



INDEPENDENT AUDITOR'S REPORT

To the Trustee of the Science and Industry Endowment Fund

I have audited the accompanying financial report of the Science and Industry Endowment Fund for the year ended 30 June 2014, which comprises: a Statement by Trustee and Chief Finance Officer of CSIRO as Service Provider to the Science and Industry Endowment Fund; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; and Notes to and forming part of the Financial Report including a Summary of Significant Accounting Policies.

Trustee's Responsibility for the Financial Report

The Trustee of the Science and Industry Endowment Fund is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), and for such internal control as is necessary to enable the preparation of the financial report that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Science and Industry Endowment Fund's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Science and Industry Endowment Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustee as well as evaluating the overall presentation of the financial report.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

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

Independence

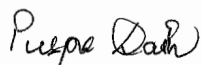
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report of the Science and Industry Endowment Fund:

- (a) has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
- (b) gives a true and fair view of the Science and Industry Endowment Fund's financial position as at 30 June 2014 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Puspa Dash
Executive Director

Delegate of the Auditor-General

Canberra
21 August 2014

SCIENCE AND INDUSTRY ENDOWMENT FUND

**STATEMENT BY TRUSTEE AND CHIEF FINANCE OFFICER OF CSIRO AS SERVICE PROVIDER TO THE
SCIENCE AND INDUSTRY ENDOWMENT FUND**

In our opinion, the attached financial report for the year ended 30 June 2014 has been prepared based on properly maintained financial records and in accordance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and give a true and fair view of the financial position of the Fund as at 30 June 2014 and of its performance for the year then ended.


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



Megan Clark

Trustee of the Science and
Industry Endowment Fund

21 August 2014



Hazel Bennett

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

21 August 2014

SCIENCE AND INDUSTRY ENDOWMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2014

	Notes	2014 \$	2013 \$
EXPENSES			
Scientific research grants	5	23,162,983	25,659,369
Service fee under Services Agreement with CSIRO		474,318	466,090
Audit fees		7,900	7,000
Advertising and approval fees	6	5,226	4,873
Other fees		64	9,148
Total expenses		23,650,491	26,146,480
LESS:			
REVENUE			
Scientific grant program refunds		22,963	-
Interest		4,442,879	6,540,473
Resources received free of charge	6	5,226	4,873
Total revenue		4,471,068	6,545,346
Net deficit		(19,179,423)	(19,601,134)
Other comprehensive income		-	-
Total comprehensive loss		(19,179,423)	(19,601,134)

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

SCIENCE AND INDUSTRY ENDOWMENT FUND
STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Cash	7	102,505,972	121,612,429
Interest receivable	8	742,562	1,438,235
GST receivable		576,643	1,350,269
Other receivables	8	19,184	-
TOTAL ASSETS		103,844,361	124,400,933
LIABILITIES			
Payables			
Creditors		1,947,492	2,937,997
Accrued expenses	9	155,883	542,527
Total payables		2,103,375	3,480,524
TOTAL LIABILITIES		2,103,375	3,480,524
NET ASSETS		101,740,986	120,920,409
EQUITY			
Contributed equity		200,000	200,000
Retained surplus		101,540,986	120,720,409
TOTAL EQUITY		101,740,986	120,920,409

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

SCIENCE AND INDUSTRY ENDOWMENT FUND

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2014

	Retained Surplus		Contributed Equity		Total Equity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Balance as at 1 July	120,720,409	140,321,543	200,000	200,000	120,920,409	140,521,543
Net deficit	(19,179,423)	(19,601,134)	-	-	(19,179,423)	(19,601,134)
Closing balance at 30 June	101,540,986	120,720,409	200,000	200,000	101,740,986	120,920,409

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

SCIENCE AND INDUSTRY ENDOWMENT FUND
CASH FLOW STATEMENT
For the period ended 30 June 2014

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Scientific research grant refunds		3,780	-
Interest received		5,138,553	6,679,815
Net GST received		3,165,145	1,572,687
Total cash received		8,307,478	8,252,502
Cash used			
Payments to grantees		26,872,028	26,828,181
Other payments		541,845	517,158
Bank fees paid		62	62
Total cash used		27,413,935	27,345,401
Net cash provided/(used) by operating activities	10	(19,106,457)	(19,092,899)
Net increase/(decrease) in cash held		(19,106,457)	(19,092,899)
Cash at the beginning of the reporting period		121,612,429	140,705,328
Cash at the end of the reporting period		102,505,972	121,612,429

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

SCIENCE AND INDUSTRY ENDOWMENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the period ended 30 June 2014

Note 1 Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

The financial report for the Science and Industry Endowment Fund (referred to as the 'Fund') is required by section 10 of the Science and Industry Endowment Act 1926 and has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

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

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

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

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

1.2 Cash

For the purpose of the Cash Flow Statement, cash includes cash at bank and deposits at call. They are readily convertible to cash.

1.3 Revenue

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

1.4 Resources Received Free of Charge

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

1.5 Financial Instruments

Accounting policies for financial instruments are stated in Note 11.

1.6 Taxation

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

1.7 Events after the Reporting Period

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

1.8 Grant Payments

Scientific research grants are normally paid inclusive of the GST.

Note 2 Principal Activity

The Fund was established under the Science and Industry Endowment Act 1926 with the Trustee of the Fund being the CSIRO Chief Executive. An appropriation of 100 000 pounds was received at the time the Fund was established. The funds were invested and have subsequently earned interest over time.

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

Gift made in October 2009

In October 2009, Senator Carr announced a gift of \$150 million to be donated by CSIRO to the Fund. The gift is intended to be used for scientific research for the purposes of assisting Australian industry, furthering the interests of the Australian community or contributing to the achievement of Australian national objectives. The gift was made subject to the terms of a Deed of Gift between the Trustee and CSIRO dated 15 October 2009.

\$100 million was received in financial year 2009–10. The final instalment of \$50 million was received in financial year 2010–11.

The maximum amount to be disbursed from the Gift Fund in any one financial year does not exceed \$25 million (GST exclusive)

Note 3	Schedule of Commitments	2014	2013
		\$	\$
	BY TYPE		
	Grants payable	40,688,118	54,990,428
	Total grants payable	40,688,118	54,990,428
	BY MATURITY		
	One year or less	18,773,257	19,512,086
	From one to five years	21,839,061	35,326,742
	More than five years	75,800	151,600
	Total grants payable	40,688,118	54,990,428

Note: Commitments are GST exclusive.

Note 4 **Contingent Assets and Liabilities**

No contingent assets and liabilities existed as at 30 June 2014 (2013: nil).

Note 5 **Scientific research grants**

CREST Program awards	38,366	18,529
Macquarie University joint chair in Wireless Communication	256,339	-
Scholarships and Fellowships	1,657,800	1,906,800
Research Infrastructure Investment	200,000	7,900,000
Special Research Program	6,400,000	2,500,000
Research Project Grants	14,610,478	13,334,040
Total	23,162,983	25,659,369

The Fund is a subsidiary entity of the Commonwealth Scientific and Industrial Research Organisation (CSIRO). For the 2013-14 financial year, the Fund has recognised \$15.1m in grant expenses as transferred directly to CSIRO to support scientific research and infrastructure projects within CSIRO and/or collaborative projects with external organisations (2012-13: \$11.8m).

Note 6 **Estimated value of resources provided free of charge by CSIRO are as follows:**

advertising and approval fees	5,226	4,873
Total	5,226	4,873

Note 7	Cash	2014	2013
		\$	\$
	Cash at bank	3,026,514	3,391,594
	Deposits – at call	99,479,458	118,220,835
	Total	102,505,972	121,612,429
Note 8	Receivables		
	Interest receivable	742,562	1,438,235
	Other receivables	19,184	-
		761,746	1,438,235
	Gross receivables are aged as follows:		
	Not overdue	761,079	1,438,235
	Overdue by:		
	0 to 30 days	667	-
	Total receivables (gross)	761,746	1,438,235
Note 9	Accrued Expenses		
	Service fee under Services Agreement with CSIRO	109,617	120,883
	CREST Program awards	38,366	24,644
	Research Project Grant	-	390,000
	Audit fee	7,900	7,000
	Total	155,883	542,527
Note 10	Cash Flow Reconciliation		
	Reconciliation of operating surplus to net cash from/(used by) operating activities:		
	Operating surplus/(deficit)	(19,179,423)	(19,601,134)
	Changes in assets and liabilities		
	(Increase)/decrease in receivables	1,450,115	(879,011)
	(Increase)/decrease in prepayments	-	2,466
	Increase/(decrease) in payables	(1,377,149)	1,384,780
	Net cash from/(used by) operating activities	(19,106,457)	(19,092,899)

Note 11 Financial Instruments**11A: Categories of Financial Instruments**

	2014	2013
	\$	\$
Financial assets		
Cash	102,505,972	121,612,429
Interest receivable	742,562	1,438,235
Other receivables	19,184	-
Total financial assets	103,267,718	123,050,664
Financial liabilities		
Supplier payables	2,103,375	3,480,524
Total financial liabilities	2,103,375	3,480,524

The net value of the financial assets are their carrying amounts.

11B: Credit risk

The Fund is exposed to minimal credit risk with its financial assets. Cash represents cash at bank and short term deposits held at reputable Australian financial institutions. Other receivables comprises of grant refunds payable to the Fund due to grant recipients discontinuing the Fund's programs, or agreement that unspent grant funding at the completion of a program is to be returned to the Fund. For the purpose of this note, GST receivables are not disclosed as financial instruments as they do not meet the definition of a financial asset. The Fund has assessed the risk of default on payment to be nil as of 30 June 2014 (2013: nil).

11C: Liquidity risk

The Fund's financial liabilities are supplier payables. The exposure to liquidity risk is based on the notion that the Fund will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to funding that is in place and internal policies and procedures to ensure that there are appropriate resources to meet its financial obligations (2013: nil).

11D: Market risk

The Fund holds basic financial instruments that do not expose the Fund to any market, currency or other price risk (2013: nil).

11E: Interest rate risk

The Fund maintains an operating bank account and short term deposits which are subject to short term interest rates. Funds are maintained in term deposits for short periods. In 2013–14 the average return on cash and short term deposits was 3.98% (2013: 4.97%).