



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Fisheries and Forestry

Opinion

In my opinion, the financial statements of the Fisheries Research and Development Corporation ('the Entity') for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Accountable Authority (Chair and Chair Finance and Audit Committee), Managing Director and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Directors are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

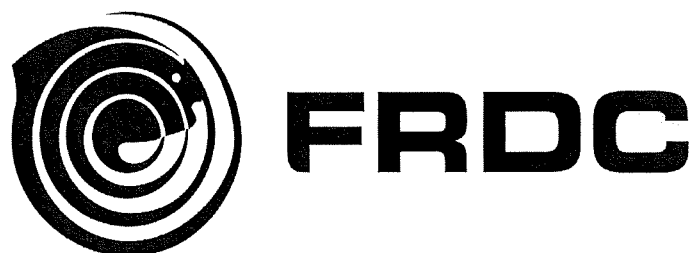
Australian National Audit Office



Fiona Sheppard
Executive Director

Delegate of the Auditor-General

Canberra
23 August 2023



**Financial statements
for the year ended
30 June 2023**

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FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

STATEMENT BY THE ACCOUNTABLE AUTHORITY (CHAIR AND CHAIR FINANCE AND AUDIT COMMITTEE), MANAGING DIRECTOR
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the period ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

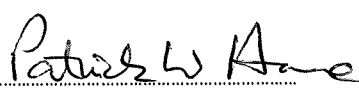
This statement is made in accordance with a resolution of the directors.

Signed.....
Mr John Williams
Chair
Accountable Authority

23-August-2023
Date

Signed.....
Dr Saranne Cooke
Chair Finance and Audit Committee

23-August-2023
Date

Signed.....
Dr Patrick Hone
Managing Director

23-August-2023
Date

Signed.....
Ms Priti Narayan
Acting Chief Financial Officer

23-August-2023
Date

Statement of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 \$	2022 \$	Original PBS budget \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	4,456,742	3,733,005	3,952,000
Suppliers	1.1B	1,144,200	984,627	1,110,000
Research and development	1.1C	32,997,423	30,706,530	35,850,000
Depreciation and amortisation	2.2A	351,619	358,679	370,000
Finance costs	1.1D	12,637	8,041	7,000
Write-down and impairment of assets	1.1E	-	51,626	-
Total expenses		38,962,621	35,842,508	41,289,000
Own-source income				
Own-source revenue				
Revenue from contracts with customers	1.2A	762,113	885,777	-
Interest	1.2B	966,953	56,172	100,000
Contributions	1.2C	9,965,953	11,413,155	10,667,000
Other revenue	1.2D	356,073	157,775	2,000,000
Total own-source revenue		12,051,092	12,512,879	12,767,000
Total own-source income		12,051,092	12,512,879	12,767,000
Net (cost of) services		(26,911,529)	(23,329,629)	(28,522,000)
Revenue from the Australian Government	1.2E	24,688,910	24,037,417	23,355,000
(Deficit)/surplus		(2,222,619)	707,788	(5,167,000)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	2.2A	187,882	28,578	-
Total comprehensive (loss)/income		(2,034,737)	736,366	(5,167,000)

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

Statement of Financial Position
as at 30 June 2023

	Notes	2023 \$	2022 \$	Original PBS budget \$
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	26,188,476	29,004,985	23,781,000
Trade and other receivables	2.1B	8,050,450	2,918,699	3,105,000
Total financial assets		34,238,926	31,923,684	26,886,000
Non-financial assets ¹				
Buildings	2.2A	907,539	690,541	520,000
Plant and equipment	2.2A	198,750	90,700	51,000
Intangibles	2.2A	225,032	323,878	284,000
Other non-financial assets	2.2B	21,431	20,417	20,000
Total non-financial assets		1,352,752	1,125,536	875,000
Total assets		35,591,678	33,049,220	27,761,000
LIABILITIES				
Payables				
Suppliers	2.3A	43,806	156,995	157,000
Projects	2.3B	7,633,871	3,611,868	3,612,000
Other payables	2.3C	155,300	68,709	68,000
Total payables		7,832,977	3,837,572	3,837,000
Interest bearing liabilities				
Leases	2.4A	944,175	721,955	561,000
Total interest bearing liabilities		944,175	721,955	561,000
Provisions				
Employee provisions	3.1A	1,534,158	1,174,588	1,214,000
Total provisions		1,534,158	1,174,588	1,214,000
Total liabilities		10,311,310	5,734,115	5,612,000
Net assets		25,280,368	27,315,105	22,149,000
EQUITY				
Asset revaluation reserve		778,225	590,343	590,000
Retained earnings		24,502,143	26,724,762	21,559,000
Total equity		25,280,368	27,315,105	22,149,000

¹ Right-of-use assets are included in the following line item - Buildings.
The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the period ended 30 June 2023

	2023 \$	2022 \$	Original PBS budget \$
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	26,724,762	26,016,974	26,726,000
Opening balance	26,724,762	26,016,974	26,726,000
Comprehensive income			
Surplus/(deficit) for the period	(2,222,619)	707,788	(5,167,000)
Closing balance as at 30 June 2023	24,502,143	26,724,762	21,559,000
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	590,343	561,765	590,000
Opening balance	590,343	561,765	590,000
Comprehensive income			
Other comprehensive income	187,882	28,578	-
Closing balance as at 30 June 2023	778,225	590,343	590,000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	27,315,105	26,578,739	27,316,000
Adjusted opening balance	27,315,105	26,578,739	27,316,000
Comprehensive income			
(Deficit)/surplus for the period	(2,222,619)	707,788	(5,167,000)
Other comprehensive income	187,882	28,578	-
Total comprehensive income	(2,034,737)	736,366	(5,167,000)
Closing balance as at 30 June 2023	25,280,368	27,315,105	22,149,000

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

Cash Flow Statement

for the period ended 30 June 2023

	Notes	2023 \$	2022 \$	Original PBS budget \$
OPERATING ACTIVITIES				
Cash received				
Receipts from the Australian Government		21,966,526	26,191,415	24,855,000
Contributions		9,832,852	13,475,751	10,981,000
Interest		903,777	40,017	100,000
Net GST received		1,468,279	1,660,118	-
Other		4,574,720	472,776	-
Total cash received		38,746,154	41,840,077	35,936,000
Cash used				
Employees		(4,097,172)	(3,377,786)	(3,912,000)
Suppliers		(826,933)	(1,033,007)	(410,000)
Research and development		(36,458,202)	(33,418,594)	(35,850,000)
Interest payments on lease liabilities		(12,637)	(8,041)	(7,000)
Other		-	-	(700,000)
Total cash used		(41,394,944)	(37,837,428)	(40,879,000)
Net cash (used by)/from operating activities		(2,648,790)	4,002,649	(4,943,000)
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		(5,226)	-	(20,000)
Purchase of intangibles		-	(20,960)	(100,000)
Total cash used		(5,226)	(20,960)	(120,000)
Net cash (used by) investing activities		(5,226)	(20,960)	(120,000)
FINANCING ACTIVITIES				
Cash used				
Principal payments of lease liabilities		(162,493)	(158,958)	(161,000)
Total cash used		(162,493)	(158,958)	(161,000)
Net cash (used by) financing activities		(162,493)	(158,958)	(161,000)
Net (decrease)/increase in cash held		(2,816,509)	3,822,731	(5,224,000)
Cash and cash equivalents at the beginning of the reporting period		29,004,985	25,182,254	29,005,000
Cash and cash equivalents at the end of the reporting period	2.1A	26,188,476	29,004,985	23,781,000

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

Overview

Overview of the FRDC

The FRDC is an Australian Government controlled entity. It is a not-for-profit entity established as a statutory corporation on 2 July 1991 under the provisions of the *Primary Industries Research and Development Act 1989* (PIRD Act). The FRDC's principal place of business is 25 Geills Court Deakin, ACT 2600.

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

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

The FRDC is structured to meet the following outcome:

Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation and marketing.

The continued existence of the FRDC in its present form and with its present programs is dependent on Australian Government policy, and on continuing funding from the Australian Government for the FRDC's administration and programs.

The basis of preparation

The financial statements are required by:

- a) Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- b) Australian Accounting Standards and Interpretations - including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis, and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. This amending standards have been adopted for the 2022-23 reporting period.

The new standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period, did not have a material effect on the FRDC's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the FRDC's financial statements for the current reporting period or future reporting periods.

Taxation

The FRDC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events after the reporting period

No reportable events have occurred after the Statement of Financial Position date.

Comparative figures have been adjusted so they conform with changes in the presentation of these financial statements at Note 3.4A Transactions with director-related entities.

FRDC budgetary explanation of major variances

The following information provides a comparison of the original budget as presented in the 2022-23 Portfolio Budget Statements (PBS) to the 2022-23 final outcome as presented in accordance with Australian Accounting Standards - simplified disclosures for Tier 2 Entities under AASB 1060. The Budget is not audited. Explanations of major variances are provided below.

Actual result for 2022-23

Statement of Comprehensive Income

Employee benefits were higher due to the implementation of the new workforce plan and new staff appointments.

Supplier expenses were higher than budget largely due to increased training and development costs.

Research and Development contractual commitments originally forecast can vary due to the timing of completion of project deliverables.

In 2022-23 project expenses were lower than budget, largely driven by the timing of achieved project deliverables.

Interest received was higher than forecast due to increased interest investment rates.

Contributions as presented are lower than budget, as some contributions that were received for research and development activities during the year are currently disclosed in Note 2.3B project payables due to the nature of the funding arrangements, until the performance obligations have been met.

Other revenue originally forecast allowed for additional project contributions, which were lower than budget.

Revenue from the Australian Government was higher than forecast and amounts are driven by the final 2022-23 Australian Gross Value Production (AGVP) Determination from the Department of Agriculture, Fisheries and Forestry (DAFF).

The original PBS budget has been reclassified under AASB 1055 *Budgetary Reporting* (6 and 12) to represent the actual result for the following line items:

- Contributions were increased \$1.5 million to include the industry levy contributions for the Australian Fisheries Management Authority R&D levies, and the Australian Prawn Farmers Association levies
- Revenue from Australian Government has been reduced by \$1.5 million to remove the industry levy contributions for the Australian Fisheries Management Authority R&D levies, and the Australian Prawn Farmers Association prawn levies

The changes in the asset revaluation reserves was higher due to the annual revaluation of fixed assets adjusting to a new lease term.

Statement of Financial Position

Cash and cash equivalents were higher, mainly driven by the timing of Australian Government Revenue payments and contributions for research and development received.

Trade and other receivables may vary due to the timing of the Department of Agriculture, Fisheries and Forestry AGVP Determination, which can result in increases to aged debtors at financial year end. The increase for 2022-23 is largely due to revenue from Australian Government final AGVP and contributions invoiced for research and development activities.

Building and interest bearing liabilities increased as a result of the new lease term for the Deakin Office ACT, commencing 1 August 2023.

Intangibles varied due to the costs and extent of works were lower than forecast.

Project payables were higher than budget and include revenue received for funding agreements for research and development activities and programs. This funding is initially recognised as a liability until such time the performance obligations are satisfactorily achieved, and the liability reduces over time.

Employee provisions were higher than budget due to higher employee leave balances than forecast, new employees appointed, and changes in leave provision parameters.

Statement of Cash Flows

The variance between actual and forecast cash and cash equivalents for the period is explained in the Statement of Comprehensive Income and Statement of Financial Position.

Financial performance

	2023	2022
Note 1.1: Expenses	\$	\$
Note 1.1A: Employee benefits		
Wages and salaries	3,401,024	2,857,122
Superannuation		
Defined contribution plans	282,924	244,585
Defined benefit plans	342,885	323,319
Leave and other entitlements	429,909	307,979
Total employee benefits	4,456,742	3,733,005

Accounting policy

Accounting policies for employee related expenses are contained in the People and relationships section at Note 3.1A.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Asset purchases less than \$5,000	52,175	70,258
Audit fees (paid)	45,000	40,000
External service providers	199,466	117,428
Insurance	33,647	30,220
Information technology	397,503	397,363
Legal	25,495	33,903
Office supplies	17,425	17,032
Postage and couriers	2,205	3,532
Property	27,185	24,581
Recruitment/director selection costs	-	25,843
Telecommunications	33,604	32,710
Training	98,760	72,680
Travel	180,955	91,770
Other	19,899	12,718
Total goods and services supplied or rendered	1,133,319	970,038

Other suppliers

Workers compensation expenses	10,881	9,669
Short-term leases ¹	-	4,920
Total other suppliers	10,881	14,589
Total suppliers	1,144,200	984,627

¹ The FRDC has no short-term lease commitments as at 30 June 2023.

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

Accounting policy

Short-term leases and leases of low-value assets

The FRDC has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000 per asset). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2023	2022
	\$	\$
<i>Note 1.1: Expenses continued</i>		
Note 1.1C: Research and development		
Projects		
Australian Government entities (related parties)	3,131,312	1,411,875
State and territory governments	6,169,895	5,366,600
Universities and educational bodies	9,820,708	11,400,476
Cooperative research centres	502,062	1,264,241
Research and development corporations	594,500	375,000
Industry (commercial, recreational and Indigenous)	6,621,975	6,118,494
Overseas research entities	12,840	-
Private providers	5,022,282	3,319,945
Stakeholder engagement and R&D activities ¹	1,121,849	1,449,900
Total Research and development	32,997,423	30,706,530

¹ Stakeholder engagement and R&D activities include the dissemination of research outputs, extension activities, development and R&D support.

Accounting policy

The FRDC recognises project liabilities through project agreements that require research partners to perform services or provide facilities, or to meet eligibility criteria. In these cases, liabilities are recognised only to the extent that the services required have been performed to the FRDC's satisfaction, an invoice issued consistent with the contractual requirements and the invoice approved by the FRDC delegate.

Project commitments

Project commitments comprise the future funding of approved projects that are contingent on the achievement of agreed deliverables over the life of those projects (project agreements are exchanged prior to release of the first payment on a project). Projects, where amounts were payable but were unpaid at the end of the period, have been brought to account as project payables. The FRDC contracts to fund projects in future years in advance of receipt of the income needed to fund them. FRDC manages this risk by having the project agreement allow for termination at its sole discretion for any reason. If the FRDC were to terminate a project agreement, it would only be liable to compensate the research partner for any reasonable costs in respect of unavoidable loss incurred by the research provider and directly attributable to the termination of the agreement, provided that the costs are fully substantiated to the FRDC.

Project commitments are payable as follows:

Within 1 year	42,500,133	39,312,075
More than 1 year	24,235,513	25,342,796
More than 5 years	473,000	385,000
Total project commitments	67,208,645	65,039,870

Note: Project commitments are GST inclusive.

Note 1.1D: Finance costs

Finance leases	12,637	8,041
Total finance costs	12,637	8,041

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

Note 1.1E: Write down and impairment of assets

Write down of intangible assets	-	51,626
Total write down and impairment of assets	-	51,626

	2023	2022
Note 1.2: Own-source income and revenue from the Australian Government	\$	\$

Own-source revenue

Note 1.2A: Revenue from contracts with customers

Australian Government entities (related parties)	762,113	885,777
Total revenue from contracts with customers	762,113	885,777

Accounting policy

Revenue from contracts with customers is recognised when control has been transferred to the buyer. The FRDC determines a contract is in scope of AASB 15 when the performance obligations are required by an enforceable contract and the performance obligations within the enforceable contract are sufficiently specific to enable the FRDC to determine when they have been satisfied. The FRDC determines there to be an enforceable contract when the agreement creates enforceable rights and obligations. Performance obligations are sufficiently specific where the promises within the contract are specific to the nature, type, value and quantity of the services to be provided and the period over which the services must be transferred.

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

The transaction price is the total amount of consideration to which the FRDC expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. All consideration promised in contracts with customers is included in the transaction price.

Receivables for services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account.

Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1.2B: Interest

Deposits	966,953	56,172
Total interest	966,953	56,172

Note 1.2C: Contributions

Australian Prawn Farmers Association	382,544	272,382
Australian Fisheries Management Authority	1,125,326	1,059,033
Australian Capital Territory	-	36,500
New South Wales	546,350	2,430,596
Northern Territory	269,169	252,937
Queensland	862,667	692,500
South Australia	1,035,655	1,628,726
Tasmania	3,640,874	3,184,038
Victoria	378,874	326,334
Western Australia	1,724,494	1,530,109
Total contributions	9,965,953	11,413,155

Accounting policy

Contributions are recognised as income when the FRDC recognises an asset in relation to a contribution or a right to receive a contribution, after recognising any other related amounts.

Note 1.2D: Other revenue

Project funds received	156,561	95,000
Project refunds of prior years expenditure	197,183	59,561
Other	2,329	3,214
Total other revenue	356,073	157,775

	2023	2022
	\$	\$

Note 1.2: Own-source income and revenue from the Australian Government continued

Note 1.2E: Revenue from the Australian Government

Department of Agriculture, Fisheries and Forestry

Corporate Commonwealth entity payment item of 0.50% of AGVP ¹

Matching of industry contributions ²

Total revenue from the Australian Government

16,579,915	16,164,770
8,108,995	7,872,647
24,688,910	24,037,417

¹ AGVP is the average gross value of fisheries production for the current year and the two preceding financial years. The Australian Government's contribution of 0.50% of AGVP is made on the grounds that the FRDC exercises a stewardship role in relation to fisheries resources and aquaculture on behalf of the Australian community.

² Matching of industry contributions (up to 0.25% of AGVP) by the Australian Government.

Accounting policy

Revenue from the Australian Government

Revenues from the Australian Government are recognised when they are entitled to be received by the FRDC.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to FRDC) is recognised as revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

Financial position

	2023	2022
	\$	\$

Note 2.1: Financial assets

Note 2.1A: Cash and cash equivalents

Cash on hand or on deposit

Total cash and cash equivalents

26,188,476	29,004,985
26,188,476	29,004,985

Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 2.1B: Trade and other receivables

Goods and services receivables

Goods and services ¹

Total goods and services receivables

2,701,276	1,141,057
2,701,276	1,141,057

Department of Agriculture, Fisheries and Forestry

Receivables

Total receivables from the Department of Agriculture, Fisheries and Forestry

4,658,838	1,174,341
4,658,838	1,174,341

Other receivables

GST receivable from the Australian Taxation Office

Interest from the Commonwealth Bank

Total other receivables

Total trade and other receivables

627,160	587,146
63,176	16,155
690,336	603,301
8,050,450	2,918,699

Trade and other receivables are expected to be recovered

No more than 12 months

Total trade and other receivables

8,050,450	2,918,699
8,050,450	2,918,699

¹ Credit terms for goods and services are within 30 days (2021-22: 30 days).

Accounting policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Note 2.2: Non-financial assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Buildings \$	Plant and equipment \$	Intangibles \$	Total \$
As at 1 July 2022				
Gross book value	1,195,837	90,700	1,036,330	2,322,867
Accumulated depreciation, amortisation and impairment	(505,296)	-	(712,452)	(1,217,748)
Total as at 1 July 2022	690,541	90,700	323,879	1,105,120
Additions				
Purchase or Internally developed	-	5,226	-	5,226
Right-of-use assets	389,113	-	-	389,113
Revaluations recognised in other comprehensive income ¹	-	187,882	-	187,882
Impairments recognised in net cost of services	-	-	-	-
Depreciation and amortisation	-	(85,058)	(98,847)	(183,905)
Depreciation on right-of-use assets	(167,714)	-	-	(167,714)
Remeasurement of right-of-use assets	(4,401)	-	-	(4,401)
Total as at 30 June 2023	907,539	198,750	225,032	1,331,321
Total as at 30 June 2023 represented by				
Gross book value	1,580,550	198,750	1,036,330	2,815,630
Accumulated depreciation, amortisation and impairment	(673,011)	-	(811,298)	(1,484,309)
Total as at 30 June 2023	907,539	198,750	225,032	1,331,321
Carrying amount of right-of-use assets	907,539	-	-	907,539

Revaluations of non-financial assets

¹ As at 30 June 2023, Jones Lang LaSalle Public Sector Valuations conducted a revaluation of plant and equipment. A revaluation increment of \$187,882 for 2022-23 (2021-22: increment of \$28,578) was applied to the asset revaluation reserve and included in the equity section of the Statement of Financial Position.

Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 that are expensed in the year of acquisition (other than where they form part of a group of similar items where the value is greater than \$5,000).

Lease right-of-use (ROU) assets

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

Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, general government sector (GGS) and whole of government financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend on the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

Depreciation

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

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

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

	2023	2022
Buildings (including ROU assets)	Lease term	Lease term
Leasehold improvements	Lease term	Lease term
Plant and equipment	up to 5 years	up to 5 years

Impairment

All assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal, or when no further future economic benefits are expected from its use or disposal.

Intangibles

The FRDC's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the FRDC's software is 10 years (2021-22: 10 years). All software assets were assessed for indications of impairment as at 30 June 2023.

Note 2.2B: Other non-financial assets

Prepayments

Total other non-financial assets

	2023	2022
	\$	\$
	21,431	20,417
	21,431	20,417

	2023	2022
	\$	\$
Note 2.3: Payables		
Note 2.3A: Suppliers		
Trade creditors and accruals	43,806	156,995
Total suppliers	43,806	156,995
Settlement is usually made within 30 days.		
Note 2.3B: Projects		
Projects		
Australian Government entities	-	110,763
State and territory governments	-	242,000
Universities and educational bodies	238,200	95,700
Industry (commercial, recreational and Indigenous)	29,700	-
Contract liability ¹	7,277,822	3,094,782
Other	88,149	68,623
Total projects	7,633,871	3,611,868

¹ The contract liabilities from contracts with customers are associated with funding provided for research and development activities under Funding Agreements with the Department of Agriculture, Fisheries and Forestry, NSW Department of Primary Industries, Australian Maritime Safety Authority, Department of Agriculture and Fisheries QLD and Department Primary Industries SA as detailed below.

Department of Agriculture, Fisheries and Forestry

- Developing Australia's Seaweed Farming Refer to DAFF RCTI HAP026788
- Assist with data generation to support Australian Pesticides and Veterinary Medicines Authority (APVMA) application
- Development of on-farm biosecurity plan implementation support programs for the aquaculture industry
- Aquatic Animal Health Training Scheme 2019 - 2022
- Indigenous Engagement Strategy
- Marine and freshwater finfish / Bacteria / Trimetsulpha - 4-IIGB21V and parasites / Chloramine-T - 4-IIBJFYC
- Peracetic - Ag Vet 6 - 4-G1AHKTN
- Tuna Champions Phase 2
- Finfish Parasites - Toltrazuril - 4-GWT37U6

The FRDC recognised a contract liability in 2022-23 totalling: \$3,085,738

NSW Department of Primary Industries

- NSW seafood product development program
- Research project to investigate and develop a framework to establish Aboriginal commercial fishing, aquaculture
- Research and development for Harvest Strategies in NSW
- Climate Change Vulnerability, Adaptation and Mitigation

The FRDC recognised a contract liability in 2022-23 totalling: \$1,807,404

Australian Maritime Safety Authority

- Seafood Industry Safety Initiative (SISI) funding support

The FRDC recognised a contract liability in 2022-23 totalling: \$490,000

Department of Agriculture and Fisheries QLD

- Queensland aquaculture and Climate Change Vulnerability, Adaptation and Mitigation

The FRDC recognised a contract liability in 2022-23 totalling: \$704,300

Department of Primary Industries SA

- Science Support Initiatives and Snapper Science Program

The FRDC recognised a contract liability in 2022-23 totalling: \$1,190,380

Accounting policy

Project payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. They relate to payments approved on achievement of agreed deliverables, but which were unpaid at the end of the reporting period. Settlement is usually made within 30 days.

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

	2023	2022
	\$	\$
Note 2.3C: Other payables		
FBT payable	1,454	835
PAYG payable	93,361	67,874
Other	60,485	-
Total other payables	155,300	68,709

	2023	2022
	\$	\$
Note 2.4: Interest bearing liabilities		
Note 2.4A: Leases		
Lease liabilities ¹	944,175	721,955
Total leases	944,175	721,955

¹ Total cash outflow for leases for the period ended \$175,130 (2021-22: \$ 166,999).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	177,523	174,131
Between 1 to 5 years	872,790	562,984
Total leases	1,050,313	737,115

The FRDC in its capacity as lessee has leased office accommodation located at:

- Fisheries Research House, 25 Geills Court, Deakin, Australian Capital Territory, which expires 31 July 2023, has been renegotiated for a further three years to 31 July 2026, with a 3-year right of renewal to 31 July 2029. Lease payments are paid on a monthly basis and subject to a 4 per cent annual increase in accordance with the new lease agreement.
- Wine Australia, corner of Botanic and Hackney Roads, Adelaide, South Australia was renewed 1 August 2021 and expires on 31 July 2026, with an option to renew on 1 August 2026. Lease payments are paid on a monthly basis and subject to a CPI annual increase in accordance with the lease agreement.

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

Accounting policy

For all new contracts entered into, the FRDC considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the FRDC's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

People and relationships

	2023	2022
	\$	\$
Note 3.1: Employee provisions		
Note 3.1A: Employee provisions		
Leave	1,534,158	1,174,588
Total employee provisions	1,534,158	1,174,588

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the FRDC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave has been determined by reference to the requirements of the short-hand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The FRDC's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme for the Australian Government. The PSSap and any other superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The FRDC makes employer contributions to the employee's defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The FRDC accounts for the contributions as if they were contributions to defined contribution plans.

Note 3.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the FRDC, directly or indirectly, including any director of the board (whether executive or otherwise) of the FRDC. The FRDC has determined the key management personnel to be the non-executive directors, the Managing Director and senior general managers. Key management personnel remuneration is reported in the table below:

	2023 \$	2022 \$
Short-term employee benefits	1,692,652	1,536,697
Post-employment benefits	258,338	241,720
Other long-term employee benefits	53,858	42,902
Total key management personnel remuneration expenses¹	2,004,847	1,821,319

¹ The total number of key management personnel that are included in the above table is 14 (2021-22: 19). They are made up of:

- one non-executive director (Chair)
- seven non-executive directors
- one Managing Director
- five senior general managers

	2023	2022
Note 3.3: Annual total remuneration ranges (including superannuation) paid to key management personnel		
Nil to \$39,999	0	10
\$40,000 to \$69,999	8	3
\$150,000 to \$249,999	5	5
\$370,000 to \$399,999	1	1
Total number of key management personnel	14	19

Note 3.4: Related party disclosures**Related party relationships**

The FRDC is an Australian Government controlled entity. Related parties to this entity are non-executive directors, the Managing Director, senior general managers and other Australian Government entities.

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

Mr John Williams	Chair (Chair Remuneration Committee)
Dr Christopher Calogeras	Director (Appointed 1 September 2021) (Deputy Chair - term commenced 1 April 2023)
Professor Colin D. Buxton	Director (Re-appointed 1 September 2021) (Deputy Chair - term ended 31 March 2023)
Dr Saranne Cooke	Director (Re-appointed 1 September 2021) (Chair Finance and Audit Committee)
Dr Patrick Hone	Managing Director
Mrs Suzanne Hullick	Director (Appointed 1 September 2021) (Member Finance and Audit Committee – term ended 28 February 2023) (Member Remuneration Committee – term commenced 28 February 2023)
Mr Boris Musa	Director (Appointed 1 September 2021) (Member Finance and Audit Committee)
Mr Alex Ogg	Director (Appointed 1 September 2021) (Member Remuneration Committee – term ended 28 February 2023) (Member Finance and Audit Committee – term commenced 28 February 2023)
Dr Lyndal Thorburn	Director (Appointed 1 September 2021) (Member Remuneration Committee)

Note 3.4A: Transactions with director-related entities

The FRDC's practice is to disclose all transactions with an entity with whom a director or senior general managers has an association. This means that where directors or senior general managers have disclosed a material personal interest, all the transactions with that entity will be disclosed. Typically, the FRDC will not transact with all the entities for which a director has made such a declaration. The transactions that are not with related parties as defined by AASB 124 *Related Party Disclosures*, are identified below with an asterisk (*).

The FRDC's 'Board governance policy' provides guidance to directors on how the FRDC deals with material personal interests. Where a director has an association with an entity where a conflict has the potential to arise, in addition to the duty to disclose that association, the director absents him/herself from both the discussion and the decision-making process.

Given the breadth of Australian Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

The directors disclosed material personal interests during the directors' related period.

Director	Organisation and position held	Nature of interest
Professor C. D. Buxton	Institute for Marine and Antarctic Studies University of Tasmania * <i>Adjunct Professor</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	National Fishing Advisory Council Chair 1 July 2022 to June 2023	Research projects or work undertaken by the organisation
	Marine Farming Planning Review Panel Member 1 July 2022 to June 2023	Research projects or work undertaken by the organisation
Dr C. Calogeras	C-AID Consultants <i>Director</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	Atlantis Fisheries Consulting Group <i>Associate Northern Fisheries and Lead Indigenous Services Division</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	Seafood Industry Australia <i>Member (non-voting)</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
Dr S. Cooke	Charles Sturt University <i>Deputy Chancellor</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
Dr P. Hone	CEO's Committee for the Council of Rural Research and Development Corporations <i>Member</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	National Marine Science Committee <i>Chair</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	Women In Seafood Australasia Ltd <i>Member</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
Mrs S. Hullick	Women In Seafood Australasia Ltd Turning the Tide Steering Committee <i>Member</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
Mr B. Musa	Australian Barramundi Farmers Association (ABFA) <i>Non Executive Director and Treasurer</i> FRDC Project Number 2020-127 "ABFA IPA: RD&E project investment and management via ABFA strategic plan 2021-2025" 1 July 2022 to current	Research projects or work undertaken by the organisation
Mr A. Ogg	Seafood Industry Australia <i>Member</i> 1 July 2022 to current	Research projects or work undertaken by the organisation
	Australian Ocean Energy Group <i>Member</i> 1 September 2021 to current	Research projects or work undertaken by the organisation

Note 3.4A: Transactions with director-related entities continued

The directors disclosed material personal interests during the directors' related period continued.

Director	Organisation and position held	Nature of interest
Dr L. Thorburn	Charles Sturt University <i>Graduate member of the University Council</i> <i>1 July 2022 to 30 June 2023</i>	Research projects or work undertaken by the organisation
Mr J. Williams	Chair's Committee for the Council of Rural Research and Development Corporations <i>Member</i> <i>1 July 2022 to current</i>	Research projects or work undertaken by the organisation

The senior general managers disclosed material personal interests during the senior general managers related period.

Senior General Managers	Organisation and position held	Nature of interest
Ms C. Cole	Women In Seafood Australasia Ltd <i>Member</i> <i>1 July 2022 to current</i>	Research projects or work undertaken by the organisation
Ms K. Dunstan	Women In Seafood Australasia Ltd <i>Member</i> <i>1 July 2022 to current</i>	Research projects or work undertaken by the organisation

The following transactions occurred during the directors' and senior general managers related period with these entities.

Transactions with related parties	2023		2022	
	Expenditure	Income	Expenditure	Income
School of Humanities and Social Sciences, Faculty of Arts and Education - Deakin University	324,176	-	-	-
Southern Rock Lobster Ltd	-	-	82,500	-
Institute for Marine and Antarctic Studies - University of Tasmania	5,078,115	51,500	5,850,601	7,439
C-AID Consultants	132,105	-	228,043	-
Council of Rural Research and Development Corporations	13,544	524	7,773	-
National Marine Science Committee	10,000	22,906	5,000	-
Australian Barramundi Farmers Association	117,664	-	-	110,000
Seafood Industry Australia	715,147	-	155,100	-
Charles Sturt University	-	2,116	-	-
Atlantis Fisheries Consulting Group	14,300	-	-	-
Women In Seafood Australasia	23,100	-	-	-

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

Note 3.4B: Other related party disclosures

Department of Agriculture, Fisheries and Forestry

- Developing Australia's Seaweed Farming Refer to DAFF RCTI HAP026788
- Assist with data generation to support Australian Pesticides and Veterinary Medicines Authority (APVMA) application
- Development of on-farm biosecurity plan implementation support programs for the aquaculture industry
- Aquatic Animal Health Training Scheme 2019 - 2022
- Indigenous Engagement Strategy
- Marine and freshwater finfish / Bacteria / Trimetsulpha - 4-IIGB21V and parasites / Chloramine-T - 4-IIBJFYC
- Peracetic - Ag Vet 6 - 4-G1AHKTN
- Tuna Champions Phase 2
- Finfish Parasites - Toltrazuril - 4-GWT37U6

The FRDC has received new funding from the Department of Agriculture, Fisheries and Forestry in 2022-23 totalling: \$2,823,700 (2021-22: \$1,050,000).

Agricultural Innovation Australia

The FRDC is one of 15 members of Agricultural Innovation Australia (AIA), a company limited by guarantee. The constitution of AIA prohibits the distribution of any assets and income to its members. FRDC has no ownership or controlling interest in AIA that would require recognition or disclosure within FRDC's Financial Statements. In 2022-23, FRDC paid membership fees of \$65,000 to AIA (2021-22 \$65,000).

Financial instruments and fair value measurement

	2023	2022
	\$	\$
Note 4.1: Financial instruments		
Note 4.1A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	26,188,476	29,004,985
Trade and other receivables	2,764,452	1,157,212
Total financial assets at amortised cost	28,952,928	30,162,197
Total financial assets	28,952,928	30,162,197
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers and other payables	43,806	156,995
Projects	7,633,871	3,611,868
Total financial liabilities measured at amortised cost	7,677,677	3,768,863
Total financial liabilities	7,677,677	3,768,863

Accounting policy

Financial assets

As per AASB 9 *Financial Instruments*, the FRDC classifies its financial assets in the following category:

- financial assets measured at amortised cost.

The classification depends on both the FRDC's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the FRDC becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective interest method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at amortised cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2023	2022
	\$	\$
Note 4.1B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	966,953	56,172
Net gains on financial assets at amortised cost	966,953	56,172

There are no gains or losses on financial liabilities.

Note 4.2: Fair value measurement

Accounting policy

FRDC engaged Jones Lang LaSalle Public Sector Valuations (JLL) to conduct an asset revaluation of all plant and equipment assets as at 30 June 2023. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. JLL has provided written assurance to the FRDC that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows.

Physical depreciation and obsolescence under the depreciated replacement cost approach, the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

FRDC's policy is to recognise transfers into, and transfers out of, fair value hierarchy levels as at the end of the reporting period.

Note 4.2A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2023	2022
	\$	\$
Non-financial assets		
Leasehold improvements	189,000	82,650
Plant and equipment	9,750	8,050
Total non-financial assets	198,750	90,700

Other information

	2023	2022
	\$	\$

Note 5.1: Current/non-current distinction for assets and liabilities

Note 5.1A: Current/non-current distinction for assets and liabilities**Assets expected to be recovered in:****No more than 12 months**

Cash and cash equivalents	26,188,476	29,004,985
Trade and other receivables	8,050,450	2,918,699
Other non-financial assets	21,431	20,417
Total no more than 12 months	34,260,357	31,944,101

More than 12 months

Buildings	907,539	690,541
Plant and equipment	198,750	90,700
Intangibles	225,032	323,878
Total more than 12 months	1,331,321	1,105,119
Total assets	35,591,678	33,049,220

Liabilities expected to be settled in:**No more than 12 months**

Suppliers	43,806	156,995
Projects	7,633,871	3,611,868
Other payables	155,300	68,709
Leases	164,886	167,654
Employee provisions	416,998	389,849
Total no more than 12 months	8,414,861	4,395,075

More than 12 months

Leases	779,289	554,301
Employee provisions	1,117,160	784,739
Total more than 12 months	1,896,449	1,339,040
Total liabilities	10,311,310	5,734,115