



Part 4 | Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Industry

I have audited the accompanying financial statements of the Commonwealth Scientific and Industrial Research Organisation and the consolidated entity for the year ended 30 June 2014, which comprise: the Statement by the Chairman of the Board, Chief Executive and Chief Finance Officer; the Statements of Comprehensive Income; Statements of Financial Position; Statements of Changes in Equity; Cash Flow Statements; Schedules of Commitments; Schedules of Contingencies; and Notes to and forming part of the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Commonwealth Scientific and Industrial Research Organisation and the entities it controlled at the year's end or from time to time during the financial year.

Members' Responsibility for the Financial Statements

The members of the Commonwealth Scientific and Industrial Research Organisation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commonwealth Scientific and Industrial Research Organisation's preparation of the financial statements that give a true and fair view 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 Commonwealth Scientific and Industrial Research Organisation's internal control. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence


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

Opinion

In my opinion, the financial statements of the Commonwealth Scientific and Industrial Research Organisation and the consolidated entity:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Commonwealth Scientific and Industrial Research Organisation's and the consolidated entity's financial positions as at 30 June 2014 and their financial performance and cash flows for the year then ended.

Australian National Audit Office



Puspa Dash
Executive Director

Delegate of the Auditor-General
Canberra
26 August 2014

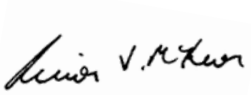
COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION
Financial Statements
for the period ended 30 June 2014

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION
STATEMENT BY THE CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 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*, as amended.

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

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



Simon McKeon AO
Chairman of the Board

26 August 2014



Megan Clark AC
Chief Executive and Board Member

26 August 2014



Hazel Bennett
Chief Finance Officer

26 August 2014

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2014

| | Notes | Consolidated | | CSIRO | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| NET COST OF SERVICES | | | | | |
| Expenses | | | | | |
| Employee benefits | 3.1 | 741,850 | 732,035 | 741,016 | 731,918 |
| Suppliers | 3.2 | 397,489 | 415,652 | 385,698 | 401,905 |
| Depreciation and amortisation | 3.3 | 133,174 | 122,906 | 133,173 | 122,906 |
| Finance costs | 3.4 | 2,891 | 2,865 | 2,888 | 2,864 |
| Write-down and impairment of assets | 3.5 | 4,083 | 7,057 | 4,083 | 7,057 |
| Foreign exchange losses | 3.6 | 1,398 | - | 1,398 | - |
| Losses from asset sales | 3.7 | 2,369 | 874 | 2,369 | 874 |
| Total expenses | | 1,283,254 | 1,281,389 | 1,270,625 | 1,267,524 |
| Own-Source Income | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 4.1 | 383,904 | 413,356 | 394,445 | 425,162 |
| Interest | 4.2 | 13,908 | 18,070 | 9,464 | 11,529 |
| Rental income | | 7,096 | 7,176 | 7,096 | 7,176 |
| Royalties and licence fees | 4.3 | 29,133 | 37,548 | 29,133 | 37,548 |
| Other revenues | 4.4 | 27,270 | 24,882 | 26,629 | 25,353 |
| Total own-source revenue | | 461,311 | 501,032 | 466,767 | 506,768 |
| Gains | | | | | |
| Foreign exchange gains | 4.5 | - | 5,454 | - | 5,454 |
| Total gains | | - | 5,454 | - | 5,454 |
| Total own-source income | | 461,311 | 506,486 | 466,767 | 512,222 |
| Net cost of services | | (821,943) | (774,903) | (803,858) | (755,302) |
| Revenue from Government | 4.6 | 778,177 | 733,817 | 778,177 | 733,817 |
| Share of net operating surplus/(deficit) of joint venture accounted for using equity method | 9 | (37) | (53) | (37) | (53) |
| Surplus on continuing operation | | 778,140 | 733,764 | 778,140 | 733,764 |
| Surplus/(Deficit) attributable to the Australian Government | | (43,803) | (41,139) | (25,718) | (21,538) |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | | |
| Increase/(decrease) in asset revaluation reserves | 5.1 | 25,791 | (1,102) | 25,791 | (1,102) |
| Items subject to subsequent reclassification to net cost of services | | | | | |
| Increase/(decrease) in other reserves | 5.2 | 1,870 | (1,004) | 1,870 | (1,004) |
| Total comprehensive income | | 27,661 | (2,106) | 27,661 | (2,106) |
| Total comprehensive income/(loss) attributable to the Australian Government | | (16,142) | (43,245) | 1,943 | (23,644) |

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

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

| | Notes | Consolidated | | CSIRO | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| ASSETS | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 7 | 398,173 | 404,638 | 295,575 | 283,013 |
| Trade and other receivables | 8 | 71,327 | 170,199 | 67,562 | 169,841 |
| Investments accounted for using the equity method | 9 | 309 | 346 | 309 | 346 |
| Other investments | 10 | 14,621 | 10,520 | 14,621 | 10,520 |
| Total financial assets | | 484,430 | 585,703 | 378,067 | 463,720 |
| Non-Financial Assets | | | | | |
| Land and buildings | 11 | 1,563,338 | 1,563,823 | 1,563,338 | 1,563,823 |
| Plant and equipment | 12 | 548,398 | 518,426 | 548,392 | 518,426 |
| Heritage and cultural | 13 | 4,217 | 3,263 | 4,217 | 3,263 |
| Intangibles | 14 | 31,373 | 25,135 | 31,373 | 25,135 |
| Investment properties | 15 | 48,288 | 52,150 | 48,288 | 52,150 |
| Inventories | 16 | 1,180 | 1,162 | 1,180 | 1,162 |
| Other non-financial assets | 17 | 93,426 | 53,107 | 93,382 | 53,107 |
| Total non-financial assets | | 2,290,220 | 2,217,066 | 2,290,170 | 2,217,066 |
| Properties held for sale | 18 | 9,091 | 8,583 | 9,091 | 8,583 |
| Total assets | | 2,783,741 | 2,811,352 | 2,677,328 | 2,689,369 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 19 | 54,773 | 62,433 | 54,347 | 61,779 |
| Other payables | 20 | 181,097 | 181,462 | 177,945 | 181,053 |
| Total payables | | 235,870 | 243,895 | 232,292 | 242,832 |
| Interest Bearing Liabilities | | | | | |
| Leases | 21 | 53,475 | 57,243 | 53,475 | 57,243 |
| Deposits | 22 | 4,567 | 6,337 | 4,567 | 6,337 |
| Total interest bearing liabilities | | 58,042 | 63,580 | 58,042 | 63,580 |
| Provisions | | | | | |
| Employee provisions | 23 | 259,338 | 266,938 | 259,338 | 266,938 |
| Total provisions | | 259,338 | 266,938 | 259,338 | 266,938 |
| Total liabilities | | 553,250 | 574,413 | 549,672 | 573,350 |
| Net assets | | 2,230,491 | 2,236,939 | 2,127,656 | 2,116,019 |
| EQUITY | | | | | |
| Contributed equity | | 268,520 | 259,220 | 268,320 | 259,020 |
| Asset revaluation reserves | | 1,347,318 | 1,321,527 | 1,347,318 | 1,321,527 |
| Other reserves | | 1,501 | (369) | 1,501 | (369) |
| Retained surplus | | 613,152 | 656,561 | 510,517 | 535,841 |
| Total equity | | 2,230,491 | 2,236,939 | 2,127,656 | 2,116,019 |

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

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED
For the period ended 30 June 2014

| | Retained earnings | | Asset revaluation reserve | | Other reserves | | Contributed equity/capital | | Total equity | |
|-----------------------------------|-------------------|----------------|---------------------------|----------------|--------------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Opening balance | 656,561 | 782,911 | 1,321,527 | 1,322,629 | (369) | 635 | 259,220 | 149,588 | 2,236,939 | 2,255,763 |
| Comprehensive income | | | | | | | | | | |
| Other comprehensive income | - | - | 25,791 ¹ | (1,102) | 1,870 ² | (1,004) | - | - | 27,661 | (2,106) |
| Surplus/(deficit) for the period | (43,803) | (41,139) | - | - | - | - | - | - | (43,803) | (41,139) |
| Total comprehensive income | (43,803) | (41,139) | 25,791 | (1,102) | 1,870 | (1,004) | - | - | (16,142) | (43,245) |
| Transactions with owners | | | | | | | | | | |
| Contributions by owners | - | - | - | - | - | - | 9,300 | 109,632 | 9,300 | 109,632 |
| Equity injection | 394 ³ | (85,211) | - | - | - | - | - | - | 394 | (85,211) |
| Payment to the Commonwealth | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 613,152 | 656,561 | 1,347,318 | 1,321,527 | 1,501 | (369) | 268,520 | 259,220 | 2,230,491 | 2,236,939 |

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

1. See Note 5.1
2. See Note 5.2
3. An adjustment to the Retained Earnings Balance relating to foreign currency movements arising from the realisation of WLAN receipts that will be shared with the Commonwealth.

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CSIRO
For the period ended 30 June 2014

| | Retained earnings | | Asset revaluation reserve | | Other reserves | | Contributed equity/capital | | Total equity | |
|---|-------------------|----------------|---------------------------|----------------|--------------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Opening balance | 535,841 | 642,590 | 1,321,527 | 1,322,629 | (369) | 635 | 259,020 | 149,388 | 2,116,019 | 2,115,242 |
| Comprehensive income | | | | | | | | | | |
| Other comprehensive income ^{1,2} | - | - | 25,791 ¹ | (1,102) | 1,870 ² | (1,004) | - | - | 27,661 | (2,106) |
| Surplus/(deficit) for the period | (25,718) | (21,538) | - | - | - | - | - | - | (25,718) | (21,538) |
| Total comprehensive income | (25,718) | (21,538) | 25,791 | (1,102) | 1,870 | (1,004) | - | - | 1,943 | (23,644) |
| Transactions with owners | | | | | | | | | | |
| Contributions by owners | | | | | | | | | | |
| Equity injection | - | - | - | - | - | - | 9,300 | 109,632 | 9,300 | 109,632 |
| Payment to the Commonwealth | 394 ³ | (85,211) | - | - | - | - | - | - | 394 | (85,211) |
| Closing balance | 510,517 | 535,841 | 1,347,318 | 1,321,527 | 1,501 | (369) | 268,320 | 259,020 | 2,127,656 | 2,116,019 |

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

1. See Note 5.1
2. See Note 5.2
3. An adjustment to the Retained Earnings Balance relating to foreign currency movements arising from the realisation of WLAN receipts that will be shared with the Commonwealth.

CONSOLIDATED FINANCIAL STATEMENTS
CASH FLOW STATEMENT
For the period ended 30 June 2014

| | Notes | Consolidated | | CSIRO | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Receipts from Government | | 778,177 | 733,817 | 778,177 | 733,817 |
| Goods and services | | 587,827 | 573,773 | 600,654 | 585,305 |
| Interest | | 16,181 | 18,320 | 11,042 | 11,640 |
| Net GST received | | 16,685 | 7,777 | 13,644 | 6,244 |
| Deposits | | - | 4,274 | - | 4,274 |
| Total cash received | | 1,398,870 | 1,337,961 | 1,403,517 | 1,341,280 |
| Cash used | | | | | |
| Employees | | 748,224 | 718,674 | 746,966 | 718,287 |
| Suppliers | | 506,484 | 475,294 | 493,448 | 460,034 |
| Finance costs | | 2,721 | 2,695 | 2,721 | 2,695 |
| Deposits | | 4,379 | - | 4,379 | - |
| Net GST paid | | - | - | - | - |
| Total cash used | | 1,261,808 | 1,196,663 | 1,247,514 | 1,181,016 |
| Net cash from operating activities | 24 | 137,062 | 141,298 | 156,003 | 160,264 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment | | 416 | 9,026 | 416 | 9,026 |
| Proceeds from sales of equity investments and intellectual property | | 291 | 138 | 291 | 138 |
| Total cash received | | 707 | 9,164 | 707 | 9,164 |
| Cash used | | | | | |
| Purchase of property, plant and equipment | | 147,951 | 175,071 | 147,944 | 174,951 |
| Equity investments | | 1,494 | 1,242 | 1,415 | 1,242 |
| Other selling costs | | 321 | 119 | 321 | 119 |
| Total cash used | | 149,766 | 176,432 | 149,680 | 176,312 |
| Net cash from (used by) investing activities | | (149,059) | (167,268) | (148,973) | (167,148) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | | 9,300 | 109,632 | 9,300 | 109,632 |
| Total cash received | | 9,300 | 109,632 | 9,300 | 109,632 |
| Cash used | | | | | |
| Payment to the Commonwealth | | - | 56,921 | - | 56,921 |
| Other cash used | | 3,768 | 3,790 | 3,768 | 3,790 |
| Total cash used | | 3,768 | 60,711 | 3,768 | 60,711 |
| Net cash from financing activities | | 5,532 | 48,921 | 5,532 | 48,921 |
| Net increase (decrease) in cash held | | (6,465) | 22,951 | 12,562 | 42,037 |
| Cash and cash equivalents at the beginning of the reporting period | | 404,638 | 381,687 | 283,013 | 240,976 |
| Cash and cash equivalents at the end of the reporting period | 7 | 398,173 | 404,638 | 295,575 | 283,013 |

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

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF COMMITMENTS
As at 30 June 2014

| BY TYPE | Consolidated | | CSIRO | |
|---|------------------|------------------|------------------|------------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Commitments receivable | | | | |
| Research and development commitments | (418,985) | (410,568) | (418,985) | (410,568) |
| Other receivables | (33,714) | (42,441) | (33,714) | (42,441) |
| Net GST receivable | (42,281) | (47,432) | (39,517) | (43,831) |
| Total commitments receivable | (494,980) | (500,441) | (492,216) | (496,840) |
| Capital commitments payable | | | | |
| Land and buildings ¹ | 63,614 | 18,846 | 63,614 | 18,846 |
| Plant and equipment ² | 21,040 | 46,260 | 21,040 | 46,260 |
| Investments ³ | 2,350 | 4,084 | 2,350 | 4,084 |
| Total capital commitments payable | 87,004 | 69,190 | 87,004 | 69,190 |
| Other commitments payable | | | | |
| Operating leases ⁴ | 246,662 | 265,793 | 246,662 | 265,793 |
| Research and development commitments ⁵ | 757,992 | 749,301 | 727,121 | 709,679 |
| Other commitments | 71,496 | 104,344 | 71,496 | 104,344 |
| Total other commitments payable | 1,076,150 | 1,119,438 | 1,045,279 | 1,079,816 |
| Net commitments by type | 668,174 | 688,187 | 640,067 | 652,166 |
| BY MATURITY | | | | |
| Commitments receivable | | | | |
| One year or less | (270,533) | (239,770) | (269,364) | (238,747) |
| From one to five years | (191,353) | (232,372) | (189,765) | (229,809) |
| Over five years | (33,094) | (28,299) | (33,087) | (28,284) |
| Total commitments receivable | (494,980) | (500,441) | (492,216) | (496,840) |
| Commitments payable | | | | |
| Capital commitments payable | | | | |
| One year or less | 84,514 | 57,248 | 84,514 | 57,248 |
| From one to five years | 2,490 | 11,942 | 2,490 | 11,942 |
| Total capital commitments payable | 87,004 | 69,190 | 87,004 | 69,190 |
| Operating lease commitments payable | | | | |
| One year or less | 38,927 | 36,781 | 38,927 | 36,781 |
| From one to five years | 128,891 | 144,105 | 128,891 | 144,105 |
| Over five years | 78,844 | 84,907 | 78,844 | 84,907 |
| Total operating lease commitments payable | 246,662 | 265,793 | 246,662 | 265,793 |
| Other commitments payable | | | | |
| One year or less | 440,600 | 404,293 | 427,584 | 393,031 |
| From one to five years | 365,446 | 438,571 | 347,674 | 410,377 |
| Over five years | 23,442 | 10,781 | 23,359 | 10,615 |
| Total other commitments payable | 829,488 | 853,645 | 798,617 | 814,023 |
| Net commitments by maturity | 668,174 | 688,187 | 640,067 | 652,166 |

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

SCHEDULE OF COMMITMENTS (cont)

1. Land and building commitments are outstanding contractual payments for buildings under construction.
2. Plant and equipment commitments are for the purchase of plant and equipment.
3. Investment commitments are for additional contributions to equity investments.
4. Operating leases are effectively non-cancellable and comprise:

| Nature of lease | General description of leasing arrangement |
|---|--|
| Leases for office and scientific research accommodation | Lease payments are subject to an annual increase in accordance with the terms of agreement, e.g. upward movements in the Consumer Price Index. The accommodation leases are still current and each may be renewed at the Group's option. |
| Leases for motor vehicles | No contingent rentals exist. There are no purchase options available to the Group. |
| Leases for computer equipment | The lessor provides computer equipment designated as necessary in the supply contract for general period of 2-3 years. |

5. Research and development commitments are Agreements Equally Proportionally Unperformed (AEPUs) commitments payable and receivable for research and development contracts. AEPUs commitments are contractual obligations where neither party has provided goods or services.

Note: Commitments are GST inclusive where relevant.

SCHEDULE OF CONTINGENCIES

As at 30 June 2014

| | Consolidated | | CSIRO | |
|---|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Contingent assets | | | | |
| Claims for damages or costs and bank guarantees | - | 931 | - | 931 |
| Total contingent assets | - | 931 | - | 931 |
| Contingent liabilities | | | | |
| Claims for damages or costs | 400 | 400 | 400 | 400 |
| Financial guarantees | 294 | 45 | 294 | 45 |
| Total contingent liabilities | 694 | 445 | 694 | 445 |
| Net contingent assets/(liabilities) | (694) | 486 | (694) | 486 |

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 25: Contingent Assets and Liabilities, along with information on contingencies that cannot be quantified.

No contingent liabilities were reported by the CRCs in which the Group is a participant.

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

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

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CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

Note 1: Summary of the significant accounting policies

1.1 Objective of the CSIRO and its Subsidiaries (the Group)

CSIRO is an Australian Government controlled not-for-profit entity. It is a research enterprise that aims to deliver great science and innovative solutions for industry, society and the environment.

CSIRO is structured to meet the following outcome:

Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

The continued existence of CSIRO in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for CSIRO's administration and programs.

For the purposes of AASB 127 *Consolidated and Separate Financial Statements*, consolidated accounts are prepared to include the following subsidiaries: WLAN Services Pty Ltd (WLAN), Science and Industry Endowment Fund (SIEF), and the Fundación CSIRO Chile Research (Fundación) - refer Note 1.5.

1.2 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 general purpose financial statements.

CSIRO and the Group's Consolidated Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will be realised and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

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

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, CSIRO has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of properties classified as 'properties held for sale' has been taken to be the market value (level 1 inputs) and for 'investment properties' has been taken to be the market value (Level 2 inputs) of similar properties as determined by an independent valuer;
- The fair value of land which will continue to be used for research activities, and buildings held for specialised purposes and where there is no readily available market price has been taken to be Fair Value- Highest and Best Use (level 3 inputs), as determined by an independent valuer and CSIRO's registered valuer;
- The fair value of plant and equipment has been taken to be Fair Value – Highest and Best Use (level 3 inputs) as determined by an independent valuer; and
- Regarding the fair value of: listed companies (level 1 inputs), unlisted companies (level 1 and 3 inputs) and commercial vehicles (level 3 inputs), gains or losses arising from changes in fair value are recognised in reserves or equity with the exception of impairment. Investments in listed companies have been assessed for impairment and the decline in fair value does not represent impairment. Hence, the total decline in fair value is recognised directly in reserves or equity.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No Accounting Standard has been adopted earlier than the application date as stated in the standard.

CSIRO has reviewed new standards, revised standards and interpretations/amending standards issued prior to the signing of the financial statements and considers that none of these have had a material financial impact. The following new or revised standards have been adopted and their implementation requires enhanced disclosures:

| |
|-----------------------------------|
| AASB 13 'Fair Value Measurements' |
| AASB 119 'Employee Benefits' |

Future Australian Accounting Standard requirements

No new or revised pronouncements were issued by the Australian Accounting Standards Board prior to the finalisation of the financial statements which are expected to have a material financial impact on the entity in future reporting periods. The following new or revised standards will be adopted and their implementation will require enhanced disclosure in future reporting periods:

| Standard | Effective for annual reporting periods beginning on or after: | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 10 'Consolidated Financial Statements' | 1 July 2013 | 30 June 2015 |
| AASB 11 'Joint Arrangements' | 1 January 2014 | 30 June 2015 |
| AASB 12 'Disclosure of Interests in Other Entities' | 1 July 2013 | 30 June 2015 |
| AASB 1055 'Budgetary Reporting' | 1 July 2014 | 30 June 2015 |
| AASB 9 'Financial Instruments' | 1 January 2015 | 30 June 2017 |

1.5 Consolidation

AASB 127 *Consolidated and Separate Financial Statement* requires a parent entity that is in a group to present consolidated financial statements that consolidate its investments in controlled entities in accordance with AASB 127. The parent and controlled entities apply consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full. The financial statements of the controlled entities are prepared for the same reporting period as the parent entity.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by CSIRO as at 30 June 2014 and the results of the controlled entities for the year then ended.

The Fundación operates in a jurisdiction that reports on a calendar year basis. CSIRO has been granted an exemption by the Minister for Finance for the Fundación to operate and report with an annual accounting period different to its parent entity CSIRO.

1.6 Revenue

Revenue from sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The entity retains no managerial involvement or effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the total costs of the transaction. The balances of contract research and development activities in progress are accounted as either contract research work in progress (Note 17), being the gross unbilled amount expected to be collected from clients for contract research and services performed as at 30 June 2014, or contract research revenue received in advance (Note 20), where revenue for contract research and services received and/or billed exceeded revenue earned.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed on an ongoing basis and allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Royalties and licence revenue are recognised on an accrual basis in accordance with the substance of the relevant royalty agreements.

Revenue from legal settlements related to intellectual property are recognised on an accrual basis in accordance with the substance of the relevant licensing agreements.

Revenue disclosed in Note 4.4 Other Revenues-Other, includes sale of CSIRO publications and products, conferences and 'pass through' funding for costs of suppliers and external service providers.

Revenues from Government

Funding received from the Australian Government Department of Industry (appropriated to CSIRO as a CAC Act body payment item) is recognised as Revenue from Government unless it is in the nature of an equity injection or a loan.

1.7 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as either revenue or gains depending on their nature. They are recorded as revenue when, and only when, the fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.8 Transactions with the Government as Owners

Equity Injections

Amounts that are designated as equity injections for a year are recognised directly in contributed equity in that year.

1.9 Research and Development Expenditure and Intellectual Property

All research and development costs, including costs associated with protecting intellectual property (e.g. patents and trademarks) are expensed as incurred.

1.10 Employee Benefits

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rate expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured at 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 provisions for annual leave, long service leave and severance payments. 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 is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the 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 at 30 June 2014 for long service leave and annual leave has been determined by the short hand method and reference to the work of the Australian Government Actuary (AGA).

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. A CSIRO plan of termination is binding when the following criteria are met:

- a) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- b) the plan identifies the number of employees whose employment is to be terminated; and
- c) the plan established the termination benefits that employees will receive.

Superannuation

Employees of CSIRO are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 by the Department of Finance as an administered item.

CSIRO makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Group's employees. CSIRO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2014 represents outstanding contributions for the financial year.

1.11 Workers' Compensation

CSIRO's workers' compensation liability is covered by the premium paid to the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees (Comcare) and no additional provision for liability is required.

1.12 Insurance

As part of its risk management strategy, CSIRO has insured for risks through the Australian Government's insurable risk managed fund 'Comcover'.

1.13 Cash

Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of six months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

1.14 Financial Assets

CSIRO classifies its financial assets in the following categories:

- Available for sale financial assets; and
- Loans and receivables.

The classification depends on the nature and the purpose of financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in the operating result for the period.

CSIRO has investments in a number of unlisted start-up companies over which it does not have significant influence or control. These companies have been established for the purpose of commercialisation of CSIRO's intellectual property.

CSIRO also has some investments in companies which have, since initial start-up, been listed on the Australian Stock Exchange.

CSIRO's investments in listed and unlisted companies are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, and have been designated as 'available-for-sale' financial assets.

Fair value of Investments in Listed Companies

The fair value of investments in listed companies has been determined by reference to their closing bid price at the reporting date.

Fair value of Investments in Unlisted Companies

For investments in unlisted companies where there is no readily available market pricing for the equity instruments, the fair value has been determined by applying valuation techniques in line with the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation (IPEV) Guidelines'.

Where recent transactions for the unlisted companies' equity have taken place, these equity transaction prices are used to value CSIRO's investment.

For unlisted companies that have not had any recent equity transactions, other IPEV valuation techniques are used such as discounted cash flows and share of net assets.

In addition, independent valuations are performed as at reporting date for unlisted companies that are considered to have a material impact on CSIRO's investment portfolio.

Investments in special purpose entities are either valued at cost or share of net realisable assets since a reliable estimate of fair value cannot be established. These entities have been set up primarily to gain access to research facilities/networks, or to provide services to owners. Hence, there is no 'active market' for these equity investments. CSIRO is a long-term shareholder and is unlikely to dispose of its interest in these investments.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at each reporting date.

Financial assets held at amortised cost

Where there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Available-for-sale financial assets

Where there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

Available-for-sale financial assets (held at cost)

Where there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.15 Financial liabilities

Financial liabilities are recognised and derecognised upon trade date.

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).

1.16 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 considerations are initially recognised as assets and revenues at their fair value at the date of acquisition.

Property, plant and equipment which are purchased from contract research funds and where the control and subsequent sale proceeds are refunded to contributors under the terms of the agreements, are expensed during the year of purchase. Separate records for these assets are maintained and disclosed in Note 27.

1.17 Property, Plant and Equipment including Land, Buildings and Heritage and Cultural Assets

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 \$3,000, 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

Following initial recognition at cost, property, plant and equipment, including assets under finance leases are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount of assets do not differ materially from the assets' fair value as at reporting date. The regularity of valuation depends upon the volatility of movements in the market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under 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 or deficit. Revaluation decrements for a class of assets are recognised directly through surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Fair value for each class of asset is determined as follows:

- Land which will continue to be used for research activity is valued by independent valuers at Fair Value –Highest and Best Use. Highest and Best Use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest otherwise;
- Buildings and leasehold improvements which will continue to be used for research activities are valued by CSIRO's registered valuer at their Highest and Best Use. Building valuations include plant, fit-outs, fixtures and fittings, which form an integral part of buildings;
- Plant and equipment which will continue to be used for research activities are valued by independent valuers, at fair value being the Highest and Best Use; and
- Properties held or identified for sale and investment properties are valued by independent valuers as at the reporting date.

Depreciation and Amortisation

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. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Land is not depreciated.

Depreciation/amortisation 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:

| | 2014 | 2013 |
|--------------------------------------|----------------|----------------|
| Buildings on freehold land | 30 to 50 years | 30 to 50 years |
| Leasehold improvements | Lease term | Lease term |
| Buildings under finance lease | Lease term | Lease term |
| Passenger vehicles | 7 years | 7 years |
| Agricultural and transport equipment | 3 to 20 years | 3 to 20 years |
| Computing equipment | 2 to 5 years | 2 to 5 years |
| Scientific equipment | 5 to 20 years | 5 to 20 years |
| Furniture and office equipment | 5 to 15 years | 5 to 15 years |
| Workshop equipment | 20 to 25 years | 20 to 25 years |
| Research vessel | 25 years | 25 years |
| Australia Telescope | 15 to 58 years | 15 to 58 years |
| Heritage and Cultural Assets | Indefinite | Indefinite |

Impairment

All assets were assessed for impairment as at 30 June 2014. 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 entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

Heritage and Cultural Assets

Heritage and cultural items include: buildings of historical or cultural significance. The CSIRO has classified them as heritage and cultural assets as they are primarily used for purposes that relate to their cultural significance and original purpose. Heritage and cultural assets are stored and managed in ways to preserve their heritage and cultural value over time. Where conservation and preservation activities, specified in an asset's Heritage Management Plan, demonstrates that an asset will be maintained for an indefinite period, these items are considered to have indefinite useful lives and therefore, not subject to depreciation. Copies of the Heritage Management Plans may be obtained by contacting enquiries@CSIRO.au.

1.18 Intangibles

Intangibles comprise licenses, and internally developed and acquired software for internal use. These assets are carried at cost less accumulated amortisation and impairment losses, except where the estimated cost of software is less than \$250,000 and expensed in the year of acquisition.

Licenses and software are amortised on a straight-line basis over its anticipated useful life. The useful lives are 2 to 10 years (2013: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.19 Investment Properties

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market price, adjusted if necessary, for any difference in nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Statement of Comprehensive Income in the year in which the changes arise.

Investment properties are derecognised either when they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on disposal of an investment property are recognised in the Statement of Comprehensive Income in the year of disposal.

1.20 Inventories

Inventories held for sale represent books, CD-ROMs and videos of publishing and media products. They are valued at the lower of cost and net realisable value.

1.21 Consumable Stores

Stocks of consumable stores, which are not held for resale, are expensed in the year of purchase. These stores mainly consist of fuel and lubricants, chemical supplies, maintenance materials and stationery. The total value is not considered material in terms of total expenditures or total assets.

1.22 Leases

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

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.23 Foreign Currency Transactions

Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates prevailing at reporting date. Foreign currency translation gains and losses are recognised in the operating result. The Group has not entered into specific forward exchange contracts during the reporting period.

1.24 Payments to the Commonwealth

In April 2012, CSIRO concluded a number of licence agreements related to the wireless networking technology patent with licensing proceeds to be received by CSIRO across the 2011-12 to 2013-14 financial years. In the 2012-13 financial year, CSIRO paid a share of the receipts to the Commonwealth under section 48(1)(a) of the *Science and Industry Research Act 1949* on the basis that the payment would be applied to the conduct of scientific research activities within precincts to be funded under the Government's Industry and Innovation Statement. CSIRO has received proceeds in the 2013-14 financial year which have not yet been shared with the Commonwealth due to the cessation of the relevant program associated with the previous Government's Industry and Innovation Statement. CSIRO remains obligated to pay the Government a further share of the receipts. CSIRO will make this payment under section 48(1)(a) of the *Science and Industry Research Act 1949* when a new program of scientific research activities to be funded by the Commonwealth is identified and agreed.

1.25 Taxation/Competitive Neutrality

Taxation

In accordance with Section 53 of the *Science and Industry Research Act 1949*, CSIRO is exempt from all forms of Australian taxation except fringe benefits tax (FBT) and the goods and services tax (GST). The Group pays applicable taxes in overseas countries.

Revenues, expenses, assets and liabilities are recognised net of GST except:

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

- for receivables and payables.

The SIEF is exempt from income tax in Australia, WLAN is subject to all applicable taxes in Australia, and the Fundación is subject to all applicable taxes in Chile.

Competitive Neutrality

The Australian Government *Competitive Neutrality Guidelines for Managers* require government bodies to operate with no net competitive advantages over private sector competitors. CSIRO's competitive neutrality policy is applied to consulting and services. Neutrality is achieved by incorporating tax equivalence and rate of return components in pricing of these services.

1.26 Joint Arrangements

Joint Operations – Cooperative Research Centres (CRCs)

The proportionate interests in CRCs regarded as joint operations are disclosed in the financial statements under appropriate headings. Their primary source of funding is from the Australian Government and funding is progressively drawn down over the life of the CRCs and distributed to participants, including CSIRO and universities, for research and development purposes. CSIRO's contributions to the CRCs are expensed as incurred and funds received from CRCs are recognised as revenue to the extent that work has been performed in the Statement of Comprehensive Income. CSIRO has been a participant in 20 CRCs during the last financial year and the names of these CRCs are disclosed in Note 26.

Joint Venture Entities – Unincorporated

CSIRO's 33.3% interest in the Murray-Darling Freshwater Research (MDFRC) is accounted for using the equity method. Refer to Note 9 for further details.

1.27 Borrowings

All borrowing costs are expensed as incurred.

1.28 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Bank guarantees issued on behalf of CSIRO are disclosed as contingent liabilities.

Bank guarantees received by CSIRO are not disclosed as contingent assets but are the subject of a footnote in Note 25: Contingent Assets and Liabilities.

1.29 Properties Held for Sale

Properties which are expected to be recovered primarily through sale rather than through continuing use are classified as 'properties held for sale'. Immediately before classification, the properties are remeasured in accordance with the Group's accounting policies. Thereafter, at reporting date the properties are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the Statement of Comprehensive Income.

1.30 Presentation of Financial Statements

CSIRO presents in the consolidated Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated Statement of Comprehensive Income.

1.31 Related Party Disclosure

Related entity values disclosed in Notes 4.1 – Sale of goods and rendering of services; Note 8 – Trade and other receivables, Note 19 – Trade creditors and accruals; and Note 37 – Reporting of outcome, reflect business transactions between the Group and other FMA and CAC Act agencies and any subsidiaries.

1.32 Comparative Balances

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. This includes the Schedule of Commitments for the application of GST; Schedule of Contingencies for recognition of bank guarantees; Supplier Expenses for the allocation between related parties and external parties; and Heritage and Cultural Assets for the first-time disclosure of this asset class.

Note 2: Events After the Reporting Period

At the time of completion of this note, the Group is not aware of any significant events occurring after the reporting date.

Note 3: Expenses

| | Notes | Consolidated | | CSIRO | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| 3.1 Employee Benefits | | | | | |
| Wages and salaries | | 551,479 | 552,725 | 550,653 | 552,618 |
| Superannuation - defined contribution plans | | 94,788 | 90,785 | 94,780 | 90,775 |
| Leave and other entitlements | | 53,264 | 80,699 | 53,264 | 80,699 |
| Separation and redundancies | | 52,396 | 20,189 | 52,396 | 20,189 |
| Gross employee benefits | | 751,927 | 744,398 | 751,093 | 744,281 |
| Less | | | | | |
| Capitalised labour | | (9,889) | (12,354) | (9,889) | (12,354) |
| Employee cost recovery from subsidiary companies | | (188) | (9) | (188) | (9) |
| Total employee benefits | | 741,850 | 732,035 | 741,016 | 731,918 |
| 3.2 Suppliers | | | | | |
| Goods and services supplied or rendered | | | | | |
| Goods | | 66,202 | 67,247 | 65,192 | 67,246 |
| Services | | 318,040 | 333,733 | 307,263 | 319,989 |
| Total goods and services supplied or rendered | | 384,242 | 400,980 | 372,455 | 387,235 |
| Goods supplied in connection with | | | | | |
| Related parties | | 575 | 928 | 575 | 928 |
| External parties | | 65,627 | 66,319 | 64,617 | 66,318 |
| Total goods supplied | | 66,202 | 67,247 | 65,192 | 67,246 |
| Services rendered in connection with | | | | | |
| Related parties | | 16,064 | 15,125 | 16,064 | 15,125 |
| External parties | | 301,976 | 318,608 | 291,199 | 304,864 |
| Total services rendered | | 318,040 | 333,733 | 307,263 | 319,989 |
| Total goods and services supplied or rendered | | 384,242 | 400,980 | 372,455 | 387,235 |
| Other supplier expenses | | | | | |
| Operating lease rentals | | | | | |
| Minimum lease payments | | 8,920 | 9,812 | 8,920 | 9,812 |
| Workers compensation expenses | | 4,327 | 4,860 | 4,323 | 4,858 |
| Total other supplier expenses | | 13,247 | 14,672 | 13,243 | 14,670 |
| Total supplier expenses | | 397,489 | 415,652 | 385,698 | 401,905 |
| 3.3 Depreciation and amortisation | | | | | |
| Depreciation | | | | | |
| Buildings and leasehold improvements | | 74,018 | 71,225 | 74,018 | 71,225 |
| Plant and equipment | | 53,576 | 47,568 | 53,575 | 47,568 |
| Heritage Buildings | | - | - | - | - |
| Total depreciation | | 127,594 | 118,793 | 127,593 | 118,793 |
| Amortisation | | | | | |
| Intangibles | | 5,580 | 4,113 | 5,580 | 4,113 |
| Total depreciation and amortisation | | 133,174 | 122,906 | 133,173 | 122,906 |
| 3.4 Finance Costs | | | | | |
| Finance leases | | 2,891 | 2,865 | 2,888 | 2,864 |

Note 3: Expenses (cont)

| | Notes | Consolidated | | CSIRO | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| 3.5 Write-down and impairment of assets | | | | | |
| Asset write-downs and impairments from | | | | | |
| Bad debts | | 600 | 593 | 600 | 593 |
| Increase/(decrease) in allowance for impairment of receivable | | (190) | (693) | (190) | (693) |
| Impairment of available for sale investments | | 397 | 6,167 | 397 | 6,167 |
| Net impairment loss on revaluation of properties held for sale and investment properties | | 3,167 | 650 | 3,167 | 650 |
| Net realisation of fair value loss reserve on available for sale investments | | 6 | 340 | 6 | 340 |
| Impairment of buildings | | 103 | - | 103 | - |
| Total write-down and impairment of assets | | 4,083 | 7,057 | 4,083 | 7,057 |
| 3.6 Foreign exchange losses | | | | | |
| Non-speculative | | 1,398 | - | 1,398 | - |
| 3.7 Losses from Asset Sales | | | | | |
| Equity investment and intellectual property | | | | | |
| Proceeds from sale of equity investments | | (42) | - | (42) | - |
| Proceeds from sale of intellectual property | | (1,503) | (138) | (1,503) | (138) |
| Total proceeds | | (1,545) | (138) | (1,545) | (138) |
| Carrying value of assets sold | | 35 | - | 35 | - |
| Selling expense | | 8 | - | 8 | - |
| Net (gain)/loss from equity investment and intellectual property | | (1,502) | (138) | (1,502) | (138) |
| Land and buildings | | | | | |
| Proceeds from sale | | - | (4,931) | - | (4,931) |
| Carrying value of assets sold | | 34 | 5,013 | 34 | 5,013 |
| Selling expense | | 303 | 104 | 303 | 104 |
| Net (gain)/loss from sale of land and buildings | | 337 | 186 | 337 | 186 |
| Plant and equipment | | | | | |
| Proceeds from sale | | (416) | (505) | (416) | (505) |
| Carrying value of assets sold | | 3,926 | 1,316 | 3,926 | 1,316 |
| Selling expense | | 10 | 15 | 10 | 15 |
| Net (gain)/loss from sale of plant and equipment | | 3,520 | 826 | 3,520 | 826 |
| Investment Properties | | | | | |
| Proceeds from sale | | - | - | - | - |
| Carrying value of assets sold | | 14 | - | 14 | - |
| Selling expense | | - | - | - | - |
| Net (gain)/loss from sale of investment properties | | 14 | - | 14 | - |
| Total losses from asset sales | | 2,369 | 874 | 2,369 | 874 |

Note 4: Own-Source Income

| Notes | Consolidated | | CSIRO | |
|--|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| 4.1 Sale of goods and rendering of services | | | | |
| Sale of goods in connection with | | | | |
| Related parties | - | - | - | - |
| External parties | 10,236 | 11,052 | 10,236 | 11,052 |
| Total sale of goods | 10,236 | 11,052 | 10,236 | 11,052 |
| Rendering of services in connection with | | | | |
| Related parties | 148,192 | 108,452 | 158,732 | 120,863 |
| External parties | 225,476 | 293,852 | 225,477 | 293,247 |
| Total rendering of services | 373,668 | 402,304 | 384,209 | 414,110 |
| Total sale of goods and rendering of services | 383,904 | 413,356 | 394,445 | 425,162 |
| 4.2 Interest | | | | |
| Bank and term deposits | 13,908 | 18,070 | 9,464 | 11,529 |
| 4.3 Royalties and licence fees | | | | |
| Royalties and licence fees | 29,133 | 37,548 | 29,133 | 37,548 |
| 4.4 Other revenues | | | | |
| Sale of primary produce | 1,064 | 1,721 | 1,064 | 1,721 |
| Donation | 153 | 51 | 153 | 51 |
| Capital contributions | 3,329 | 3,014 | 4,529 | 3,014 |
| Education programs and subscriptions | 3,439 | 3,185 | 3,439 | 3,185 |
| Other | 19,285 | 16,911 | 17,444 | 17,382 |
| Total other revenues | 27,270 | 24,882 | 26,629 | 25,353 |
| 4.5 Foreign exchange gains | | | | |
| Non-speculative | - | 5,454 | - | 5,454 |
| 4.6 Revenue from Government | | | | |
| Department of Industry CAC Act body payment item | 778,177 | 733,817 | 778,177 | 733,817 |

Note 5: Other comprehensive income

| Notes | Consolidated | | CSIRO | |
|--|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Items that will not be classified to profit or loss | | | | |
| 5.1 Changes in asset revaluation reserves | | | | |
| Revaluation of land and buildings | 24,837 | - | 24,837 | - |
| Revaluation of plant and equipment | - | (1,102) | - | (1,102) |
| Revaluation of Heritage and Cultural assets | 954 | - | 954 | - |
| Net decrease in asset revaluation reserves | 25,791 | (1,102) | 25,791 | (1,102) |
| Items that may be reclassified to profit and loss | | | | |
| 5.2 Change in other reserve | | | | |
| Net change in fair value gain/(loss) of available for sale of investments | 1,864 | (1,344) | 1,864 | (1,344) |
| Realisation of fair value loss on sale and impairment of available for sale investment | 6 | 340 | 6 | 340 |
| Net increase/(decrease) in other reserve | 1,870 | (1,004) | 1,870 | (1,004) |

Note 6: Fair value measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

6.1 Fair value measurements

Fair value measurements at 30 June 2014 by hierarchy for assets and liabilities

| | Fair value measurements at the end of the reporting period using | | | |
|---|--|--------------------------|--------------------------|--------------------------|
| | Fair value \$'000 | Level 1 inputs \$'000 | Level 2 inputs \$'000 | Level 3 inputs \$'000 |
| Financial assets | | | | |
| Available for sale financial assets | 14,621 | 5,643 | - | 8,978 |
| Total financial assets | 14,621 | 5,643 | - | 8,978 |
| Non-financial assets | | | | |
| Land | 365,868 | - | 365,868 | - |
| Buildings | 1,197,470 | - | - | 1,197,470 |
| Property, plant and equipment | 548,398 | - | - | 548,398 |
| Investment Properties | 48,288 | - | 48,288 | - |
| Properties Held For Sale | 9,091 | 9,091 | - | - |
| Heritage and Cultural | 4,217 | - | - | 4,217 |
| Total non-financial assets | 2,173,332 | 9,091 | 414,156 | 1,750,085 |
| Total fair value measurements (assets) | 2,187,953 | 14,734 | 414,156 | 1,759,063 |

6.2 Valuation technique and inputs for Level 2 and Level 3 fair value measurements

| | Category (Level 2 or 3) | Fair Value \$'000 | Valuation technique ¹ | Inputs used | Range (weighted average) ² |
|--|-------------------------------|----------------------|---|--|---|
| Financial Assets | | | | | |
| Available for sale financial assets ³ | Level 3 | 8,978 | Share of net assets. Latest equity or unit transaction price. Contract value. | Net assets. Percentage shareholding. Equity or unit transaction price. Contract value | N/A |
| Non-financial assets | | | | | |
| Land ⁴ | Level 2 | 365,868 | Active and liquid market approach. | Market value of similar properties. Dollar rate per square metre. Derived escalation rate on similar land sales. | N/A |
| Buildings ⁴ | Level 3 | 1,197,470 | Depreciated replacement cost approach. | Escalation rate on construction cost change. Market value of similar properties. | N/A |
| Property, plant and equipment ⁵ | Level 3 | 548,398 | Depreciated replacement cost approach. | Observable inputs such as the market value of similar P&E. | N/A |
| Investment Properties | Level 2 | 48,288 | Market approach and capitalisation. | Market value of similar properties. Dollar rate per m2. | N/A |
| Heritage and cultural ⁴ | Level 3 | 4,217 | Depreciated replacement cost approach. | Market value of similar properties. Escalation rate for building cost premium. | N/A |

¹ This is the first year adoption of the Fair Value Measurement requirements and therefore changes in valuation techniques are not required to be disclosed. The above disclosure represents the consolidated financial position of the Group.

² Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category. Not applicable for non-financial assets in Level 3 as only one valuation technique has been used.

³ For investments in unlisted companies where there is no readily available market pricing, the fair value has been determined by applying valuation techniques in line with the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines (IPEV)'.

Where recent transactions for the unlisted companies' equity have taken place, these equity transaction prices are used to value CSIRO's investment.

For unlisted companies that have not had any recent equity transactions, other IPEV valuation techniques are used such as discounted cash flows and share of net assets.

Investments in special purpose entities are either valued at cost of share of net realisable assets since a reliable estimate of fair value cannot be established. These entities have been set up primarily to gain access to research facilities/networks, or to provide services to owners. Hence, there is not 'active market' for these equity investments. CSIRO is a long-term shareholder and is unlikely to dispose of its interest in these investments.

⁴ Land and Buildings and Heritage and Cultural assets were revalued by CBRE Valuations Pty Ltd (CBRE) as part of CSIRO's asset revaluation for 2013-14.

CBRE adopted escalation rates based upon the Rawlinson Australian Cost Handbook 2014 which is the most widely accepted building costing reference book used by the valuation profession. The handbook is compiled from quantity surveyor advice and provides quarterly cost escalations.

CBRE has adopted an additional 25% above the current modern equivalent construction cost for Heritage and Cultural assets.

⁵ Plant and Equipment are classified as Level 3 as they mainly comprise of specialised research equipment.

6.3 Reconciliation for recurring Level 3 fair value measurements

There have been no transfers between levels for non-financial assets

Recurring Level 3 fair value measurements - reconciliation for assets

| | Non-financial assets | | | |
|--|----------------------|-------------------------------------|-----------------------------|------------------|
| | Buildings | Property, plant and equipment | Heritage and Cultural | Total |
| | 2014 | 2014 | 2014 | 2014 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance | 1,185,230 | 518,426 | 3,263 | 1,706,919 |
| Total gains/(losses) recognised in net cost of services ¹ | (74,121) | (53,576) | - | (127,697) |
| Transfers | 2,202 | (6,242) | - | (4,040) |
| Purchases | 42,804 | 93,716 | - | 136,520 |
| Disposals | (34) | (3,926) | - | (3,960) |
| Revaluations | 41,389 | - | 954 | 42,343 |
| Closing balance | 1,197,470 | 548,398 | 4,217 | 1,750,085 |

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under 'Depreciation and amortisation' and 'Write-down and Impairment of assets'.

There has been one transfer between levels for financial assets.

Recurring Level 3 fair value measurements - reconciliation for on-financial financial assets

| | Financial assets | |
|---|---------------------|--------------|
| | Financial assets | Total |
| | 2014 | 2014 |
| | \$'000 | \$'000 |
| Opening balance | 7,325 | 7,325 |
| Total gains/(losses) recognised in other comprehensive income | (556) | (556) |
| Transfer to level 1 ¹ | (290) | (290) |
| Purchases | 2,700 | 2,700 |
| Disposals | (201) | (201) |
| Closing balance | 8,978 | 8,978 |

¹ The transfer represents a change in the valuation technique adopted to measure the fair value of the shares held by CSIRO in an unlisted company. The shares were previously valued in 2012-13 based on CSIRO's share of net assets. During 2013-14 CSIRO was in negotiations to sell these shares to an existing shareholder and agreement was reached on the sale price before 30 June 2014. The sale transaction occurred in July 2014.

Note 7: Cash and cash equivalents

| Notes | Consolidated | | CSIRO | |
|--|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Cash at bank and on hand | 29,101 | 48,417 | 25,982 | 45,013 |
| Term deposits | 369,072 | 356,221 | 269,593 | 238,000 |
| Total cash and cash equivalents | 398,173 | 404,638 | 295,575 | 283,013 |

Total cash includes deposits held on behalf of third parties totalling \$4.6 million (2013 \$6.3 million). Refer Note 22.

Note 8: Trade and other receivables

Goods and services receivables in connection with

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Related parties | 11,350 | 12,959 | 12,887 | 12,959 |
| External parties | 48,928 | 69,153 | 48,908 | 69,153 |
| Total goods and services receivables | 60,278 | 82,112 | 61,795 | 82,112 |

Other receivables

| | | | | |
|-----------------------|-------|--------|-------|--------|
| Statutory receivables | 4,358 | 3,433 | 3,765 | 2,092 |
| Interest | 1,153 | 3,426 | 410 | 1,988 |
| Other receivables | 6,182 | 82,062 | 2,236 | 84,483 |

Total other receivables (gross) 11,693 88,921 6,411 88,563

Total trade and other receivables (gross) 71,971 171,033 68,206 170,675

Less impairment allowance for Goods and services (644) (834) (644) (834)

Total trade and other receivables (net) 71,327 170,199 67,562 169,841

Trade and other receivables (net) expected to be recovered

| | | | | |
|------------------------|--------|---------|--------|---------|
| No more than 12 months | 71,327 | 170,199 | 67,562 | 169,841 |
| More than 12 months | - | - | - | - |

Total trade and other receivables (net) 71,327 170,199 67,562 169,841

Trade and other receivables (gross) aged as follows

| | | | | |
|----------------------------------|---------------|----------------|---------------|----------------|
| Not overdue | 60,891 | 159,928 | 57,133 | 159,570 |
| Overdue by | | | | |
| 0 to 30 days | 9,589 | 8,181 | 9,582 | 8,181 |
| 31 to 60 days | 997 | 1,216 | 997 | 1,216 |
| 61 to 90 days | 177 | 281 | 177 | 281 |
| More than 90 days | 317 | 1,427 | 317 | 1,427 |
| Total receivables (gross) | 71,971 | 171,033 | 68,206 | 170,675 |

Impairment allowance aged as follows

| | | | | |
|-----------------------------------|------------|------------|------------|------------|
| Not overdue | 371 | 64 | 371 | 64 |
| Overdue by | | | | |
| 0 to 30 days | - | - | - | - |
| 31 to 60 days | 6 | 3 | 6 | 3 |
| 61 to 90 days | - | 3 | - | 3 |
| More than 90 days | 267 | 764 | 267 | 764 |
| Total impairment allowance | 644 | 834 | 644 | 834 |

Reconciliation of impairment allowance:

| | Consolidated Goods and services | CSIRO Goods and services |
|--------------------------------------|---------------------------------------|--------------------------------|
| | \$'000 | \$'000 |
| Movements in relation to 2014 | | |
| Opening balance | 834 | 834 |
| Decrease recognised in net surplus | (190) | (190) |
| Closing balance | 644 | 644 |

Movements in relation to 2013

| | | |
|------------------------------------|------------|------------|
| Opening balance | 1,527 | 1,527 |
| Increase recognised in net surplus | (693) | (693) |
| Closing balance | 834 | 834 |

Note 9: Investments accounted for using the equity method

| | Consolidated | | CSIRO | |
|--|--------------|--------|------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Murray-Darling Fresh Water Research Centre | 309 | 346 | 309 | 346 |
| Movements of the carrying amount of investment in the MDFRC joint venture entity are as follows: | | | | |
| Carrying amount at beginning of the financial year | 346 | 399 | 346 | 399 |
| Share of MDFRC's net operating surplus/(deficit) for the year | (37) | 21 | (37) | 21 |
| Adjusted based on audited accounts | - | (74) | - | (74) |
| Adjusted share of MDFRC's net operating surplus/(deficit) for the year | (37) | (53) | (37) | (53) |
| Carrying amount of investment in MDFRC as at 30 June | 309 | 346 | 309 | 346 |

Murray-Darling Fresh Water Research Centre (MDFRC)

The MDFRC is a collaborative joint venture for the purpose of Murray-Darling Basin Freshwater Research to support the generation of knowledge required to ensure the sustainable management of water and associated environmental resources of the Murray-Darling Basin.

CSIRO's 33.3% (2013: 33.3%) investment in MDFRC is accounted for using the equity method. In accordance with the joint venture agreement, the operating surplus/(deficit) was shared by participants in the joint venture. CSIRO's share of the MDFRC's operating deficit was \$33,300 (2013: \$20,715 surplus).

The following is a summary of the financial performance and position of MDFRC:

| | Total | Net | Total | Total | Net |
|------------------------------|----------|----------------------|--------|-------------|--------|
| | Revenues | Operating Deficit | Assets | Liabilities | Assets |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2014 | | | | | |
| MDFRC (unaudited) | 5,966 | (110) | 3,445 | 2,516 | 929 |
| 2013 | | | | | |
| MDFRC (audited) ¹ | 5,442 | 62 | 3,696 | 2,657 | 1,039 |

No indicators of impairment were found for investments accounted for using the equity method.

No investments accounted for using the equity method are expected to be sold within the next 12 months.

¹ The 2013 balances have been updated to reflect final audited results.

Note 10: Other investments

| | Notes | Consolidated | | CSIRO | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| At fair value classified as available for sale investments. | 1.14 | | | | |
| Shares (or equity investments) | | | | | |
| Listed companies | | 4,280 | 3,195 | 4,280 | 3,195 |
| Unlisted companies | | 10,341 | 7,325 | 10,341 | 7,325 |
| Total investments | | 14,621 | 10,520 | 14,621 | 10,520 |

All other investments are expected to be recovered in more than 12 months.

Available for sale investments were impaired by \$0.4 million (2013: \$6.2 million).

Note 11: Land and buildings

| | Consolidated | | CSIRO | |
|--|------------------|----------------|------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Freehold land - fair value | 365,868 | 378,593 | 365,868 | 378,593 |
| Buildings on freehold land | | | | |
| - fair value | 1,811,630 | 1,712,854 | 1,811,630 | 1,712,854 |
| - accumulated depreciation | (1,081,049) | (976,393) | (1,081,049) | (976,393) |
| | 730,581 | 736,461 | 730,581 | 736,461 |
| - work in progress | 51,837 | 18,083 | 51,837 | 18,083 |
| Total buildings on freehold land | 782,418 | 754,544 | 782,418 | 754,544 |
| Leasehold improvements | | | | |
| - fair value | 433,631 | 385,035 | 433,631 | 385,035 |
| - accumulated depreciation | (140,963) | (123,398) | (140,963) | (123,398) |
| | 292,668 | 261,637 | 292,668 | 261,637 |
| - work in progress | 6,165 | 50,589 | 6,165 | 50,589 |
| Total leasehold improvements | 298,833 | 312,226 | 298,833 | 312,226 |
| Buildings under finance lease | | | | |
| - fair value | 196,099 | 188,689 | 196,099 | 188,689 |
| - accumulated depreciation | (79,880) | (70,229) | (79,880) | (70,229) |
| Total buildings under finance lease | 116,219 | 118,460 | 116,219 | 118,460 |
| Total land and buildings | 1,563,338 | 1,563,823 | 1,563,338 | 1,563,823 |

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.17. Land and buildings were revalued as at 30 June 2014 by independent valuers. The valuer was CB Richard Ellis.

No indicators of impairment were identified for land and buildings.

Note 12: Plant and equipment

| | Notes | Consolidated | | CSIRO | |
|----------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Plant and equipment | | | | | |
| - fair value | | 856,422 | 789,068 | 856,415 | 789,068 |
| - accumulated depreciation | | (511,259) | (490,406) | (511,258) | (490,406) |
| | | 345,163 | 298,662 | 345,157 | 298,662 |
| - work in progress | | 100,799 | 119,572 | 100,799 | 119,572 |
| Total plant and equipment | | 445,962 | 418,234 | 445,956 | 418,234 |
| Research vessel | | | | | |
| - fair value | | 1,062 | 80,339 | 1,062 | 80,339 |
| - accumulated depreciation | | (694) | (76,194) | (694) | (76,194) |
| | | 368 | 4,145 | 368 | 4,145 |
| - work in progress | | 102,068 | 96,047 | 102,068 | 96,047 |
| Total research vessel | | 102,436 | 100,192 | 102,436 | 100,192 |
| Total plant and equipment | | 548,398 | 518,426 | 548,392 | 518,426 |

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.17. Plant and equipment were revalued as at 30 June 2012 by a panel of independent valuers. The primary valuer was the Australian Valuation Office.

No indicators of impairment were identified for plant and equipment.

Note 13: Heritage and cultural

| | Notes | Consolidated | | CSIRO | |
|------------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Heritage and Cultural | | | | | |
| Buildings | | | | | |
| - fair value | | 4,217 | 3,263 | 4,217 | 3,263 |
| Total heritage and cultural | | 4,217 | 3,263 | 4,217 | 3,263 |

Heritage buildings have been separately disclosed for the first time in 2014. Heritage buildings were subject to a desktop valuation review as at 30 June 2014.

Note 14: Intangibles

| | Notes | Consolidated | | CSIRO | |
|------------------------------------|-------|---------------|----------|---------------|----------|
| | | 2014 | 2013 | 2014 | 2013 |
| Intangibles | | | | | |
| Internally developed – in use | 1.18 | 54,369 | 42,917 | 54,369 | 42,917 |
| Internally developed – in progress | | 270 | 574 | 270 | 574 |
| | | 54,639 | 43,491 | 54,639 | 43,491 |
| Accumulated amortisation | | (23,266) | (18,356) | (23,266) | (18,356) |
| Total intangibles | | 31,373 | 25,135 | 31,373 | 25,135 |

No indicators of impairment were identified for intangible assets.

Continued from Notes 11 – 14 Land, buildings, plant and equipment and intangibles

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles (2013-14) – Consolidated

| | Land | Buildings | Total land and buildings | Plant and equipment | Heritage and Cultural | Intangibles | Total |
|---|----------------|------------------|--------------------------|---------------------|-----------------------|---------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2013 | | | | | | | |
| Gross book value | 378,593 | 2,355,250 | 2,733,843 | 1,085,026 | 9,062 | 43,491 | 3,871,422 |
| Accumulated depreciation and impairment | - | (1,170,020) | (1,170,020) | (566,600) | (5,799) | (18,356) | (1,760,775) |
| Net book value as at 1 July 2013 | 378,593 | 1,185,230 | 1,563,823 | 518,426 | 3,263 | 25,135 | 2,110,647 |
| Additions: | | | | | | | |
| By purchase | 4,338 | 42,804 | 47,142 | 93,716 | - | 7,093 | 147,951 |
| Reclassification | (511) | 2,202 | 1,691 | (6,242) | - | 4,725 | 174 |
| Revaluations and impairments recognised in other comprehensive income | (16,552) | 41,389 | 24,837 | - | 954 | - | 25,791 |
| Revaluations and impairments recognised in net cost of services | - | (103) | (103) | - | - | - | (103) |
| Depreciation expense | - | (74,018) | (74,018) | (53,576) | - | (5,580) | (133,174) |
| Disposals | - | (34) | (34) | (3,926) | - | - | (3,960) |
| Other (adjustment to prior period) | - | - | - | - | - | - | - |
| Net book value as at 30 June 2014 | 365,868 | 1,197,470 | 1,563,338 | 548,398 | 4,217 | 31,373 | 2,147,326 |
| Net book value as at 30 June 2014 represented by: | | | | | | | |
| Gross book value | 365,868 | 2,499,362 | 2,865,230 | 1,060,351 | 11,713 | 54,639 | 3,991,933 |
| Accumulated depreciation and impairment | - | (1,301,892) | (1,301,892) | (511,953) | (7,496) | (23,266) | (1,844,607) |
| | 365,868 | 1,197,470 | 1,563,338 | 548,398 | 4,217 | 31,373 | 2,147,326 |

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles (2012-13) - Consolidated and CSIRO¹

| | Land \$'000 | Buildings \$'000 | Total land and buildings \$'000 | Plant and equipment \$'000 | Heritage and Cultural \$'000 | Intangibles \$'000 | Total \$'000 |
|--|----------------|---------------------|--|----------------------------------|------------------------------------|-----------------------|-----------------|
| As at 1 July 2012 | | | | | | | |
| Gross book value | 378,593 | 2,299,342 | 2,677,935 | 985,605 | 9,062 | 42,959 | 3,715,561 |
| Accumulated depreciation and impairment | - | (1,099,453) | (1,099,453) | (538,754) | (5,799) | (14,248) | (1,658,254) |
| Net book value as at 1 July 2012 | 378,593 | 1,199,889 | 1,578,482 | 446,851 | 3,263 | 28,711 | 2,057,307 |
| Additions: | | | | | | | |
| By purchase | - | 55,598 | 55,598 | 121,645 | - | 537 | 177,780 |
| Reclassification | - | 84 | 84 | (84) | - | - | - |
| Revaluation and impairments | - | - | - | (1,102) | - | - | (1,102) |
| Depreciation expense | - | (71,225) | (71,225) | (47,568) | - | (4,113) | (122,906) |
| Disposals | - | (77) | (77) | (1,316) | - | - | (1,393) |
| Other (adjustment to prior period) | - | 961 | 961 | - | - | - | 961 |
| Net book value as at 30 June 2013 | 378,593 | 1,185,230 | 1,563,823 | 518,426 | 3,263 | 25,135 | 2,110,647 |
| Net book value as at 30 June 2013 represented by: | | | | | | | |
| Gross book value | 378,593 | 2,355,250 | 2,733,843 | 1,085,026 | 9,062 | 43,491 | 3,871,422 |
| Accumulated depreciation and impairment | - | (1,170,020) | (1,170,020) | (566,600) | (5,799) | (18,356) | (1,760,775) |
| | 378,593 | 1,185,230 | 1,563,823 | 518,426 | 3,263 | 25,135 | 2,110,647 |

¹ Note – for 2012-13 CSIRO and Consolidated balances were identical.

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles (2013-14) - CSIRO

| | Land | Buildings | Total land and buildings | Plant and equipment | Heritage and Cultural | Intangibles | Total |
|---|----------------|------------------|--------------------------|---------------------|-----------------------|---------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2013 | | | | | | | |
| Gross book value | 378,593 | 2,355,250 | 2,733,843 | 1,085,026 | 9,062 | 43,491 | 3,871,422 |
| Accumulated depreciation and impairment | - | (1,170,020) | (1,170,020) | (566,600) | (5,799) | (18,356) | (1,760,775) |
| Net book value as at 1 July 2013 | 378,593 | 1,185,230 | 1,563,823 | 518,426 | 3,263 | 25,135 | 2,110,647 |
| Additions: | | | | | | | |
| By purchase | 4,338 | 42,804 | 47,142 | 93,709 | - | 7,093 | 147,944 |
| Reclassification | (511) | 2,202 | 1,691 | (6,242) | - | 4,725 | 174 |
| Revaluations and impairments recognised in other comprehensive income | (16,552) | 41,389 | 24,837 | - | 954 | - | 25,791 |
| Revaluations and impairments recognised in net cost of services | - | (103) | (103) | - | - | - | (103) |
| Depreciation expense | - | (74,018) | (74,018) | (53,575) | - | (5,580) | (133,173) |
| Disposals | - | (34) | (34) | (3,926) | - | - | (3,960) |
| Other (adjustment to prior period) | - | - | - | - | - | - | - |
| Net book value as at 30 June 2014 | 365,868 | 1,197,470 | 1,563,338 | 548,392 | 4,217 | 31,373 | 2,147,320 |
| Net book value as at 30 June 2014 represented by: | | | | | | | |
| Gross book value | 365,868 | 2,499,362 | 2,865,230 | 1,060,344 | 11,713 | 54,639 | 3,991,926 |
| Accumulated depreciation and impairment | - | (1,301,892) | (1,301,892) | (511,952) | (7,496) | (23,266) | (1,844,606) |
| | 365,868 | 1,197,470 | 1,563,338 | 548,392 | 4,217 | 31,373 | 2,147,320 |

Note 15: Investment properties

| | Notes | Consolidated | | CSIRO | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Investment properties - fair value | 1.19 | 48,288 | 52,150 | 48,288 | 52,150 |
| Reconciliation of the opening and closing balances of investment properties | | | | | |
| As at 1 July | | 52,150 | 52,000 | 52,150 | 52,000 |
| Net gain/(loss) from fair value adjustments | | (3,862) | 150 | (3,862) | 150 |
| Net book value as at 30 June | | 48,288 | 52,150 | 48,288 | 52,150 |

As at 30 June 2014 investment properties comprise properties that are leased to third parties. The leases contain an initial non-cancellable period of ten years. Rental income from investment properties was \$3.7 million (2013: \$3.5 million). Fair value loss on investment properties for the year was \$3.9 million (2013: gain of \$0.15 million).

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.17. Investment Properties were revalued as at 30 June 2014 by an independent valuer. The valuer was the Australian Valuation Office.

No indicators of impairment were identified for investment properties.

Note 16: Inventories held for sale

| | | | | | |
|--|------|--------------|-------|--------------|-------|
| Books and media products - at lower cost and net realisable value | 1.20 | 1,180 | 1,162 | 1,180 | 1,162 |
|--|------|--------------|-------|--------------|-------|

No items of inventory were recognised at fair value less cost to sell.

All inventory is expected to be sold in the next 12 months.

Note 17: Other non-financial assets

| | | | | | |
|--|-----|---------------|--------|---------------|--------|
| Contract research work in progress - at cost | 1.6 | 36,686 | 46,250 | 36,686 | 46,250 |
| Capital prepayments | | 48,564 | - | 48,564 | - |
| Other prepayments | | 8,176 | 6,857 | 8,132 | 6,857 |
| Total other non-financial assets | | 93,426 | 53,107 | 93,382 | 53,107 |

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

All other non-financial assets are expected to be recovered in no more than 12 months.

Note 18: Properties held for sale

| | Notes | Consolidated | | CSIRO | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Properties held for sale | 1.29 | 9,091 | 8,583 | 9,091 | 8,583 |
| Reconciliation of the opening and closing balances of properties held for sale | | | | | |
| As at 1 July | | 8,583 | 14,319 | 8,583 | 14,319 |
| Reclassification | | (174) | - | (174) | - |
| Disposals | | - | (4,936) | - | (4,936) |
| Gain/(loss) on revaluation | | 682 | (800) | 682 | (800) |
| Net book value as at 30 June | | 9,091 | 8,583 | 9,091 | 8,583 |

Balance as at 30 June 2014 represents properties identified as surplus to CSIRO's needs and classified as 'held for sale'. They are expected to be settled within the next 12 months.

Note 19: Suppliers

| | | | | | |
|--|--|---------------|--------|---------------|--------|
| Trade creditors and accruals | | 54,773 | 62,433 | 54,347 | 61,779 |
| Suppliers payable expected to be settled within 12 months. | | | | | |
| Related parties | | 1,193 | 1,126 | 1,193 | 1,126 |
| External parties | | 53,580 | 61,307 | 53,154 | 60,653 |
| Total | | 54,773 | 62,433 | 54,347 | 61,779 |

Settlement is usually made within 30 days.

Note 20: Other payables

| | | | | | |
|---|-----|----------------|---------|----------------|---------|
| Accrued salaries and wages | | 23,071 | 22,582 | 22,699 | 21,413 |
| Contract research revenue received in advance | 1.6 | 96,791 | 93,193 | 97,691 | 93,193 |
| Other revenue received in advance | | 10,559 | 16,046 | 10,559 | 16,046 |
| Other creditors and accrued expenses | | 22,780 | 21,351 | 19,100 | 22,111 |
| Payment to the Commonwealth | | 27,896 | 28,290 | 27,896 | 28,290 |
| Total other payables | | 181,097 | 181,462 | 177,945 | 181,053 |

All other payables are expected to be settled within 12 months.

Note 21: Finance Leases

| Notes | Consolidated | | CSIRO | |
|---|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Finance leases | 53,475 | 57,243 | 53,475 | 57,243 |
| Total finance leases | 53,475 | 57,243 | 53,475 | 57,243 |
| Payable | | | | |
| Within one year | | | | |
| Minimum lease payments | 8,400 | 7,612 | 8,400 | 7,612 |
| Deduct: future finance charges | (2,471) | (2,647) | (2,471) | (2,647) |
| Total payable within one year (current) | 5,929 | 4,965 | 5,929 | 4,965 |
| In one to five years | | | | |
| Minimum lease payments | 25,020 | 26,517 | 25,020 | 26,517 |
| Deduct: future finance charges | (7,541) | (8,382) | (7,541) | (8,382) |
| Total payable within one to five years | 17,479 | 18,135 | 17,479 | 18,135 |
| In more than five years | | | | |
| Minimum lease payments | 33,909 | 39,549 | 33,909 | 39,549 |
| Deduct: future finance charges | (3,842) | (5,406) | (3,842) | (5,406) |
| Total payable in more than five years | 30,067 | 34,143 | 30,067 | 34,143 |
| Total finance leases recognised on the statement of financial position | 53,475 | 57,243 | 53,475 | 57,243 |

Finance leases exist in relation to certain buildings and major equipment assets. The leases are non-cancellable and for fixed terms ranging from 2 to 25 years. CSIRO guarantees the residual values of all assets leased. There are no contingent rentals. The interest rate implicit in the leases averaged 5% per annum (2013: 5% per annum). The lease liabilities are secured by the lease assets.

Note 22: Deposits

| | Consolidated | | CSIRO | |
|--|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Deposits | 4,567 | 6,337 | 4,567 | 6,337 |
| Deposits represent monies held on behalf of the following third parties: | | | | |
| Goyder Institute of Water Research | 3,455 | 5,000 | 3,455 | 5,000 |
| Others | 1,112 | 1,337 | 1,112 | 1,337 |
| Total deposits | 4,567 | 6,337 | 4,567 | 6,337 |

All deposits are expected to be settled within the next 12 months.

Note 23: Employee provisions

| | Notes | Consolidated | | CSIRO | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Annual leave | | 61,257 | 66,493 | 61,257 | 66,493 |
| Long service leave | | 141,128 | 174,536 | 141,128 | 174,536 |
| Severance pay | | 6,913 | 7,024 | 6,913 | 7,024 |
| Redundancies | | 50,040 | 18,885 | 50,040 | 18,885 |
| Total employee provisions | | 259,338 | 266,938 | 259,338 | 266,938 |
| Employee provisions are expected to be settled in | | | | | |
| No more than 12 months | | 89,931 | 63,338 | 89,931 | 63,338 |
| More than 12 months | | 169,407 | 203,600 | 169,407 | 203,600 |
| Total employee provisions | | 259,338 | 266,938 | 259,338 | 266,938 |

Note 24: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement

| | | | | | |
|--|---|----------|----------|----------|----------|
| Cash and cash equivalents as per Cash Flow Statement | | 398,173 | 404,638 | 295,575 | 283,013 |
| Statement of financial position | 7 | 398,173 | 404,638 | 295,575 | 283,013 |
| Discrepancy | | - | - | - | - |

Reconciliation of net cost of services to net cash from operating activities

| | | | | | |
|---|--|----------------|----------------|----------------|----------------|
| Net cost of services | | (821,943) | (774,903) | (803,858) | (755,302) |
| Revenue from Government | | 778,177 | 733,817 | 778,177 | 733,817 |
| Share of net operating surplus/(deficit) of joint venture accounted for using the equity method | | (37) | (53) | (37) | (53) |
| Adjustments for non-cash items | | | | | |
| Depreciation and amortisation | | 133,174 | 122,906 | 133,173 | 122,906 |
| Net write-down and impairment of assets | | 3,673 | 7,157 | 3,673 | 7,157 |
| (Gains)/loss from sale of property, plant and equipment | | 2,355 | 874 | 2,355 | 874 |
| (Gains)/loss from sale of equity investments and intellectual property | | 14 | - | 14 | - |
| Other revenue not providing cash | | 37 | (2,961) | 37 | (2,961) |
| Movements in assets and liabilities | | | | | |
| Assets | | | | | |
| (Increase)/decrease in trade and other receivables | | 99,797 | 77,685 | 103,952 | 77,851 |
| (Increase)/decrease in inventories | | (18) | 1 | (18) | 1 |
| (Increase)/decrease in other non-financial assets | | (40,319) | (11,011) | (40,275) | (11,013) |
| (Increase)/decrease in other financial asset | | - | 353 | - | 353 |
| (Increase)/decrease in GST receivable | | (925) | (576) | (1,673) | (576) |
| Liabilities | | | | | |
| Increase/(decrease) in employee liabilities | | (7,600) | 14,248 | (7,600) | 14,248 |
| Increase/(decrease) in supplier payables | | (7,582) | (13,389) | (7,433) | (12,449) |
| Increase/(decrease) in other payables | | 29 | (12,057) | (2,714) | (13,796) |
| Increase/(decrease) in deposits-liabilities | | (1,770) | (793) | (1,770) | (793) |
| Net cash from operating activities | | 137,062 | 141,298 | 156,003 | 160,264 |

Note 25: Contingent assets and liabilities

| Notes | Consolidated | | CSIRO | |
|---|----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Quantifiable Contingencies | | | | |
| Contingent assets | | | | |
| Anticipated net insurance claims ¹ | - | 931 | - | 931 |
| Total contingent assets | - | 931 | - | 931 |
| Contingent liabilities | | | | |
| Estimate Legal Claims ² | (400) | (400) | (400) | (400) |
| Financial guarantee for a bank loan | (294) | - | (294) | - |
| Financial guarantee for an export agreement. | - | (45) | - | (45) |
| Total contingent liabilities | (694) | (445) | (694) | (445) |
| Total net contingent asset/(liability) | (694) | 486 | (694) | 486 |

Depending on the materiality of risks involved with certain commercial transactions, CSIRO has requested bank guarantees where necessary to mitigate such risks, notably where substantial advance payments were made. At 30 June 2014 CSIRO was the beneficiary of bank guarantees adding to a total value of \$72.8 million.

¹ Under a number of commercial agreements, the Group has receivable assets, to be received at a future date upon the conditions of the agreements being met. At this stage, it is too early to determine whether the conditions of the agreements will be met and predict when the amounts will be received.

² Estimated legal claims arising from employment, motor vehicle accidents, commercial and patent disputes. The Group has denied liability and is defending the claims. The estimate is based on precedent in such cases.

Unquantifiable contingencies

CSIRO is currently involved in several legal proceedings related to a family of wireless local area network (WLAN) patents which it owns and has licensed broadly. The proceedings are additional to similar proceedings settled by CSIRO in 2009 and 2012. Two actions in the USA involve claims and counterclaims related to patent damages, infringement, patent validity, and related matters. The first of those cases to proceed to trial was heard in February 2014. A damages award of USD \$16 million plus interest was made (this decision may still be appealed). A trial is set for July 2015 in the other of those two US cases. In August 2013 a further proceeding was filed in Germany seeking damages for patent infringement. At this stage, the final revenue and costs of all these action are considered unquantifiable.

Note 26: Cooperative Research Centres (CRCs)

All CRCs have been classified as joint operations as the purpose is for the pursuit of collaborative scientific research where participants share in the scientific outcomes and outputs of the CRCs. In the event that CRC research results in a move to commercialisation, a separate legal entity is established and CSIRO's share of the new entity is treated either as subsidiary, joint venture or associate in the Statement of Financial Position as appropriate.

CSIRO's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$11.5 million for the year (2013: \$13.6 million). Contributions made by CSIRO are expensed as incurred and these are included in the Statement of Comprehensive Income.

No contingent liabilities were reported by the CRC's in which CSIRO is a participant.

CSIRO is a participant in the following CRCs as at 30 June 2014.

| Name of CRC | <u>Expected Termination date</u> |
|---|---|
| Antarctic Climate and Ecosystems CRC | 30/06/16 |
| Australian Poultry CRC | 30/06/16 |
| Australian Seafood CRC | 30/06/15 |
| Australasian Invasive Animals CRC | 30/06/18 |
| Automotive Australia 2020 CRC | 30/06/17 |
| Bushfire CRC | 30/06/16 |
| CRC for Cancer Therapeutics | 30/06/20 |
| CRC for Contaminated Assessment and Remediation of the Environment (CRC for CARE) | 30/06/20 |
| CRC for Low Carbon Living | 30/06/19 |
| CRC for Mental Health | 30/06/18 |
| CRC for Polymers | 30/06/17 |
| Deep Exploration Technologies CRC | 30/06/16 |
| Greenhouse Gas Technologies CRC | 30/06/16 |
| National Plant Biosecurity CRC | 30/06/17 |
| Pork CRC | 30/06/19 |
| Remote Economic Participation CRC | 30/06/17 |
| Vision CRC | 30/06/17 |

The following CRC's have terminated and/or CSIRO's participation concluded at 30 June 2014.

| | |
|-------------------------------|----------|
| Advanced Manufacturing CRC | 30/06/14 |
| Sheep Industry Innovation CRC | 30/06/14 |
| Future Farm Industries CRC | 30/06/14 |

Note 27: Resources made available to the Group and not included in the Statement of Financial Position

| | Land | Buildings | Plant and Equipment | Total |
|-------------------------------------|--------------|------------|------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At cost or fair value | 3,425 | 755 | 33,012 | 37,192 |
| Accumulated depreciation | - | - | (21,373) | (21,373) |
| Net value as at 30 June 2014 | 3,425 | 755 | 11,639 | 15,819 |
| Net value as at 30 June 2013 | 4,615 | 153 | 12,366 | 17,134 |

The above assets are made available to CSIRO at little or no cost in accordance with formal agreements with contributors. They have either been purchased out of contract research monies and expensed in the year of purchase, in accordance with accounting policy Note 1.7, or made available to CSIRO at little or no cost. The assets include vehicles, computers and scientific equipment and land and buildings.

These assets are controlled and accounted for in the contributors' books and any proceeds from their disposals are refundable to the contributors in accordance with formal agreements on equity share. There are some restrictions on how these assets are operated.

Note 28: Monies held in trust

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Monies held in trust represented by cash, deposits and investments for the benefit of the Group which are not included in the Statement of Financial Position are: | | |
| The Sir Ian McLennan Achievement for Industry Award - established to award outstanding contributions by the Group's scientists and engineers to national development. | 336 | 301 |
| The Elwood and Hannah Zimmerman Trust Fund - established to fund weevil research and the curation of the Australian National Insect Collection (ANIC) weevil collection. | 5,184 | 4,999 |
| The Schlinger Trust - established to research the taxonomy, biosystematics, general biology and biogeography of Australasian Diptera conducted by the Australian National Insect Collection. | 2,504 | 2,420 |
| Total monies held in trust as at 30 June | 8,024 | 7,720 |

Movement summary of monies held in trust:

| | McLennan \$'000 | Zimmerman \$'000 | Schlinger \$'000 | Total \$'000 |
|-----------------------------------|--------------------|---------------------|---------------------|-----------------|
| Balance as at 1 July 2013 | 301 | 4,999 | 2,420 | 7,720 |
| Interest and distribution | 35 | 491 | 101 | 627 |
| Expenditure | - | (306) | (16) | (322) |
| Balance as at 30 June 2014 | 336 | 5,184 | 2,504 | 8,024 |

Note 29: Collections

CSIRO has a number of collections used for scientific research. These collections have been established over time and cover an extensive range of evolution and change in species. The collections are irreplaceable, bear scientific and historical value and are not reliably measurable in monetary terms. Therefore, CSIRO has not recognised them as an asset in its financial statements.

The main collections held by CSIRO are:

- Australian National Herbarium (ANH) – The ANH is one of the largest plant collections in Australia with approximately one million preserved plant specimens. It is unique among the Australian Herbaria in having a national focus for its collections, acquisition and research programs.
- Australian National Insect Collection (ANIC) – The ANIC has over 12 million specimens and is the largest research collection of Australian insects and related organisms in the world.
- Australian National Wildlife Collection (ANWC) – The ANWC, with over 80,000 specimens, holds land vertebrate collections, including the most comprehensively documented collections of Australian-New Guinean birds in the world.
- CSIRO National Fish Collection (ANFC) – The ANFC houses more than 145,000 finfish specimens representing more than 3000 species. These include Australian, Antarctica, and Indo-Pacific oceanic, inshore, estuarine and river fishes. The collection is internationally recognised for its Indo-Pacific sharks and rays and temperate and Southern Ocean species. It acts as a focal point for national and international collaboration.
- The Australian Tree Seed Collection (ATSC) – For over 40 years ATSC has been collecting, researching and supplying quality, fully documented tree seed to both domestic and overseas customers. Collections of seed are sourced from wild populations and genetically improved seed from our domestication and improvement programs.

Other collections include, but are not limited to, Australian National Algae Culture Collection (CSIRO collection of living microalgae), the Dadswell Memorial Wood Collection, the Wood-Inhabiting Fungi Collection and the Tropical Herbarium.

Note 30: Auditor's remuneration¹

| Notes | Consolidated | | CSIRO | |
|---|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Amounts received or due and receivable by the Group's auditors for: | | | | |
| An audit of the financial statements of CSIRO and the consolidated entity | 238,800 | 234,900 | 226,000 | 223,000 |
| Other non-audit related ² | 103,638 | 156,601 | 103,638 | 156,601 |
| | 342,438 | 391,501 | 329,638 | 379,601 |

¹ CSIRO's auditor is the Australian National Audit Office who has retained KPMG to assist with the assignment.

² These services are performed by KPMG directly and include taxation, governance services and financial reporting software.

Note 31: Remuneration of Board Members

Remuneration and superannuation benefits received or due and receivable by full-time and part-time Board Members, excluding the Chief Executive Officer were:

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Board Members' remuneration | 544,420 | 495,003 | 544,420 | 495,003 |
| Payments to superannuation funds for Board Members | 45,714 | 44,212 | 45,714 | 44,212 |
| Total remuneration | 590,134 | 539,215 | 590,134 | 539,215 |

The remuneration of the Chief Executive Officer, who is also a Board Member of the Group is reported under Note 32 Senior Executive Remuneration.

The number of Board Members whose total remuneration fell within the following bands were:

| \$ | Number | Number | Number | Number |
|------------------|----------|-----------|----------|-----------|
| 0 - 29,999 | 1 | 2 | 1 | 2 |
| 30,000 - 59,999 | - | 4 | - | 4 |
| 60,000 - 89,999 | 7 | 3 | 7 | 3 |
| 90,000 - 119,999 | 1 | 1 | 1 | 1 |
| Total | 9 | 10 | 9 | 10 |

Note 32: Senior Executive Remuneration

| Notes | Consolidated | | CSIRO | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Note 32 Senior Executive Remuneration | | | | |
| (a) Senior Executive remuneration expense for the reporting period^{1&2} | | | | |
| Short-term employee benefits | | | | |
| Salary | 7,496,582 | 6,742,392 | 7,496,582 | 6,742,392 |
| Performance bonuses | 2,246,174 | 1,637,312 | 2,246,174 | 1,637,312 |
| Additional allowances | 437,870 | 501,240 | 437,870 | 501,240 |
| Total short-term employee benefits | 10,180,626 | 8,880,944 | 10,180,626 | 8,880,944 |
| Post-employment benefits | | | | |
| Superannuation | 1,134,618 | 1,055,365 | 1,134,618 | 1,055,365 |
| Total post-employment benefits | 1,134,618 | 1,055,365 | 1,134,618 | 1,055,365 |
| Other long-term benefits | | | | |
| Annual leave accrued | 558,516 | 738,377 | 558,516 | 738,377 |
| Long-service leave accrued ³ | 303,436 | 769,936 | 303,436 | 769,936 |
| Total other long-term benefits | 861,952 | 1,508,313 | 861,952 | 1,508,313 |
| Termination benefits | | | | |
| Termination benefits | - | - | - | - |
| Total termination benefits | - | - | - | - |
| Total | 12,177,196 | 11,444,622 | 12,177,196 | 11,444,622 |

Notes:

¹ Note 32 (a) is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'bonus paid' in Note 32 (b)).

² Note 32 (a) excludes acting arrangements and part-year service where total remuneration expenses for a senior executive was less than \$195,000.

³ The movement in long service leave includes the impact of the reduced discounting factor for employee provisions as at 30 June 2014.

Note 32 (b) Average annual reportable remuneration paid to substantive senior executives during the reporting period - Consolidated

2014

| Substantive Senior Executives | 2014 | | | | | |
|--|-----------|------------------------------------|---|------------------------------------|-------------------------|---------|
| | No. | Reportable salary ^{2,6,6} | Contributed superannuation ³ | Reportable allowances ⁴ | Bonus paid ⁵ | Total |
| | | \$ | \$ | \$ | \$ | \$ |
| Average annual reportable remuneration ¹ | | | | | | |
| Total remuneration (including part-time arrangements): | | | | | | |
| less than \$195,000 | 3 | 114,645 | 15,651 | - | 3,174 | 133,470 |
| \$225,000 to \$254,999 | 4 | 179,893 | 26,289 | - | 36,928 | 243,110 |
| \$255,000 to \$284,999 | 4 | 222,890 | 31,108 | - | 16,518 | 270,516 |
| \$285,000 to \$314,999 | 6 | 219,221 | 32,117 | - | 44,838 | 296,176 |
| \$315,000 to \$344,999 | 5 | 233,876 | 34,674 | - | 64,776 | 333,326 |
| \$345,000 to \$374,999 | 4 | 285,092 | 24,531 | - | 53,036 | 362,659 |
| \$375,000 to \$404,999 | 1 | 297,799 | 38,313 | - | 51,305 | 387,417 |
| \$405,000 to \$434,999 | 1 | 313,711 | 47,156 | - | 71,845 | 432,712 |
| \$435,000 to \$464,999 | 1 | 305,485 | 52,010 | - | 80,970 | 438,465 |
| \$465,000 to \$494,999 | 1 | 336,570 | 29,075 | - | 119,989 | 485,634 |
| \$525,000 to \$554,999 | 2 | 387,952 | 56,283 | - | 89,919 | 534,154 |
| \$555,000 to \$584,999 | 1 | 403,437 | 36,965 | - | 124,942 | 565,344 |
| \$795,000 to \$824,999 | 1 | 584,241 | 71,130 | - | 167,038 | 822,409 |
| Total | 34 | | | | | |

Note 32 (b) Average annual reportable remuneration paid to substantive senior executives during the reporting period - Consolidated

2013

| Substantive Senior Executives | No. | Reportable remuneration ¹ | Reportable salary ^{2a,b} | Contributed superannuation ³ | Reportable allowances ⁴ | Bonus paid ⁵ | Total |
|--|-----------|--------------------------------------|-----------------------------------|---|------------------------------------|-------------------------|---------|
| | | | | | | | |
| Total remuneration (including part-time arrangements): | | | | | | | |
| | | less than \$195,000 | 68,787 | 10,092 | - | 9,356 | 88,235 |
| | 10 | \$195,000 to \$224,999 | 160,833 | 21,164 | - | 37,547 | 219,544 |
| | 2 | \$225,000 to \$254,999 | 205,235 | 29,501 | - | - | 234,736 |
| | 2 | \$255,000 to \$284,999 | 193,806 | 28,615 | - | 47,492 | 269,913 |
| | 4 | \$285,000 to \$314,999 | 213,912 | 27,355 | - | 52,522 | 293,789 |
| | 6 | \$315,000 to \$344,999 | 233,720 | 33,340 | - | 56,008 | 323,068 |
| | 4 | \$345,000 to \$374,999 | 282,243 | 23,807 | - | 47,466 | 353,516 |
| | 2 | \$375,000 to \$404,999 | 278,846 | 39,548 | - | 62,571 | 380,965 |
| | 1 | \$405,000 to \$434,999 | 298,819 | 46,819 | - | 73,769 | 419,407 |
| | 4 | \$435,000 to \$464,999 | 300,876 | 54,014 | - | 89,062 | 443,952 |
| | 1 | \$495,000 to \$524,999 | 362,689 | 51,689 | - | 83,832 | 498,210 |
| | 1 | \$765,000 to \$794,999 | 566,329 | 66,336 | - | 157,550 | 790,215 |
| Total | 38 | | | | | | |

Notes:

¹ This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

² 'Reportable salary' includes the following: a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column); b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); c) exempt foreign employment income; d) salary sacrificed benefits; e) termination benefits paid in 2013-14 where applicable.

³ The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

⁶ Various salary sacrifice benefits are reported in the 'reportable salary' column, including salary sacrificed superannuation.

Note 32 (c) Average annual reportable remuneration paid to other highly paid staff during the reporting period - Consolidated
2014

| Average annual reportable remuneration ¹ | Highly paid staff No. | Reportable salary ^{2,3,6} | Contributed superannuation ³ | Reportable allowances ⁴ | Bonus paid ⁵ | Total |
|---|-----------------------|------------------------------------|---|------------------------------------|-------------------------|---------|
| | | \$ | \$ | \$ | \$ | \$ |
| Total reportable remuneration (including part time arrangements) | | | | | | |
| \$195,000 to \$224,999 | 149 | 175,954 | 27,568 | - | 4,740 | 208,262 |
| \$225,000 to \$254,999 | 71 | 197,960 | 30,655 | - | 8,596 | 237,211 |
| \$255,000 to \$284,999 | 23 | 210,203 | 30,455 | - | 23,176 | 263,834 |
| \$285,000 to \$314,999 | 6 | 233,222 | 33,546 | - | 31,154 | 297,922 |
| \$345,000 to \$374,999 | 3 | 260,995 | 38,586 | - | 53,544 | 353,125 |
| \$405,000 to \$434,999 | 1 | 360,290 | 48,930 | - | - | 409,220 |
| \$795,000 to \$824,999 | 2 | 388,656 | 40,715 | - | 386,496 | 815,867 |
| Total | 255 | | | | | |

Note 32 (c) Average annual reportable remuneration paid to other highly paid staff during the reporting period - Consolidated

| 2013 | | | | | | |
|---|-------------------|--------------------------------------|---|------------------------------------|-------------------------|---------|
| Average annual reportable remuneration ¹ | Highly paid staff | Reportable salary ^{2&6} | Contributed superannuation ³ | Reportable allowances ⁴ | Bonus paid ⁵ | Total |
| | No. | \$ | \$ | \$ | \$ | \$ |
| Total reportable remuneration (including part time arrangements) | | | | | | |
| \$195,000 to \$224,999 | 139 | 175,346 | 25,974 | - | 4,798 | 206,118 |
| \$225,000 to \$254,999 | 62 | 194,382 | 27,935 | - | 16,222 | 238,539 |
| \$255,000 to \$284,999 | 9 | 201,296 | 39,635 | - | 27,957 | 268,888 |
| \$285,000 to \$314,999 | 2 | 200,236 | 73,733 | - | 26,324 | 300,293 |
| \$315,000 to \$344,999 | 5 | 246,425 | 29,167 | - | 55,897 | 331,489 |
| \$345,000 to \$374,999 | 2 | 266,832 | 40,570 | - | 52,966 | 360,368 |
| \$375,000 to \$404,999 | 1 | 62,250 | 7,916 | - | 314,699 | 384,865 |
| Total | 220 | | | | | |

Notes:

¹ This table reports staff:

- a) who were employed by the entity during the reporting period;
- b) whose reportable remuneration was \$195,000 or more for the financial period; and
- c) were not required to be disclosed in Table B or director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
- c) exempt foreign employment income;
- d) salary sacrificed benefits; and
- e) termination benefits paid in 2013-14 where applicable.

³ The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

⁶ Various salary sacrifice benefits are reported in the 'reportable salary' column, including salary sacrificed superannuation.

Note – Consolidated table includes one WLAN employee disclosed in 2013-14 in the salary band \$795,000 to \$824,999 (2012-13: \$375,000 to \$404,999).

Note 33: Meetings of the Board and Board Committees

During the financial year 2013-14, eleven Board meetings (six out of session), five Board Audit & Risk Committee meetings and five Board People, Health & Safety Committee meetings were held. The number of meetings attended by each of the Board members was as follows:

| Board member | CSIRO Board | | CSIRO Board Audit & Risk Committee | | CSIRO Board People, Health & Safety Committee | |
|---------------|---------------------------------------|-----------------|---------------------------------------|-----------------|---|-----------------|
| | Number eligible to attend as a member | Number attended | Number eligible to attend as a member | Number attended | Number eligible to attend as a member | Number attended |
| J Bennett | 11 | 11 | 5 | 5 | - | 3 |
| M S Boydell | 11 | 11 | 5 | 5 | - | 4 |
| M E Clark | 11 | 10 | - | 5 | - | 4 |
| E J Doyle | 11 | 11 | 5 | 5 | 5 | 5 |
| P Høj | 11 | 9 | 5 | 3 | - | - |
| S In't Veld | 11 | 9 | 5 | 5 | - | 2 |
| S V McKeon | 11 | 11 | - | 3 | 5 | 5 |
| J H Ranck | 11 | 11 | - | 1 | 5 | 4 |
| P W Riddles * | 3 | 2 | - | 1 | - | 1 |
| T H Spurling | 11 | 11 | - | 3 | 5 | 5 |

*** Notes:**

Dr Riddles was appointed on 24 April 2014.

Note 33: Meetings of the Board and Board Committees – (cont)

During the financial year 2012-13, twelve Board meetings (six out of session), seven Board Audit & Risk Committee meetings (one out of session) and seven Board People, Health & Safety Committee meetings (three out of session) were held. The number of meetings attended by each of the Board members was as follows:

| Board member | CSIRO Board | | CSIRO Board Audit & Risk Committee | | CSIRO Board People, Health & Safety Committee | |
|--------------|---------------------------------------|-----------------|---------------------------------------|-----------------|---|-----------------|
| | Number eligible to attend as a member | Number attended | Number eligible to attend as a member | Number attended | Number eligible to attend as a member | Number attended |
| J Bennett * | 9 | 9 | 1 | 2 | - | 1 |
| M S Boydell | 12 | 12 | 7 | 7 | - | 3 |
| M E Clark | 12 | 12 | - | 6 | - | 7 |
| T A Cutler * | - | - | - | - | - | - |
| E J Doyle | 12 | 12 | 7 | 7 | 7 | 6 |
| P Høj | 12 | 11 | 7 | 5 | - | - |
| S In't Veld | 12 | 8 | 1 | 2 | - | - |
| S V McKeon | 12 | 12 | - | 6 | 7 | 6 |
| J H Ranck | 12 | 10 | - | 4 | 7 | 7 |
| D Russell * | 3 | 2 | - | - | - | - |
| T H Spurling | 12 | 12 | - | 4 | 7 | 7 |

*** Notes:**

Dr Cutler's term expired on 24 July 2013. Dr Russell resigned effective 2 November 2012. Ms Bennett was appointed on 25 October 2012.

Note 34: Related party disclosures

(a) Controlled Entities

SIEF was established under the *Science and Industry Endowment Act 1926*. The Fund is deemed to be a CSIRO controlled entity in accordance with AASB 127 *Consolidated and Separate Financial Statements* and UIG 112. The Science and Industry Endowment Fund's separate financial statements are reported in the CSIRO Annual Report.

The principal activity of the SIEF is to provide assistance to persons engaged in scientific research and in training of students in scientific research.

WLAN was established in 2005. The company is a CSIRO controlled entity in accordance with AASB 127 *Consolidated and Separate Financial Statements* and UIG 112. The principal activity is to provide services to CSIRO.

The Fundación was established in October 2013. The Fundación is a controlled entity governed by a Board in accordance with the Constitution of the Fundación. The Centre is working with industry and leading Chilean Universities to develop cutting-edge technologies to reduce the environmental impact of mining and increase its productivity.

| Names | CSIRO Investment Amount | | % Equity Interest Held | | Board Control | |
|-----------|-------------------------|------------|------------------------|------|---------------|------|
| | 2014 \$ | 2013 \$ | 2014 | 2013 | 2014 | 2013 |
| SIEF | - | - | 100% | 100% | - | - |
| WLAN | 1 | 1 | 100% | 100% | - | - |
| Fundación | - | - | - | - | Yes | - |
| Total | 1 | 1 | | | | |

(b) Board Members

The Board Members of the Group during the financial year were:

S V McKeon AO (Chairman)
 E J Doyle (Deputy Chairman)
 M E Clark AC (Chief Executive)
 J Bennett
 M S Boydell
 P Høj
 S In't Veld
 J H Ranck
 P W Riddles (Appointed April 2014)
 T H Spurling AM

Remuneration – the aggregate remuneration of Board Members is disclosed in Note 31.

(c) Board Members' interest in contracts

Since 1 July 2013 no Board Member of CSIRO has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of remuneration received or due and receivable shown in Note 31 by reason of a contract made by CSIRO with the Board Member or with a firm of which the Board Member is a member or with a company in which the Board Member has a substantial financial interest.

This information relates to the period 1 July 2013 to 30 June 2014.

Note 34: Related party disclosures (cont)

(d) Other transactions of Board Members – related entities

Ms J Bennett is a non-Executive Director of Australian Farm Institute, Australian Broadcasting Corporation and Tasmanian Ports Corporation. Ms Bennett is the former Chair, and a current Member of the Tasmanian Food Industry Advisory Council and a Member of the Board of the Brand Tasmania Council. During 2013-14 Ms Bennett commenced as a Board Member of Nuffield Australia and a non-Executive Director of The Van Diemen's Land Company, and ceased as a non-Executive Director of the Tasmanian Water and Sewerage Corporations Northern Region (trading as Ben Lomond Water) and Tasmanian Water and Sewerage Corporations Common Services (trading as Onstream). All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Ms M S Boydell is the Chair of the Gladstone Area Water Board. Ms Boydell is a Director of Uniquest Pty Limited and UATC Pty Ltd and other private companies. During 2013-14 Ms Boydell was appointed Executive Chair of Yalari Limited and declared her Directorship of Eagle Street Associates Pty Ltd. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr M E Clark is a member of the Prime Minister's Science, Engineering and Innovation Council, a member of the STS Forum's Council, a member of the Executive Committee of the Global Research Alliance, National Precincts Board, Advisory Council of the Global Foundation and the Business Council of Australia Panel on Industry Value Add. Dr Clark is also a Director of a family company, registered 27 June 2011: Cradle Mountain Carbon Pty Ltd. ACN 151 512 220, the business purpose of which is as a vehicle to hold land for conservation. Dr Clark is a Director of a family company, registered 27 February 2007: Ballantyne Holdings Pty Ltd. ACN 008 729 002, the business purpose of which is commercial property. She is also trustee of the Science and Industry Endowment Fund, a member of the Australia Advisory Board of Bank of America Merrill Lynch and a member of the Chairman's panel of the Great Barrier Reef Foundation. During 2013-14 the Manufacturing Leaders Group and the World Economic Forum - Global Advisory Council for Measuring Sustainability, of which she was a member, both ceased. Dr Clark also ceased as Chair of the Mining for Development Advisory Board for AusAID. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr E J Doyle is Chair of both the Hunter Valley Research Foundation and the Hunter Founders Forum. She is a Non Executive Director of the GPT Group of companies, Boral Ltd, Bradken Limited, Newcastle Port Corporation and various private companies. Dr Doyle is also a Conjoint Professor at the University of Newcastle, Graduate School of Business. During 2013-14 Dr Doyle became a member of O'Connell Street Associates and ceased as a member of the Enterprise Connect Advisory Council. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Professor P Høj is President and Vice Chancellor of The University of Queensland. He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a foreign member of the Danish Academy of Sciences and Letters. He is a member of the Australian Research Committee (ARCom), Co-Deputy Chair of Strengthened Export Controls Steering Group and member of the Q20 - established by the Government to work to maximise the benefits to Queensland of Australia's presidency of the G20. During 2013-14 Professor Høj was appointed as Senior Consultant to Hanban (Confucius Institute Headquarters) and became an Advisory Board Member of EdX. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Ms S In't Veld is a Director of Asciano Limited. She is also an Advisory Council Member of SMART Infrastructure and a council member of AICD (WA), a non-Executive Director of the DUET Group and a member of the CSIRO Energy Strategic Advisory Committee. During 2013-14 Ms In't Veld was appointed Nominee Director for Sunsuper and Group Super (Commonwealth Bank) for Perth Airport, a non-Executive Director of Juniper Uniting Church Community and a Panel Member of the Renewable Energy Target (RET) Review. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Note 34: Related party disclosures (cont)

(d) Other transactions of Board Members – related entities

Mr S V McKeon is Chair of Global Poverty Project Australia Pty Ltd, a Director of Red Dust Role Models, a Fellow of the Australian Institute of Company Directors and Chair of In2Science. During 2013-14 he was appointed Chair of AMP Limited and a Business Events Ambassador for the Northern Territory Government. During 2013-14 he retired as Chair of Business for Millennium Development and as a Director of Global Poverty Project Inc. He also retired as Executive Chair of Macquarie Group's Melbourne Office and is now a consultant, although he retains the title of Chair, Melbourne Office. The AusAid Business Engagement Steering Committee, Federal Government's Human Rights Grants Scheme Advisory Panel and Victorian Government's National Disability Insurance Scheme Implementation Taskforce of which Mr McKeon was a member, have now ended. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Mr J H Ranck is a Director of Innotech Pty Ltd and Iluka Resources, a member of the Sydney University Senate Committee on Risk and Safety and a fellow of the Australian Institute of Company Directors. During 2013-14 Mr Ranck was appointed Chair of Elders Limited having previously served as a Director. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr P W Riddles is Founder and Director of ViciBio Pty Ltd, a Director of the Hear and Say Centre for Deaf Children and the National Stem Cell Foundation of Australia. Dr Riddles is also Chair of Life Sciences Queensland, Wound Management Innovation CRC and Griffith Enterprise Advisory Board, a Member of the Alberta Research and Innovation Authority, Canada and a Fellow of the California Technology Council. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Professor T H Spurling is a member of the Board of the International Centre for Radio Astronomy Research, Chair of Advanced Molecular Technologies Pty Ltd and a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE). He is a member of Working Group #4 of the Australian Council of Learned Academies (ACOLA) project to prepare a series of papers under the general title 'Securing Australia's Future'. Professor Spurling is representing ATSE on this project. During 2013-14 Professor Spurling moved from the Faculty of Life and Social Sciences at Swinburne University, to the Faculty of Business and Enterprise, as Director of the Centre for Transformative Innovation. He was also appointed as a Member of the RMIT University Design Research Institute Commercial and Industrial Committee, a Member of the Science and Engineering Advisory Committee of EPA Victoria and an Advisory Committee Member (representing the Chief Scientist of Victoria) of the Australian Institute for Teaching and School Leadership. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Note 35: Financial instruments

| | Notes | Consolidated | | CSIRO | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| (a) Categories of financial instruments | | | | | |
| Financial Assets | | | | | |
| Available for sale financial assets | | | | | |
| Investments | 10 | 14,621 | 10,520 | 14,621 | 10,520 |
| Loans and receivables | | | | | |
| Cash at bank | 7 | 29,101 | 48,417 | 25,982 | 45,013 |
| Term deposits | 7 | 369,072 | 356,221 | 269,593 | 238,000 |
| Receivable for goods and services | 8 | 60,278 | 82,112 | 61,795 | 82,112 |
| Other receivables | 8 | 7,335 | 85,488 | 2,646 | 86,471 |
| Carrying amount of financial assets | | 480,407 | 582,758 | 374,637 | 462,116 |
| Financial Liabilities | | | | | |
| Finance lease liabilities | 21 | 53,475 | 57,243 | 53,475 | 57,243 |
| Trade creditors | 19 | 54,773 | 62,433 | 54,347 | 61,779 |
| Research revenue received in advance | 20 | 96,791 | 93,193 | 97,691 | 93,193 |
| Deposits | 22 | 4,567 | 6,337 | 4,567 | 6,337 |
| Other creditors | 20 | 84,306 | 88,269 | 80,254 | 87,860 |
| Carrying amount of financial liabilities | | 293,912 | 307,475 | 290,334 | 306,412 |
| (b) Net income and expense from financial assets | | | | | |
| Cash at bank and term deposits | | | | | |
| Interest revenue | 4.2 | 13,908 | 18,070 | 9,464 | 11,529 |
| Net gain from financial assets | | 13,908 | 18,070 | 9,464 | 11,529 |
| (c) Net income and expense from financial liabilities | | | | | |
| Finance Leases | | | | | |
| Interest expense | 3.4 | 2,891 | 2,865 | 2,888 | 2,864 |
| Net loss from financial liabilities | | 2,891 | 2,865 | 2,888 | 2,864 |

(d) Fair value of financial instruments

A comparison between the fair value and carrying amount of the Group's financial assets and liabilities is not disclosed because the Group considers that the carrying amounts reported in the Statement of Financial Position are a reasonable approximation of the fair value of these financial assets and liabilities.

Note 35: Financial instruments (cont)

(e) Credit risk

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade and other receivables of \$63.8 million (2013 \$167.7 million). The Group has assessed the risk of the default on payment and has allocated \$0.6 million (2013 \$0.8 million) to an allowance for impairment account.

The Group manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Group has policies and procedures that guide employees to apply debt recovery techniques. The Group holds no collateral to mitigate against credit risk.

Credit risk of financial instruments not past due or individually determined as impaired - Consolidated

| | Notes | Not past due nor impaired | Not past due nor impaired | Past due or impaired | Past due or impaired |
|------------------------------------|-------|------------------------------|------------------------------|-------------------------|-------------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank | 7 | 29,101 | 48,417 | - | - |
| Term deposits | 7 | 369,072 | 356,221 | - | - |
| Receivables for goods and services | 8 | 49,198 | 71,007 | 11,080 | 11,105 |
| Other receivables | 8 | 7,335 | 85,488 | - | - |
| Investments | 10 | 14,621 | 10,520 | - | - |
| Total | | 469,327 | 571,653 | 11,080 | 11,105 |

Credit risk of financial instruments not past due or individually determined as impaired - CSIRO

| | Notes | Not past due nor impaired | Not past due nor impaired | Past due or impaired | Past due or impaired |
|------------------------------------|-------|------------------------------|------------------------------|-------------------------|-------------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank | 7 | 25,982 | 45,013 | - | - |
| Term deposits | 7 | 269,593 | 238,000 | - | - |
| Receivables for goods and services | 8 | 50,722 | 71,007 | 11,073 | 11,105 |
| Other receivables | 8 | 2,646 | 86,471 | - | - |
| Investments | 10 | 14,621 | 10,520 | - | - |
| Total | | 363,564 | 451,011 | 11,073 | 11,105 |

Ageing of financial assets that were past due but not impaired for 2014 - Consolidated

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|------------------------------------|-----------------|------------------|------------------|-------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables for goods and services | 9,589 | 997 | 177 | 317 | 11,080 |
| Total | 9,589 | 997 | 177 | 317 | 11,080 |

Ageing of financial assets that were past due but not impaired for 2013 - Consolidated

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|------------------------------------|-----------------|------------------|------------------|--------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables for goods and services | 8,181 | 1,216 | 281 | 1,427 | 11,105 |
| Total | 8,181 | 1,216 | 281 | 1,427 | 11,105 |

(e) Credit risk (cont)

Ageing of financial assets that were past due but not impaired for 2014 - CSIRO

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|------------------------------------|-----------------|------------------|------------------|-------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables for goods and services | 9,582 | 997 | 177 | 317 | 11,073 |
| Total | 9,582 | 997 | 177 | 317 | 11,073 |

Ageing of financial assets that were past due but not impaired for 2013 - CSIRO

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|------------------------------------|-----------------|------------------|------------------|--------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables for goods and services | 8,181 | 1,216 | 281 | 1,427 | 11,105 |
| Total | 8,181 | 1,216 | 281 | 1,427 | 11,105 |

(f) Liquidity risk

The Group's financial liabilities are payables, finance leases and other interest bearing liabilities. The exposure to liquidity risk is based on the notion that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to Australian Government funding and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Group manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Group has policies in place to ensure timely payments are made when due and has no past experience of defaults.

The following table illustrates the maturities for financial liabilities for 2014 - Consolidated

| | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|--------------------------------------|--------------|------------------|-----------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Finance lease liabilities | - | 5,929 | 17,479 | 30,067 | 53,475 |
| Trade creditors | - | 54,773 | - | - | 54,773 |
| Research revenue received in advance | - | 96,791 | - | - | 96,791 |
| Deposits | 4,567 | - | - | - | 4,567 |
| Other creditors | - | 84,306 | - | - | 84,306 |
| Total | 4,567 | 241,799 | 17,479 | 30,067 | 293,912 |

The following table illustrates the maturities for financial liabilities for 2013 - Consolidated

| | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|--------------------------------------|--------------|------------------|-----------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Finance lease liabilities | - | 4,965 | 18,135 | 34,143 | 57,243 |
| Trade creditors | - | 62,433 | - | - | 62,433 |
| Research revenue received in advance | - | 93,193 | - | - | 93,193 |
| Deposits | 6,337 | - | - | - | 6,337 |
| Other creditors | - | 88,269 | - | - | 88,269 |
| Total | 6,337 | 248,860 | 18,135 | 34,143 | 307,475 |

(f) Liquidity risk (cont)

The following table illustrates the maturities for financial liabilities for 2014 - CSIRO

| | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|--------------------------------------|--------------|----------------|---------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Finance lease liabilities | - | 5,929 | 17,479 | 30,067 | 53,475 |
| Trade creditors | - | 54,347 | - | - | 54,347 |
| Research revenue received in advance | - | 97,691 | - | - | 97,691 |
| Deposits | 4,567 | - | - | - | 4,567 |
| Other creditors | - | 80,254 | - | - | 80,254 |
| Total | 4,567 | 238,221 | 17,479 | 30,067 | 290,334 |

The following table illustrates the maturities for financial liabilities for 2013 - CSIRO

| | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|--------------------------------------|--------------|----------------|---------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Finance lease liabilities | - | 4,965 | 18,135 | 34,143 | 57,243 |
| Trade creditors | - | 61,779 | - | - | 61,779 |
| Research revenue received in advance | - | 93,193 | - | - | 93,193 |
| Deposits | 6,337 | - | - | - | 6,337 |
| Other creditors | - | 87,860 | - | - | 87,860 |
| Total | 6,337 | 247,797 | 18,135 | 34,143 | 306,412 |

(g) Market risk

The Group holds basic financial instruments that do not expose the Group to certain market risks except for equity price risk for its 'available for sale' equity investments. See Note 9.

Interest rate risk

The only interest-bearing items on the Statement of Financial Position are finance leases. They all bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

Equity price risk

Equity price risk arises from changes in market prices of listed equity investments that the Group has designated as 'available for sale' financial instruments. See Note 10.

Sensitivity analysis

The Group's listed equity investments are listed on the Australian Stock Exchange (ASX). For such instruments classified as 'available for sale', a 10% increase in the ASX All Ordinary Index at the reporting date would have increased equity by \$0.4 million (2013: \$0.3 million). An equal change in the opposite direction would have decreased equity by \$0.4 million (2013: \$0.3 million). The analysis is performed on the same basis for 2013.

Currency risk

In accordance with Australian Government policy, the Group is prohibited from entering into foreign currency hedges.

The Group's exposure to foreign exchange risk on sales and purchases that are denominated in currencies other than the Australian dollar is not considered material. At any point in time the Group's foreign currency risk exposure is not material.

Note 36: Financial assets and liabilities reconciliation

| | Notes | Consolidated | | CSIRO | |
|---|-------|------------------|----------------|------------------|----------------|
| | | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| (a) Financial assets | | | | | |
| Total financial assets as per Statement of Financial Position | | 484,430 | 585,703 | 378,067 | 463,720 |
| Add: non-financial instrument components | | | | | |
| Impairment allowance for goods and services | 8 | 644 | 834 | 644 | 834 |
| Less: non-financial instrument components | | | | | |
| GST receivable from ATO | | (4,358) | (3,433) | (3,765) | (2,092) |
| Investments accounted for using equity method | 9 | (309) | (346) | (309) | (346) |
| Total financial instrument components | | (4,023) | (2,945) | (3,430) | (1,604) |
| Total financial assets as per financial instrument note | 35(a) | 480,407 | 582,758 | 374,637 | 462,116 |
| (b) Financial liabilities | | | | | |
| Total financial liabilities as per Statement of Financial Position | | 553,250 | 574,413 | 549,672 | 573,350 |
| Less: non-financial instrument components | | | | | |
| Employee provisions | 23 | (259,338) | (266,938) | (259,338) | (266,938) |
| Total non-financial instrument components | | (259,338) | (266,938) | (259,338) | (266,938) |
| Total financial liabilities as per financial instrument note | 35(a) | 293,912 | 307,475 | 290,334 | 306,412 |

Note 37: Reporting of outcome

(a) Reporting of outcome

The Groups outputs contribute to a single outcome:

Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

(b) Net cost of outcome delivery

| | Consolidated | | CSIRO | |
|--|------------------|----------------|------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Total expenses ¹ | 1,283,291 | 1,281,442 | 1,270,662 | 1,267,577 |
| Income from non-government sector | | | | |
| Other external revenues: | | | | |
| Sale of goods and rendering of services - to related entities | 148,192 | 108,452 | 158,732 | 120,863 |
| Sale of goods and rendering of services - to external entities | 235,712 | 304,904 | 235,713 | 304,299 |
| Interest | 13,908 | 18,070 | 9,464 | 11,529 |
| Net gains from sale of assets | - | - | - | - |
| Net foreign exchange gains | - | 5,454 | - | 5,454 |
| Donations | 153 | 51 | 153 | 51 |
| Rents | 7,096 | 7,176 | 7,096 | 7,176 |
| Royalties | 29,133 | 37,548 | 29,133 | 37,548 |
| Net gains from sale of investments | - | - | - | - |
| Sale of primary produce | 1,064 | 1,721 | 1,064 | 1,721 |
| Other | 26,053 | 23,110 | 25,412 | 23,581 |
| Total other own-source income | 461,311 | 506,486 | 466,767 | 512,222 |
| Net cost of outcome delivery | 821,980 | 774,956 | 803,895 | 755,355 |

¹ Total expenses adjusted for movement in equity investment.