

# Financial Statements

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## INDEPENDENT AUDIT REPORT

To the Minister for Agriculture, Fisheries and Forestry

### Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of Grains Research and Development Corporation for the year ended 30 June 2006. The Corporation's Directors are responsible for the integrity of both the annual report and the web site.

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

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 statements in the Corporation's annual report.

### Scope

#### *The financial statements and Directors' responsibility*

The financial statements comprise:

- Statement by Directors and Executive Director;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Grains Research and Development Corporation for the year ended 30 June 2006.

The Directors of the Grains Research and Development Corporation are responsible for preparing financial statements that give a true and fair view of the financial position and performance of the Grains Research and Development Corporation, and that comply with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and mandatory financial reporting requirements in Australia. The Directors are also responsible 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

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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 have 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 *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Grains Research and Development's financial position, and of its 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 Directors.

### ***Independence***

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

### **Audit Opinion**

In my opinion, the financial statements of the Grains Research and Development Corporation:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (b) give a true and fair view of the Grains Research and Development Corporation's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Michael White

Executive Director

Delegate of the Auditor-General

Canberra

31 July 2006

## Statement by directors and executive director

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In our opinion, the attached financial statements for the year ended 30 June 2006 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 *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

The Statement is made in accordance with a resolution of the directors.



Signed .....

**Mr T J Enright**  
CHAIRMAN

28 July 2006



Signed .....

**Mr P F Reading**  
MANAGING DIRECTOR

28 July 2006

# Income statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Revenues from government	5A	43,065	35,742
Interest	5B	5,673	7,599
Industry contributions	5C	60,861	64,193
Project refunds	5D	1,533	1,238
Royalties	5E	3,516	1,150
Other	5F	488	69
<b>Total revenue</b>		<b>115,136</b>	<b>109,991</b>
<b>Gains</b>			
Reversal of previous asset write-downs	5G	—	10
<b>Total gains</b>		<b>—</b>	<b>10</b>
<b>TOTAL INCOME</b>		<b>115,136</b>	<b>110,001</b>
<b>EXPENSES</b>			
Research and development	6A	115,329	106,355
Employees	6B	5,473	5,234
Suppliers	6C	5,325	5,528
Depreciation and amortisation	6D	424	361
Write-down and impairment of assets	6E	169	2,050
<b>TOTAL EXPENSES</b>		<b>126,720</b>	<b>119,528</b>
<b>Operating result before income tax</b>		<b>(11,584)</b>	<b>(9,527)</b>
Income tax equivalent expense		—	—
<b>OPERATING RESULT</b>		<b>(11,584)</b>	<b>(9,527)</b>

The Income Statement is to be read in conjunction with the notes to and forming part of the financial statements.

# Balance sheet

AS AT 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7A	12,071	10,168
Receivables	7B	4,977	3,372
Investments under s18 of the CAC Act	7C	100,872	113,527
Investments – other	7D	4,229	3,264
<b>Total financial assets</b>		<b>122,149</b>	<b>130,331</b>
<b>Non-financial assets</b>			
Land and buildings	8A, D	4,590	4,750
Infrastructure, plant and equipment	8B, D	417	467
Intangibles	8C, D	505	96
Other non financial assets	8E	72	27
<b>Total non-financial assets</b>		<b>5,584</b>	<b>5,340</b>
<b>TOTAL ASSETS</b>		<b>127,733</b>	<b>135,671</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employee provisions	9A	660	644
<b>Total provisions</b>		<b>660</b>	<b>644</b>
<b>Payables</b>			
Suppliers	10A	1,072	793
Research and development	10B	41,859	39,538
Contributions not yet utilised	10C	1,727	697
<b>Total payables</b>		<b>44,658</b>	<b>41,028</b>
<b>TOTAL LIABILITIES</b>		<b>45,318</b>	<b>41,672</b>
<b>NET ASSETS</b>		<b>82,415</b>	<b>93,999</b>
<b>EQUITY</b>			
Accumulated surplus		957	12,158
Asset revaluation reserve		1,512	1,512
Capital commitment reserve		3,133	6,266
Contracted research reserve		76,813	74,063
<b>TOTAL EQUITY</b>		<b>82,415</b>	<b>93,999</b>
<b>Current liabilities</b>		<b>43,476</b>	<b>40,326</b>
<b>Non-current liabilities</b>		<b>1,842</b>	<b>1,346</b>
<b>Current assets</b>		<b>117,992</b>	<b>127,093</b>
<b>Non-current assets</b>		<b>9,741</b>	<b>8,578</b>

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements.

# Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Industry contributions		60,845	64,271
Commonwealth contributions		43,065	35,742
Interest		7,188	7,779
GST recovered from taxation authority		(1,016)	11,150
Other		4,713	2,752
<b>Total cash received</b>		<b>114,795</b>	<b>121,694</b>
<b>Cash used</b>			
Research and development		(111,691)	(113,772)
Employees		(5,457)	(5,167)
Suppliers		(5,109)	(5,476)
<b>Total cash used</b>		<b>(122,257)</b>	<b>(124,415)</b>
<b>Net cash used by operating activities</b>	11(b)	<b>(7,462)</b>	<b>(2,721)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of investments (s18)		49,784	55,686
<b>Total cash received</b>		<b>49,784</b>	<b>55,686</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		(623)	(105)
Purchase of investments (s18)		(38,663)	(43,956)
Purchase of shares		(1,133)	(1,133)
<b>Total cash used</b>		<b>(40,419)</b>	<b>(45,194)</b>
<b>Net cash from investing activities</b>		<b>9,365</b>	<b>10,492</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,903</b>	<b>7,771</b>
Cash at beginning of reporting period		10,168	2,397
<b>Cash at end of reporting period</b>	11(a)	<b>12,071</b>	<b>10,168</b>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

# Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2006

	Accumulated results		Asset revaluation reserve		Contracted research reserve		Capital commitment reserve		TOTAL EQUITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Opening balance</b>	<b>12,158</b>	12,809	<b>1,512</b>	475	<b>74,063</b>	79,819	<b>6,266</b>	9,386	<b>93,999</b>	102,489
Adjustment for errors	—	—	—	—	—	—	—	—	—	—
Adjustment for changes in accounting policies	—	—	—	—	—	—	—	—	—	—
<b>Adjusted opening balance</b>	<b>12,158</b>	12,809	<b>1,512</b>	475	<b>74,063</b>	79,819	<b>6,266</b>	9,386	<b>93,999</b>	102,489
<b>Income and expenses</b>										
Net revaluation increment/(decrement)	—	—	—	1,037	—	—	—	—	—	1,037
<b>Subtotal income and expenses recognised directly in equity</b>	<b>—</b>	—	<b>—</b>	1,037	<b>—</b>	—	<b>—</b>	—	<b>—</b>	1,037
Net operating result	<b>(11,584)</b>	(9,527)	<b>—</b>	—	<b>—</b>	—	<b>—</b>	—	<b>(11,584)</b>	(9,527)
<b>Total income and expenses</b>	<b>(11,584)</b>	(9,527)	<b>—</b>	1,037	<b>—</b>	—	<b>—</b>	—	<b>(11,584)</b>	(8,490)
<b>Transfer between equity components</b>	<b>383</b>	8,876	<b>—</b>	—	<b>2,750</b>	(5,756)	<b>(3,133)</b>	(3,120)	<b>—</b>	—
<b>Closing balance 30 June</b>	<b>957</b>	12,158	<b>1,512</b>	1,512	<b>76,813</b>	74,063	<b>3,133</b>	6,266	<b>82,415</b>	93,999

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

# Schedule of commitments

AS AT 30 JUNE 2006

	2006 \$'000	2005 \$'000
<b>BY TYPE</b>		
<b>Capital Commitments</b>		
Investments in shares	3,133	6,266
<b>Total capital commitments</b>	<b>3,133</b>	<b>6,266</b>
<b>Other Commitments</b>		
Operating leases	162	146
Research projects forward program	136,205	162,674
<b>Total other commitments</b>	<b>136,367</b>	<b>162,820</b>
<b>Commitments Receivable</b>	<b>(12,397)</b>	<b>(14,802)</b>
<b>Net Commitments by type</b>	<b>127,103</b>	<b>154,284</b>
<b>BY MATURITY</b>		
<b>Capital Commitments</b>		
One year or less	3,133	3,133
One year to five years	—	3,133
<b>Total capital commitments</b>	<b>3,133</b>	<b>6,266</b>
<b>Research Project Commitments</b>		
One year or less	80,984	80,321
From one to five years	55,221	82,353
Over five years	—	—
<b>Research Project commitments</b>	<b>136,205</b>	<b>162,674</b>
<b>Operating Lease Commitments</b>		
One year or less	75	92
One year to five years	87	54
Over five years	—	—
<b>Total operating Lease commitments</b>	<b>162</b>	<b>146</b>
<b>Commitments Receivable</b>	<b>(12,397)</b>	<b>(14,802)</b>
<b>Net Commitments by maturity</b>	<b>127,103</b>	<b>154,284</b>

NB: Commitments are GST inclusive where relevant.

Capital commitments are GRDC's commitment to purchase shares in Australian Grain Technologies Pty Ltd and to invest in research in the Australian Centre for Plant Functional Genomics Pty Ltd in return for shares.

The Schedule of Commitments is to be read in conjunction with the notes to and forming part of the financial statements.

## Schedule of commitments *(continued)*

AS AT 30 JUNE 2006

Operating leases comprise:

<i>Nature of the lease</i>	<i>General description of leasing arrangement</i>
Motor vehicles – staff	Leased as part of salary packages No contingent rentals exist
Photocopiers and fax machines	Photocopiers and fax machines have rental agreements for a period of five years; after this time they are usually replaced with new rental equipment

Research project forward program commitments are amounts payable in respect of contracted Research Agreements held between the GRDC and research providers as at 30 June 2006.

The Schedule of Commitments is to be read in conjunction with the notes to and forming part of the financial statements.

# Schedule of contingencies

AS AT 30 JUNE 2006

	2006 \$'000	2005 \$'000
<b>CONTINGENT LIABILITIES</b>	—	—
<b>CONTINGENT ASSETS</b>	—	—
<b>Net contingencies</b>	—	—

At balance date there are no unquantified or remote contingencies.

The Schedule of Contingencies is to be read in conjunction with the notes to and forming part of the financial statements.

# Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2006

## Note 1. Summary of Significant Accounting Policies

### 1.1 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group that apply for the reporting period.

This is the first financial report to be prepared under the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed at Note 2.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an Accounting Standard, assets and liabilities are recognised in the Balance Sheet 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 that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required under an Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.2 Significant Accounting Judgments and Estimates

In the process of applying the accounting policies listed in this note, there have been no judgments that have significantly impacted on the amounts recorded in the financial statements.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

### 1.3 Statement of Compliance

The financial report complies with the Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Corporation to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

## Note 1. Summary of Significant Accounting Policies (continued)

### 1.3 Statement of compliance (continued)

The table below illustrates standards and amendments that will become effective for the Corporation in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Corporation's initial assessment at this date, but may change. The Corporation intends to adopt all of the standards upon their application date.

<i>Title</i>	<i>Standard affected</i>	<i>Application date*</i>	<i>Nature of impending change</i>	<i>Impact expected on financial report</i>
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.  Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact.

\* Application date is for annual reporting periods beginning on or after the date shown.

## 1.4 Revenue

The revenues described in this Note are revenues relating to the core activities of the Corporation.

### *Revenues from Government*

Revenue paid to the Corporation under Section 32 of the *Primary Industries and Energy Research and Development Act 1989*, representing 0.5% of the three-year moving average of gross value of production of grains, is for the purpose of funding research and development activities. Revenues from Government are recognised when they are entitled to be received by the Corporation.

### *Industry Contributions*

Revenue paid to the Corporation under Section 30 of the *Primary Industries and Energy Research and Development Act 1989*, where a research levy is attached to grain producers' output, is for the purpose of providing funds for research and development. Industry Contributions are recognised when they are entitled to be received by the Corporation.

### *Interest Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139.

### *Project Refunds*

Project refunds are recognised upon receipt of the refund when it relates to prior year's expenditure and when the funds accrued are not required for the completion of the project.

### *Royalties*

Royalties are recognised when the royalty is entitled to be received by the Corporation.

## 1.5 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

## 1.6 Property (Land and Buildings and Infrastructure), Plant and Equipment

### *Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, 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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

### *Revaluations*

#### *Basis*

Land, buildings, infrastructure, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset is not materially different, as at reporting date, from its fair value. Valuations undertaken in any year are as at 30 June.

Fair values for each class of asset are determined as shown below:

Asset Class	Fair Value Measured at:
Land	Market selling price
Building	Market selling price
Plant and equipment	Market selling price

### 1.6 Property (Land and Buildings and Infrastructure), Plant and Equipment (continued)

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through profit and loss. Revaluation decrements for a class of assets are recognised directly through profit and loss except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### Depreciation

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

Depreciation (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2006	2005
Buildings on leasehold land	25 years	25 years
Other infrastructure, plant and equipment	3 to 5 years	3 to 5 years

The aggregate amount of depreciation/amortisation allocated for each class of assets during the year is disclosed in note 6D.

#### Assets Purchased with Research Payments

Assets purchased with research payments may revert to the Corporation at the end of the research project period and will be accounted for appropriately at that date. During the financial year no research assets reverted to the Corporation.

#### Impairment

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Corporation were deprived of the asset, *its value in use* is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

### 1.7 Intangibles

The Corporation's intangibles comprise software for the new information management system and other software. These assets are carried at cost.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives as follows:

	2006	2005
Information management system	2.5 years	2.5 years
Other intangibles	2.5 years	2.5 years

All software assets were assessed for indications of impairment as at 30 June 2006.

## 1.8 Employee Benefits

As required by the Finance Minister's Orders, the Corporation has early adopted AASB 119 Employee Benefits as issued in December 2004.

### *Benefits*

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within 12 months are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### *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 Corporation is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Corporation's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

### *Superannuation*

Corporation staff contribute to the Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS), Australian Government Employees Superannuation Trust (AGEST) or an approved superannuation scheme of their choice. For CSS and PSS members, the Corporation makes contributions based on the rate determined by the Government Actuary, and for AGEST and other approved superannuation schemes, the employer contributes a minimum of 9% of superannuable salaries. Employer contributions amounting to \$689,262 (2005: \$567,267) in relation to these schemes have been expensed in the financial statements.

## 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Corporation has no finance leases. Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

## 1.10 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

## 1.11 Financial Risk Management

The Corporation's activities expose it to normal commercial financial risk. As a result of the nature of the Corporation's business and internal and Australian Government policies, dealing with the management of financial risk, the Corporation's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

### 1.12 Investments

Investments are initially measured at their fair value.

After initial recognition, financial assets are to be measured at their fair values except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost.

The Corporation has acquired shares in the following start-up companies:

- Australian Grain Technologies Pty Ltd (holding: 44.95%);
- Australian Centre for Plant Functional Genomics Pty Ltd (holding: 22.39%); and
- Philom Bios (Australia) Pty Ltd (50%).

The above companies conduct research and development activities relating to seed technology, new wheat varieties and soil inoculants. The success and ability to generate future economic benefits are subject to uncertainty and the Corporation believes that this will impair the carrying values of the investments. The Corporation has established a *Provision for diminution of shares* to record a reduction in the value of these investments based on the Corporation's estimate of the trading performance of each company. A review of the trading performance will be done annually and the provision adjusted accordingly. The provision will remain effective until such time as the Corporation believes that the investment would generate sufficient future economic benefits from a successful marketed product or service.

### 1.13 Derecognition of Financial Assets and Liabilities

As prescribed in the Finance Minister's Orders, the Corporation has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

### 1.14 Impairment of Financial Assets

As described in the Finance Minister's Orders, the Corporation has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

### 1.15 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).

## Note 1. Summary of Significant Accounting Policies (continued)

### 1.16 Research and Development

The Corporation recognises Research and Development liabilities as follows.

- Most Research Agreements require the Researcher to perform services to meet payment criteria. Liabilities are recognised when there is a high probability that the Corporation will pay out remaining funds, such as on receipt of final report and any other criteria as set out in the Research Agreement.

### 1.17 Taxation

The Corporation is subject to taxation (other than income tax) under the laws of the Commonwealth under section 46(1) of the PIERD Act 1989.

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables

### 1.18 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

## Note 2. The impact of the transition to AEIFRS from previous AGAAP

	2005 \$'000	2004 \$'000
<b>Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS</b>		
Total equity under previous AGAAP	93,999	102,489
Adjustments to retained earnings	—	—
Adjustments to other reserves	—	—
Total equity translated to AEIFRS	<u>93,999</u>	<u>102,489</u>
<b>Reconciliation of profit and loss as presented under previous AGAAP to AEIFRS</b>		
Prior year profit as previously reported	(9,527)	
Adjustments:		
—	—	
Prior year profit translated to AEIFRS	<u>(9,527)</u>	

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

The Corporation has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous AGAAP have been taken up at 1 July 2005.

### Note 3. Economic Dependency

The Grains Research and Development Corporation was established in 1990 as a statutory corporation under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The Corporation is dependent on levies collected from grain producers under the PIERD Act and Commonwealth contributions made by the Commonwealth for its continued existence and ability to carry out its normal activities.

### Note 4. Events Occurring After Reporting Date

The Corporation had no events occurring after the reporting date that would significantly affect its ongoing structure and financial activities.

### Note 5. Income

#### Revenues

	2006 \$'000	2005 \$'000
<b>Note 5A – Revenues from Government</b>		
Commonwealth contributions	43,065	35,742
<b>Note 5B – Interest</b>		
Deposits	5,682	5,511
Negotiable certificates of deposit	759	1,120
Floating rate notes	963	1,276
Sub-total interest income	7,404	7,907
Management fee	(263)	(254)
Revaluation of investments	(1,468)	(54)
	5,673	7,599
<b>Note 5C – Industry contributions</b>		
Coarse grains	14,842	13,730
Grain legumes	5,568	5,421
Oilseeds	5,335	5,165
Wheat	35,116	39,877
	60,861	64,193
<b>Note 5D – Project refunds</b>		
Cross commodity	1,023	784
Coarse grains	202	87
Grain legumes	68	81
Oilseeds	47	38
Wheat	193	248
	1,533	1,238
<b>Note 5E – Royalties</b>		
Cross commodity	52	53
Coarse grains	225	120
Grain legumes	158	200
Oilseeds	167	128
Wheat	2,914	649
	3,516	1,150

## Note 5. Income (continued)

<i>Revenues (continued)</i>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5F – Other</b>		
Levy penalties	76	70
Groundcover advertising income	205	2
Publications revenue	206	—
Other income	1	(3)
	<b>488</b>	<b>69</b>
<b>Gains</b>		
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5G – Reversal of previous asset write-downs</b>		
Land – asset revaluation increment	—	10
	—	10

## Note 6. Operating Expenses

### Note 6A – Research and development expenses

2006	Cross-Commodity \$'000	Coarse Grains \$'000	Grain Legumes \$'000	Oilseeds \$'000	Wheat \$'000	Total \$'000
National	49,880	3,457	157	695	10,459	64,648
Northern Region	7,909	2,461	1,635	2,034	1,220	15,259
Southern Region	13,800	779	1,218	1,885	1,610	19,292
Western Region	9,459	263	2,242	464	3,702	16,130
<b>TOTAL</b>	<b>81,048</b>	<b>6,960</b>	<b>5,252</b>	<b>5,078</b>	<b>16,991</b>	<b>115,329</b>
2005	69,394	8,863	7,664	4,355	16,079	106,355

The aforementioned classification of national and regional payments is usually based on investment recommendations by the three Regional Panels and the National Panel. The project outcomes may, however, have impacts across one or more regions.

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6B. Employee expenses</b>		
Salaries	4,470	4,206
Superannuation	689	567
Leave and other entitlements	6	67
Separation and redundancies	—	119
Total employee benefits expenses	<b>5,165</b>	<b>4,959</b>
Payroll tax	289	262
Other	19	13
Total employee expenses	<b>5,473</b>	<b>5,234</b>

## Note 6. Operating Expenses (continued)

	2006 \$'000	2005 \$'000
<b>6C. Supplier expenses</b>		
Supply of goods and services from external entities	5,305	5,469
Operating lease rentals*	20	59
	<u>5,325</u>	<u>5,528</u>
<b>6D. Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	322	236
Amortisation of intangible assets	102	125
	<u>424</u>	<u>361</u>
The aggregate of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Buildings	160	80
Plant and equipment	162	156
Intangibles	102	125
	<u>424</u>	<u>361</u>
<b>6E. Write-down and impairment of assets</b>		
Investments (shares) – revaluation decrement	169	2,050

\* These comprise minimum lease payments only.

## Note 7. Financial Assets

	2006 \$'000	2005 \$'000
<b>Note 7A – Cash and cash equivalents</b>		
Interest bearing cheque account	11,034	156
Money market call account	1,037	10,012
	<u>12,071</u>	<u>10,168</u>
<b>Note 7B – Receivables</b>		
Debtors – general	36	21
Debtors – research and development	92	379
Industry levies receivable	84	68
Accrued interest	38	19
Accrued income	1,596	-
GST receivable	3,128	2,885
Other	3	-
	<u>4,977</u>	<u>3,372</u>
Receivables (gross) are aged as follows:		
Not overdue	4,883	3,248
Overdue by:		
Less than 30 days	88	118
30 to 60 days	4	—
60 to 90 days	—	—
more than 90 days	2	6
	<u>94</u>	<u>124</u>
	<u>4,977</u>	<u>3,372</u>

## Note 7. Financial Assets (continued)

### Receivables for Goods & Services

Credit terms are net 7 days (2005: 7 days).

### Accrued Interest

The interest rates range from 3.00% to 5.65% (2005: 3.04% to 5.40%) and the frequency of payments range from monthly to quarterly.

	2006 \$'000	2005 \$'000
<b>7C – Investments under s18 of the CAC Act</b>		
Negotiable Certificates of Deposit	—	4,163
At market value		
Floating Rate Notes	10,034	22,100
At market value		
BT Individually Managed Fund –	45,238	43,442
At market value		
BT Money Market Trust Units @ \$1	5	5
At market value		
UBS Brinson Individually Managed Fund	45,595	43,817
At market value		
	<b>100,872</b>	<b>113,527</b>

### Negotiable Certificates of Deposit

These securities have terms of up to 1 year. Interest is paid on maturity.

### Floating Rate Notes

These securities have a term of up to 5 years. Interest is paid monthly, quarterly and half-yearly. Interest rates are fixed every period at Bank Bill Swap Reference Rate plus a margin. The margin varies between 0.27% and 0.40%.

### Individually Managed Funds

The funds are available at call. Interest rates will vary to reflect varying market interest rates.

### Ministerial Approval

The Corporation has received approval under paragraph 18(3)(d) of the CAC Act to hold the investments listed above.

	2006 \$'000	2005 \$'000
<b>Note 7D – Investments – other</b>		
<i>Shares in Unlisted Companies</i>		
Philom Bios (Australia) Pty Ltd	—	—
Provision for diminution of shares	—	—
	—	—
Australian Grain Technologies Pty Ltd	8,152	7,019
Provision for diminution of shares	(3,924)	(3,755)
	4,228	3,264
Australian Centre for Plant Functional Genomics	1	—
Total investments – other	<b>4,229</b>	<b>3,264</b>

The shares held are ordinary shares.

## Note 8. Non-Financial Assets

	2006 \$'000	2005 \$'000
<b>8A. Land and buildings</b>		
Leasehold land – fair value	750	750
Total land	750	750
Buildings on leasehold land – fair value	4,000	4,000
Accumulated depreciation	(160)	—
Total buildings	3,840	4,000
Total land and buildings	4,590	4,750
<b>8B. Infrastructure, plant and equipment</b>		
Plant and equipment – fair value	579	467
Accumulated depreciation	(162)	—
Total infrastructure, plant and equipment	417	467
Movement in asset revaluation reserve		
Increment for land	—	90
Increment for buildings	—	960
Increment for plant and equipment	—	(13)
	—	1,037
Increment for land reversed & recognised as revenue (note 5G)	—	10
<b>8C. Intangibles</b>		
Information Management System – at cost	1,271	803
Accumulated depreciation	(802)	(718)
	469	85
Software – at cost	116	73
Accumulated depreciation	(80)	(62)
	36	11
Total intangibles	505	96

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

## Note 8. Non-Financial Assets *(continued)*

### 8D. Analysis of Property, Plant, Equipment and Intangibles

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

	Leasehold Land \$'000	Buildings on leasehold land \$'000	Other Infrastructure, Plant & Equipment \$'000	Computer software – Total Intangibles \$'000	Total \$'000
As at 1 July 2005					
Gross book value	750	4,000	467	876	6,093
Accumulated depreciation/ amortisation	—	—	—	(780)	(780)
Opening net book value	750	4,000	467	96	5,313
Additions					
by purchase	—	—	112	511	623
Net revaluation increment/ decrement	—	—	—	—	—
Depreciation/amortisation expense	—	(160)	(162)	(102)	(424)
<b>As at 30 June 2006</b>					
Gross book value	750	4,000	579	1,387	6,716
Accumulated depreciation/ amortisation	—	(160)	(162)	(882)	(1,204)
<b>Closing net book value</b>	<b>750</b>	<b>3,840</b>	<b>417</b>	<b>505</b>	<b>5,512</b>
				<b>2006</b>	<b>2005</b>
				<b>\$'000</b>	<b>\$'000</b>
<b>8E – Other non-financial assets</b>					
Prepayments				72	27

All other non-financial assets are current

## Note 9. Provisions

	2006 \$'000	2005 \$'000
<b>9A – Employee Provisions</b>		
Leave	660	644
Aggregate employee entitlement liability	660	644
Current	379	351
Non-current	281	293
	660	644

## Note 10. Payables

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>10A – Suppliers</b>		
Trade creditors	181	96
Accrued expenses	891	697
	<u>1,072</u>	<u>793</u>
All supplier payables are current		
<b>10B – Research and development</b>		
Research and development	41,859	39,538
Current	40,298	38,673
Non-current	1,561	865
	<u>41,859</u>	<u>39,538</u>
<b>10C – Contributions not yet utilised</b>		
Contributions paid in advance by third parties towards specific projects	1,727	697

## Note 11. Cash Flow Reconciliation

### (a) Reconciliation of cash per Balance Sheet to Statement of Cash Flows

		<b>2006</b>	<b>2005</b>
		<b>\$'000</b>	<b>\$'000</b>
Cash at year end per Statement of Cash Flows		12,071	10,168
Balance Sheet items comprising above cash:	7A	12,071	10,168
'Financial Asset-Cash and cash equivalents'			

### (b) Reconciliation of operating result to net cash used by operating activities:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating result	(11,584)	(9,527)
Depreciation and amortisation	424	361
Write down of assets	169	2,050
Revaluation of investments	1,468	55
Reversal of previous asset write-downs	—	(10)
Interest accrued on investments	65	128
Changes in assets and liabilities		
(Increase)/decrease in receivables	(1,586)	1,103
(Increase)/decrease in accrued interest	(19)	(1)
Increase/(decrease) in creditors	3,630	3,050
Increase/(decrease) in employee entitlements	16	67
(Increase)/decrease in prepayments	(45)	3
<b>Net Cash used by operating activities</b>	<u>(7,462)</u>	<u>(2,721)</u>

## Note 12. Director Remuneration

	2006	2005
The number of directors of the Corporation included in these figures are shown below in the relevant remuneration bands		
\$ Nil – \$14,999	5	2
\$15,000 – \$29,999	5	3
\$30,000 – \$44,999	1	3
\$45,000 – \$59,999	1	1
\$390,000 – \$405,000	—	1
\$465,000 – \$480,000	1	—
The number of directors of the Corporation	<u>13</u>	<u>10</u>
	<u>\$</u>	<u>\$</u>
Total remuneration received or due and receivable by directors of the Corporation	<u>711,415</u>	<u>607,672</u>

The directors of the Corporation, with the exception of the Managing Director, are appointed by the Australian Government Minister for Agriculture, Fisheries and Forestry.

## Note 13. Related Party Disclosures

The following persons were Directors of the Grains Research and Development Corporation during the year:

- Mr T.J. Enright (Chairman)
- Ms C. Hawkins (Deputy Chairman – term finished 30/9/05)
- Mr R. Johns (Deputy Chairman – reappointed 1/10/2005)
- Mr R. Pittar (Government Director – resigned 31/7/05)
- Mr Russell Phillips (Government Director – appointed 31/8/05)
- Dr A. Fischer (term finished 30/9/05)
- Dr R. Lucas (term finished 30/9/05)
- Ms Nicole Birrell (appointed 1/10/05)
- Mr Steve Marshall (appointed 1/10/05)
- Dr D. Plowman (reappointed 1/10/05)
- Prof. Timothy Reeves (appointed 1/10/05)
- Mr Philip Young (appointed 1/10/05)
- Mr P. Reading (Executive Director)

Several directors of the Corporation hold directorships with other companies. All transactions between the Corporation and companies with a Director common to the Corporation are conducted using commercial and arms-length principles.

The aggregate remuneration of Directors is disclosed in Note 12.

#### Note 14. Executive Remuneration

	2006	2005
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
Between \$130,000 – \$144,999	3	6
Between \$145,000 – \$159,999	1	1
Between \$160,000 – \$174,999	2	2
Between \$175,000 – \$189,999	4	1
Between \$190,000 – \$204,999	1	—
	<u>11</u>	<u>10</u>
	<u>\$</u>	<u>\$</u>
The aggregate amount of total remuneration of officers shown above.	<u>1,832,538</u>	<u>1,491,726</u>

The officer remuneration includes all officers concerned with or taking part in the management of the Corporation during 2005-06 except the Managing Director. Details in relation to the Managing Director have been incorporated in Note 12 – Director Remuneration.

#### Note 15. Remuneration of Auditors

	2006	2005
	\$	\$
The cost of financial statement audit services provided to the Corporation were:		
Australian National Audit Office (ANAO)	<u>17,500</u>	<u>17,000</u>
Other services		
– Audit of financial information for the first time adoption of AEIFRS	<u>—</u>	<u>5,500</u>

RSM Bird Cameron have been contracted by the Australian National Audit Office to provide audit services on the ANAO's behalf. Fees for these services are included above.

No other services were provided by the Auditor-General or RSM Bird Cameron during the reporting period.

#### Note 16. Average Staffing Levels

	2006	2005
The average staffing levels for the Corporation during the year were:	<u>50</u>	<u>46</u>

**Note 17A – Interest Rate Risk**

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non Interest bearing		Total		Weighted Average Effective Interest Rate			
		2006 \$'000	2005 \$'000	1 Year or less		1 to 5 years		> 5 years		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %		
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000								
<b>Financial Assets</b>																	
Cash	7A	12,071	10,168											12,071	10,168	3.50	5.36
Receivables	7B									4,977	3,372			4,977	3,372	n/a	n/a
Negotiable certificates of deposit	7C				4,163												5.65
Floating rate notes	7C				17,082	10,034	5,018							10,034	22,100	6.11	6.02
Managed funds	7C			90,838	87,264									90,838	87,264	2.73	6.09
Shares in unlisted companies	7D										4,229	3,264		4,229	3,264	n/a	n/a
<b>Total Financial Assets</b>		<b>12,071</b>	<b>10,168</b>	<b>90,838</b>	<b>108,509</b>	<b>10,034</b>	<b>5,018</b>			<b>9,206</b>	<b>6,636</b>			<b>122,149</b>	<b>130,331</b>		
<b>Financial Liabilities</b>																	
Trade creditors	10A										1,072	793		1,072	793	n/a	n/a
Project liabilities	10B										41,859	39,538		41,859	39,538	n/a	n/a
Contributions not yet utilised	10C										1,727	697		1,727	697	n/a	n/a
<b>Total Financial Liabilities</b>										<b>44,658</b>	<b>41,028</b>			<b>44,658</b>	<b>41,028</b>		

**Note 17B – Net Fair Values of Financial Assets and Liabilities**

	Note	2006		2005	
		Total Carrying amount	Aggregate net fair value	Total Carrying amount	Aggregate net fair value
		\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Deposits at call	7A	12,071	12,071	10,168	10,168
Receivables	7B	4,977	4,977	3,372	3,372
Negotiable certificates of deposit	7C	—	—	4,163	4,163
Floating rate notes	7C	10,034	10,034	22,100	22,100
Managed funds	7C	90,838	90,838	87,264	87,264
Share in unlisted companies	7D	4,229	4,229	3,264	3,264
<b>Total Financial Assets</b>		<b>122,149</b>	<b>122,149</b>	130,331	130,331
<b>Financial Liabilities</b>					
Trade creditors	10A	1,072	1,072	793	793
Project liabilities	10B	41,859	41,859	39,538	39,538
Contributions not yet utilised	10C	1,727	1,727	697	697
<b>Total Financial Liabilities</b>		<b>44,658</b>	<b>44,658</b>	41,028	41,028

*Financial Assets*

The net fair values of deposits at call and receivables approximate their carrying amounts.

The net fair value of negotiable certificates of deposit is based on discounted cash flows using current interest rates for assets with similar risk profiles.

The net fair value of floating rate notes are based on discounted cash flows using current interest rates for assets with similar risk profiles.

The net fair value of the Individually Managed Fund is the quoted market value at reporting date, adjusted for the transaction costs necessary for realisation.

The net fair value of shares in unlisted companies is the Corporation's proportion of the estimated net asset position of the company.

*Financial Liabilities*

The net fair values of trade creditors, project liabilities and contributions not yet utilised approximate their carrying amounts.

**Note 17C – Credit Risk Exposures**

The Corporation's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

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

## Note 18. Reporting of Outcomes

### Note 18A – Outcomes of the Corporation

Corporation activity involves the identification, co-ordination, funding and evaluation of research and development for Australia's grain industries. These financial statements provide a detailed overview of the Corporation's total financial operations for the year ended 30 June 2006. The Corporation operates predominantly in one industry, the grains industry and in one geographical area being Australia.

Outcome 1 – Through its commitment to innovations, an Australian grains industry that is profitable and environmentally sustainable for the benefit of the industry and wider community.

Four outputs are identified for each outcome. The outputs for outcome 1 are:

Output 1 – Varieties

Output 2 – Practices

Output 3 – New Products

Output 4 – Communication and Customer Services

### Note 18B – Net Cost of Outcome Delivery

	Outcome 1		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Departmental expenses	126,720	119,528	126,720	119,528
Total expenses	126,720	119,528	126,720	119,528
<i>Other external revenues</i>				
Departmental				
Interest	5,673	7,599	5,673	7,599
Industry contributions	60,861	64,193	60,861	64,193
Project refunds	1,533	1,238	1,533	1,238
Royalties	3,516	1,150	3,516	1,150
Reversal of previous asset write-downs	0	10	0	10
Other	488	69	488	69
<i>Total Departmental</i>	72,071	74,259	72,071	74,259
Total other external revenues	72,071	74,259	72,071	74,259
Net cost/(contribution) of outcome	54,649	45,269	54,649	45,269

Note 18C – Major departmental Revenue and Expenses by Output Group

	Outcome 1										Total	
	Output 1		Output 2		Output 3		Output 4					
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Operating expenses</b>												
Research and development	58,887	48,698	37,211	42,367	11,662	6,555	7,570	8,735	115,330	106,355		
Employees	1,369	1,746	1,368	1,744	1,368	872	1,368	872	5,473	5,234		
Suppliers	1,149	1,983	1,267	1,850	936	756	1,972	939	5,324	5,528		
Depreciation and amortisation	106	121	106	120	106	60	106	60	424	361		
Write-down of assets	169	2,050	0	0	0	0	0	0	169	2,050		
<b>Total operating expenses</b>	<b>61,680</b>	<b>54,598</b>	<b>39,952</b>	<b>46,081</b>	<b>14,072</b>	<b>8,243</b>	<b>11,016</b>	<b>10,606</b>	<b>126,720</b>	<b>119,528</b>		
<b>Funded by</b>												
Revenues from Government	21,988	15,950	13,895	13,609	4,355	2,398	2,827	3,785	43,065	35,742		
Interest	2,897	3,391	1,830	2,893	574	510	372	805	5,673	7,599		
Industry contributions	31,075	28,646	19,637	24,442	6,154	4,307	3,995	6,798	60,861	64,193		
Project Refunds	634	338	491	649	327	150	81	101	1,533	1,238		
Royalties	879	760	879	200	879	97	879	93	3,516	1,150		
Reversal of previous asset write-downs	0	4	0	4	0	1	0	1	0	10		
Other	122	22	122	22	122	11	122	14	488	69		
<b>Total operating revenues</b>	<b>57,595</b>	<b>49,111</b>	<b>36,854</b>	<b>41,819</b>	<b>12,411</b>	<b>7,474</b>	<b>8,276</b>	<b>11,597</b>	<b>115,136</b>	<b>110,001</b>		

The Corporation's outcomes and outputs are described at Note 18A.

The Corporation uses actual expenses for the allocation of Research and Development expenses and some supplier expenses. All other expenses are apportioned across outputs evenly. Revenues uses actual income for allocation of project refunds, reversals of previous asset write-down and some other income. All other revenue is apportioned across outputs based on Research and Development expenditure.

## Note 19. Joint Ventures

During the year the Corporation was involved in the following operational joint ventures:

<b>Name of joint venture</b>	<b>Purpose</b>	<b>Participation</b>
Enterprise Grains Australia	Enterprise Grains Australia is a national wheat breeding and commercialisation joint venture.	39%
Graingene II joint venture	Graingene aims to generate innovative intellectual property and new generation plant biotechnology research for the grains industry.	28.57%
Graingene III joint venture	Graingene aims to generate innovative intellectual property and new generation plant biotechnology research for the grains industry.	33.33%