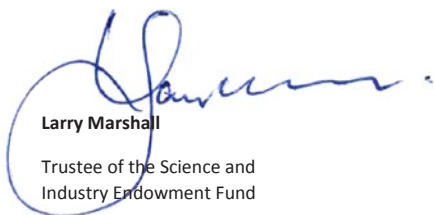


**SCIENCE AND INDUSTRY ENDOWMENT FUND**

**STATEMENT BY TRUSTEE AND CHIEF FINANCE OFFICER OF COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION (CSIRO) AS SERVICE PROVIDER TO THE SCIENCE AND INDUSTRY ENDOWMENT FUND**

In our opinion, the attached financial report for the year ended 30 June 2017 has been prepared based on properly maintained financial records and in accordance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and give a true and fair view of the financial position of the Science and Industry Endowment Fund as at 30 June 2017 and of its performance for the year then ended.

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



**Larry Marshall**  
Trustee of the Science and  
Industry Endowment Fund

14 August 2017



**Tom Munyard**  
Chief Finance Officer of CSIRO  
as service provider to the Science and Industry  
Endowment Fund

14 August 2017

SCIENCE AND INDUSTRY ENDOWMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

For the period ended as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>EXPENSES</b>			
Scientific research grants	1	17,672,851	14,833,647
Service fee under Services Agreement with CSIRO		525,718	424,789
Consulting fees		178,891	60,000
Audit fees		15,000	15,000
Advertising and approval fees	2	-	5,343
Other fees		6	35
<b>Total expenses</b>		<b>18,392,466</b>	<b>15,338,814</b>
<b>LESS:</b>			
<b>REVENUE</b>			
NSW Government Endowment contribution		25,000,000	-
Scientific grant program refunds		71,352	78,359
Interest	4	1,723,749	2,240,969
Resources received free of charge	2	-	5,343
<b>Total revenue</b>		<b>26,795,101</b>	<b>2,324,671</b>
<b>Net profit/ (deficit)</b>		<b>8,402,635</b>	<b>(13,014,143)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit/ (loss)</b>		<b>8,402,635</b>	<b>(13,014,143)</b>

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

SCIENCE AND INDUSTRY ENDOWMENT FUND

STATEMENT OF FINANCIAL POSITION

For the period ended as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
Cash	5	75,804,536	67,135,320
Interest receivable	6	439,736	450,752
GST receivable	6	152,119	412,589
Other receivables	6	14,223	40,480
<b>Total Assets</b>		<b>76,410,614</b>	68,039,141
<b>LIABILITIES</b>			
<b>Payables</b>			
Shared service fee payable		113,220	124,865
Accrued expenses	7	15,000	34,517
<b>Total payables</b>		<b>128,220</b>	159,382
<b>Total liabilities</b>		<b>128,220</b>	159,382
<b>Net assets</b>		<b>76,282,394</b>	67,879,759
<b>EQUITY</b>			
Contributed equity		200,000	200,000
Retained surplus		76,082,394	67,679,759
<b>Total equity</b>		<b>76,282,394</b>	67,879,759

**SCIENCE AND INDUSTRY ENDOWMENT FUND**

**STATEMENT OF CHANGES IN EQUITY**

For the period ended as at 30 June 2017

	Retained Surplus		Contributed Equity		Total Equity	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<b>Opening Balance</b>	<b>67,679,759</b>	80,693,902	<b>200,000</b>	200,000	<b>67,879,759</b>	80,893,902
Net profit/ (deficit)	<b>8,402,635</b>	(13,014,143)	-	-	<b>8,402,635</b>	(13,014,143)
<b>Closing Balance</b>	<b>76,082,394</b>	67,679,759	<b>200,000</b>	200,000	<b>76,282,394</b>	67,879,759

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

SCIENCE AND INDUSTRY ENDOWMENT FUND

CASH FLOW STATEMENT

For the period ended as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Scientific research grant refunds		111,832	37,879
Interest received		1,734,764	2,537,673
NSW Government Endowment contribution		25,000,000	-
Net GST received		2,072,115	1,708,280
<b>Total cash received</b>		<b>28,918,711</b>	<b>4,283,832</b>
<b>Cash used</b>			
Payments to grantees		19,590,962	17,250,665
Other payments		658,529	522,603
Bank fees paid		4	35
<b>Total cash used</b>		<b>20,249,495</b>	<b>17,773,303</b>
<b>Net cash provided/(used) by operating activities</b>	8	<b>8,669,216</b>	<b>(13,489,471)</b>
Net increase/(decrease) in cash held		8,669,216	(13,489,471)
Cash at the beginning of the reporting period		67,135,320	80,624,791
<b>Cash at the end of the reporting period</b>		<b>75,804,536</b>	<b>67,135,320</b>

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

## SCIENCE AND INDUSTRY ENDOWMENT FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2017

#### Overview

The Science and Industry Endowment Fund (referred to as the Fund) was established under the *Science and Industry Endowment Act 1926* with the Trustee of the Fund being the CSIRO Chief Executive and is a not-for-profit entity. An appropriation of 100 000 pounds was received at the time the Fund was established. The principal activity of the Fund is to provide assistance to persons engaged in scientific research and in the training of students in scientific research.

In October 2009 the Minister for Innovation, Industry, Science and Research announced a gift of \$150 million to be donated by CSIRO to the Fund. The gift is intended to be used for scientific research for the purposes of assisting Australian industry, furthering the interests of the Australian community or contributing to the achievement of Australian national objectives. The gift was made subject to the terms of a Deed of Gift between the Trustee and CSIRO dated 15 October 2009. The maximum amount to be disbursed from the Gift Fund in any one financial year does not exceed \$25 million Goods and Services Tax (GST) exclusive. The total cash payments made in 2016-17 under the Deed of Gift was \$18,406,981.

In June 2017, the NSW STEM Foundation Initiatives' Program was created to establish and implement a program of activities including research, to increase the supply of STEM (science, technology, engineering and mathematics) skilled labour to meet the current and future needs of New South Wales.

#### Basis of Preparation of the Financial Statements

The financial statements for the Fund are general purpose financial statements and are required by section 10 of the *Science and Industry Endowment Act 1926*. They have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

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

The financial report is presented in Australian Dollars and values are rounded to the nearest dollar unless otherwise specified.

#### Significant Accounting Judgements and Estimates and New Accounting Standards

No accounting assumptions or estimates have been identified that have a significant impact on the amounts recorded in the financial statements.

The Fund has reviewed new standards, revised standards and interpretations/amending standards issued prior to the signing of the financial statements and has implemented the revised disclosure requirements under AASB 124 Related Parties Disclosures.

#### Events after the Reporting Period

At the time of completion of this note, the Trustee is not aware of any significant events occurring after the reporting date that could impact on the financial report.

#### Taxation

The Fund is exempt from all forms of taxation except the GST.

SCIENCE AND INDUSTRY ENDOWMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2017

Note 1 Scientific research grants	2017	2016
	\$	\$
CREST Program awards	-	17,417
Macquarie University Joint Chair In Wireless Communication	<b>288,347</b>	277,256
Scholarships and Fellowships	<b>6,068,600</b>	1,436,630
Research Infrastructure Investment	<b>5,706,000</b>	3,325,000
Special Research Program	-	1,000,000
Research Project Grants	<b>3,755,107</b>	8,577,344
Experimental Development Program	<b>1,854,797</b>	200,000
<b>Total</b>	<b>17,672,851</b>	14,833,647

The Fund is a subsidiary entity of the Commonwealth Scientific and Industrial Research Organisation (CSIRO). For the 2016-17 financial year, the Fund has recognised \$12m in grant expenses as transferred directly to CSIRO to support scientific research and infrastructure projects within CSIRO and/or collaborative projects with external organisations (2015-16: \$6m).

Note 2 Estimated value of resources provided free of charge by CSIRO are as follows

Advertising and approval fees	-	5,343
<b>Total</b>	-	5,343

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

Note 3 NSW Government Endowment contribution

In June 2017, the NSW Government acting through the NSW Department of Industry provided a \$25m endowment to SIEF. The contribution was recognised as income when SIEF gained control of the endowment. The endowment will be used on the NSW STEM Foundation Initiatives' Program in accordance with the deed of endowment. At the end of the financial year 2016-17, the entirety of the \$25m contribution remains unspent.

Note 4 Interest Revenue

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

Note 5 Cash

Cash at bank	<b>25,578,861</b>	4,166,070
Term deposits	<b>50,225,675</b>	62,969,250
<b>Total</b>	<b>75,804,536</b>	67,135,320

Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of twelve 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.

Note 6 Receivables

Interest receivable	<b>439,736</b>	450,752
GST Receivable	<b>152,119</b>	412,589
Other receivables	<b>14,223</b>	40,480
<b>Total receivables</b>	<b>606,078</b>	903,821

SCIENCE AND INDUSTRY ENDOWMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2017

<b>Note 7 Accrued expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CREST Program awards	-	19,517
Audit fee	<b>15,000</b>	15,000
<b>Total</b>	<b>15,000</b>	<b>34,517</b>

**Note 8 Cash flow reconciliation**

Reconciliation of operating surplus to net cash from/(used by) operating activities:

<b>Operating surplus/(deficit)</b>	<b>8,402,635</b>	(13,014,143)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	<b>297,743</b>	445,042
Increase/(decrease) in payables	<b>(31,162)</b>	(920,370)
<b>Net cash from/(used by) operating activities</b>	<b>8,669,216</b>	(13,489,471)

**Note 9 Schedule of commitments**

The below table shows the monies SIEF is committed to pay on its executed grant funding agreements as at 30 June 2017, subject to grantees meeting funding milestones.

**BY TYPE**

Grants commitments payable	<b>16,531,775</b>	31,044,258
GST receivable on grants payable	<b>(1,500,707)</b>	(2,813,478)
<b>Total net commitments by type</b>	<b>15,031,068</b>	28,230,780

**BY MATURITY**

<b>Grant commitments payable</b>		
One year or less	<b>14,223,434</b>	17,814,547
From one to five years	<b>2,308,341</b>	13,229,712
<b>Total grants payable</b>	<b>16,531,775</b>	31,044,259
<b>GST commitments receivable</b>		
One year or less	<b>(1,290,858)</b>	(1,612,232)
From one to five years	<b>(209,849)</b>	(1,201,247)
<b>Total commitments receivable</b>	<b>(1,500,707)</b>	(2,813,479)
<b>Net commitments by maturity</b>	<b>15,031,068</b>	28,230,780

**Note 10 Contingent assets and liabilities**

No contingent assets or liabilities existed as at 30 June 2017 (2016: nil).



**SCIENCE AND INDUSTRY ENDOWMENT FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**For the period ended as at 30 June 2017**

**Note 11 Financial instruments**

The Fund's financial assets are cash and interest receivable on cash. The net value is equivalent to the carrying amount. Financial liabilities are suppliers and grants payable. Due to the nature of SIEFs operations and its large cash holdings it is not exposed to credit risk, liquidity risk or market risk.

**Interest rate risk**

The Fund maintains an operating bank account and short term deposits which are subject to short term interest rates. Funds are maintained in term deposits for short periods. In 2016-17 the average return on cash and short term deposits was 2.90% (2016: 3.00%).

**Note 12 Related Party Disclosures**

The fund is a wholly controlled subsidiary of CSIRO. The trustee is the Chief Executive Officer of CSIRO who is remunerated through CSIRO and not paid an additional salary for his role as trustee of the fund. There were no transactions during the reporting period between the trustee and the fund. Related parties to this entity other than the trustee are other Australian Government entities.

Significant transactions with related parties can include the payment of grants, the purchase of goods and services. Given consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed. Grants are awarded based on assessment against a set of established selection criteria prior to approval. All eligible applications are assessed equally.