

Financial statements

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The Board noted:

(a) the draft financial statements for 2003–04 that were considered by the ACIAR Audit Committee on 20 August 2004.

Decision 96/25

(b) the management representation letter to Ernst and Young.

Decision 96/26

25 August 2004



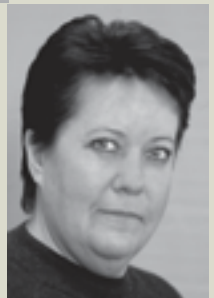
Paul Tyrrell



Gloria Radosavljevic



Henry Lee



Frances McPherson

ACIAR's finance team



INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs

Scope

The financial statements comprise:

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

of the Australian Centre for International Agricultural Research for the year ended 30 June 2004.

The Director is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Australian Centre for International Agricultural Research's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Director.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by 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 as at 30 June 2004, and of its performance and cash flows for the year then ended.

Australian National Audit Office

Willie Tan
Senior Director
Deputy of the Auditor-General
Canberra

26 August 2004

Statement by Director and Chief Finance Officer

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
STATEMENT BY DIRECTOR AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed 

Peter Core
Director

26 August 2004

Signed 

Paul Tynell
Chief Finance Officer

26 August 2004

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004

Statement of financial performance

	Notes	2004 \$	2003 \$
Revenues from ordinary activities			
Revenues from Government	4A	46,852,000	46,298,000
Goods and services	4B	18,522	25,676
Interest	4C	1,248	37,549
Revenue from sale of assets	4D	1,890	200
External funds revenue	4E	3,183,556	2,703,340
Other revenues		16,528	137,280
Revenues from ordinary activities		50,073,744	49,202,045
Expenses from ordinary activities			
<i>Administration</i>			
Employees	5A	4,929,832	4,826,528
Suppliers	5B	3,574,385	3,527,870
Depreciation and amortisation	5C	324,230	272,147
Value of assets sold	4D	2,861	10,020
<i>Program expenditure</i>			
Grants	6A	35,696,716	36,391,306
Other program expenditure	6B	5,467,049	4,872,883
Expenses from ordinary activities		49,995,073	49,900,754
Net surplus / (deficit) from ordinary activities		78,671	(698,709)
Net surplus / (deficit)		78,671	(698,709)
Total revenues, expenses and valuation adjustments recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with the Australian Government as owner		78,671	(698,709)

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 2004

	Notes	2004 \$	2003 \$
ASSETS			
Financial assets			
Cash	7A	459,370	456,460
Receivables	7B	2,316,130	1,099,277
Total financial assets		<u>2,775,500</u>	<u>1,555,737</u>
Non-financial assets			
Infrastructure, plant, equipment	8A,C	663,329	835,286
Intangibles	8B,C	117,228	176,431
Prepayments	8D	413,981	117,275
Total non-financial assets		<u>1,194,538</u>	<u>1,128,992</u>
TOTAL ASSETS		<u>3,970,038</u>	<u>2,684,729</u>
LIABILITIES			
Provisions			
Employees	9A	1,523,039	1,693,730
Total provisions		<u>1,523,039</u>	<u>1,693,730</u>
Payables			
Suppliers	10A	130,488	97,234
Grants	10B	1,863,319	610,818
Other program expenditure	10C	199,747	108,173
Total payables		<u>2,193,553</u>	<u>816,225</u>
TOTAL LIABILITIES		<u>3,716,592</u>	<u>2,509,954</u>
NET ASSETS		<u>253,446</u>	<u>174,775</u>
EQUITY			
Contributed equity		-	-
Reserves		-	-
Retained surplus		253,446	174,775
TOTAL EQUITY	11	<u>253,446</u>	<u>174,775</u>
Current assets		3,189,480	1,673,012
Non-current assets		780,557	1,011,717
Current liabilities		2,649,633	1,618,187
Non-current liabilities		1,066,959	891,767

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 2004

Statement of cash flows

	Notes	2004 \$	2003 \$
OPERATING ACTIVITIES			
Cash received			
Goods and services		12,743	14,190
Appropriations		44,930,000	46,278,000
Interest		1,248	49,225
Net GST received from ATO		2,762,162	3,072,468
External Funds		4,306,846	3,369,674
Other		13,217	153,487
Total cash received		52,026,216	52,937,044
Cash used			
Employees		5,170,271	4,690,267
Suppliers		3,303,250	3,794,300
Net GST paid to ATO		316,925	309,856
Cash transferred to the OPA		-	724,954
Grants		37,286,991	38,495,502
Other programme expenditure		5,844,819	4,974,627
Total cash used		51,922,256	52,989,506
Net cash from / (used by) operating activities	12	103,960	(52,462)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		1,890	2,400
Total cash received		1,890	2,400
Cash used			
Purchase of property, plant and equipment		101,290	390,340
Purchase of intangibles		1,650	94,369
Total cash used		102,940	484,709
Net cash (used by) investing activities		(101,050)	(482,309)
FINANCING ACTIVITIES			
Cash used			
Capital use charge paid		-	32,000
Total cash used		-	32,000
Net cash (used by) financing activities		-	(32,000)
Net increase / (decrease) in cash held		2,910	(566,771)
Cash at the beginning of the reporting period		456,460	1,023,231
Cash at the end of the reporting period	7A	459,370	456,460

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 2004

	2004 \$	2003 \$
BY TYPE		
Other Commitments		
Operating leases ¹	1,001,136	1,583,927
Other commitments ²	<u>30,657,517</u>	<u>25,570,199</u>
Total other commitments	<u>31,658,652</u>	<u>27,154,126</u>
Commitments Receivable	(478,171)	(376,356)
Net commitments	<u>31,180,481</u>	<u>26,777,770</u>
BY MATURITY		
All net commitments		
One year or less	18,215,878	15,800,651
From one to five years	13,442,774	10,899,895
Over five years	-	77,224
Net commitments	<u>31,658,652</u>	<u>26,777,770</u>
Operating lease commitments		
One year or less	599,304	583,104
From one to five years	401,832	1,000,823
Over five years	-	-
Net operating lease commitments	<u>1,001,136</u>	<u>1,583,927</u>

NB: Commitments are GST inclusive where relevant.

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

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

² As at 30 June 2004, 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 schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
SCHEDULE OF CONTINGENCIES
as at 30 June 2004

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
for the year ended 30 June 2004

Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006
3	Events Occurring after Balance Date
4	Operating Revenues
5	Operating Expenses - Administration
6	Operating Expenses - Grants
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	Financial Instruments
18	Appropriation
19	Reporting of Outcomes

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

for the year ended 30 June 2004

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 2004) 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 2004

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

There were no changes in accounting policies during the financial period.

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 2004

1.5 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.)

1.6 Employee Benefits

Leave

The liability for employee benefits 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 benefit for sick leave.

The liability for annual leave reflects the value of total annual leave benefits of all employees at 30 June 2004 and is recognised at its nominal amount.

The long service leave liability for 2003-2004 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

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 2004. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

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 \$642,246 (2002-2003: \$543,829) 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.

1.7 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.

1.8 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.

1.9 Cash

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

1.10 Financial Instruments

Accounting policies for financial instruments are stated at Note 17.

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

for the year ended 30 June 2004

1.11 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.

1.12 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

Basis

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.

Frequency

Infrastructure, plant and equipment are revalued progressively in successive three-year cycles. All current cycles commenced on 30 June 2003.

Conduct

All valuations are conducted by an independent qualified valuer.

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.

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

for the year ended 30 June 2004

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.

	2004	2003
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.

1.13 Intangibles

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

All software assets were assessed for indications of impairment as at 30 June 2004. None were found to be impaired.

1.14 Taxation

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

1.15 Insurance

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

1.16 Comparative Figures

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

1.17 Rounding

All amounts in these statements are shown in whole dollars.

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

for the year ended 30 June 2004

2. Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 *Financial Reporting by Government Departments*.

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires entities to disclose, in respect of annual or interim reporting periods ending on or after 30 June 2004:

- (a) an explanation of how the transition to Australian equivalents to IFRSs is being managed; and
- (b) a narrative explanation of the key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRSs.

The following disclosures address these requirements.

Management of Transition to Australian Equivalents to IFRSs

The Agency has developed a plan for the implementation of Australian equivalents of IFRSs. The plan was reviewed by the Agency's Audit Committee at their latest meeting on 20 August 2004. Review of progress against the plan has been made a standing agenda item for future Audit Committee meetings.

The Agency has been reviewing AASB Pending Standards as they are placed on the AASB web site. Issues relevant to the Agency were identified and an assessment made on the need for specialist advice. Specialist advice has not been sought.

Agency accounting policies are being reviewed, taking into account Australian equivalents on IFRSs and relevant *Finance Briefs* issued by the Department of Finance and Administration.

All financial management staff will receive training on the changes resulting from the introduction of Australian equivalents to IFRSs over the period October to December 2004.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Expected Key Differences in Accounting Policies

In anticipation of the AASB 116 *Property Plant and Equipment* requirement that property, plant and equipment (PPE) assets be measured at fair value or historical cost, all PPE assets were revalued to fair value on 30 June 2003 and an assessment of the accuracy of the fair value was undertaken leading up to 30 June 2004. These amounts will constitute the carrying amounts of PPE assets in the opening balance sheet prepared as at 1 July 2004.

Intangible assets are currently measured on the cost basis under AASB 1041 *Revaluation of Non-Current Assets*.

Proceeds from the disposal of non-current assets are currently recognised as revenue and the carrying amounts of the asset disposed of are recognised as an expense. Under Australian equivalents to IFRSs, the net of these amounts will be recognised as a gain or loss in the Income Statement.

3. 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 financial period.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

4 . Operating Revenues

	2004	2003
	\$	\$
4A - Revenues from Government		
Appropriations for outputs	46,832,000	46,278,000
Resources received free of charge	20,000	20,000
Total revenues from government	46,852,000	46,298,000
4B - Goods and Services		
Goods	18,522	25,676
Total sales of goods and services	18,522	25,676
Provision of goods to:		
Related entities	-	-
External entities	18,522	25,676
Total sales of goods	18,522	25,676
Costs of sales of goods	8,800	12,509
4C - Interest Revenue		
Interest on deposits	-	32,324
Interest on GST refunds	1,248	5,225
Total interest revenue	1,248	37,549
4D - Net Gain / (Loss) from Sale of Assets		
Infrastructure, plant & equipment:		
Proceeds from disposal	1,890	200
Net book value of assets disposed	2,861	10,020
Net gain / (loss) from disposal of infrastructure, plant and equipment	(971)	(9,820)
4E - Revenues from External Sources		
AusAID contributions	3,168,780	2,543,340
Industry contributions	14,776	160,000
Total revenues from external sources	3,183,556	2,703,340

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

5. Operating Expenses - Administration

	2004	2003
	\$	\$
<i><u>5A - Employee Expenses</u></i>		
Wages and Salary	3,946,525	3,954,684
Superannuation	642,246	547,692
Leave and other entitlements	211,484	166,171
Separation and redundancies	5,072	4,058
Other employee expenses	99,377	138,641
Total employee benefits expense	4,904,704	4,811,246
Worker compensation premiums	25,128	15,282
Total employee expenses	4,929,832	4,826,528
 <i><u>5B - Supplier Expenses</u></i>		
Goods from related entities	4,738	1,286
Goods from external entities	155,060	254,910
Services from related entities	482,699	477,670
Services from external entities	2,369,676	2,247,497
Operating lease rentals*	562,212	546,506
Total supplier expenses	3,574,385	3,527,870
 * These comprise minimum lease payments only.		
<i><u>5C - Depreciation and Amortisation</u></i>		
<i>Depreciation</i>		
Other infrastructure, plant and equipment	263,527	213,407
<i>Amortisation</i>		
Intangibles - Computer Software	60,703	58,740
Total depreciation and amortisation	324,230	272,147
 Leasehold improvements		
Plant and equipment	43,387	38,930
Intangibles	220,140	174,477
Total depreciation and amortisation	60,703	58,740
Total depreciation and amortisation	324,230	272,147

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

for the year ended 30 June 2004

6. Operating Expenses - Grants

	2004 \$	2003 \$
<i>6A - Grants</i>		
Non-profit institutions	25,586,156	26,579,160
Overseas entities	10,110,560	9,812,146
Total grants	35,696,716	36,391,306
<i>6B - Other Program Expenditure</i>		
Training	2,464,094	2,511,394
Communications research	753,677	677,908
Other research	2,249,278	1,683,581
Total other program expenditure	5,467,049	4,872,883

7. Financial Assets

<i>7A - Cash</i>		
Special Account	459,370	456,460
<i>7B - Receivables</i>		
Goods and services	26,967	31,517
Other Debtors	39,110	12,509
	66,077	44,026
GST receivable from the Australian Taxation Office	348,053	330,297
Undrawn appropriations	1,902,000	724,954
Total receivables	2,316,130	1,099,277

All receivables are current assets.

Receivables (gross) are aged as follows:

Not overdue	2,316,130	1,088,814
Overdue by:		
Less than 30 days	-	7,110
30 to 60 days	-	180
60 to 90 days	-	-
More than 90 days	-	3,173
	-	10,463
Total Receivables (gross)	2,316,130	1,099,277

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

for the year ended 30 June 2004

8. Non-Financial Assets

	2004 \$	2003 \$
<i>8A - Infrastructure, Plant and Equipment</i>		
Plant and equipment - at 2002-2003 valuation	1,644,048	1,590,945
Accumulated depreciation	(980,719)	(755,659)
Total Infrastructure, Plant and Equipment (non-current)	<u>663,329</u>	<u>835,286</u>

8B - Intangibles

Computer software		
Purchased computer software	404,847	403,347
Accumulated amortisation	(287,619)	(226,916)
Total Intangibles	<u>117,228</u>	<u>176,431</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 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
Additions			
by purchase	94,432	1,500	95,932
Net revaluation increment / (decrement)			-
Depreciation / amortisation expense	(263,527)	(60,703)	(324,230)
Recoverable amount write-downs			-
Disposals	(2,862)	-	(2,862)
Write-off		-	-
As at 30 June 2004			
Gross book value	1,644,048	404,847	2,048,895
Accumulated depreciation / amortisation	(980,719)	(287,619)	(1,268,338)
Net book value	663,329	117,228	780,557

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

8. Non-Financial Assets – cont

TABLE B
Assets at valuation

ITEM	Infrastructure, Plant and Equipment \$	Computer Software \$	TOTAL \$
As at 30 June 2004			
Gross book value	1,644,048	404,847	2,048,895
Accumulated depreciation/amortisation	(980,719)	(287,619)	(1,268,338)
Net book value	663,329	117,228	780,557
As at 30 June 2003			
Gross value	1,590,945	403,347	1,994,292
Accumulated depreciation/amortisation	(755,659)	(226,916)	(982,575)
Net book value	835,286	835,286	1,011,717

8D - Prepayments

	2004	2003
	\$	\$
Employees	16,191	2,057
Suppliers	50,102	115,217
Grants	344,600	-
Other program expenditure	3,088	-
Total	413,981	117,275

All other non-financial assets are current assets.

9. Provisions

9A - Employee Provisions

Salaries and wages	66,896	144,659
Superannuation	-	19,446
Leave	1,456,143	1,529,625
Aggregate employee entitlement liability	1,523,039	1,693,730
Workers' compensation	-	-
Aggregate employee entitlement liability and related on-costs	1,523,039	1,693,730
Current	456,080	801,963
Non-current	1,066,959	891,767

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

10. Payables

10A - Supplier Payables

Trade creditors	<u>130,488</u>	<u>97,234</u>
Total supplier payables	<u>130,488</u>	<u>97,234</u>

Supplier payables are represented by:

Current	130,488	97,234
Non-current	<u>-</u>	<u>-</u>
Total supplier payables	<u>130,488</u>	<u>97,234</u>

Settlement is usually made net 30 days.

10B - Grants Payables

Non-profit institutions		
ACIAR Projects	765,941	260,818
External Funded Projects	<u>1,097,378</u>	<u>350,000</u>
	<u>1,863,319</u>	<u>610,818</u>

10C - Other Programme Payables

Research Activities	131,377	57,752
Research Publications	<u>68,371</u>	<u>50,421</u>
Total other programme payables	<u>199,747</u>	<u>108,173</u>

All payables are current liabilities.

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

11. Equity

ITEM	Accumulated Results		Asset Revaluation Reserves		TOTAL EQUITY	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July	174,775	873,484	-	-	174,775	873,484
Net surplus/deficit	78,671	(698,709)	-	-	78,671	(698,709)
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>Distributions to owner:</i>						
Returns of Capital						
Dividends	-	-	-	-	-	-
Capital Use Charge	-	-	-	-	-	-
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	253,446	174,775	-	-	253,446	174,775

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

Note 12: Cash Flow Reconciliation

	2004 \$	2003 \$
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	459,370	456,460
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	459,370	456,460
Reconciliation of net surplus to net cash from operating activities:		
Net surplus/(deficit)	78,671	(698,709)
Depreciation/amortisation	324,230	272,147
Gain on disposal of assets	-	-
Loss on sale of assets	971	9,820
(Increase)/decrease in net receivables	(1,216,853)	(503,905)
(Increase)/decrease in prepayments	(296,706)	284,261
Increase/(decrease) in supplier payables	124,828	(83,509)
Increase/(decrease) in employee provisions	(170,691)	88,064
Increase/(decrease) in grants payable	1,252,501	542,442
GST cash refund from financing and investing activities	7,009	36,927
Net cash from / (used by) operating activities	103,960	(52,462)

Note 13: Contingent Liabilities and Assets

There are no remote contingencies.

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

for the year ended 30 June 2004

14. Executive Remuneration

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

	<u>2004</u>	<u>2003</u>
\$150,001 - \$160,000	-	1
\$160,001 - \$170,000	-	-
\$170,001 - \$180,000	-	1
\$180,001 - \$190,000	1	-
\$190,001 - \$200,000	-	-
\$200,001 - \$210,000	1	-
\$210,001 - \$220,000	-	-
\$220,001 - \$230,000	-	1
\$230,001 - \$240,000	1	-
	<u>3</u>	<u>3</u>

The aggregate amount of total remuneration of executives shown above.

<u>\$625,432</u>	<u>\$554,101</u>
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The executive remuneration includes all officers concerned with or taking part in the management of the economic entity during 2003-04 including the Director.

15. Remuneration of Auditors

	<u>2004</u>	<u>2003</u>
	<u>\$</u>	<u>\$</u>
Financial statement audit services are provided free of charge to ACIAR.		
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 2003-2004 were 46.8 (FTE44.87) (2002-2003: 48 (45.7 FTE)).

A number of contract and locally engaged staff are engaged in Australian overseas missions. In 2003-2004 the number was 19.8 (FTE 18.55) (2002-2003: 20 (18.8FTE)).

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

17. Financial Instruments

17A - Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In			
				1 year or less		1 to 2 years	
		2004	2003	2004	2003	2004	2003
		\$	\$	\$	\$	\$	\$
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	
		2004	2003	2004	2003	2004	2003
		\$	\$	\$	\$	%	%
Financial Assets							
Cash at bank	7A	459,370	456,460	459,370	456,460	n/a	n/a
Receivables	7B	2,316,130	1,099,277	2,316,130	1,099,277	n/a	n/a
Total		2,775,500	1,555,737	2,775,500	1,555,737	n/a	n/a
Total Assets				3,970,038	2,684,729		

Financial Liabilities							
Suppliers	10A	130,488	97,234	130,488	97,234	n/a	n/a
Grants	10B	1,863,319	610,818	1,863,319	610,818	n/a	n/a
Other program expenditure	10C	199,747	108,173	199,747	108,173	n/a	n/a
Total		2,193,554	816,225	2,193,554	816,225	n/a	n/a
Total Liabilities				3,716,592	2,509,954		

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

17. Financial Instruments - cont.

17B - Net Fair Values of Financial Assets and Liabilities

The net fair value of each class of financial assets and liabilities equals the carrying amounts in both 2003 and 2004. Values are shown in the Statement of Financial Position

17C - Credit Risk Exposure

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

The 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 2004

18. Appropriation

18A - Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3

Particulars	Departmental	
	Outputs	
	2004	2003
	\$	\$
Year ended 30 June 2004		
Balance carried from previous year	456,460	1,023,231
Appropriation Act (No. 1) 2003-2004 - basic appropriation	44,930,000	46,278,000
Appropriation Act (No. 3) 2003-2004 - basic appropriation	-	-
Departmental Adjustments by the Finance Minister	-	-
Advance to the Finance Minister	-	-
Refunds credited (FMAA s30)	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	2,445,237	2,762,612
Other annotations - revenue credited to Special Account	4,335,944	3,588,976
Total Appropriations available for payments	52,167,641	53,652,819
Payments made (GST inclusive)	51,708,271	53,196,359
Appropriations credited to Special Accounts	-	-
Balance carried to next year	459,370	456,460
<i>Represented by:</i>		
Cash at bank and on hand	459,370	456,460
<i>Add:</i> Appropriations not drawn from the OPA	-	-
<i>Add:</i> Receivables - Goods and Services - GST receivable from customers	-	-
<i>Less:</i> Other Payables - Net GST payable to the ATO	-	-
<i>Less:</i> Payable - Suppliers - GST portion	-	-
Total	459,370	456,460
<i>Reconciliation for Appropriation Acts (nos. 1 and 3)</i>		
Paid to the entity from the OPA	44,930,000	46,278,000
<i>Add:</i> Finance Minister reduction of Appropriations in current year	-	-
Not drawn from the OPA	1,902,000	-
Total Appropriation Acts	46,832,000	46,278,000

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

18B - 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.

This account is non-interest bearing

Particulars	Departmental	
	Outputs	
	2004	2003
	\$	\$
Balance carried from previous year	456,460	1,023,231
Appropriation Act (No. 1) 2002-2003	-	45,553,046
Appropriation Act (No. 1) 2003-2004	44,930,000	-
Other receipts		
Goods - provision of goods to related entities	14,633	16,590
Services - Rendering of services to related entities	4,321,311	3,572,386
GST credits (FMAA s30A)	2,445,237	2,762,612
Available for payments	52,167,641	52,927,865
Payments made to employees	-5,170,271	-4,690,267
Payments made to suppliers	-46,538,001	-47,781,138
Balance carried to next year	459,370	456,460
<i>Represented by:</i>		
Cash - held by ACIAR	459,370	456,460
Add: Receivables - Goods and Services - GST receivable from customers		
Add: Receivables - Net GST receivable from the ATO		
Less: Other Payables - Net GST payable to the ATO		
Less: Payable - Suppliers - GST portion		
Total	459,370	456,460

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 2002-2004 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 monies 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 2004

19. Reporting by Outcome

ACIAR costs have been attributed between the 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 2003-04 Budget.

19A - Net Cost of Outcome Delivery

	Outcome 1	
	2004 \$	2003 \$
Departmental expenses	49,995,073	49,900,754
Total expenses	49,995,073	49,900,754
<i>Cost recovered from provision of goods and services to the non-government sector</i>		
Departmental	18,522	25,676
Total cost recovered	18,522	25,676
<i>Departmental revenues</i>		
Interest	1,248	37,549
Revenue from disposal of assets	1,890	200
Other	16,528	137,280
Goods and Services Revenue from Related Entities	3,183,556	2,703,340
Total other external revenues	3,203,222	2,878,369
Net cost/(contribution) of outcome	46,773,329	46,996,709

**AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH
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for the year ended 30 June 2004

19B - Major Classes of Departmental Revenues and Expenses by Output Group

Outcome 1	Output 1.1		Output 1.2		Total	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Departmental expenses						
Employees	4,700,981	4,613,593	228,851	212,935	4,929,832	4,826,528
Suppliers	3,408,457	3,371,787	165,929	156,083	3,574,385	3,527,870
Depreciation & Amortisation	309,179	260,141	15,051	12,006	324,230	272,147
Grants	35,696,716	36,391,306	-	-	35,696,716	36,391,306
Other Program Expenditure	3,002,955	2,361,489	2,464,094	2,511,394	5,467,049	4,872,883
Other	2,861	10,020	-	-	2,861	10,020
Total departmental expenses	47,121,149	47,008,336	2,873,925	2,892,418	49,995,074	49,900,754
Funded By:						
Revenues from government	44,353,000	43,700,000	2,499,000	2,598,000	46,852,000	46,298,000
Sale of goods and services	18,522	25,676	-	-	18,522	25,676
Other non-taxation revenue	3,203,222	2,878,369	-	-	3,203,222	2,878,369
Total departmental revenues	47,574,744	46,604,045	2,499,000	2,598,000	50,073,744	49,202,045