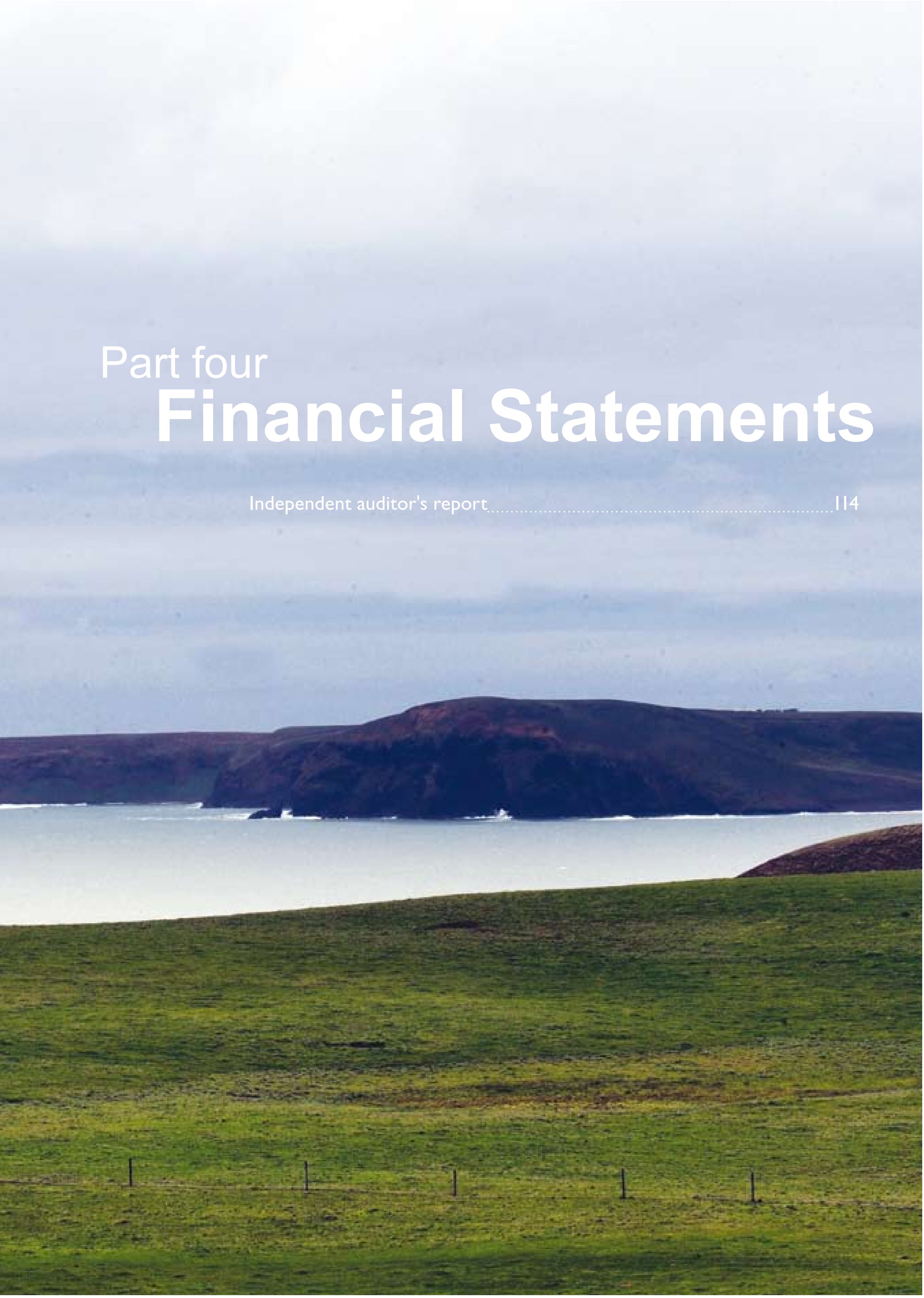
Part four

Financial Statements



Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Innovation, Industry, Science and Research

Scope

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 2010, which comprise: a Statement by the Chairman of the Board, Chief Executive Officer and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies. 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.

The Board Members' Responsibility for the Financial Statements

The members of the Board of the Commonwealth Scientific and Industrial Research Organisation are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the 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 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

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considers internal control relevant to the Commonwealth Scientific and Industrial Research Organisation's preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by the members of the Board, 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 the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's 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 position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

John McCullough
Audit Principal
Delegate of the Auditor-General

Canberra
27 August 2010

Financial Statements

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

In our opinion, the attached financial statements for the year ended 30 June 2010 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	Megan Clark	
Simon McKeon	**Megan Clark**	**David Toll**
Chairman of the Board	Chief Executive and Board Member	Acting Chief Financial Officer
25 August 2010	25 August 2010	18 August 2010

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2010

	Notes	Consolidated		CSIRO	
		2010	**2009**	**2010**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
EXPENSES					
Employee benefits	3.1	685 600	641 509	685 330	639 241
Supplier expenses	3.2	383 662	422 210	533 939	424 460
Depreciation and amortisation	3.3	95 659	87 965	95 659	87 965
Finance costs	3.4	3 463	2 979	3 463	2 979
Write-down and impairment of assets	3.5	4 476	21 295	4 476	21 295
Net foreign exchange losses	3.6	5 433	-	5 433	-
Net loss from sale of assets	3.7	4 813	-	4 813	-
Other expenses	3.8	31	4 868	-	4 838
Total expenses		**1 183 137**	**1 180 826**	**1 333 113**	**1 180 778**
LESS:					
OWN-SOURCE INCOME					
Own source revenue					
Sale of goods and rendering of services	4.1	377 919	347 877	380 422	347 877
Interest	4.2	10 422	5 036	7 222	5 000
Rental income	4.3	8 562	7 387	8 562	7 387
Royalties	4.4	42 985	15 948	42 985	15 948
Other revenues	4.5	15 587	232 598	16 149	232 587
Total own source revenues		**455 475**	**608 846**	**455 340**	**608 799**
Gains					
Net gain from sale of assets	4.6	-	25 612	-	25 612
Net foreign exchange gains	4.7	-	319	-	319
Realisation of fair value gain reserve	4.8	3 866	-	3 866	-
Total gains		**3 866**	**25 931**	**3 866**	**25 931**
Total own-source income		**459 341**	**634 777**	**459 206**	**634 730**
Net cost of service		**(723 796)**	**(546 049)**	**(873 907)**	**(546 048)**
Revenues from Government	4.9	704 884	668 120	704 884	668 120
Share of net operating surplus/(deficit) of joint venture accounted for using the equity method	8	30	(71)	30	(71)
Surplus on continuing operation		**704 914**	**668 049**	**704 914**	**668 049**
Surplus/(Deficit) attributable to the Australian Government		**(18 882)**	**122 000**	**(168 993)**	**122 001**
OTHER COMPREHENSIVE INCOME					
Increase/(decrease) in asset revaluation reserves	5.1	-	(5 711)	-	(5 711)
Increase/(decrease) in other reserves	5.2	16 754	(40 901)	16 754	(40 901)
Total other comprehensive income /(loss)		**16 754**	**(46 612)**	**16 754**	**(46 612)**
Total comprehensive income/(loss) attributable to the Australian Government		**(2 128)**	**75 388**	**(152 239)**	**75 389**

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

CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEET
As at 30 June 2010

	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	6	231 293	164 687	132 722	164 156
Trade and other receivables	7	102 138	166 854	100 546	166 843
Investments accounted for using the equity method	8	573	543	573	543
Other investments	9	32 641	62 453	32 641	62 453
Total financial assets		**366 645**	**394 537**	**266 482**	**393 995**
Non-Financial Assets					
Land and buildings	10	1 366 747	1 333 237	1 366 747	1 333 237
Plant and equipment	11	330 317	298 107	330 317	298 107
Investment properties	12	50 665	41 340	50 665	41 340
Intangibles	13	26 806	26 513	26 806	26 513
Inventories	14	1 153	1 276	1 153	1 276
Other non-financial assets	15	42 037	31 064	42 037	31 064
Total non-financial assets		**1 817 725**	**1 731 537**	**1 817 725**	**1 731 537**
Properties held for sale	16	47 913	56 760	47 913	56 760
TOTAL ASSETS		**2 232 283**	**2 182 834**	**2 132 120**	**2 182 292**
LIABILITIES					
Payables					
Suppliers	17	93 742	94 383	93 742	94 383
Other payables	18	157 755	144 216	208 225	144 196
Total payables		**251 497**	**238 598**	**301 967**	**238 579**
Interest Bearing Liabilities					
Leases	19	69 256	63 636	69 256	63 636
Deposits	20	2 462	5 687	2 462	5 687
Total interest bearing liabilities		**71 718**	**69 323**	**71 718**	**69 323**
Provisions					
Employee provisions	21	189 111	181 747	189 111	181 747
Total provisions		**189 111**	**181 747**	**189 111**	**181 747**
TOTAL LIABILITIES		**512 326**	**489 668**	**562 796**	**489 649**
NET ASSETS		**1 719 957**	**1 693 165**	**1 569 324**	**1 692 643**
EQUITY					
Contributed equity		36 790	7 870	36 590	7 670
Assets revaluation reserves		1 093 712	1 093 712	1 093 712	1 093 712
Other reserves		(13 577)	(30 331)	(13 577)	(30 331)
Retained surplus		603 032	621 914	452 599	621 592
TOTAL EQUITY		**1 719 957**	**1 693 165**	**1 569 324**	**1 692 643**

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

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY– CONSOLIDATED

For the period ended 30 June 2010

	Retained Surplus		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Opening balance	621 914	499 914	1 093 712	1 099 423	(30 331)	10 570	7 870	200	1 693 165	1 610 107
Comprehensive income										
Other comprehensive income	-	-	-	(5 711)	16 754	(40 901)	-	-	16 754	(46 612)
Surplus/(deficit) for the period	(18 882)	122 000	-	-	-	-	-	-	(18 882)	122 000
Total comprehensive income	(18 882)	122 000	-	(5 711)	16 754	(40 901)	-	-	(2 128)	75 388
Transactions with owners										
Contributions by owners										
Equity injection	-	-	-	-	-	-	28 920	7 670	28 920	7 670
Closing balance	603 032	621 914	1 093 712	1 093 712	(13 577)	(30 331)	36 790	7 870	1 719 957	1 693 165

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

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY– CSIRO

For the period ended 30 June 2010

	Retained Surplus		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Opening balance	**621 592**	**499 591**	**1 093 712**	**1 099 423**	**(30 331)**	**10 570**	**7 670**	**-**	**1 692 643**	**1 609 584**
Comprehensive income										
Other comprehensive income	-	-	**-**	(5 711)	16 754	(40 901)	-	-	**16 754**	**(46 612)**
Surplus/(deficit) for the period	(168 993)	122 001	**-**	-	-	-	-	-	**(168 993)**	**122 001**
Total comprehensive income	**(168 993)**	**122 001**	**-**	**(5 711)**	**16 754**	**(40 901)**	**-**	**-**	**(152 239)**	**75 389**
Transactions with owners										
Contributions by owners										
Equity injection	**-**	**-**	**-**	**-**	**-**	**-**	28 920	7 670	**28 920**	**7 670**
Closing balance	**452 599**	**621 592**	**1 093 712**	**1 093 712**	**(13 577)**	**(30 331)**	**36 590**	**7 670**	**1 569 324**	**1 692 643**

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

CONSOLIDATED FINANCIAL STATEMENTS
CASH FLOW STATEMENT
For the period ended 30 June 2010

	Notes	Consolidated		CSIRO	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government		704 884	668 120	704 884	668 120
Goods and services		564 444	567 729	566 828	567 638
Interest		9 841	4 393	8 484	4 351
Net GST received		14 289	7 802	14 407	7 898
Total cash received		**1 293 458**	**1 248 044**	**1 294 603**	**1 248 007**
Cash used					
Employees		680 354	630 139	679 163	629 216
Suppliers		453 760	446 039	554 136	446 929
Finance costs		3 275	2 785	3 275	2 785
Deposits		2 966	6 279	2 966	6 279
Total cash used		**1 140 355**	**1 085 242**	**1 239 540**	**1 085 209**
Net cash from operating activities	22	**153 103**	**162 802**	**55 063**	**162 798**
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of property, plant and equipment		2 279	42 399	2 279	42 399
Proceeds from sale of equity investments and intellectual property		49 941	11 281	49 941	11 281
Total cash received		**52 220**	**53 680**	**52 220**	**53 680**
Cash used					
Purchase of property, plant and equipment		155 957	151 056	155 957	151 056
Purchase of equity investments		6 016	2 970	6 016	2 970
Other selling costs		735	340	735	340
Total cash used		**162 708**	**154 366**	**162 708**	**154 366**
Net cash used by investing activities		**(110 488)**	**(100 686)**	**(110 488)**	**(100 686)**
FINANCING ACTIVITIES					
Cash received					
Contributed equity		28 920	7 670	28 920	7 670
Total cash received		**28 920**	**7 670**	**28 920**	**7 670**
Cash used					
Other cash used		4 929	4 162	4 929	4 162
Total cash used		**4 929**	**4 162**	**4 929**	**4 162**
Net cash from financing activities		**23 991**	**3 508**	**23 991**	**3 508**
Net increase/(decrease) in cash held		**66 606**	**65 624**	**(31 434)**	**65 620**
Cash and cash equivalents at the beginning of the reporting period		164 687	99 063	164 156	98 536
Cash and cash equivalents at end of the reporting period	6	**231 293**	**164 687**	**132 722**	**164 156**

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

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF COMMITMENTS
As at 30 June 2010

	Consolidated		CSIRO	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
BY TYPE				
Capital commitments payable				
Land and buildings[1]	14 095	59 187	14 095	59 187
Plant and equipment[2]	7 912	13 256	7 912	13 256
Investments[3]	2 907	3 432	2 907	3 432
Total capital commitments payable	**24 914**	**75 875**	**24 914**	**75 875**
Other commitments payable				
Operating leases[4]	308 164	347 908	308 164	347 908
Research and development commitments[5]	524 217	545 284	524 217	545 284
Other commitments[6]	28 813	12 265	28 813	12 265
Total other commitments payable	**861 194**	**905 457**	**861 194**	**905 457**
Commitments receivable				
Research and development commitments[5]	(357 519)	(339 446)	(357 519)	(339 446)
Other receivables[6]	(7 117)	(11 389)	(7 117)	(11 389)
Total commitments receivable	**(364 636)**	**(350 835)**	**(364 636)**	**(350 835)**
Net commitments by type	**521 472**	**630 497**	**521 472**	**630 497**
BY MATURITY				
Capital commitments payable				
One year or less	18 020	65 974	18 020	65 974
From one to five years	6 894	9 901	6 894	9 901
Total capital commitments payable	**24 914**	**75 875**	**24 914**	**75 875**
Operating lease commitments payable				
One year or less	34 864	39 565	34 864	39 565
From one to five years	127 765	126 551	127 765	126 551
Over five years	145 535	181 792	145 535	181 792
Total operating lease commitments payable	**308 164**	**347 908**	**308 164**	**347 908**
Other commitments payable				
One year or less	348 582	365 943	348 582	365 943
From one to five years	204 448	191 606	204 448	191 606
Total other commitments payable	**553 030**	**557 549**	**553 030**	**557 549**
Commitments receivable				
One year or less	(232 879)	(219 808)	(232 879)	(219 808)
From one to five years	(130 322)	(129 253)	(130 322)	(129 253)
Over five years	(1 435)	(1 774)	(1 435)	(1 774)
Total commitments receivable	**(364 636)**	**(350 835)**	**(364 636)**	**(350 835)**
Net commitments by maturity	**521 472**	**630 497**	**521 472**	**630 497**

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 following a once-off adjustment of rentals to current market levels.
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 a general period of 2–3 years.

5. Research and development commitments payable and receivable are Agreements Equally Proportionately Unperformed for research and development contracts.
6. Other commitments payable and receivable are for services and property leases respectively.
7. Commitments are GST inclusive where relevant.

SCHEDULE OF CONTINGENCIES
As at 30 June 2010

	Consolidated		CSIRO	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Contingent assets				
Claims for damages or costs	-	-	-	-
Total contingent assets	**-**	**-**	**-**	**-**
Contingent liabilities				
Claims for damages or costs	250	250	250	250
Total contingent liabilities	**250**	**250**	**250**	**250**
Net contingent assets/(liabilities)	**(250)**	**(250)**	**(250)**	**(250)**

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 23: Contingent Liabilities and Assets, along with information on contingencies that cannot be quantified.

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

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE OF ASSETS ADDITION – CSIRO

For the period ended 30 June 2010

The following non-financial non-current assets were added in 2009–10:

	Land	Buildings	Investment Properties	Plant & equipment	Intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
By purchase - Government funding	145	79 313	-	72 594	3 276	**155 328**
By purchase - donated funds	-	-	-	-	-	**-**
By purchase - other	-	-	-	-	-	**-**
By finance lease	3 340	6 960	-	-	-	**10 300**
Assets received as gifts/donations	-	-	-	-	-	**-**
Total additions	**3 485**	**86 273**	**-**	**72 594**	**3 276**	**165 628**

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2010

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Note 1 Summary of significant accounting policies

1.1 Objective of the Organisation and its subsidiaries (the Group)

CSIRO is an Australian Government controlled 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:

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 the CSIRO's administration and programs.

For the purposes of AASB 127 *Consolidated and Separate Financial Statements* consolidated accounts are prepared to include subsidiaries (refer Note 1.5).

1.2 Basis of Preparation of the Financial Report

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.

The Commonwealth Scientific and Industrial Research Organisation 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 2009; 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 balance sheet when and only when it is probable that future economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments 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' and 'investment properties' has been taken to be the market value of similar properties as determined by an independent valuer and CSIRO registered 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, fair value has been taken to be 'existing use value' and 'depreciated replacement cost' respectively, as determined by CSIRO's registered valuer.

- The fair value of plant and equipment has been taken to be the 'depreciated replacement cost' as determined by an independent valuer.

- The fair value of investments in unlisted companies is based on the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines'.

- 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.

Future Australian Accounting Standard requirements
The following new standard was issued by the Australian Accounting Standards Board prior to the signing of the financial statements, which may have a financial impact on CSIRO for future reporting periods:

- AASB9 *Financial Instruments* released in December 2009 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements are intended to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The IASB plans to complete its work on financial liabilities during 2010 and will issue requirements for financial liabilities that will be included in AASB 9 in due course. The main changes in AASB 9 relevant to CSIRO are:

    - Financial assets are classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

    - AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

    - Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

- The effective date for the application of AASB 9 is for annual reporting periods beginning on or after 1 January 2013. Early adoption of the standard is not permitted for CSIRO in 2009-10.

Other new standards, revised standards and interpretations/amending standards that were issued prior to the signing of the financial statements and are applicable to the future reporting period are not expected to have a future financial impact.

1.5 Consolidation

AASB 127 (Consolidated and Separate Financial Statements) 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 2010 and the results of the controlled entities for the year then ended.

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 nor 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 15), being the gross unbilled amount expected to be collected from clients for contract research and services performed as at 30 June 2010, or contract research revenue received in advance (Note 18), 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 as at end of reporting period. 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.*

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

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant royalty agreements.

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

Revenues from Government
Funding received from the Australian Government Department of Innovation, Industry, Science and Research (appropriated to CSIRO as a CAC Act body payment item) is recognised as Revenue from Government unless they are 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 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.
Resources received free of charge are recorded as either revenue or gains depending on their nature.

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 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 2010 for long service leave has been determined by the short hand method and reference to the work of an actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy
Provision is made for separation and redundancy benefit payments. CSIRO recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

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 and Deregulation 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 represents outstanding contributions for the final fortnight of the 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 four 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 has significant influence or control. These companies have been established for the purpose of commercialisation of CSIRO's intellectual property (refer accounting policy note 1.9).

CSIRO also has some investments in companies which have since initial start-up been sold to third parties and subsequently 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 Guidelines (AVCAL)'.

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 AVCAL 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 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 balance date.

Financial assets held at amortised cost – if 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 – if 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) – if 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.

1.17 Property, Plant and Equipment

Asset Recognition Threshold
Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than $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/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 CSIRO's registered valuer at 'existing use value'. Existing use contemplates the continued use of the asset for the same application as at the date of valuation.

- Buildings and leasehold improvements, which will continue to be used for research activities, are valued by the Group's registered valuer at their depreciated replacement cost using current building prices to arrive at current gross replacement cost less accumulated depreciation having regard to the age, condition and suitability for research and development activities. Building valuations include plant, fit-outs, fixtures and fittings, which form an integral part of buildings.

- Properties held or identified for sale and investment properties are valued by independent valuers as at reporting date.

- 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 25.

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:

	2010	2009
Buildings on freehold land	30 to 50 years	30 to 50 years
Leasehold improvements	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

Impairment
All assets were assessed for impairment at 30 June 2010. 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.

1.18 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 balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they 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 profit or loss in the year of disposal.

1.19 Intangibles

Intangibles comprise 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 the $250 000 threshold and expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of software are 2 to 10 years (2008–09: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2010.

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 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 Organisation pays applicable taxes in overseas countries.

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

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

The Science Industry Endowment Fund is exempt from income tax in Australia. WLAN Services Pty Ltd is subject to all applicable taxes in Australia.

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.

1.25 Joint Ventures

Joint venture operations–Cooperative Research Centres (CRCs)
The proportionate interests in CRCs regarded as joint venture 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 income statement. CSIRO is a participant in 27 CRCs and the names of these CRCs are disclosed in Note 24.

Joint venture entities–unincorporated (Refer Note 8)
Murray-Darling Freshwater Research Centre (MDFRC) – The Group's 36.6% interest in the MDFRC is accounted for using the equity method.

1.26 Borrowing Costs

All borrowing costs are expensed as incurred.

1.27 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet 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.

1.28 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.

1.29 Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group 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.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

Note 2 Events after the balance sheet date

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 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
3.1 Employee benefits					
Wages and salaries		516 876	491 918	516 615	489 750
Superannuation-defined contribution plans		80 974	80 773	80 965	80 673
Leave and other entitlements		78 098	79 428	78 098	79 428
Separation and redundancies		9 652	7 411	9 652	7 411
		685 600	659 530	685 330	657 262
Less, Recovery of employee expenses from Food Science Australia joint venture		-	(18 021)	-	(18 021)
Total employee benefits		**685 600**	**641 509**	**685 330**	**639 241**
3.2 Suppliers					
Goods and services					
Goods		101 570	82 477	101 570	82 477
Services		266 930	324 001	417 207	326 251
Total goods and services		**368 500**	**406 478**	**518 777**	**408 728**
Goods and services are made up of:					
Provision of goods – related entities		-	-	-	-
Provision of goods – external parties		101 570	82 477	101 570	82 477
Rendering of services – related entities		22 181	18 165	172 174	18 165
Rendering of services – external parties		244 749	305 836	245 033	308 086
Total goods and services		**368 500**	**406 478**	**518 777**	**408 728**
Other Supplier expenses					
Operating lease rentals:					
Minimum lease payments		13 534	13 747	13 534	13 747
Workers compensation expenses		1 628	1 985	1 628	1 985
Total other supplier expenses		**15 162**	**15 732**	**15 162**	**15 732**
Total supplier expenses		**383 662**	**422 210**	**533 939**	**424 460**
3.3 Depreciation and amortisation					
Depreciation					
Plant and equipment		38 801	29 870	38 801	29 870
Buildings and leasehold improvements		53 875	55 611	53 875	55 611
Total depreciation		92 676	85 481	92 676	85 481
Amortisation					
Intangibles – computer software		2 983	2 484	2 983	2 484
Total depreciation and amortisation		**95 659**	**87 965**	**95 659**	**87 965**
3.4 Finance costs					
Finance leases		**3 463**	**2 979**	**3 463**	**2 979**

Note 3 Expenses (cont)	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
3.5 Write-down and impairment of assets					
Assets write downs and impairments from:					
Bad debts		173	103	173	103
Increase/(decrease) in allowance for impairment		(589)	728	(589)	728
Impairment of available for sale investments		3 472	13 753	3 472	13 753
Net impairment loss on revaluation of properties held for sale and investment properties		1 420	6 195	1 420	6 195
Net realisation of fair value loss reserve on available for sale investments		-	516		516
Total write-down and impairment of assets		**4 476**	**21 295**	**4 476**	**21 295**
3.6 Net foreign exchange losses					
Non-speculative		**5 433**	**-**	**5 433**	**-**
3.7 Net loss from sale of assets					
Equity investment and intellectual property					
Proceeds from sale of equity investments		47 791	-	47 791	-
Proceeds from sale of intellectual property		2 120	-	2 120	-
Total proceed		49 911	-	49 911	-
Carrying value of assets sold		(52 977)	-	(52 977)	-
Selling expenses		(445)	-	(445)	-
Net loss from equity investment and intellectual property		**3 511**	**-**	**3 511**	**-**
Land and Buildings					
Proceeds from sale		1 364	-	1 364	-
Carrying value of assets sold		(1 564)	-	(1 564)	-
Selling expenses		(280)	-	(280)	-
Net loss from sale of land and buildings		**480**	-	**480**	-
Plant and equipment					
Proceeds from sale		771	-	771	-
Carrying value of assets sold		(1 583)	-	(1 583)	-
Selling expenses		(10)	-	(10)	-
Net loss from sale of plant and equipment		**822**	-	**822**	-
Total net loss from sale of assets		**4 813**	**-**	**4 813**	**-**
3.8 Other expenses					
Contribution to FSA joint venture loss		-	4 868	-	4 838
Other expenses		31	-	-	-
Total other expenses		**31**	**4 868**	**-**	**4 838**

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	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
Note 4 Income					
4.1 Sale of goods and rendering of services					
Provision of goods – related entities		-	7	-	7
Provision of goods – external parties		12 410	14 891	12 410	14 891
Total sale of goods		**12 410**	**14 898**	**12 410**	**14 898**
Rendering of services – related entities		148 355	136 731	150 858	136 731
Rendering of services – external parties		217 154	196 248	217 154	196 248
Total rendering of services		**365 509**	**332 979**	**368 012**	**332 979**
Total sale of goods and rendering of services		**377 919**	**347 877**	**380 422**	**347 877**
4.2 Interest					
Bank and term deposits		**10 422**	**5 036**	**7 222**	**5 000**
4.3 Rents					
Rental income		**8 562**	**7 387**	**8 562**	**7 387**
4.4 Royalties					
Royalties		**42 985**	**15 948**	**42 985**	**15 948**
4.5 Other revenues					
Legal settlement (2009)		-	205 228	-	205 228
Vehicle contributions – staff		1	62	1	62
Sale of primary produce		986	1 259	986	1 259
FSA cost recovery, except employee costs		-	10 177	-	10 177
Donation		103	-	103	-
Capital contributions		1 069	5 375	1 069	5 375
Education programs and subscriptions		3 510	4 881	3 510	4 881
Other		9 918	5 616	10 480	5 605
Total other revenues		**15 587**	**232 598**	**16 149**	**232 587**

Note 4 Income (cont)	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
4.6 Net gain from sale assets					
Equity investment and intellectual property					
Proceeds from sale of equity investments		-	3 413	-	3 413
Proceeds from sale of intellectual property		-	7 818	-	7 818
Total proceeds		-	11 231	-	11 231
Carrying value of assets sold		-	(2 770)	-	(2 770)
Selling expenses		-	(12)	-	(12)
Net gain from equity investment and intellectual property		**-**	**8 449**	**-**	**8 449**
Land and Buildings					
Proceeds from sale		-	38 493	-	38 493
Carying value of assets sold		-	(21 184)	-	(21 184)
Selling expenses		-	(322)	-	(322)
Net gain from sale of land and buildings		**-**	**16 987**	**-**	**16 987**
Plant and equipment					
Proceeds from sale		-	1 007	-	1 007
Carying value of assets sold		-	(826)	-	(826)
Selling expenses		-	(5)	-	(5)
Net gain from sale of plant and equipment		**-**	**176**	**-**	**176**
Total net gain from sale of assets		**-**	**25 612**	**-**	**25 612**
4.7 Net foreign exchange gains					
Non-speculative		**-**	**319**	**-**	**319**
4.8 Other gains					
Net realisation of fair value gain reserve on available for sale investments		**3 866**	**-**	**3 866**	**-**
4.9 Revenue from Government					
Department of Innovation, Industry, Science and Research					
CAC Act body payment item		**704 884**	**668 120**	**704 884**	**668 120**

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	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
Note 5 Other comprehensive income					
5.1 Changes in asset revaluation reserves					
Impairment of land and buildings		-	(9 926)	-	(9 926)
Revaluation of plant and equipment		-	4 215	-	4 215
Net decrease in assets revaluation reserve		**-**	**(5 711)**	**-**	**(5 711)**
5.2 Change in other reserve					
Net change in fair value gain/(loss) of available for sale investments		16 754	(41 417)	16 754	(41 417)
Realisation of fair value loss on sale and impairment of available for sale investment		-	516	-	516
Net increase/(decrease) in other reserve		**16 754**	**(40 901)**	**16 754**	**(40 901)**
Note 6 Cash and cash equivalents					
Cash at bank and on hand		23 053	89 187	17 722	89 156
Term deposits		208 240	75 500	115 000	75 000
Total cash and cash equivalents		**231 293**	**164 687**	**132 722**	**164 156**
Total cash includes deposits held on behalf of third parties totalling $2.4 million (2009 $5.6 million).	20				

Note 7 Trade and other receivables	Notes	Consolidated 2010 $'000	2009 $'000	CSIRO 2010 $'000	2009 $'000
Goods and services:					
Goods and services – related entities		17 504	24 083	17 504	24 083
Goods and services – external entities		61 087	60 376	61 087	60 376
Total receivable for goods and services		**78 591**	**84 459**	**78 591**	**84 459**
Other receivables:					
GST receivable from the ATO		726	46	429	46
Interest		2 640	589	786	578
Loans		-	1 470	-	1 470
Other receivables		21 202	81 900	21 761	81 900
Total other receivables (gross)		**24 568**	**84 005**	**22 976**	**83 994**
Total trade and other receivables (gross)		**103 159**	**168 464**	**101 567**	**168 453**
Less impairment allowance:					
Goods and services		(1 021)	(1 610)	(1 021)	(1 610)
Total trade and other receivables (net)		**102 138**	**166 854**	**100 546**	**166 843**
Receivables are expected to be recovered in:					
No more than 12 months		102 138	166 854	100 546	166 843
Total trade and other receivables (net)		**102 138**	**166 854**	**100 546**	**166 843**
Not overdue		98 678	158 716	97 086	158 705
Overdue by:					
0 to 30 days		2 390	3 410	2 390	3 410
31 to 60 days		691	3 845	691	3 845
61 to 90 days		375	595	375	595
More than 90 days		1 025	1 898	1 025	1 898
Total receivables (gross)		**103 159**	**168 464**	**101 567**	**168 453**
The impairment allowance is aged as follows:					
Overdue by:					
More than 90 days		1 021	1 610	1 021	1 610
Total impairment allowance		**1 021**	**1 610**	**1 021**	**1 610**

Note 7 Trade and other receivables (cont)

Reconciliation of impairment allowance:	**Consolidated**	**CSIRO**
Movements in relation to 2010	**Goods and services**	**Goods and services**
	$'000	**$'000**
Opening balance	1 610	1 610
Decrease recognised in net deficit	(589)	(589)
Closing balance	**1 021**	**1 021**
Movements in relation to 2009		
Opening balance	882	882
Increase recognised in net surplus	728	728
Closing balance	**1 610**	**1 610**

	Consolidated		**CSIRO**	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Note 8 Investments accounted for using the equity method				
Murray-Darling Fresh Water Research Centre	**573**	**543**	**573**	**543**

Movements of the carrying amount of investment in the MDFRC joint venture entity are as follows:

Carrying amount at beginning of the financial year	543	614	543	614
Share of MDFRC's net operating surplus/(deficit) for the year	10	(55)	10	(55)
Adjustment based on audited accounts	20	(16)	20	(16)
Adjusted share of MDFRC's net operating surplus/(deficit) for the year	30	(71)	30	(71)
Carrying amount of investment in MDFRC as at 30 June	**573**	**543**	**573**	**543**

Murray-Darling Fresh Water Research Centre (MDFRC)

The Murray-Darling Fresh Water Research Centre is a collaborative joint venture for the purpose of Murray-Darling Basin freshwater research and the generation of knowledge required to ensure the sustainable management of water and associated environmental resources of the Murray-Darling Basin.

CSIRO's 36.59% (2009 36.59%) 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 MDFRC's operating surplus was $9 977 (2009 $35 322 deficit).

Note 8 Investments accounted for using the Equity Method (cont)

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

	Total Revenues	Net Operating deficit	Total Assets	Total Liabilities	Net Assets
	$'000	$'000	$'000	$'000	$'000
2010					
MDFRC (unaudited)	1 910	27	4 450	2 884	1 566
2009					
MDFRC (audited)	6 775	(97)	4 764	3 225	1 539

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.

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	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 9 Other investments					
At fair value classified as available for sale investments.	1.14				
Shares (or equity investments)					
Listed companies		12 935	35 607	12 935	35 607
Unlisted companies		19 706	26 846	19 706	26 846
Total investments		**32 641**	**62 453**	**32 641**	**62 453**

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

Available for sale investments were impaired by $3 472 363 (2009: $13 752 761)

Note 10 Land and buildings

Freehold land – fair value	**369 587**	**367 102**	**369 587**	**367 102**
Buildings on freehold land				
– fair value	1 720 189	1 692 411	1 720 189	1 692 411
– accumulated depreciation	(1 097 061)	(1 052 372)	(1 097 061)	(1 052 372)
	623 128	640 039	623 128	640 039
– work in progress	33 957	35 557	33 957	35 557
Total buildings on freehold land	**657 085**	**675 596**	**657 085**	**675 596**
Leasehold improvements				
– fair value	261 475	232 145	261 475	232 145
– accumulated depreciation	(93 974)	(86 450)	(93 974)	(86 450)
	167 501	145 695	167 501	145 695
– work in progress	61 898	32 323	61 898	32 323
Total leasehold improvements	**229 399**	**178 018**	**229 399**	**178 018**
Buildings under finance lease				
– fair value	176 004	179 208	176 004	179 208
– accumulated amortisation	(65 328)	(66 687)	(65 328)	(66 687)
Total buildings under finance lease	**110 676**	**112 521**	**110 676**	**112 521**
Total land and buildings	**1 366 747**	**1 333 237**	**1 366 747**	**1 333 237**

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 11 Plant and equipment					
Plant and equipment					
– fair value		718 344	673 834	718 344	673 834
– accumulated depreciation		(448 556)	(415 186)	(448 556)	(415 186)
		269 788	258 648	269 788	258 648
– work in progress		54 400	34 097	54 400	34 097
Total plant and equipment		**324 188**	**292 745**	**324 188**	**292 745**
Research vessel					
– fair value		15 461	15 591	15 461	15 591
– accumulated depreciation		(11 273)	(10 904)	(11 273)	(10 904)
		4 188	4 687	4 188	4 687
– work in progress		1 407	-	1 407	-
Total research vessel		**5 595**	**4 687**	**5 595**	**4 687**
Plant and equipment under finance lease					
– fair value		2 335	2 335	2 335	2 335
– accumulated amortisation		(1 801)	(1 660)	(1 801)	(1 660)
Total plant and equipment under finance lease		**534**	**675**	**534**	**675**
Total plant and equipment		**330 317**	**298 107**	**330 317**	**298 107**

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. Plant and equipment were revalued as at 30 June 2009 by the Australian Valuation Office.

No indicators of impairment were found for plant and equipment.

No plant and equipment is expected to be sold or disposed within the next 12 months.

Notes 10 – 11 Land and buildings and plant and equipment (cont)

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment (2009–10) – Consolidated

	Land	Buildings	Total Land and Buildings	Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2009					
Gross book value	367 102	2 171 644	2 538 746	725 857	3 264 603
Accumulated depreciation and impairment	-	(1 205 509)	(1 205 509)	(427 750)	(1 633 259)
Net book value as at 1 July 2009	**367 102**	**966 135**	**1 333 237**	**298 107**	**1 631 344**
Additions:	3 485	86 273	89 758	72 594	162 352
Reclassification	(1 000)	(1 284)	(2 284)	-	(2 284)
Depreciation expense	-	(53 875)	(53 875)	(38 801)	(92 676)
Disposals	-	(89)	(89)	(1 583)	(1 672)
Net book value 30 June 2010	**369 587**	**997 160**	**1 366 747**	**330 317**	**1 697 064**
Net book value as of 30 June 2010 represented by:					
Gross book value	369 587	2 253 523	2 623 110	791 947	3 415 057
Accumulated depreciation and impairment	-	(1 256 363)	(1 256 363)	(461 630)	(1 717 993)
Net book value as of 30 June 2010	**369 587**	**997 160**	**1 366 747**	**330 317**	**1 697 064**

Notes 10 – 11 Land and buildings and plant and equipment (cont)

(b) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment (2008–09) – Consolidated

	Land	Buildings	Total Land and Buildings	Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2008					
Gross book value	367 915	2 104 338	2 472 253	640 975	3 113 228
Accumulated depreciation and impairment	-	(1 147 991)	(1 147 991)	(380 287)	(1 528 278)
Net book value as at 1 July 2008	**367 915**	**956 347**	**1 324 262**	**260 688**	**1 584 950**
Additions:	5 240	76 100	81 340	63 942	145 282
Reclassification	(5 200)	(1 498)	(6 698)	(42)	(6 740)
Revaluations and impairments recognised in other comprehensive income	(835)	(9 091)	(9 926)	4 215	(5 711)
Depreciation expense	-	(55 611)	(55 611)	(29 870)	(85 481)
Disposals	(18)	(112)	(130)	(826)	(956)
Net book value 30 June 2009	**367 102**	**966 135**	**1 333 237**	**298 107**	**1 631 344**
Net book value as of 30 June 2009 represented by:					
Gross book value	367 102	2 171 644	2 538 746	725 857	3 264 603
Accumulated depreciation and impairment	-	(1 205 509)	(1 205 509)	(427 750)	(1 633 259)
Net book value as of 30 June 2009	**367 102**	**966 135**	**1 333 237**	**298 107**	**1 631 344**

	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 12 Investment properties					
Investment properties – fair value	1.18	**50 665**	**41 340**	**50 665**	**41 340**
Reconciliation of the opening and closing balances of investment property					
As at 1 July		41 340	48 540	41 340	48 540
Net gain from fair value adjustments		3 625	-	3 625	-
Reclassification from/(to) property held for sale		5 700	(7 200)	5 700	(7 200)
Net book value as at 30 June		**50 665**	**41 340**	**50 665**	**41 340**

As at 30 June 2010 investment properties comprise properties that are leased to third parties. The lease contains an initial non-cancellable period of ten years. No contingent rents are charged. Rental income from investment properties was $2.4 million (2009 $2.37 million). No separate record was maintained on direct operating expenses including repairs and maintenance for those investment properties.

No indicators of impairment were found for investment properties.

Note 13 Intangibles

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
Computer software	1.19				
Internally developed – in use		28 619	26 665	28 619	26 665
Internally developed – in progress		4 862	2 771	4 862	2 771
		33 481	**29 436**	**33 481**	**29 436**
Accumulated amortisation		(6 675)	(2 923)	(6 675)	(2 923)
Total intangibles		**26 806**	**26 513**	**26 806**	**26 513**

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 13 Intangibles (cont)

(a) Reconciliation of opening and closing balances of Intangibles (2009–10) – Consolidated

	Internally developed software	Acquired software	Total
	$'000	$'000	$'000
As at 1 July 2009			
Gross book value	29 193	243	29 436
Accumulated amortisation and impairment	(2 680)	(243)	(2 923)
Net book value 1 July 2009	**26 513**	**-**	**26 513**
Additions by purchase or internally developed	3 276	-	3 276
Reclassification	-	-	-
Amortisation	(2 983)	-	(2 983)
Net book value as of 30 June 2010	**26 806**	-	**26 806**
Net book value as of 30 June 2010 represented by:			
Gross book value	33 481	-	33 481
Accumulated amortisation and impairment	(6 675)	-	(6 675)
Net book value as of 30 June 2010	**26 806**	-	**26 806**

(a) Reconciliation of opening and closing balances of Intangibles (2008–09) – Consolidated

	Internally developed software	Acquired software	Total
As at 1 July 2008			
Gross book value	22 249	4 941	27 190
Accumulated amortisation and impairment	(235)	(203)	(438)
Net book value 1 July 2008	**22 014**	**4 738**	**26 752**
Additions by purchase or internally developed	2 244	-	2 244
Reclassification	4 698	(4 698)	-
Amortisation	(2 443)	(40)	(2 483)
Net book value as of 30 June 2009	**26 513**	-	**26 513**
Net book value as of 30 June 2009 represented by:			
Gross book value	29 193	243	29 436
Accumulated amortisation and impairment	(2 680)	(243)	(2 923)
Net book value as of 30 June 2009	**26 513**	**-**	**26 513**

	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 14 Inventories held for sale					
Books and media products – at lower of cost and net realisable value	1.20	**1 153**	**1 276**	**1 153**	**1 276**

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.

	Notes	2010	2009	2010	2009
Note 15 Other non-financial assets					
Contract research work in progress – at cost	1.6	30 398	25 550	30 398	25 550
Other prepayments		11 639	5 514	11 639	5 514
Total other non-financial assets		**42 037**	**31 064**	**42 037**	**31 064**

No indicators of impairment were found for other non–financial assets.

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

	Notes	2010	2009	2010	2009
Note 16 Properties held for sale					
Properties held for sale	1.28	**47 913**	**56 760**	**47 913**	**56 760**
Reconciliation of the opening and closing balances of properties held for sale					
As at 1 July		56 760	69 126	56 760	69 126
Additions		1 089	985	1 089	985
Reclassification		(3 417)	13 898	(3 417)	13 898
Disposals		(1 474)	(21 054)	(1 474)	(21 054)
Impairment loss on revaluation		(5 045)	(6 195)	(5 045)	(6 195)
Net book value as at 30 June		**47 913**	**56 760**	**47 913**	**56 760**

Balance as at 30 June 2010 represents properties identified as surplus to CSIRO and classified as 'held for sale'. These properties have been valued by independent valuers. They are expected to be sold in the market and settled within the next 12 months. An impairment loss of $5 million on the re-measurment of properties held for sale to the lower of their carrying amount and fair value cost to sell, has been recognised in the Statement of Comprehensive Income.
Properties held for sale are expected to be sold within the next 12 months.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
Note 17 Suppliers					
Trade creditors and accruals		**93 742**	**94 383**	**93 742**	**94 383**
Supplier payable expected to be settled within 12 months.					
Related entities		2 387	409	2 387	409
External entities		91 355	93 974	91 355	93 974
		93 742	**94 383**	**93 742**	**94 383**
Settlement is usually made within 30 days.					
Note 18 Other payables					
Accrued salaries and wages		12 143	13 310	12 143	11 954
Redundancies		8 154	9 326	8 154	9 326
Contract research revenue received in advance		99 904	81 876	100 386	81 876
Other revenue received in advance		26 053	7 616	26 053	7 616
Other creditors and accrued expenses		11 501	25 210	61 489	26 546
Amount owing to FSA joint venture		-	6 878	-	6 878
Total other payables		**157 755**	**144 216**	**208 225**	**144 196**
All other payables are expected to be settled within 12 months.					
Note 19 Leases					
Finance leases		69 256	63 636	69 256	63 636
Total finance leases		**69 256**	**63 636**	**69 256**	**63 636**
Payable:					
Within one year					
Minimum lease payments		7 129	6 574	7 129	6 574
Deduct: future finance charges		(3 074)	(2 633)	(3 074)	(2 633)
Total payable within one year (current)		**4 055**	**3 941**	**4 055**	**3 941**
In one to five years					
Minimum lease payments		28 324	24 379	28 324	24 379
Deduct: future finance charges		(10 697)	(9 230)	(10 697)	(9 230)
Total payable in one to five years		**17 627**	**15 149**	**17 627**	**15 149**
In more than five years					
Minimum lease payments		59 023	55 370	59 023	55 370
Deduct: future finance charges		(11 449)	(10 824)	(11 449)	(10 824)
Total payable in more than five years		**47 574**	**44 546**	**47 574**	**44 546**
Total finance leases recognised on the balance sheet		**69 256**	**63 636**	**69 256**	**63 636**

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% (2009 4%). The lease liabilities are secured by the lease assets.

	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 20 Deposits					
Deposits		**2 462**	**5 687**	**2 462**	**5 687**
Deposits represent monies held on behalf of the following third parties:					
Cooperative Research Centres		250	290	250	290
Lower Emissions Energy Centre		-	1 754	-	1 754
Others		2 212	3 643	2 212	3 643
Total deposits		**2 462**	**5 687**	**2 462**	**5 687**

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

	Notes	Consolidated		CSIRO	
Note 21 Employee provisions					
Annual leave		57 803	52 385	57 803	52 385
Long service leave		125 114	123 995	125 114	123 995
Severance pay		6 194	5 367	6 194	5 367
Total employee provisions		**189 111**	**181 747**	**189 111**	**181 747**
Employee provisions are expected to be settled in:					
No more than 12 months		175 219	163 421	175 219	163 421
More than 12 months		13 892	18 326	13 892	18 326
Total employee provisions		**189 111**	**181 747**	**189 111**	**181 747**

Note 22 Cash flow reconciliation

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement					
Cash and cash equivalents as per:					
Cash Flow Statement		231 293	164 687	132 722	164 156
Balance Sheet	6	231 293	164 687	132 722	164 156
Difference		-	-	-	-
Reconciliation of net cost of services to net cash from operating activities:					
Net cost of service		(723 796)	(546 049)	(873 907)	(546 048)
Add revenue from Government		704 884	668 120	704 884	668 120
Share of net operating surplus/(deficit) of joint venture accounted for using the equity method		30	(71)	30	(71)
Adjustments for non-cash items					
Depreciation and amortisation		95 659	87 965	95 659	87 965
Net write-down and impairment of assets		4 476	21 295	4 476	21 295
(Gains)/loss from sale of property, plant and equipment		1 302	(17 163)	1 302	(17 163)
(Gains)/loss from sale of equity investments and intellectual property		3 511	(8 449)	3 511	(8 449)
Realisation of fair value gain reserve on available for sale investments		(3 866)	-	(3 866)	-
Changes in assets/liabilities					
(Increase)/decrease in trade and other receivables		65 396	(97 558)	66 680	(97 564)
(Increase)/decrease in inventories		123	(183)	123	(183)
(Increase)/decrease in other non–financial assets		(10 973)	1 633	(10 973)	1 633
(Increase)/decrease in GST receivable		(680)	1 702	(383)	1 702
Increase/(decrease) in employee liabilities		7 364	5 641	7 364	5 641
Increase/(decrease) in supplier payables		(641)	12 468	(641)	12 468
Increase/(decrease) in other payables		13 539	39 714	64 029	39 715
Increase/(decrease) in deposits–liabilities		(3 225)	(6 263)	(3 225)	(6 263)
Net cash from operating activities		**153 103**	**162 802**	**55 063**	**162 798**

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	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Note 23 Contingent liabilities and assets					
Quantifiable Contingencies					
Contingent assets					
The Organisation's net share of the contingent asset		-	-	-	-
Contingent liabilities					
Estimated legal claims arising from employment, motor vehicle accidents, commercial and patent disputes. The Organisation has denied liability and is defending the claims. The estimate is based on precedent in such cases.		(250)	(250)	(250)	(250)
Total net contingent asset/(liability)		**(250)**	**(250)**	**(250)**	**(250)**

Unquantifiable contingencies

CSIRO is currently involved in eight legal proceedings in the USA related to a wireless local area network (WLAN) patent which it owns and wishes to license broadly. The proceedings are additional to proceedings settled by CSIRO in April 2009, and include actions under which declarations of non-infringement and patent invalidity against CSIRO have been sought. CSIRO has claimed (or counter-claimed) for infringement as appropriate. The proceedings are in various phases. If successful, CSIRO expects to receive significant revenue which would exceed the associated legal cost. At this stage, the revenue and costs are considered unquantifiable.

Note 24 Joint Ventures – Cooperative Research Centres (CRCs)

The Group was a party to 27 CRCs during 2009–10.

All CRCs have been classified as joint venture 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 the Group's share of the new entity is treated either as subsidiary, joint venture or associate in the balance sheet as appropriate.

The Group's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was $45.1 million (2009 $50.1 million). Contributions made by the Group are expensed as incurred and these are included in the Income Statement.

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

The Group is a participant in the following CRCs as at 30 June 2010:

Name of CRC	Termination date
Advanced Manufacturing CRC	30 June 2014
Australian Seafood CRC	30 June 2014
Bushfire CRC	30 June 2013
CAST CRC	30 June 2012
Cotton Catchments Communities CRC	30 June 2012
Advanced Automotive Technology CRC	30 June 2012
Advanced Composite Structures CRC	30 June 2010
Forestry CRC	30 June 2012
Polymers III CRC	30 June 2012
Cancer Therapeutics CRC	30 June 2014
eWater CRC	30 June 2012
Future Farm Industries CRC	30 June 2014
Australian Invasive Animals CRC	30 June 2012
Parker CRC	30 June 2012
Sheep Industry Innovation CRC	30 June 2014
Vision CRC	30 June 2010
Australian Biosecurity CRC	30 June 2010
National Plant Biosecurity CRC	30 June 2012
Antarctic Climate and Ecosystems CRC	30 June 2017
Greenhouse Gas Technologies CRC	30 June 2017
Irrigation Futures CRC	30 June 2010
Sugar Industry Innovation through Biotechnology CRC	30 June 2010
Sustainable Resource Processing CRC	30 June 2010
Australian Poultry Industries CRC	30 June 2017
Beef Genetic Technologies Limited	30 June 2012
CRC for Biomarker Translation Limited	30 June 2014
Desert Knowledge CRC	30 June 2010

Note 25 Resources made available to the Group and not included in the balance sheet

	Land	Buildings	Plant and Equipment	Total
	$'000	$'000	$'000	$'000
At cost or fair value	12 015	50	27 138	39 203
Accumulated depreciation	-	-	(25 853)	(25 853)
Net value as at 30 June 2010	**12 015**	**50**	**1 285**	**13 350**
Net value as at 30 June 2009	**12 075**	**50**	**521**	**12 646**

The above assets are made available to the Group 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.

These assets are controlled and accounted for in the contributors' books and any proceeds from their disposal are refundable to the contributors in accordance with formal agreements on equity share. There are some restrictions on how these assets are operated. The fair value of in-kind contributions of these assets could not be reliably determined and therefore are not brought to account in the Statement of Comprehensive Income.

Note 26	Monies held in trust	2010 $'000	2009 $'000
	Monies held in trust represented by cash, deposits and investments for the benefit of the Group which are not included in the Balance Sheet are:		
	The Australia National Wildlife Collection (ANWC)–established to maintain over 80 000 specimens of Australian wildlife collection, including a comprehensively documented collection of Australian-New Guinean birds in the world.	-	409
	The Sir Ian McLennan Achievement for Industry Award – established to award outstanding contributions by the Group's scientists and engineers to national development.	262	246
	The Elwood and Hannah Zimmerman Trust Fund – established to fund weevil research and the curation of the Australian National Insect Collection (ANIC) weevil collection.	2 116	2 006
	The Schlinger Trust – established to research the taxonomy, biosystematics, general biology and biogeography of Australasian Diptera conducted by the Australian National Insect Collection.	2 243	2 286
	Total monies held in trust as at 30 June 2010	**4 621**	**4 947**

Movement summary of monies held in trust:

	ANWC $'000	McLennan $'000	Zimmerman $'000	Schlinger $'000	Total $'000
Balance as at 1 July 2009	409	246	2 006	2 286	4 947
Receipts during the year	-	-	30	-	30
Interest income	1	26	201	49	276
Expenditure	(410)	(10)	(121)	(92)	(633)
Balance as at 30 June 2010	**-**	**262**	**2 116**	**2 243**	**4 621**

Note 27 Collections

The 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, the CSIRO has not recognised them as an asset in its Financial Statements.

The main collections held by the 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 11 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.

- Australian National Fish Collection (ANFC)
  The ANFC, also known as the ‘ISR Munro Ichthyological Collection’, houses more than 80 000 registered adult and 40 000 registered larval specimens of almost 3 000 species from Australasia, Asia, Antarctica, and the Sub-Antarctic Islands. It is among Australia’s most diverse ichthyological collections and contains one of the largest collections of sharks, rays and deepwater fishes in the Southern Hemisphere.

Other collections include, but are not limited to, the Australian Tree Seed Centre, the Dadswell Memorial Wood Collection, CSIRO Collection of Living Microalgae and the Wood-Inhabiting Fungi Collection.

	Notes	Consolidated 2010 $	Consolidated 2009 $	CSIRO 2010 $	CSIRO 2009 $
Note 28 Remuneration of auditors					
Financial statement audit services are provided to the Group by the Auditor-General					
The fee for auditing services provided was :		**310 400**	**329 000**	**298 000**	**323 000**
No other services were provided by the Auditor-General.					
Note 29 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		495 716	473 753	495 716	473 753
Payments to superannuation funds for Board Members		44 522	42 588	44 522	42 588
Total remuneration		**540 238**	**516 341**	**540 238**	**516 341**

The remuneration of the Chief Executive Officer, who is also a Board Member of the Group is reported under Note 30 Remuneration of Senior Executives.

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

$	Consolidated 2010 Number	Consolidated 2009 Number	CSIRO 2010 Number	CSIRO 2009 Number
Nil – 14 999	-	3	-	3
15 000 – 29 999	-	1	-	1
30 000 – 44 999	1	-	1	-
45 000 – 59 999	6	6	6	6
60 000 – 74 999	1	1	1	1
75 000 – 89 999	-	-	-	-
90 000 – 104 999	1	1	1	1
Total	**9**	**12**	**9**	**12**

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	Notes	Consolidated		CSIRO	
		2010	2009	2010	2009
Note 30 Remuneration of Senior Executives					
(a) Senior Executive Remuneration					
The number of the senior executives of the Group who received:		**Number**	**Number**	**Number**	**Number**
less than 144 999*		-	2	-	2
145 000 – 159 999		-	-	-	-
160 000 – 174 999		2	-	2	-
175 000 – 189 999		-	1	-	1
190 000 – 204 999		-	-	-	-
205 000 – 219 999		2	1	2	1
220 000 – 234 999		1	1	1	1
235 000 – 249 999		2	1	2	1
250 000 – 264 999		2	2	2	2
265 000 – 279 999		3	-	3	-
280 000 – 294 999		-	2	-	2
295 000 – 309 999		6	2	6	2
310 000 – 324 999		2	6	2	6
325 000 – 339 999		4	4	4	4
340 000 – 354 999		1	2	1	2
355 000 – 369 999		3	2	3	2
370 000 – 384 999		3	5	3	5
385 000 – 399 999		-	2	-	2
400 000 – 414 999		-	1	-	1
415 000 – 429 999		1	-	1	-
430 000 – 444 999		1	-	1	-
445 000 – 459 999		-	-	-	-
460 000 – 474 999		1	1	1	1
475 000 – 489 999		1	-	1	-
490 000 – 504 999		-	2	-	2
610 000 – 624 999		1	-	1	-
Total		36	37	36	37

* Excluding acting arrangements and part-year service.

	Consolidated 2010	Consolidated 2009	CSIRO 2010	CSIRO 2009
Total expense recognised in relation to Senior Executive employment				
	$	$	$	$
Short-term employee benefits:				
Salary (including annual leave taken)	8 416 177	8 234 663	8 416 177	8 234 663
Changes in annual leave provisions	143 032	693 167	143 032	693 167
Performance bonus	1 686 903	1 464 259	1 686 903	1 464 259
Other[1]	745 968	542 809	745 968	542 809
Total short-term employee benefits	**10 992 080**	**10 934 898**	**10 992 080**	**10 934 898**
Superannuation (post-employment benefits)	1 014 415	1 223 574	1 014 415	1 223 574
Other long-term benefits	151 690	484 788	151 690	484 788
Total	**12 158 185**	**12 643 260**	**12 158 185**	**12 643 260**

During the year the entity paid $179 431 (2009: $227 753) in termination benefits to senior executives.

Notes

1. 'Other' includes motor vehicle allowances and other allowances.

Note 30 Remuneration of Senior Executives (cont)

The number of Senior Executives of the Group included in these figures are shown below in the relevant remuneration bands.

During 2009-10 those positions were: the Chief Executive and other members of the Executive Team (12), Chiefs of Divisions (14), joint venture Chief Executive Officer (1) and Flagship Directors (10), a total of 37 positions.

(b) Salary Packages for Senior Executives

Average annualised remuneration packages for substantive Senior Executives

	Consolidated						CSIRO					
	As at 30 June 2010			As at 30 June 2009			As at 30 June 2010			As at 30 June 2009		
	No.	Base salary $	Total $	No.	Base salary $	Total $	No.	Base salary $	Total $	No.	Base salary $	Total $
Total remuneration*:												
Less than 264 999	1	214 821	260 000	1	214 821	260 000	1	214 821	260 000	1	214 821	260 000
265 000 – 279 999	4	199 842	279 472	5	193 440	271 907	4	199 842	279 472	5	193 440	271 907
280 000 – 294 999	1	190 849	282 000	6	209 289	290 177	1	190 849	282 000	6	209 289	290 177
295 000 – 309 999	7	208 913	299 429	3	224 932	302 026	7	208 913	299 429	3	224 932	302 026
310 000 – 324 999	3	229 387	312 597	5	207 778	319 193	3	229 387	312 597	5	207 778	319 193
325 000 – 339 999	6	229 720	331 112	2	227 822	331 089	6	229 720	331 112	2	227 822	331 089
340 000 – 354 999	1	238 382	342 677	5	255 600	347 977	1	238 382	342 677	5	255 600	347 977
355 000 – 369 999	2	286 062	359 045	3	242 619	360 322	2	286 062	359 045	3	242 619	360 322
370 000 – 384 999	4	261 402	374 202	1	303 882	377 371	4	261 402	374 202	1	303 882	377 371
415 000 – 429 999	2	312 622	423 205	2	322 911	425 267	2	312 622	423 205	2	322 911	425 267
445 000 – 459 999	-	-	-	1	295 524	456 693	-	-	-	1	295 524	456 693
460 000 – 474 999	2	330 511	469 823	-	-	-	2	330 511	469 823	-	-	-
655 000 – 669 999	-	-	-	1	454 293	669 600	-	-	-	1	454 293	669 600
685 000 – 699 999	1	464 486	689 688	-	-	-	1	464 486	689 688	-	-	-
Total	**34**	**3 166 997**	**4 423 250**	**35**	**3 152 911**	**4 411 622**	**34**	**3 166 997**	**4 423 250**	**35**	**3 152 911**	**4 411 622**

Excluding acting arrangements and part-year service.

Note 31 Meetings of the Board and Board Committees - Consolidated

During the financial year, nine Board meetings, seven Board Audit Committee meetings, eight Board Remuneration Committee meetings, five Board Endowment Committee meetings and nine Board Commercial 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 Committee		CSIRO Board Nominations and Remuneration Committee		CSIRO Board Commercial Committee		SIEF Board Endowment 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	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended
M S Boydell	9	9	5	6	-	1	-	1	-	-
I Chubb	9	8	-	-	8	5	-	-	-	-
M Clark	9	9	-	6	-	7	-	9	-	5
T A Cutler	9	9	7	7	-	1	9	9	5	4
E J Doyle	9	9	-	-	8	8	9	9	-	2
J Kerin	9	9	7	6	-	1	-	2	-	2
D J Rathbone	9	8	7	5	-	1	-	-	-	-
D M O'Toole	9	9	7	6	-	1	-	1	5	4
J W Stocker	9	9	2	6	8	8	9	9	5	5
T H Spurling	9	9	-	1	2	4	9	9	-	3
S McKeon	-	1	-	1	-	1	-	1	-	-

Note: S McKeon, the Chairman, commenced from 28 June 2010 and attended meetings as an observer.

Note 32 Related party disclosures

(a) Controlled Entities

Names	CSIRO Investment Amount		% Equity Interest Held	
	2010 $	2009 $	2010 $	2009 $
Science and Industry Endowment Fund (SIEF) *	-	-	100%	100%
WLAN Services Pty Ltd	1	1	100%	100%
Hydropem Pty Ltd (inactive) **	1	1	100%	100%
Total	**2**	**2**		

* Science and Industry Endowment Fund 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 on page 197 of the CSIRO Annual Report.

** Hydropem Pty Ltd is an inactive company and as a result it has not been included in the consolidated financial statements.

(b) Board Members

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

J W Stocker (Chairman until 27 June 2010)
S McKeon (Chairman from 28 June 2010)
T A Cutler (Deputy Chairman)
M Clark (Chief Executive)
E J Doyle
D J Rathbone
D M O'Toole
T H Spurling
I Chubb
The Honourable J Kerin
M S Boydell

Remuneration – the aggregate remuneration of Board Members is disclosed in Note 29.

(c) Board Members' interest in contracts

Since 1 July 2009, 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 28 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 2009 to 30 June 2010.

(d) Other transactions of Board Members – related entities

Ms M S Boydell is the Chairperson of the Gladstone Area Water Board, a Director of Energex Ltd and Commissioner of the Queensland Water Commission. During the 2009–10 financial year, Ms Boydell was also Chairperson of the Rural Industries Research and Development Corporation and a member of the Australian Government Department of Agriculture, Fisheries and Forestry Audit Committee. 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 32 Related party disclosures (cont)

(d) Other transactions of Board Members – related entities (cont)

Professor I Chubb is the Vice-Chancellor of the Australian National University and the Chair of the International Alliance of Research Universities. He is also a member of the Group of Eight Universities, Australia; Frei University Advisory Board, Berlin; and Global Foundation Advisory Board. 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 T A Cutler is the Principal of Cutler & Company, a technology and strategy consultancy. He is also a Director of The National Health Call Centre Network, ltd, Multimedia University (Universiti Telekom Sdn. Bhd.) Malaysia; and Chunky Move. He is Chairman of the Advisory Board of the Centre of Excellence for Creative Industries and Innovation and is a member of the Design Research Institute Advisory Board RMIT. Dr Cutler is a member of the Advisory Board to the Australian Biological Resources Study (ABRS) and Chairman of Pharmacy Australia Centre of Excellence (PACE) Precinct, Brisbane. During the 2009/10 year Dr Cutler stepped down from being a member of the International Advisory Panel for the Multimedia Supercorridor in Malaysia and as a director of MSC Technology Centre Sdn. 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 the Hunter Valley Research Foundation. She is also a Director of OneSteel; Hunter Founders Forum, Ross Human Directions Ltd; Steel & Tube Ltd, New Zealand, GPT Ltd and Boral Ltd. During the 2009-10 financial year, Dr Doyle was a Director of Benex Technologies Pty Ltd (until April 2009), Chairman of Port Waratah Coal Services (until August 2009), a Director of the Hunter Medical Research Institute (until August 2009) and a Director of State Super Financial Services Australia (until December 2009). She is a Conjoint Professor at the University of Newcastle Graduate School of Business. 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.

The Honourable Mr John Kerin is Chair, Interim Advisory Committee to the Australian Weed Research Centre. He is Chair of the Poultry CRC; member of the Board of Governors and Chair NSW and ACT Committees of The Crawford Fund; a member of the Board for Southern Rivers Catchment Management Authority; and a member of the Audit Committee of the Board, Southern Rivers Catchment Management Authority. Mr Kerin is also a Board Member of the Clunies Ross Foundation. During the 2009-10 financial year, Mr Kerin was Chair of the CRC for Tropical Savannas (until April 2010). 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 S McKeon was appointed Chairman of CSIRO on 28 June 2010. Mr McKeon is the Executive Chairman of Macquarie Group's Melbourne Office, President of the Australian Government's Takeovers Panel, Chairman of Multiple Sclerosis Research Australia and Chairman of Business for Millennium Development. He is also a Director of Global Poverty Project, a Director of Red Dust Role Models and a Director of Vision Fund International. 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 D M O'Toole is the Chief Financial Officer of Queensland Rail and a former Director of Norfolk Group Ltd, and a former CFO of MIM Holdings Limited. She was a member of the Queensland Biotech Advisory Council and is a member of the Advisory Committee for the Banking and Finance School of the Queensland University of Technology. During the 2009-10 financial year, Ms O'Toole was CFO of Queensland Cotton. 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 D J Rathbone is Managing Director and Chief Executive of Nufarm Limited. He is also a Director of the Children's Cancer Centre Foundation, Royal Children's Hospital, Victoria. 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 Research Professor in the Faculty of Life and Social Sciences, Swinburne University of Technology, Victoria. He is also a member of the Board of the International Centre for Radio Astronomy Research; and Chairman of the Board of Advanced Molecular Technologies 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.

Note 32 Related party disclosures (cont)

(d) Other transactions of Board Members – related entities (cont)

Dr J W Stocker was Chairman of the CSIRO Board until 27 June 2010, the Chairman of Sigma Pharmaceuticals Ltd (until 21 June 2010) and Chairman of the Australian Wine Research Institute Ltd (until 6 October 2009). He is a Director of Telstra Corporation Ltd, Nufarm Ltd and a Principal and Director of Foursight Associates 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 Clark is a member of the St Vincent's Hospital Foundation Board, a member of the Prime Minister's Science, Engineering and Innovation Council, and a member of the Automotive Industry Innovation Council and the Great Barrier Reef Foundation. She is also trustee of the Science Industry Endowment Fund and a member of the Australia Advisory Board of the Bank of America Merrill Lynch. 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 33 Financial instruments

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	CSIRO 2010 $'000	CSIRO 2009 $'000
(a) Categories of financial instruments					
Financial assets					
Available for sale financial assets					
Investments	9	32 641	62 453	32 641	62 453
Loans and receivables					
Cash at bank	6	23 053	89 187	17 722	89 156
Term deposits	6	208 240	75 500	115 000	75 000
Receivables for goods and services	7	78 591	84 459	78 591	84 459
Loans receivables	7	-	1 470	-	1 470
Other receivable	7	23 842	82 489	22 547	82 478
Carrying amount of financial assets		**366 367**	**395 558**	**266 501**	**395 016**
Financial liabilities					
Finance lease liabilities	19	69 256	63 636	69 256	63 636
Trade creditors	17	93 742	94 383	93 742	94 383
Research revenue received in advance	18	99 904	81 876	100 386	81 876
Deposits	20	2 462	5 687	2 462	5 687
Other creditors	18	57 851	62 339	107 839	62 319
Carrying amount of financial liabilities		**323 215**	**307 921**	**373 685**	**307 901**
(b) Net income and expense from financial assets					
Cash at bank and term deposits					
Interest revenue	4.2	10 422	4 966	7 222	4 930
Interest revenue loans receivable	4.2	-	70	-	70
Net gain from financial assets		**10 422**	**5 036**	**7 222**	**5 000**
(c) Net income and expense from financial liabilities					
Finance Leases					
Interest expense	3.4	3 463	2 979	3 463	2 979
Net loss from financial liabilities		**3 463**	**2 979**	**3 463**	**2 979**

(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 balance sheet are a reasonable approximation of the fair value of these financial assets and liabilities.

Note 33 – Financial instruments (cont)

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2010				
Available for sale financial assets	**12 935**	**-**	**19 706**	**32 641**

There have been no transfers to or from Level 1 and Level 3 during the year ended 30 June 2010 (2009: no transfers in either direction).

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 Guidelines (AVCAL)'.

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 AVCAL 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 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.

(f) Credit risk

The Group is exposed to minimal credit risk as the majority of loans and receivables are cash or amounts owed by the Australian Tax Office in the form of a Goods and Services Tax refund.

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 $102.6 million (2009 $166.8 million). The Group has assessed the risk of the default on payment and has allocated $1.021 million (2009 $1.6 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.

Note 33 Financial Instruments –Consolidated (cont)

(f) Credit risk (cont)

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
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Cash at bank	6	23 053	89 187	-	-
Term deposits	6	208 240	75 500	-	-
Receivables for goods and services	7	74 110	74 711	4 481	9 748
Loans receivables	7	-	1 470	-	-
Other receivable	7	23 842	82 489	-	-
Investments	9	32 641	62 453	-	-
Total		**361 886**	**385 810**	**4 481**	**9 748**

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
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Cash at bank	6	17 722	89 156	-	-
Term deposits	6	115 000	75 000	-	-
Receivables for goods and services	7	74 110	74 711	4 481	9 748
Loans receivables	7	-	1 470	-	-
Other receivable	7	22 547	82 478	-	-
Investments	9	32 641	62 453	-	-
Total		**262 020**	**385 268**	**4 481**	**9 748**

Note 33 Financial instruments (cont)

(f) Credit risk (cont)

Ageing of financial assets that are past due but not impaired for 2010 – Consolidated

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for goods and services	2 390	691	375	1 025	4 481
Total	**2 390**	**691**	**375**	**1 025**	**4 481**

Ageing of financial assets that are past due but not impaired for 2009 – Consolidated

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for goods and services	3 410	3 845	595	1 898	9 748
Total	**3 410**	**3 845**	**595**	**1 898**	**9 748**

Ageing of financial assets that are past due but not impaired for 2010 – CSIRO

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for goods and services	2 390	691	375	1 025	4 481
Total	**2 390**	**691**	**375**	**1 025**	**4 481**

Ageing of financial assets that are past due but not impaired for 2009 – CSIRO

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for goods and services	3 410	3 845	595	1 898	9 748
Total	**3 410**	**3 845**	**595**	**1 898**	**9 748**

(g) 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.

Note 33 Financial instruments (cont)

(g) Liquidity risk (cont)

The following table illustrates the maturities for financial liabilities for 2010 – Consolidated

	On demand $'000	Within 1 year $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Finance lease liabilities	-	7 129	28 324	59 023	94 476
Trade creditors	-	93 742	-	-	93 742
Research revenue received in advance	-	99 904	-	-	99 904
Deposits	2 462	-	-	-	2 462
Other creditors	-	57 851	-	-	57 851
Total	**2 462**	**258 626**	**28 324**	**59 023**	**348 435**

The following table illustrates the maturities for financial liabilities for 2009 – Consolidated

	On demand $'000	Within 1 year $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Finance lease liabilities	-	6 574	24 379	55 370	86 323
Trade creditors	-	94 383	-	-	94 383
Research revenue received in advance	-	81 876	-	-	81 876
Deposits	5 687	-	-	-	5 687
Other creditors	-	62 339	-	-	62 339
Total	**5 687**	**245 172**	**24 379**	**55 370**	**330 608**

Note 33 Financial instruments CSIRO (cont)

(g) Liquidity risk (cont)

The following table illustrates the maturities for financial liabilities for 2010 – CSIRO

	On demand $'000	Within 1 year $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Finance lease liabilities	-	7 129	28 324	59 023	94 476
Trade creditors	-	93 742	-	-	93 742
Research revenue received in advance	-	100 386	-	-	100 386
Deposits	2 462	-	-	-	2 462
Other creditors	-	107 839	-	-	107 839
Total	**2 462**	**309 096**	**28 324**	**59 023**	**398 905**

The following table illustrates the maturities for financial liabilities for 2009 – CSIRO

	On demand $'000	Within 1 year $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Finance lease liabilities	-	6 574	24 379	55 370	86 323
Trade creditors	-	94 383	-	-	94 383
Research revenue received in advance	-	81 876	-	-	81 876
Deposits	5 687	-	-	-	5 687
Other creditors	-	62 319	-	-	62 319
Total	**5 687**	**245 152**	**24 379**	**55 370**	**330 588**

(h) 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 balance sheet 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 9.

Sensitivity analysis

The Group's listed equity investments are listed on the Australian Securities 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 $1 293 481 (2009 an increase of $3 560 000). An equal change in the opposite direction would have decreased equity by $1 293 481 (2009 a decrease of $3 560 000). The analysis is performed on the same basis for 2009.

Note 33 Financial Instrument (cont)

(h) Market risk (cont)

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 Australian dollar is not considered material. At any point in time the Group's foreign currency risk exposure is not material.

Note 34 Reporting of Outcome

(a) Reporting of outcome

The Organisation's 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	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Total expenses	**1 183 137**	**1 180 897**	**1 333 113**	**1 180 849**
Income from non-governent sector				
Other external revenues:				
Sale of goods and rendering of services – to related entities	148 355	94 787	150 858	94 787
Sale of goods and rendering of services – to external entities	229 564	253 090	229 564	253 090
Interest	10 422	5 036	7 222	5 000
Net gains from sale of assets	-	17 163	-	17 163
Donations	103	-	103	-
Rents	8 562	7 387	8 562	7 387
Royalties	42 985	15 948	42 985	15 948
Net gains from sale of investments	-	8 449	-	8 449
Realisation of fair value gain reserve	3 866	-	3 866	-
Sale of primary produce	986	1 259	986	1 259
Other	14 528	231 658	15 090	231 647
Total other own-source income	459 371	634 777	459 236	634 730
Net cost of outcome delivery	**723 766**	**546 120**	**873 877**	**546 119**

Flagship Collaboration Fund

The Flagship Collaboration Fund is unique in CSIRO. The Fund provides research capability, sourced from the National Innovation System and internationally to help the National Research Flagships meet their goals.

During 2009–10, the Fund reached its most significant year of expenditure of $17 million. To date, $56 million has been disbursed and $96 million committed from the original $114 million provided by the Australian Government.

Four new research Clusters were approved during the year involving 12 national and four international universities which represented a $12.5 million three year investment, with matching investment from partners. Additionally, $1.4 million worth of new projects and Visiting Fellowships to universities was supported, as well as 25 student scholarships.

Early in 2010, a Cluster Science Day was hosted to bring together university Cluster Leaders to celebrate their work and achievements in support of the Flagships. Participants praised the Fund as a mechanism for encouraging collaborative research and providing university access to CSIRO and issues of national importance.

A review of the Fund was also undertaken early in 2010. An external expert review panel focused on strategic and operational aspects, including an intensive program of discussions with stakeholders. In its report, the panel strongly endorsed the scale up and continuation of the Fund to the effect of doubling the funding available to reach full potential. The panel was unanimous in agreeing that the broad objectives for the Fund remain critical for contributing to the National Research Flagships Program, building capability across the National Innovation System and building longer-term research collaborations. See Appendix 1, page 176 for information on our Flagship Collaboration Fund Clusters.

Dr Tom Hatton (Director, CSIRO Wealth from Oceans Flagship) speaking at the launch of the Coastal Collaboration Cluster at Cottesloe Surf Life Saving Club on 21 April 2010. Credit: Alana Blowfield

'Participants praised the Fund as a mechanism for encouraging collaborative research and providing university access to CSIRO and issues of national importance.'