	97,234	77,772
Grants	10B	610,818	68,376
Other program expenditure	10C	108,173	211,143
Total payables		816,224	357,291
TOTAL LIABILITIES		2,509,954	1,994,957
NET ASSETS		174,775	873,484
EQUITY			
Contributed equity	11	-	-
Reserves	11	-	-
Retained surplus	11	174,775	873,484
TOTAL EQUITY		174,775	873,484
Current liabilities		1,618,187	1,205,056
Non-current liabilities		891,767	789,901
Current assets		1,673,012	2,020,139
Non-current assets		1,011,717	848,302

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

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
STATEMENT OF CASH FLOWS
for the year ended 30 June 2003

	Notes	2003 \$	2002 \$
OPERATING ACTIVITIES			
Cash received			
Goods and services		14,190	20,088
Appropriations		46,278,000	45,369,000
Interest		49,225	305,171
GST received from ATO		3,072,468	2,621,536
External Funds		3,369,674	1,783,750
Other		153,487	32,635
Total cash received		52,937,044	50,132,180
Cash used			
Employees		4,690,267	4,718,532
Suppliers		3,794,300	3,367,480
Borrowing costs		-	468
GST paid to ATO		309,856	294,520
Cash transferred to the OPA		724,954	-
Grants		38,495,502	37,623,311
Other programme expenditure		4,974,627	5,097,508
Total cash used		52,989,506	51,101,819
Net cash from / (used by) operating activities	12	(52,462)	(969,639)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		2,400	15,581
Total cash received		2,400	15,581
Cash used			
Purchase of property, plant and equipment		390,340	209,581
Purchase of intangibles		94,369	41,675
Total cash used		484,709	251,256
Net cash (used by) investing activities		(482,309)	(235,675)
FINANCING ACTIVITIES			
Cash used			
Capital use charge paid		32,000	7,000
Repayment of finance lease liabilities		-	5,221
Total cash used		32,000	12,221
Net cash (used by) financing activities		(32,000)	(12,221)
Net increase / (decrease) in cash held		(566,771)	(1,217,535)
Cash at the beginning of the reporting period		1,023,231	2,240,766
Cash at the end of the reporting period	7A	456,460	1,023,231

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

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
SCHEDULE OF COMMITMENTS
as at 30 June 2003

	<u>2003</u> \$	<u>2002</u> \$
BY TYPE		
Other Commitments		
Operating leases ¹	1,583,927	2,146,183
Other commitments ²	25,570,199	39,861,512
Total other commitments	<u>27,154,126</u>	<u>42,007,695</u>
Commitments Receivable	(376,356)	(515,235)
Net commitments	<u>26,777,770</u>	<u>41,492,460</u>
BY MATURITY		
All net commitments		
One year or less	15,800,651	21,405,492
From one to five years	10,899,895	19,932,520
Over five years	77,224	154,448
Net commitments	<u>26,777,770</u>	<u>41,492,460</u>
Operating lease commitments		
One year or less	583,104	633,864
From one to five years	1,000,823	1,512,319
Over five years	-	-
Net operating lease commitments	<u>1,583,927</u>	<u>2,146,183</u>

NB: Commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation; and
- lease for computer equipment; and
- agreements for the provision of motor vehicles to senior executive officers.

² As at 30 June 2003, other commitments comprise amounts committed under grant agreements in respect of which the recipient is yet to either perform the services required, or meet eligibility conditions.

These have not been recognised as liabilities in the statement of assets and liabilities.

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

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
SCHEDULE OF CONTINGENCIES**

as at 30 June 2003

CONTINGENT LOSSES

There are no contingent losses.

CONTINGENT GAINS

There are no contingent gains.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

There are no unquantifiable contingencies.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2003

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring after Balance Date
3	Operating Revenues
4	Operating Expenses - Administration
5	Operating Expenses - Grants
6	Borrowing Cost Expenses
7	Financial Assets
8	Non-Financial Assets
9	Provisions
10	Payables
11	Equity
12	Cash Flow Reconciliation
13	Remote Contingencies
14	Executive Remuneration
15	Remuneration of Auditors
16	Average Staffing Levels
17	Act of Grace Payments, Waivers and Defective Administration Scheme
18	Financial Instruments
19	Appropriation
20	Reporting of Outcomes

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2003

1. Summary of Significant Accounting Policies

1.1 Objectives of ACIAR

The Centre's mission is to achieve more productive and sustainable agricultural systems, for the benefit of developing countries and Australia, through international agricultural research partnerships. Developing countries are the major beneficiaries but there are also spin-offs for Australia. To achieve this goal, ACIAR facilitates and supports bilateral and multilateral research and development activities in a broad range of agricultural areas, including crops, animals, fisheries, forestry, land and water resources management, post-harvest technology, and economic studies of agricultural and natural resource utilisation.

The Centre is structured to meet one outcome:

Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems.

The outcome is identified under two outputs:

- Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia.
- Trained researchers in developing countries and Australia.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The Centre is a Statutory Authority under the *Australian Centre for International Agricultural Research Act 1982*. The accounts have been prepared in accordance with that Act.

ACIAR is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities.

1.3 Changes in Accounting Policy

Changes in accounting policy have been identified in this note under their appropriate headings.

1.4 Revenue

The revenues described in this Note are revenues to the core operating activities of the Centre.

Revenues from Government - Appropriations

Departmental outputs appropriation for the year is recognised as revenue.

Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Other Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All other revenue is recognised when it is probable that the inflow of future economic benefits has occurred and they can be measured reliably.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

1.5 Transactions with the Government as Owner

Capital Use Charge

A Capital Use Charge of 11% (2002 : 11%) is imposed by the Government on departmental net assets of the Agency at year end. The net assets figure is adjusted to take account of asset gifts and revaluation increments during the financial year. The charge is accounted for as a dividend to Government.

In accordance with the recommendations of a review of Budget Estimates and framework, the Government has decided that the charge will not operate after 30 June 2003.

1.6 Grants

The Centre makes grant payments under the *Australian Centre for International Agricultural Research Act 1982*.

All grant agreements require the grantee 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 or the eligibility criteria have been satisfied by the grantee. (Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.)

1.7 Employee Entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Centre is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2003 and is recognised at its nominal amount.

The long service leave liability for 2002-2003 has been calculated using a shorthand methodology using the following probability weightings for each band of completed years from years one to ten:

Completed Years of Service	Probability Weight
0-1	0.5
1-2	0.6
2-4	0.7
4-6	0.8
6-8	0.9
8+	1.0

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

The liability reflects the future cash outflows in net present terms by applying a 5% discount factor.

For annual leave the maximum of four weeks is recognised as a current liability. The balance of annual leave is treated as non-current.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2003. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Separation and Redundancy

No provision is made for separation and redundancy payments as the Agency has not formally identified any positions as excess to requirements.

Superannuation

Employees contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$543,829 (2001-2002: \$534,733) in relation to these schemes have been expensed in these financial statements.

No liability for superannuation is recognised as at 30 June as the employer contributions fully extinguish the accruing liability, which is assumed by the Commonwealth.

1.8 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.9 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a period does not exceed the amounts of costs incurred in that period.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

1.10 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.11 Financial Instruments

Accounting policies for financial instruments are stated at Note 19.

1.12 Acquisition of Assets

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.

1.13 Property, Plant and Equipment

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 \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Infrastructure, plant and equipment have been revalued in accordance with the 'fair value' principles.

All infrastructure, plant and equipment assets were revalued in June 2003. The revaluation process was performed by the Australian Valuation Office.

There was no significant variation between the depreciated replacement value and their fair value. Accordingly, all assets are shown separately at their gross value and related accumulated depreciation.

Recoverable Amount Test

From 1 July 2002, the Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 Recoverable Amount of Non-Current Assets to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets have been written down to recoverable amount per AAS 10. Accordingly, the change in policy has had no financial effect.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

Depreciation and Amortisation

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

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2003	2002
Plant and equipment	5-10 years	5-10 years
Computer Equipment	3 - 5 years	3 – 5 years
Intangibles	5-10 years	5-10 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 8.

1.14 Intangibles

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002. None were found to be impaired.

Intangibles consist of software and are amortised over their useful lives, which range from 5 to 10 years.

1.15 Taxation

The Centre is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

1.16 Insurance

The Centre has insured for risks through the Government's insurable risk managed fund called 'Comcover'. Workers compensation is insured through Comcare Australia.

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2003

1.17 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.18 Rounding

All amounts in these statements are shown in whole dollars.

2. Events Occurring after Balance Date

There are no foreseeable financial effects of events or transactions after the reporting date which could materially affect Centre's financial position or operating performance for the next reporting period.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

3. Operating Revenues

	2003	2002
	\$	\$
<u>3A - Revenues from Government</u>		
Appropriations for outputs	46,278,000	45,369,000
Resources received free of charge	20,000	20,000
Total revenues from government	46,298,000	45,389,000
<u>3B - Goods and Services</u>		
Goods	25,676	24,832
Total sales of goods and services	25,676	24,842
Provision of goods to:		
Related entities	-	-
External entities	25,676	24,832
Total sales of goods	25,676	24,832
Costs of sales of goods	12,509	12,041
<u>3C - Interest revenue</u>		
Interest on deposits	37,549	295,828
<u>3D - Net Gain / (Loss) from Sale of Assets</u>		
Infrastructure, plant & equipment:		
Proceeds from disposal	200	15,581
Net book value of assets disposed	10,020	11,979
Net gain / (loss) from disposal of infrastructure, plant and equipment	(9,820)	3,602
<u>3E - External Funds Revenues</u>		
AusAID contributions	2,543,340	1,612,940
Industry contributions	160,000	10,000
Total	2,703,340	1,622,940

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

4. Operating Expenses - Administration

	2003 \$	2002 \$
<u>4A - Employee Expenses</u>		
Wages and Salary	3,954,684	3,944,599
Superannuation	547,692	534,733
Leave and other entitlements	166,171	220,002
Separation and redundancies	4,058	-
Other employee expenses	138,641	137,161
Total employee benefits expense	4,811,246	4,836,495
Worker compensation premiums	15,282	9,130
Total employee expenses	4,826,528	4,845,625
<u>4B - Supplier Expenses</u>		
Goods from related entities	1,286	785
Goods from external entities	254,910	123,388
Services from related entities	477,670	509,398
Services from external entities	2,247,497	2,087,616
Operating lease rentals*	546,506	520,669
Total	3,527,870	3,241,855
* These comprise minimum lease payments only.		
<u>4C - Depreciation and Amortisation</u>		
<u>Depreciation</u>		
Other infrastructure, plant and equipment	213,407	179,115
<u>Amortisation</u>		
Intangibles - Computer Software	58,740	53,597
Leased assets	-	4,348
Total Amortisation	58,740	57,945
Total depreciation and amortisation	272,147	237,060
Leasehold improvements	38,930	38,915
Plant and equipment	174,477	144,548
Intangibles	58,740	53,597
Total depreciation and amortisation	272,147	237,060

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

5. Operating Expenses - Grants

	2003	2002
	\$	\$
<i>5A - Grants</i>		
Non-profit institutions	<u>26,579,160</u>	24,443,170
Overseas entities	<u>9,812,146</u>	10,381,778
Total grants	<u>36,391,306</u>	<u>34,824,948</u>

5B - Other Programme Expenditure

Training	2,511,394	2,025,317
Communications research	677,908	859,137
Other research	<u>1,683,581</u>	1,960,365
Total other programme expenditure	<u>4,872,883</u>	<u>4,844,819</u>

6. Borrowing Cost Expenses

Finance charges on lease liabilities	-	468
Total borrowing costs expense	<u>-</u>	<u>468</u>

7. Financial Assets

7A - Cash

Cash on hand:		
Special Account	<u>456,460</u>	<u>1,023,231</u>

7B - Receivables

Goods and services	31,517	30,593
Other Debtors	<u>12,509</u>	49,544
	<u>44,026</u>	80,137

GST receivable from the Australian Taxation Office	330,297	515,235
Cash held in OPA	<u>724,954</u>	-
Total receivables	<u>1,099,277</u>	<u>595,372</u>

All receivables are current assets.

Receivables (gross) are aged as follows:

Not overdue	<u>1,088,814</u>	<u>290,988</u>
Overdue by:		
Less than 30 days	7,110	286,500
30 to 60 days	180	5,462
60 to 90 days	-	-
More than 90 days	<u>3,173</u>	12,422
	<u>10,463</u>	<u>304,384</u>
Total Receivables (gross)	<u>1,099,277</u>	<u>595,372</u>

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

8. Non-Financial Assets

	2003 \$	2002 \$
<i>8A - Infrastructure, Plant and Equipment</i>		
Plant and equipment - at 2002-2003 valuation	1,590,945	1,306,688
Accumulated depreciation	(755,659)	(612,353)
Total Infrastructure, Plant and Equipment (non-current)	<u>835,286</u>	<u>694,335</u>

All valuations are independent and are conducted in accordance with the revaluation policy stated at Note 1.

8B - Intangibles

Computer software		
Purchased computer software	403,347	332,056
Accumulated amortisation	(226,916)	(178,089)
Total Intangibles	<u>176,431</u>	<u>153,967</u>

8C - Analysis of Property, Plant, Equipment and Intangibles

TABLE A

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

ITEM	Infrastructure, Plant and Equipment \$	Computer Software \$	TOTAL \$
As at 1 July 2002			
Gross book value	1,306,688	332,056	1,638,744
Accumulated depreciation / amortisation	(612,353)	(178,089)	(790,442)
Net book value	694,335	153,967	848,302
Additions			
by purchase	359,790	85,790	445,580
Net revaluation increment / (decrement)	-	-	-
Depreciation / amortisation expense	(213,407)	(58,740)	(272,147)
Recoverable amount write-downs	-	-	-
Disposals	(5,432)	-	(5,432)
Write-off	-	(4,587)	(4,587)
As at 30 June 2003			
Gross book value	1,590,945	403,347	1,994,292
Accumulated depreciation / amortisation	(755,659)	(226,916)	(982,575)
Net book value	835,286	176,431	1,011,717

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

8. Non-Financial Assets – cont.

TABLE B
Assets at valuation

ITEM	Infrastructure, Plant and Equipment \$	Computer Software \$	TOTAL \$
As at 30 June 2003			
Gross book value	1,590,945	-	1,590,945
Accumulated depreciation/amortisation	(755,659)	-	(755,659)
Net book value	835,286	-	835,286
As at 1 July 2002			
Gross value	1,306,688	-	1,306,688
Accumulated depreciation/amortisation	(612,353)	-	(612,353)
Net book value	694,335	-	694,335

8D - Prepayments

	2003	2002
	\$	\$
Employees	2,057	16,390
Suppliers	115,217	105,062
Grants	-	199,377
Other program expenditure	-	80,706
Total	117,275	401,535

All other non-financial assets are current assets.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2003

9. Provisions

	2003	2002
<u>9A - Capital Use Charge Provision</u>	<u>\$</u>	<u>\$</u>
Capital Use Charge	<u>-</u>	<u>32,000</u>
Balance owing 1 July	32,000	7,000
Capital Use Charge provided during the period	<u>-</u>	<u>32,000</u>
Capital Use Charge paid	<u>(32,000)</u>	<u>(7,000)</u>
Balance owing 30 June	<u>-</u>	<u>32,000</u>

The capital use charge provision is a current liability.

9B - Employee Provisions

Salaries and wages	144,659	140,584
Superannuation	19,446	14,109
Leave	1,529,625	1,450,973
Separations and redundancies	-	-
Aggregate employee entitlement liability	<u>1,693,730</u>	<u>1,605,666</u>
Workers' compensation	-	-
Aggregate employee entitlement liability and related on-costs	<u>1,693,730</u>	<u>1,605,666</u>
Current	801,963	793,798
Non-current	891,767	811,868

10. Payables

10A - Supplier Payables

Trade creditors	<u>97,234</u>	<u>77,772</u>
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10B - Grants Payables

Non-profit institutions		
ACIAR Projects	260,818	68,376
AusAID Funded Projects	350,000	0
	<u>610,818</u>	<u>68,376</u>

10C - Other Programme Payables

Research Activities	57,752	127,291
Research Publications	50,421	83,852
Total other programme payables	<u>108,173</u>	<u>211,143</u>

All payables are current liabilities.

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2003

11. Equity

ITEM	Accumulated Results		Asset Revaluation Reserves		TOTAL EQUITY	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July	873,484	1,536,567	-	-	873,484	1,536,567
Net surplus/deficit	(698,709)	(631,083)	-	-	(698,709)	(631,083)
Net revaluation increment/(decrement)	-	-	-	-	-	-
Decrease in retained surpluses on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-current Assets</i>	-	-	-	-	-	-
Transactions with owner:						
<i>Distribution to owner:</i>						
<i>Returns of Capital</i>						
<i>Dividends</i>	-	-	-	-	-	-
Capital Use Charge	-	(32,000)	-	-	-	(32,000)
Returns of Capital						
Restructuring	-	-	-	-	-	-
Returns of contributed equity	-	-	-	-	-	-
Contributions by owner:						
Appropriations (equity injections)	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-
Transfers to/(from)/between reserves	-	-	-	-	-	-
Closing balance as at 30 June	174,775	873,484	-	-	174,775	873,484
Less: outside equity interests	-	-	-	-	-	-
Total equity attributable to the Commonwealth	174,775	873,484	-	-	174,775	873,484

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

12. Cash Flow Reconciliation

	2003	2002
	\$	\$
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	456,460	1,023,231
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	456,460	1,023,231
Reconciliation of net surplus to net cash from operating activities:		
Net surplus/(deficit)	(698,709)	(631,083)
Depreciation/amortisation	272,147	237,060
Gain on disposal of assets	-	(3,602)
Loss on sale of assets	9,820	-
(Increase)/decrease in net receivables	(466,979)	(150,213)
(Increase)/decrease in prepayments	284,261	(283,843)
Increase/(decrease) in supplier payables	(83,509)	(14,313)
Increase/(decrease) in employee provisions	88,064	148,367
Increase/(decrease) in grants payable	542,442	(272,012)
Net cash from / (used by) operating activities	<u>(52,462)</u>	<u>(969,639)</u>

13. Remote Contingencies

There are no remote contingencies.

14. Executive Remuneration

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

	Number	
\$150,001 - \$160,000	1	1
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	1	-
\$180,001 - \$190,000	-	1
\$220,001 - \$230,000	1	-
	<u>3</u>	<u>3</u>

	2003	2002
The aggregate amount of total remuneration of executives shown above.	<u>\$554,101</u>	<u>\$500,727</u>

The executive remuneration includes all officers concerned with or taking part in the management of the economic entity during 2002-03 including the Director.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2003

15. Remuneration of Auditors

	2003	2002
	\$	\$
Financial statement audit services are provided free of charge to ACIAR.	<u> </u>	<u> </u>
The fair value of the services provided was:	<u>20,000</u>	<u>20,000</u>
No other services were provided by the Auditor-General.		

16. Average Staffing Levels

The average staffing levels for the Centre in 2002-2003 were 48 (45.7 FTE) (2001-2002 : 53 (49.6 FTE)). A number of contract and locally engaged staff are engaged in Australian overseas missions. In 2002-03 the number was 20 (18.8 FTE) (2001-02 : 20 (19 FTE)).

17. Act of Grace Payments, Waivers and Defective Administration Scheme

No 'Act of Grace' payments were made during the reporting period, and there are no amounts owing as at year end.

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*.

No payments were made under the Defective Administration Scheme during the reporting period.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

18. Financial instruments

18A - Terms, Conditions and Accounting Policies

Financial instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Receivables for goods and services	7B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Settlement is net 30 days or less.
Other Debtors	7B	As for receivables for goods and services.	As for receivables for goods and services
Financial Liabilities		Financial liabilities are recognised when a present obligation to an external party occurs and is reliably measurable.	
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts which are the amounts at which the liabilities will be settled. They are recognised to the extent that the related goods or services have been received.	Settlement is net 30 days or less.
Grant liabilities	10B	The Centre recognises grant liabilities only to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied.	The Centre approves research grants for maximum periods of up to 5 years. Grant payments are made in instalments according to the grantee meeting agreed milestones and subject to funds being appropriated annually by Parliament.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

18. Financial Instruments – cont.

18B - Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In			
				1 year or less		1 to 2 years	
		2003	2002	2003	2002	2003	2002
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash at bank	7A	-	-	-	-	-	-
Receivables	7B	-	-	-	-	-	-
Total		-	-	-	-	-	-

Financial Liabilities							
Suppliers	10A	-	-	-	-	-	-
Grants	10B	-	-	-	-	-	-
Other program expenditure	10C	-	-	-	-	-	-
Total		-	-	-	-	-	-

Financial Instrument		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2003	2002	2003	2002	2003	2002
		\$	\$	\$	\$	%	%
Financial Assets							
Cash at bank	7A	456,460	1,023,231	456,460	1,023,231	n/a	n/a
Receivables	7B	1,099,277	595,372	1,099,277	595,372	n/a	n/a
Total		1,555,737	1,618,603	1,555,737	1,618,603	n/a	n/a
Total Assets				2,684,729	2,868,441		

Financial Liabilities							
Suppliers	10A	97,234	77,772	97,234	77,772	n/a	n/a
Grants	10B	610,818	68,376	610,818	68,376	n/a	n/a
Other program expenditure	10C	108,173	211,143	108,173	211,143	n/a	n/a
Total		816,224	357,291	816,224	357,291	n/a	n/a
Total Liabilities				2,509,954	1,994,957		

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

18. Financial Instruments – cont.

18C - Net Fair Values of Financial Assets and Liabilities

	Notes	2003		2002	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$	\$	\$	\$
Departmental Financial Assets					
Cash at bank	7A	456,460	456,460	1,023,231	1,023,231
Receivables	7B	1,099,277	1,099,277	595,372	595,372
Total Financial Assets		1,555,737	1,555,737	1,618,603	1,618,603
Financial Liabilities					
Suppliers	10A	97,234	97,234	77,772	77,772
Grants	10B	610,818	610,818	68,376	68,376
Other programme expenditure	10C	108,173	108,173	211,143	211,143
Total Financial Liabilities		816,224	816,224	357,291	357,291

18D - Credit Risk Exposures

The economic entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets are the carrying amounts of those assets as indicated in the Statement of Financial Performance.

The economic entity has no significant exposures to any concentrations of credit risk.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

19. Appropriation

19A - Cash Basis Acquittal of Appropriation from Acts 1 and 3

Particulars	Departmental	
	Outputs	
	2003	2002
	\$	\$
Year ended 30 June 2003		
Balance carried from previous year	1,023,231	336,262
Appropriation for reporting period (Act 1)	46,278,000	45,369,000
Appropriation for reporting period (Act 3)	-	-
GST credits (FMA s 30A)	2,762,612	2,327,016
Other annotations – revenue credited to Special Account	3,588,976	2,157,225
Available for payments	53,652,819	50,189,503
Payments made	53,196,359	49,166,272
Appropriations credited to Special Accounts	0	0
Balance carried to next year	456,460	1,023,231
<i>Represented by:</i>		
Cash	456,460	1,023,231
<i>Add</i> : Receivables - Goods and Services	-	-
<i>Less</i> : Other Payables - Net GST payable to ATO	-	-
<i>Less</i> : Payable - Suppliers - GST Portion	-	-
Total	456,460	1,023,231

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

19. Appropriation – Cont.

19B - Special Account

Legal authority: Financial Management and Accountability Act, 1997; s21

Purpose: for the receipt of all moneys and payment of all expenditure related to the operations of ACIAR

Particulars	Departmental	
	Outputs	
	2003	2002
	\$	\$
Balance carried from previous year	1,023,231	2,240,766
Appropriations for reporting period	46,278,000	45,369,000
Receipts from other sources	3,588,976	2,157,225
GST credits (FMA s30A)	2,762,612	2,327,016
Available for payments	53,652,819	52,094,007
Payments made	53,196,359	51,070,776
Balance carried to next year	456,460	1,023,231

ACIAR has an *Other Trust Monies Special Account* and a *Services for other Governments and Non-Agency Bodies Account*. For the years ended 30 June 2003 and 30 June 2002, both special accounts had nil balances and there were no transactions debited or credited to them.

The purpose of the *Other Trust Monies Special Account* is for expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

The purpose of the *Services for other Government And Non-Agency Bodies Special Account* is for expenditure in connection with services performed on behalf of other Governments and bodies that are not under the *Financial Management and Accountability Act 1997*.

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2003

20. Reporting of Outcomes

ACIAR costs have been attributed between the two outputs on the basis of direct programme expenditure and salary costs plus a proportion of other running costs based on staff numbers. The basis of attribution in this table is consistent with the basis used for the 2002–03 Budget.

20A - Net Cost of Outcome Delivery

	Outcome 1	
	2003 \$	2002 \$
Departmental expenses	49,900,754	48,006,754
Total expenses	49,900,754	48,006,754
<i>Cost recovered from provision of goods and services to the non-government sector</i>		
Departmental	25,676	24,832
Total cost recovered	25,676	24,832
<i>Departmental revenues</i>		
Interest on cash desposits	37,549	295,828
Revenue from disposal of assets	200	15,581
Other	137,280	27,490
Goods and Services Revenue from Related Entities	2,703,340	1,622,940
Total other external revenues	2,878,369	1,961,839
Net cost/(contribution) of outcome	46,996,709	46,020,083

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

20. Reporting of Outcomes – cont.

20B - Major Classes of Departmental Revenues and Expenses by Output Group

Outcome 1	Output 1.1		Output 1.2		Total	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Departmental expenses						
Employees	4,613,593	4,569,870	212,935	275,755	4,826,528	4,845,625
Suppliers	3,371,787	3,241,855	156,083	-	3,527,870	3,241,855
Depreciation	260,141	237,060	12,006	-	272,147	237,060
Grants	36,391,306	34,824,948	-	-	36,391,306	34,824,948
Other Program Expenditure	2,361,489	2,807,599	2,511,394	2,037,220	4,872,883	4,844,819
Other	10,020	12,447	-	-	10,020	12,447
Total departmental expenses	47,008,336	45,693,779	2,892,418	2,312,975	49,900,754	48,006,754
Funded By:						
Revenues from government	43,700,000	42,806,000	2,598,000	2,583,000	46,298,000	45,389,000
Sale of goods and services	25,676	24,832	-	-	25,676	24,832
Other non-taxation revenue	2,878,369	1,949,860	-	-	2,878,369	1,961,839
Total departmental revenues	46,604,045	44,780,692	2,598,000	2,583,000	49,202,045	47,375,671