

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION
Financial Statements

for the period ended 30 June 2018

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

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and its subsidiaries will be able to pay their debts as and when they fall due.

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



David Thodey

Chairman of the Board

31 August 2018



Larry Marshall

Chief Executive and Board Member

31 August 2018



Tom Munyard

Chief Finance Officer

31 August 2018

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2018

		Consolidated		CSIRO	
		2018	2017	2018	2017
	Notes	\$'000	\$'000	\$'000	\$'000
NET COST OF SERVICES					
Expenses					
Employee benefits	1.1A	699,295	693,211	697,888	689,208
Suppliers	1.1B	443,153	429,404	447,790	422,272
Depreciation and amortisation	2.2A	181,609	172,166	181,455	172,027
Finance leases		1,562	2,332	1,547	2,321
Write-down and impairment of assets	1.1C	7,003	1,890	6,594	1,795
Foreign exchange losses - non-speculative		828	1,578	746	1,519
Loss on revaluation of investment properties		1,413	-	1,413	-
Losses from asset sales		15,087	2,929	15,087	2,929
Total expenses		1,349,950	1,303,510	1,352,520	1,292,071
Own-Source Income					
Own-source revenue					
Sale of goods and rendering of services	1.2	384,554	367,532	405,190	379,045
Interest - bank and term deposits	1.2	10,572	8,752	7,944	6,264
Rental income	1.2	11,001	12,207	11,001	12,207
Royalties and licence fees	1.2	43,175	51,107	43,175	51,107
Other revenues	1.2	35,864	61,911	31,832	32,731
Sale of equity investments and intellectual property	1.2	1,943	8,258	-	1,750
Total own-source revenue		487,109	509,767	499,142	483,104
Gains					
Gain on recognition of assets		66	-	66	-
Gain on revaluation of investment properties	1.2	-	888	-	888
Total gains		66	888	66	888
Total own-source income		487,175	510,655	499,208	483,992
Net cost of services		(862,775)	(792,855)	(853,312)	(808,079)
Revenue from Government	1.2	793,549	787,267	793,549	787,267
Surplus/(Deficit)		(69,226)	(5,588)	(59,763)	(20,812)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Increase/(decrease) in asset revaluation reserves	1.3A	110,554	-	110,554	-
Items subject to subsequent reclassification to net cost of services					
Increase/(decrease) in other reserves	1.3B	9,853	7,080	5,617	2,048
Total other comprehensive income		120,407	7,080	116,171	2,048
Total comprehensive income/(loss)		51,181	1,492	56,408	(18,764)

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

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

		Consolidated		CSIRO	
		2018	2017	2018	2017
	Notes	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial Assets					
Cash and cash equivalents		321,647	299,867	183,974	151,071
Trade and other receivables	2.1A	84,165	82,947	80,801	76,613
Other investments	2.1B	77,516	36,212	98,714	69,821
Total financial assets		483,328	419,026	363,489	297,505
Non-Financial Assets					
Land and buildings	2.2A	1,625,607	1,575,886	1,625,607	1,575,886
Plant and equipment	2.2A	548,632	572,400	548,296	572,015
Heritage and cultural	2.2A	4,463	4,206	4,463	4,206
Intangibles	2.2A	16,573	19,780	16,573	19,780
Investment properties	2.2B	49,697	51,110	49,697	51,110
Inventories		1,440	1,474	1,440	1,474
Other non-financial assets	2.2C	44,295	41,337	44,271	41,399
Total non-financial assets		2,290,707	2,266,193	2,290,347	2,265,870
Properties held for sale		5,200	5,200	5,200	5,200
Total assets		2,779,235	2,690,419	2,659,036	2,568,575
LIABILITIES					
Payables					
Suppliers	2.3A	83,844	73,590	82,112	70,661
Other payables	2.3B	142,332	129,243	136,361	124,809
Total payables		226,176	202,833	218,473	195,470
Interest Bearing Liabilities					
Finance Leases	2.4A	31,968	37,755	31,968	37,755
Deposits	2.4B	12,315	5,178	12,336	8,345
Total interest bearing liabilities		44,283	42,933	44,304	46,100
Provisions					
Employee provisions	3.1A	218,956	217,164	218,774	217,078
Provision for remediation		29,815	28,665	29,815	28,665
Total provisions		248,771	245,829	248,589	245,743
Total liabilities		519,230	491,595	511,366	487,313
Net assets		2,260,005	2,198,824	2,147,670	2,081,262
EQUITY					
Contributed equity		290,954	280,954	290,646	280,646
Asset revaluation reserves		1,492,286	1,381,732	1,492,286	1,381,732
Other reserves		15,229	5,376	5,982	365
Retained surplus		461,536	530,762	358,756	418,519
Total equity		2,260,005	2,198,824	2,147,670	2,081,262

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

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED
For the period ended 30 June 2018

	Retained earnings		Asset revaluation reserve		Other reserves		Contributed equity/capital		Total equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	530,762	532,021	1,381,732	1,387,548	5,376	(1,704)	280,954	270,954	2,198,824	2,188,819
Comprehensive income										
Other comprehensive income ¹	-	-	110,554	-	9,853	7,080	-	-	120,407	7,080
Surplus/(deficit) for the period	(69,226)	(5,588)	-	-	-	-	-	-	(69,226)	(5,588)
Total comprehensive income	(69,226)	(5,588)	110,554	-	9,853	7,080	-	-	51,181	1,492
Other movements ²	-	4,329	-	(5,816)	-	-	-	-	-	(1,487)
Contributions by owners										
Equity injection	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Contributions by owners – other	-	-	-	-	-	-	-	-	-	-
Closing balance	461,536	530,762	1,492,286	1,381,732	15,229	5,376	290,954	280,954	2,260,005	2,198,824

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

1. Refer to Note 1.3.
2. Other movements relates to the NICTA asset revaluation reserves being written back to retained earnings following disposal of their assets (which were transferred to CSIRO).

Accounting Policy

Equity Injections

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

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CSIRO
For the period ended 30 June 2018

	Retained earnings		Asset revaluation reserve		Other reserves		Contributed equity/capital		Total equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	418,519	439,331	1,381,732	1,381,732	365	(1,683)	280,646	270,646	2,081,262	2,090,026
Comprehensive income										
Other comprehensive income ¹	-	-	110,554	-	5,617	2,048	-	-	116,171	2,048
Surplus/(deficit) for the period	(59,763)	(20,812)	-	-	-	-	-	-	(59,763)	(20,812)
Total comprehensive income	(59,763)	(20,812)	110,554	-	5,617	2,048	-	-	56,408	(18,764)
Contributions by owners										
Equity injection	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Contributions by owners – other	-	-	-	-	-	-	-	-	-	-
Closing balance	358,756	418,519	1,492,286	1,381,732	5,982	365	290,646	280,646	2,147,670	2,081,262

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

1. Refer to Note 1.3.

CONSOLIDATED FINANCIAL STATEMENTS
CASH FLOW STATEMENT
For the period ended 30 June 2018

	Notes	Consolidated		CSIRO	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government		793,549	787,267	793,549	787,267
Sale of goods and rendering of services		502,153	505,742	524,053	488,180
Interest		9,833	8,952	7,468	6,453
Net GST received		14,947	19,728	17,073	17,523
Deposits		7,138	-	3,992	1,530
Total cash received		1,327,620	1,321,689	1,346,135	1,300,953
Cash used					
Employees		697,537	712,103	696,223	701,014
Suppliers		486,039	481,396	497,370	479,965
Finance costs		1,562	2,332	1,547	2,321
Deposits		-	587	-	-
Total cash used		1,185,138	1,196,418	1,195,140	1,183,300
Net cash from operating activities		142,482	125,271	150,995	117,653
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		5,090	3,298	5,074	3,178
Proceeds from sales of equity investments and intellectual property		5,391	6,508	-	-
Total cash received		10,481	9,806	5,074	3,178
Cash used					
Purchase of property, plant and equipment		116,631	139,692	116,510	138,973
Equity investments		18,696	3,288	10,800	13,288
Other selling costs		69	59	69	59
Total cash used		135,396	143,039	127,379	152,320
Net cash used in investing activities		(124,915)	(133,233)	(122,305)	(149,142)
FINANCING ACTIVITIES					
Cash received					
Contributed equity		10,000	10,000	10,000	10,000
Total cash received		10,000	10,000	10,000	10,000
Cash used					
Finance leases		5,787	4,267	5,787	4,267
Total cash used		5,787	4,267	5,787	4,267
Net cash from financing activities		4,213	5,733	4,213	5,733
Net increase (decrease) in cash held		21,780	(2,229)	32,903	(25,756)
Cash and cash equivalents at the beginning of the reporting period		299,867	302,096	151,071	176,827
Cash and cash equivalents at the end of the reporting period		321,647	299,867	183,974	151,071

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

CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the CSIRO and its Subsidiaries (the Group)

CSIRO is an Australian Government controlled not-for-profit entity and is classified as a Corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. CSIRO is a research enterprise that aims to deliver great science and innovative solutions for industry, society and the environment.

CSIRO is structured to meet the following outcome:

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

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

The Basis of Preparation

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* and are general purpose financial statements.

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

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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.

Key Judgements and Estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Information around judgements and estimates which are material to the financial statements are found in the following notes:

- Note 3.1 Employee Provisions
- Note 4.3 Fair Value Measurements

CSIRO has a provision (raised under other provisions) for remediation costs required at a remote CSIRO location, based on estimates provided by internal and external qualified experts. The provision is predominantly based on externally provided costings, with additional amounts derived from comparable remediation works. The provision is based on the scope of work as it currently stands as at 30 June 2018. As the remediation process progresses, the scope and costs may be subject to change. The work is expected to take several years to reach completion.

Consolidation

The consolidated financial statements comprise the financial statements of the CSIRO and its subsidiaries (referred to as 'the Group'). The subsidiaries of CSIRO are WLAN Services Pty Ltd (WLAN), the Science and Industry Endowment Fund (SIEF), the CSIRO Chile Research Fundación (Fundación), National ICT Australia (NICTA), the Innovation Fund (eight entities) and the US Office (2 entities). Refer to Note 3.6 for further information.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by CSIRO as at 30 June 2018 and the results of the controlled entities for the year then ended. Subsidiaries are consolidated from the date on which control is obtained through to the date on which control ceases. The Group applies consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full.

Foreign Currency Translation

The functional currency of CSIRO and its Australian subsidiaries is Australian dollars. The Group has three overseas subsidiary entities, the Fundación and the US Office entities. On consolidation, those entities:

- Assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date; and
- The statement of comprehensive income is translated at average exchange rate.

The exchange rate differences arising are recognised in the net cost of services.

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

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

Standard	Effective for reporting periods beginning on or after:	Nature of impending changes and likely impact on application
AASB 9 <i>Financial Instruments</i>	1 January 2018	Change to requirements for classifying and measuring financial assets and liabilities. Assessed as a moderate impact on the recognition and measurement of financial instruments.
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2019	Specifies the accounting treatment of revenue arising from contracts with customers. CSIRO considers this will have minimal impact.
AASB 16 <i>Leases</i>	1 January 2019	Moderate impact as a new accounting standard which requires assessment of all operating and finance leases.

Taxation

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

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

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

The SIEF is exempt from income tax in Australia. WLAN and the Innovation Fund entities are subject to all applicable taxes in Australia. The Fundación is subject to all applicable taxes in Chile. The US Office is subject to taxes in the United States. NICTA is exempt from income tax however NICTA's subsidiaries (including NICTA IPR Pty Ltd) are subject to applicable taxes in Australia.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Events after the Reporting Period

At the time of completion of these financial statements, the Group is not aware of any significant events occurring after the reporting date.

Future Events

CSIRO is exploring future commercial opportunities for the Ginninderra Field Station, a 701 hectare area of land which CSIRO owns in north Canberra. Due to rapid urban growth in the surrounding area, the site has become under-utilised and the field station requires relocation to a more rural setting. As part of its focus on exploring the future possibilities for this site, CSIRO has successfully requested the National Capital Authority (NCA) to include the site as 'Urban Area' on the General Policy Plan for Metropolitan Canberra in the National Capital Plan draft Amendment 86. The Amendment become effective in November 2016.

This initial step in rezoning the land has allowed CSIRO to commence a process to identify a suitable development partner to progress with the next steps in the planning for the future of the site which will involve ongoing significant community and stakeholder consultation. The process of selecting a development partner is anticipated to be finalised in 2018-2019. As the development of the site progresses, it is expected that there will be a material increase in the recorded value of the Ginninderra land.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Performance

This section analyses the financial performance of CSIRO for the year ended 30 June 2018.

1.1. Expenses

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 1.1A: Employee Benefits				
Wages and salaries	528,356	522,115	527,117	518,203
Superannuation	92,215	89,374	92,140	89,315
Leave and other entitlements	88,263	67,945	88,170	67,898
Separation and redundancies	(2,135)	20,826	(2,135)	20,826
Gross employee benefits	706,699	700,260	705,292	696,242
Less				
Capitalised labour	(7,014)	(6,623)	(7,014)	(6,623)
Employee cost recovery from subsidiary companies	(390)	(426)	(390)	(411)
Total employee benefits	699,295	693,211	697,888	689,208

Accounting Policy

Accounting policy for employee related expenses is contained in the People and Relationships section.

Note 1.1B: Suppliers

Goods supplied	103,154	91,941	102,709	91,975
Services rendered	328,563	323,663	333,692	316,558
Total goods and services supplied or rendered	431,717	415,604	436,401	408,533
Other suppliers				
Operating lease rentals - minimum lease payments	5,416	6,333	5,416	6,333
Workers compensation expenses	6,020	7,467	5,973	7,406
Total other suppliers	11,436	13,800	11,389	13,739
Total Suppliers	443,153	429,404	447,790	422,272

Leasing commitments

The CSIRO in its capacity as lessee has the following commitments that arise from effectively non-cancellable operating leases:

1. Office and Scientific Research Accommodation - Lease payments are subject to annual increases in accordance with the terms of the agreement (such as CPI increases). The accommodation leases are current and each may be renewed at the Group's option.
2. Motor Vehicles - No contingent rentals exist and there are no purchases options for vehicle leases.
3. Computer Equipment - Provision of computer equipment as designated necessary in the supply contract for a general period of 2-3 years.

Commitments below are stated inclusive of GST.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	38,614	36,152	38,029	35,622
Between 1 to 5 years	100,152	127,704	99,300	126,978
More than 5 years	18,060	21,106	18,060	21,106
Total operating lease commitments	156,826	184,962	155,389	183,706

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

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.

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 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.

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 1.1C: Write-down and impairment of assets				
Asset write-downs and impairments from:				
Bad debts	52	263	52	263
Increase/(decrease) in allowance for impairment of receivable	632	(1)	632	(1)
Impairment of available for sale investments	409	520	-	425
Write down and impairment of assets	5,910	1,108	5,910	1,108
Total write-down and impairment of assets	7,003	1,890	6,594	1,795

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2. Revenue and Gains

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Revenues from Government	793,549	787,267	793,549	787,267
Sale of goods	10,593	9,950	10,593	9,950
Rendering of services	373,961	357,582	394,597	369,095
Total sale of goods and rendering of services	384,554	367,532	405,190	379,045
Bank and term deposits interest	10,572	8,752	7,944	6,264
Rental Income	11,001	12,207	11,001	12,207
Royalties and licence fees	43,175	51,107	43,175	51,107
Gain on sale of investments or intellectual property	1,943	8,258	-	1,750
Total interest, rental, royalties and licence income	66,691	80,324	62,120	71,328
Other revenues				
Sale of primary produce	1,916	1,035	1,916	1,035
Donation	22	25,010	22	10
Capital contributions	17,263	16,822	17,263	16,822
Education programs and subscriptions	513	199	513	199
Other	16,150	18,845	12,118	14,665
Total other revenues	35,864	61,911	31,832	32,731
Total own-source revenue	487,109	509,767	499,142	483,104
Gain on recognition of assets	66	-	66	-
Gain on revaluation of investment properties	-	888	-	888
Total own-source revenue including gains	487,175	510,655	499,208	483,992

Leasing - Rental Income Commitments

CSIRO has commitments receivable for the sub leasing areas of office and scientific research accommodation to external parties. The commitments below are shown at their GST inclusive amounts:

Within 1 year	3,549	4,012	3,549	4,012
Between 1 to 5 years	5,401	6,211	5,401	6,211
More than 5 years	3,846	4,100	3,846	4,100
Total lease commitments receivable	12,796	14,323	12,796	14,323

Accounting Policy

Sale of Goods and Services Revenue

Revenue from sale of goods is recognised when:

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

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 CSIRO.
-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The stage of completion of contracts at the reporting date is determined by reference to the estimated progress of the contracted deliverables to date. The balances of contract research and development activities in progress are accounted as either contract research work in progress (Note 2.2C), being the gross unbilled amount expected to be collected from clients for contract research and services performed as at 30 June 2018, or contract research revenue received in advance (Note 2.3B), where revenue for contract research and services received and/or billed exceeded revenue earned.

Interest Revenue

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

Royalties and License Fees

Royalties and licence revenue are recognised on an accrual basis in accordance with the substance of the relevant royalty agreements. Revenue from legal settlements related to intellectual property 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 Industry and Science (appropriated to CSIRO as a corporate Commonwealth entity payment item) is recognised as Revenue from Government unless it is in the nature of an equity injection or a loan.

Other Revenue

Other revenues includes sale of CSIRO publications and products, conferences and 'pass through' funding for costs of suppliers and external service providers.

Resources Received Free of Charge

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

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

Sale of Assets

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

1.3. Other Comprehensive Income

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Items that will not be classified to income or loss				
Note 1.3A: Changes in asset revaluation reserves				
Revaluation of land and buildings	110,297	-	110,297	-
Revaluation of plant and equipment	-	-	-	-
Revaluation of heritage and cultural assets	257	-	257	-
Net increase/(decrease) in asset revaluation reserves	110,554	-	110,554	-

Items that may be reclassified to income and loss

Note 1.3B: Change in other reserve

Net change in fair value gain/(loss) of available for sale assets	9,861	7,096	5,617	2,048
Net change arising from foreign exchange movements on conversion of subsidiary accounts	(8)	(16)	-	-
Realisation of fair value loss on sale and impairment of available for sale investment	-	-	-	-
Net increase/(decrease) in other reserve	9,853	7,080	5,617	2,048

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Financial Position

This section analyses CSIRO's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1. Financial Assets

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 2.1A: Trade and other receivables				
Goods and services	74,406	76,167	73,951	72,495
Statutory receivables	4,755	3,761	4,433	3,608
Interest	1,622	883	919	443
Other receivables	4,216	2,338	2,332	269
Total trade and other receivables (gross)	84,999	83,149	81,635	76,815
Less: impairment allowance for trade and other receivables	(834)	(202)	(834)	(202)
Total trade and other receivables (net)	84,165	82,947	80,801	76,613
 Trade and other receivables (gross) aged as follows				
Not overdue	73,154	71,492	73,159	65,159
Overdue by				
0 to 30 days	8,628	7,727	5,259	7,727
31 to 60 days	1,391	2,129	1,391	2,129
61 to 90 days	500	232	500	231
More than 90 days	1,326	1,569	1,326	1,569
Total receivables (gross)	84,999	83,149	81,635	76,815
 Reconciliation of impairment allowance				
Opening balance	202	354	202	354
Increase /(decrease) recognised in net surplus	632	(152)	632	(152)
Closing balance	834	202	834	202

Accounting Policy

Loans and Receivables

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed on an ongoing basis and allowances are made when collectability of the debt is no longer probable. All trade and other receivables are expected to be recovered in no more than 12 months.

Impairment of Financial Assets

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

Note 2.1B: Other Investments

Listed companies	5,846	3,455	5,846	3,455
Unlisted companies	42,258	22,992	32,677	16,601
Innovation Fund	20,021	-	50,800	40,000
Uniseed Investment	9,391	9,765	9,391	9,765
Total investments	77,516	36,212	98,714	69,821

Accounting Policy

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

CSIRO's investments in listed and unlisted companies are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, and have been designated as 'available-for-sale' financial assets. See note 4.2 for further information.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles for 2018 - Consolidated

	Land	Buildings	Total land and buildings	Plant and equipment	Heritage and cultural	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017							
Gross book value	384,489	2,738,327	3,122,816	1,152,126	11,947	53,280	4,340,169
Accumulated depreciation and amortisation	-	(1,546,930)	(1,546,930)	(579,726)	(7,741)	(33,500)	(2,167,897)
Net book value as at 1 July 2017	384,489	1,191,397	1,575,886	572,400	4,206	19,780	2,172,272
Additions:							
By purchase	-	36,175	36,175	78,127	-	2,329	116,631
Assets first recognised through a gain in net cost of services	-	-	-	-	-	-	-
Reclassification	(40)	7,113	7,073	(7,073)	-	-	-
Revaluations recognised in other comprehensive income	57,001	53,296	110,297	-	257	-	110,554
Impairments recognised in net cost of services	-	(4,024)	(4,024)	1,559	-	-	(2,465)
Depreciation expense	-	(98,818)	(98,818)	(77,302)	-	(5,489)	(181,609)
Disposals	(850)	(132)	(982)	(19,079)	-	(47)	(20,108)
Other movements	-	-	-	-	-	-	-
Net book value as at 30 June 2018	440,600	1,185,007	1,625,607	548,632	4,463	16,573	2,195,275
Net book value as at 30 June 2018 represented by:							
Gross book value	440,600	2,613,649	3,054,249	1,149,408	13,997	53,585	4,271,239
Accumulated depreciation and amortisation	-	(1,428,642)	(1,428,642)	(600,776)	(9,534)	(37,012)	(2,075,964)
Total as at 30 June 2018	440,600	1,185,007	1,625,607	548,632	4,463	16,573	2,195,275

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(b) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles for 2018 - CSIRO

	Land	Buildings	Total land and buildings	Plant and equipment	Heritage and cultural	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017							
Gross book value	384,489	2,738,327	3,122,816	1,151,430	11,947	53,280	4,339,473
Accumulated depreciation and amortisation	-	(1,546,930)	(1,546,930)	(579,415)	(7,741)	(33,500)	(2,167,586)
Net book value as at 1 July 2017	384,489	1,191,397	1,575,886	572,015	4,206	19,780	2,171,887
Additions:							
By purchase	-	36,175	36,175	78,006	-	2,329	116,510
Assets first recognised through a gain in net cost of services	-	-	-	-	-	-	-
Reclassification	(40)	7,113	7,073	(7,073)	-	-	-
Revaluations recognised in other comprehensive income	57,001	53,296	110,297	-	257	-	110,554
Impairments recognised in net cost of services	-	(4,024)	(4,024)	1,559	-	-	(2,465)
Depreciation expense	-	(98,818)	(98,818)	(77,148)	-	(5,489)	(181,455)
Disposals	(850)	(132)	(982)	(19,063)	-	(47)	(20,092)
Other movements	-	-	-	-	-	-	-
Net book value as at 30 June 2018	440,600	1,185,007	1,625,607	548,296	4,463	16,573	2,194,939
Net book value as at 30 June 2018 represented by:							
Gross book value	440,600	2,613,649	3,054,249	1,148,590	13,997	53,585	4,270,421
Accumulated depreciation and amortisation	-	(1,428,642)	(1,428,642)	(600,294)	(9,534)	(37,012)	(2,075,482)
Total as at 30 June 2018	440,600	1,185,007	1,625,607	548,296	4,463	16,573	2,194,939

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated		CSIRO	
	2018	2017	2017	
	\$'000	\$'000	\$'000	
Contractual commitments for fixed assets:				
Capital commitments comprise outstanding payments for buildings under construction and commitments for purchase of plant and equipment. Commitments are reported inclusive of GST.				
Land and buildings	28,141	42,020	28,141	42,020
Plant and equipment	8,199	3,954	8,199	3,954
Total commitments payable	36,340	45,974	36,340	45,974
Within 1 year	36,166	45,974	36,166	45,974
Between 1 to 5 years	174	-	174	-
More than 5 years	-	-	-	-
Total commitments payable	36,340	45,974	36,340	45,974

Accounting Policy

Acquisition of Assets

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

Assets acquired at no cost or for nominal considerations are initially recognised as assets and revenues at their fair value at the date of acquisition. Property, plant and equipment which are purchased from contract research funds and where the control and subsequent sale proceeds are refunded to contributors under the terms of the agreements, are expensed during the year of purchase.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, 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).

Revaluations

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

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

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

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

- Land, which will continue to be used for research activity, is valued by independent valuers at fair value (highest and best use). Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest otherwise. Land underwent a full revaluation as at 30 June 2018 by Jones Lang LaSalle (JLL).
- Buildings and leasehold improvements, which will continue to be used for research activities, are valued by independent valuers at fair value (highest and best use). Building valuations include plant, fit-outs, fixtures and fittings, which form an integral part of buildings. Buildings underwent a full revaluation as at 30 June 2018 by JLL.
- Plant and equipment which will continue to be used for research activities are valued by independent valuers at fair value (highest and best use). Plant and equipment assets were revalued as at 30 June 2016 by Australian Valuation Solutions.
- Properties held for sale are valued at fair value annually. The property held for sale is valued at its contracted sale price.
- Heritage and cultural assets are valued by independent valuers at their depreciated replacement cost. Heritage assets underwent a full revaluation as at 30 June 2018 by JLL.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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:

Buildings on freehold land	40 to 80 years
Leasehold improvements	Lease term
Buildings under finance lease	Lease term
Passenger vehicles	7 years
Agricultural and transport equipment	8 to 20 years
Computing equipment	2 to 5 years
Scientific equipment	5 to 20 years
Furniture and office equipment	5 to 15 years
Workshop equipment	20 to 25 years
Research vessel	25 years
Australia telescope	15 to 58 years
Heritage and cultural assets	Indefinite

Impairment

All assets were assessed for impairment as at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Heritage and Cultural Assets

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

Intangibles

Intangibles are 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 are amortised on a straight-line basis over their anticipated useful lives. The useful lives are 2 to 10 years (2017: 2 to 10 years). All software assets were assessed for indications of impairment as at 30 June 2018.

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.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 2.2B: Investment properties				
Reconciliation of the opening and closing balances of investment properties				
As at 1 July	51,110	50,222	51,110	50,222
Net gain/(loss) from fair value adjustments	(1,413)	888	(1,413)	888
Total as at 30 June	49,697	51,110	49,697	51,110

Commitments from investment properties:

Commitments comprise rental income receivable from CSIRO's investment properties. The commitments below are shown at their GST inclusive amounts:

Within 1 year	3,701	3,159	3,701	3,159
Between 1 to 5 years	825	1,050	825	1,050
More than 5 years	-	-	-	-
Total commitment receivable	4,526	4,209	4,526	4,209

No indicators of impairment were identified for investment properties.

Accounting Policy

Investment properties are recorded at their fair value, which is assessed annually by independent valuers. Investment properties were valued as at 30 June 2018 by JLL. Revaluation increments are recorded as a gain or loss in the Statements of Comprehensive Income as disclosed in Note 1.2. Rental income from investment properties is included in the rental income disclosed in Note 1.2 and was \$3.2m for 2018 (2017:\$3.3m). Operating costs that are recoverable amounted to \$0.5m (2017: \$1.0m)

Note 2.2C: Other non-financial assets

Contract research work in progress - at cost	29,253	28,322	29,253	28,322
Other prepayments	15,042	13,015	15,018	13,077
Total other non-financial assets	44,295	41,337	44,271	41,399

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

Accounting Policy

Accounting policy for contract research work in progress is contained in Note 1.2.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.3. Payables

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 2.3A: Suppliers				
Suppliers payable	83,844	73,590	82,112	70,661
Total	83,844	73,590	82,112	70,661

Suppliers payable are expected to be settled within 12 months.
Settlement is usually made within 30 days.

Note 2.3B: Other Payables

Accrued salaries and wages	6,380	6,232	6,380	6,229
Contract research revenue received in advance	118,268	105,734	118,268	105,734
Other revenue received in advance	8,936	14,975	9,616	10,407
Other creditors and accrued expenses	8,748	2,302	2,097	2,439
Total other payables	142,332	129,243	136,361	124,809

Accounting Policy

Accounting policy for contract revenue received in advance is contained in Note 1.2.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.4. Interest Bearing Liabilities

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 2.4A: Finance Leases				
Lease payments are expected to be settled:				
Within one year				
Minimum lease payments	5,567	5,480	5,567	5,480
Deduct: future finance charges	(1,566)	(1,643)	(1,566)	(1,643)
Total payable within one year (current)	4,001	3,837	4,001	3,837
In one to five years				
Minimum lease payments	24,680	23,649	24,680	23,649
Deduct: future finance charges	(3,911)	(4,245)	(3,911)	(4,245)
Total payable within one to five years	20,769	19,404	20,769	19,404
In more than five years				
Minimum lease payments	8,177	15,044	8,177	15,044
Deduct: future finance charges	(979)	(530)	(979)	(530)
Total payable in more than five years	7,198	14,514	7,198	14,514
Total finance lease liability recognised on the Statement of Financial Position	31,968	37,755	31,968	37,755

Accounting Policy

Finance leases exist in relation to certain buildings and major equipment assets. The leases are non-cancellable and for fixed terms ranging from 17 to 25 years. CSIRO guarantees the residual values of all assets leased. There are no contingent rentals. The interest rate implicit in the leases averaged 5% per annum (2017: 4% per annum). The lease liabilities are secured by the lease assets. Accounting policies for leases is contained in Note 1.1B.

Note 2.4B: Deposits

Deposits represent monies held on behalf of third parties. If the amounts are not spent for their specified purpose they will be returned to the third party.

Total deposits held are:	12,315	5,178	12,336	8,345
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CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
3. People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationship with other key people.

3.1. Employee Provisions

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 3.1A: Employee Provisions				
Annual leave	58,639	54,405	58,457	54,319
Long service leave	141,990	133,684	141,990	133,684
Severance pay	6,523	5,553	6,523	5,553
Redundancies	11,804	23,522	11,804	23,522
Total employee provisions	218,956	217,164	218,774	217,078

Accounting Policy

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

Other long-term employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provisions for annual leave, long service leave and severance payments. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability at 30 June 2018 for long service leave and annual leave has been determined by the short hand method and reference to the work of the Australian Government Actuary (AGA). 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. A CSIRO plan of termination is binding when the following criteria are met:

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

Superannuation

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

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

The liability for superannuation recognised as at 30 June 2018 represents outstanding contributions for the financial year.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2. Key Management Personnel Remuneration

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits				
Salary	5,692	5,552	5,407	5,292
Performance bonuses	492	574	492	574
Additional allowances	277	276	276	275
Total short-term employee benefits	6,461	6,402	6,175	6,141
Post-employment benefits				
Superannuation	714	687	714	687
Total post-employment benefits	714	687	714	687
Other long-term employee benefits				
Annual leave accrued	409	435	409	411
Long-service leave accrued	286	194	286	194
Total other long-term benefits	695	629	695	605
Termination benefits				
Termination benefits	-	-	-	-
Total termination benefits	-	-	-	-
Total key management personnel remuneration	7,870	7,718	7,584	7,433

The total number of key management personnel that are included in the above table for CSIRO is 21 (2017: 21) and for the Group is 22 (2017: 22). This note has been prepared on an accrual basis for substantive and long term acting senior management personnel during the period.

3.3. Remuneration of Auditors

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$	\$	\$	\$
Amounts received or due and receivable by the Group's auditors for:				
Audit of the financial statements	331,970	309,520	215,000	198,000
Audit of projects	9,980	-	-	-
	341,950	309,520	215,000	198,000

The Group's auditor (except for the Fundacion) is the Australian National Audit Office (ANAO) who has appointed RSM to assist with the assignment since 2015-16. The Fundacion is audited by Ernst & Young Chile, who conduct both financial statement and project audits for the Fundacion.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4. Remuneration of Board Members

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$	\$	\$	\$
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	772,171	720,890	710,075	671,477
Payments to superannuation funds for Board Members	60,452	57,483	60,452	57,483
Total remuneration	832,623	778,373	770,527	728,960

The remuneration of the Chief Executive Officer, who is also a Board Member of the Group is reported under Note 3.2 Key Management Personnel Remuneration. The total headcount of Board members that are included in the above table for CSIRO is 9 (2017: 9).

For the Group the total head count of Board members was 11 (2017: 11). The NICTA Board has 3 members, all of whom are CSIRO staff who do not receive additional remuneration for their services on the Board.

3.5. Meetings of the Board and Board Committees

During the financial year 2017-18, 9 Board meetings (2 out of session), 4 Board Audit & Risk Committee meetings, 4 Board People, Health & Safety Committee meetings, 5 Board Innovation Fund Sub-Committee meetings and 4 Board Science Excellence Committee meetings were held. The number of meetings attended by each of the Board members was as follows:

Board member			CSIRO Board Audit & Risk Committee		CSIRO Board People, Health & Safety Committee		CSIRO Board People Innovation Fund Sub-Committee		CSIRO Board Excellence Committee	
CSIRO Board			Number eligible to attend as a member		Number attended		Number eligible to attend as a member		Number attended	
Michele Allan	9	7	2	1	-	4	-	1	4	4
Edwina Cornish	9	7	4	4	-	4	5	5	4	4
Shirley In't Veld	9	8	4	4	4	4	5	5	-	3
David Knox	9	6	-	1	4	4	5	5	4	3
Tanya Monro	9	8	-	3	4	4	-	1	4	3
Hutch Ranck	9	8	-	1	3	3	-	-	-	2
Peter Riddles	9	9	4	3	-	4	5	4	4	4
David Thodey	9	9	-	4	-	4	-	5	-	4
Drew Clarke	9	9	2	2	3	4	-	2	-	4
Larry Marshall	9	9	-	4	-	4	-	5	-	4

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3.6. Related Party Disclosures

(a) Controlled Entities

SIEF was established under the *Science and Industry Endowment Act 1926*. The principal activity of the SIEF Trust is to provide assistance to persons engaged in scientific research and in training of students in scientific research. The SIEF Trustee is the CSIRO Chief Executive and SIEF is a wholly controlled entity. The SIEF's separate financial statements are reported in the CSIRO Annual Report.

WLAN is a small proprietary company limited by shares, which are solely held by CSIRO. The principal activity of WLAN is to provide services to CSIRO. WLAN was established in 2005 and is anticipated to go through voluntary deregistration in 2018-19.

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

NICTA is Australia's ICT Research Centre of Excellence and undertakes internationally recognised research in partnership with industry, government and researchers to create national benefit and wealth for Australia. NICTA is the parent entity of NICTA IPR Pty Ltd and a small number of minor proprietary limited companies that exist to hold intellectual property and commercialise research. CSIRO obtained full control of NICTA on 28 August 2015, when the members of the NICTA Board resolved to adopt a revised company constitution which provided CSIRO with effective control over NICTA.

As part of the National Innovation and Science Agenda announced by the Australian Government in December 2015, CSIRO has established an Innovation Fund to invest in the development of early stage technology opportunities from the public research sector, to increase their translation into commercial opportunities to be taken up by Australian industry. The Fund has been established through a structure of eight entities whose purpose is to manage and operate the Fund. These entities are:

- CSIRO Innovation Fund 1, LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW). It is registered by Innovation and Science Australia as an Early Stage Venture Capital Limited Partnership. It was established in January 2017.
- CSIRO Management Partnership Pty LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW). It was established in January 2017 and acts as the General Partner of the CSIRO Innovation Fund 1, LP.
- CSIRO General Partner 2 Pty Ltd was established in December 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. This company acts as the general partner of CSIRO Management Partnership Pty LP.
- CSIRO Fund of Funds, LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW) and is registered by Innovation and Science Australia as an Australian Venture Capital Fund of Funds. It was established in May 2016.
- CSIRO General Partner Pty Ltd was established in May 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. It acts as the general partner of CSIRO Fund of Funds LP. It will also act as the trustee of CSIRO Innovation Holding Trust that was established in July 2018.
- CSIRO Financial Services Pty Ltd was established in December 2015 and is a small proprietary company limited by shares, which are solely held by CSIRO. The company has been issued an Australian Financial Services License and acts as Manager of CSIRO Innovation Fund 1, LP.
- CSIRO Innovation Services Pty Ltd was established in October 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. It acts as trustee of a discretionary trust established to distribute some returns from CSIRO Innovation Fund 1, LP.
- CSIRO Follow-on Services Pty Ltd was established in April 2018 and is a small proprietary company limited by shares, which are solely held by CSIRO.

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All of the above entities are under the sole control of the CSIRO as at 30 June 2018. The above entities (with the exception of CSIRO Financial Services Pty Ltd and CSIRO Innovation Services Pty Ltd) sit outside the General Government Sector.

CSIRO USA LLC and CSIRO Innovations LLC were established in February 2017 to support the establishment of a CSIRO presence in the United States. Both entities are incorporated within Delaware and are wholly controlled by the CSIRO.

(b) Related party relationships

The entity is an Australian Government controlled entity. Related parties to this entity are the Board, Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
4. Managing Uncertainties

This section analyses how CSIRO manages financial risk within its operating environment.

4.1. Contingent Assets and Liabilities

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Quantifiable Contingencies				
Contingent assets				
Insurance claims	1,417	1,808	1,417	1,808
Bank guarantees received from suppliers	20,834	20,689	20,834	20,689
Total contingent assets	22,251	22,497	22,251	22,497
Contingent liabilities				
Estimated legal claims	-	-	-	-
Total contingent liabilities	-	-	-	-
Total net contingent asset/(liability)	22,251	22,497	22,251	22,497

Depending on the materiality of risks involved with certain commercial transactions, CSIRO has requested bank guarantees where necessary to mitigate such risks, notably where substantial advance payments were made. Estimated legal claims are those arising from employment, motor vehicle accidents, commercial and patent disputes. The Group has denied liability and is defending the claims.

Unquantifiable contingencies

As disclosed in the Overview Note, a financial provision for the estimated costs in restoring and decontaminating land where a legal or constructive obligation has arisen has been recognised on the Statement of Financial Position. For cases where there is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable contingencies. CSIRO has no other identified unquantifiable contingencies to report.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position. 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.

CONSOLIDATED FINANCIAL STATEMENTS
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4.2. Financial Instruments

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 4.2A: Categories of financial instruments				
Financial Assets				
Available for sale financial assets				
Investments	77,516	36,212	98,714	69,821
Loans and receivables				
Cash at bank	94,769	129,641	13,974	31,071
Term deposits	226,878	170,226	170,000	120,000
Receivable for goods and services	74,406	76,167	73,951	72,495
Other receivables	5,838	3,221	3,251	712
Carrying amount of financial assets	479,407	415,467	359,890	294,099
Financial Liabilities				
Finance lease liabilities	31,968	37,755	31,968	37,755
Trade creditors	83,844	73,590	82,112	70,661
Research revenue received in advance	118,268	105,734	118,268	105,734
Deposits	12,315	5,178	12,336	8,345
Other creditors	24,064	23,509	18,093	19,075
Carrying amount of financial liabilities	270,459	245,766	262,777	241,570

Accounting Policy

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.

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.

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, except for financial assets that are recognised at fair value through profit and loss.

Fair value of Investments in Listed Companies

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

Fair value of Investments in Unlisted Companies

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. All trade and other receivables are expected to be recovered in no more than 12 months.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

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

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

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

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).

	Consolidated		CSIRO	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 4.2B: Net income and expense from financial assets				
Cash at bank and term deposits				
Interest revenue	10,572	8,752	7,944	6,264
Net gain from financial assets	10,572	8,752	7,944	6,264
Note 4.2C: Net income and expense from financial liabilities				
Finance leases				
Interest expense	1,562	2,332	1,547	2,321
Net loss from financial liabilities	1,562	2,332	1,547	2,321

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.3. Fair value measurement

Significant Accounting Judgements and Estimates

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

- The fair value of properties classified as 'properties held for sale' has been taken to be the market value (level 1 inputs), and for 'investment properties' has been taken to be the market value (level 2 inputs), of similar properties as determined by an independent valuer;
- The fair value of land which will continue to be used for research activities, and buildings held for specialised purposes and where there is no readily available market price has been taken to be Fair Value- Highest and Best Use (level 3 inputs), as determined by an independent valuer;
- The fair value of plant and equipment has been taken to be Fair Value – Highest and Best Use (level 3 inputs) as they mainly comprise of specialised research equipment. Fair value is determined by an independent valuer; and
- The fair value of listed companies is assessed at market value (level 1 inputs); whereas unlisted companies and commercial vehicles are assessed at fair value using the best information available (level 1 and 3 inputs). For investments in unlisted companies where there is no readily available market pricing, the fair value has been determined by applying valuation techniques in line with the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines (IPEV).' Where recent transactions for the unlisted companies' equity have taken place, these equity transaction prices are used to value CSIRO's investment. For unlisted companies that have not had any recent equity transactions, other IPEV valuation techniques are used such as discounted cash flows and share of net assets. Investments in special purpose entities are either valued at cost of share of net realisable assets since a reliable estimate of fair value cannot be established. These entities have been set up primarily to gain access to research facilities/networks, or to provide services to owners. Hence, there is not 'active market' for these equity investments.

No accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Note 4.3A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
Financial assets		
Available for sale financial assets	77,516	36,212
Total financial assets	77,516	36,212
Non-financial assets		
Land	440,600	384,489
Buildings	1,185,007	1,191,397
Plant and equipment	548,632	572,400
Investment Properties	49,697	51,110
Properties Held For Sale	5,200	5,200
Heritage and cultural	4,463	4,206
Total non-financial assets	2,233,599	2,208,802
Total fair value measurements (assets)	2,311,115	2,245,014

The above disclosure represents the consolidated financial position of the Group.

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5. Other information

5.1. Cooperative Research Centres (CRCs)

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

CSIRO's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$10.8 million and to CRC-P's \$2.7 million. Contributions made by CSIRO are expensed as incurred and these are included in the Statement of Comprehensive Income.

CSIRO is a participant in the following CRCs as at 30 June 2018.

Name of CRC	<u>Scheduled Termination Date</u>
Alertness Safety & Productivity CRC	30/06/20
Antarctic Climate and Ecosystems CRC	30/06/19
Bushfire and Natural Hazards CRC	29/03/19
Cancer Therapeutics CRC	30/06/20
Contaminated Assessment and Remediation of the Environment (CRC for CARE)	30/06/20
Cyber Security CRC	31/12/24
Deep Exploration Technologies CRC	30/06/18
High Integrity Australian Pork CRC	30/06/19
Innovative Manufacturing CRC	30/06/21
Low Carbon Living CRC	30/06/19
Mental Health CRC	30/06/18
Optimising Resource Extraction CRC	30/06/21
Plant Biosecurity CRC	30/06/18
Rail Manufacturing CRC	30/06/21

CSIRO is a participant in the following CRC-Ps as at 30 June 2018.

Name of CRC-P	<u>Scheduled Termination Date</u>
Developing Sustainable Cropping Systems for cotton, grains and fodder	15/11/20
New pastures to increase livestock productivity across the north	30/09/20
Large Area Glass Perovskite CRC-P	30/09/18
Oventus CRC-P (targeted therapy for sleep apnoea)	31/03/20
Printed Solar Films CRC-P	30/06/18

Accounting Policy

Joint Operations – Cooperative Research Centres (CRCs)

The proportionate interests in CRCs regarded as joint operations are disclosed in the financial statements under appropriate headings. Their primary source of funding is from the Australian Government and funding is progressively drawn down over the life of the CRCs and distributed to participants, including CSIRO and universities, for research and development purposes. CSIRO's contributions to the CRCs are expensed as incurred and funds received from CRCs are recognised as revenue to the extent that work has been performed in the Statement of Comprehensive Income. CSIRO has been a participant in 14 CRCs and 5 CRC-P's during the financial year.

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5.2. Monies Held in Trust

	2018	2017
	\$'000	\$'000
Monies held in trust represented by cash, deposits and investments for the benefit of the Group which are not included in the Statement of Financial Position are:		
The Sir Ian McLennan Achievement for Industry Award - established to award outstanding contributions by the Group's scientists and engineers to national development.	404	377
The Elwood and Hannah Zimmerman Trust Fund - established to fund weevil research and the curation of the Australian National Insect Collection (ANIC) weevil collection.	4,591	4,821
The Schlinger Trust - established to research the taxonomy, biosystematics, general biology and biogeography of Australasian Diptera conducted by the Australian National Insect Collection.	2,341	2,307
Total monies held in trust as at 30 June	7,336	7,505

	McLennan	Zimmerman	Schlinger	Total
	\$'000	\$'000	\$'000	\$'000
Summary of movements:				
Balance as at 1 July 2017	377	4,821	2,307	7,505
Adjustments	-	(7)	-	(7)
Interest and distribution adjustments	27	5	34	66
Expenditure in the period	-	(228)	-	(228)
Balance as at 30 June 2018	404	4,591	2,341	7,336

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5.3. Collections

CSIRO is the custodian of several collections used for scientific research. These collections have been established over time and document an extensive range of Australian flora and fauna species. The collections are irreplaceable, bear scientific and historical value and are not reliably measurable in monetary terms. Therefore, CSIRO has not recognised them as an asset in its financial statements.

The main collections held by CSIRO are:

- Australian National Herbarium (ANH) – With a focus on the Australian flora and that of neighbouring regions such as New Guinea and the Pacific, the ANH has over 1 million herbarium specimens, with additional holdings at the Australian Tropical Herbarium (ATH) in Cairns, Queensland. The ANH collections include the Dadswell Memorial Wood Collection and comprehensive holdings of a number of groups, including cryptogams, eucalypts and orchids.
- Australian National Insect Collection (ANIC) – Specialising in Australian terrestrial invertebrates, ANIC houses over 12 million specimens and is the world's largest collection of Australian insects, as well as groups such as mites, spiders, earthworms, nematodes and centipedes. ANIC is an important research collection used by CSIRO researchers, university staff, and students, and scientists from Australian and international research organisations.
- Australian National Wildlife Collection (ANWC) – Specialising in terrestrial vertebrates, ANWC contains specimens of most species of Australian mammals, birds, reptiles, and amphibians. It is particularly rich in specimens of birds from New Guinea. ANWC is a valuable asset for biologists engaged in biodiversity research. Its research library holds 60,000 recordings of wildlife sounds, more than a thousand tissue samples, and the egg collections from more than 300 bird species.
- Australian National Fish Collection (ANFC) – Specialising in marine fishes, the ANFC contains almost 150,000 specimens representing more than 3,000 species from the Indo-Pacific region. It is an invaluable resource for biodiversity and biogeographic research on Australian and Indo-Pacific fishes. Its major strengths are sharks, rays, and deep-water fishes. It also contains a large collection of images and radiographs of Australian fishes.
- Australian Tree Seed Centre (ATSC) – The ATSC is managed as a collection and research centre for Australian native tree species. For over 50 years the centre has been collecting, researching and supplying quality, fully documented tree seed to both domestic and overseas customers. Collections of seed are sourced from wild populations and genetically improved seed from our domestication and improvement programs.
- Australian National Algae Culture Collection (ANACC) – The ANACC consists of more than 300 microalgae species and is a resource for research on algal diversity, distribution, richness, and taxonomic relationships, including those of economic importance and environmental concern. Aligned with the collection is the National Algae Supply Service, which provides microalgae strains as starter cultures to industry, research, organisations and educational institutions in over 70 countries.

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6. Budgetary Reports and Explanations of Major Variances

The following provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements to the actual outcome reported for 2017-18. The intention of this variance analysis is to provide the reader with information relevant to assessing the performance of CSIRO, including the accountability for the resources entrusted to it.

Statement of Comprehensive Income
for the period ended 30 June 2018

	Actual	Consolidated Original Budget	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	699,295	731,009	(31,714)
Suppliers	443,153	470,541	(27,388)
Depreciation and amortisation	181,609	170,236	11,373
Finance costs	1,562	2,386	(824)
Write-down and impairment of assets	7,003	-	7,003
Foreign exchange losses	828	-	828
Loss on revaluation of investment properties	1,413	-	1,413
Losses from asset sales	15,087	-	15,087
Total expenses	1,349,950	1,374,172	(24,222)
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	384,554	441,448	(56,894)
Interest	10,572	7,373	3,199
Rental income	11,001	-	11,001
Royalties and licence fees	43,175	43,643	(468)
Other revenues	35,864	18,824	17,040
Sale of equity investments and intellectual property	1,943	-	1,943
Total own-source revenue	487,109	511,288	(24,179)
Gains			
Net gain from sales of assets	66	6,000	(5,934)
Gain on revaluation of investment properties	-	-	-
Total gains	66	6,000	(5,934)
Total own-source income	487,175	517,288	(30,113)
Net cost of services	(862,775)	(856,884)	(5,891)
Revenue from Government	793,549	793,549	-
Surplus on continuing operation	793,549	793,549	-
Surplus/(Deficit) attributable to the Australian Government	(69,226)	(63,335)	(5,891)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Increase/(decrease) in asset revaluation reserves	110,554	-	110,554
Items subject to subsequent reclassification to net cost of services			
Increase/(decrease) in other reserves	9,853	-	9,853
Total other comprehensive income	120,407	-	120,407
Total comprehensive income/(loss) attributable to the Australian Government	51,181	(63,335)	114,516

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Statement of Financial Position
as at 30 June 2018

	Actual	Consolidated Original Budget	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	321,647	199,320	122,327
Trade and other receivables	84,165	60,815	23,350
Investments accounted for using the equity method	-	-	-
Other investments	77,516	73,486	4,030
Total financial assets	483,328	333,621	149,707
Non-Financial Assets			
Land and buildings	1,625,607	1,522,268	103,339
Plant and equipment	548,632	560,001	(11,369)
Heritage and cultural	4,463	4,206	257
Intangibles	16,573	12,069	4,504
Investment properties	49,697	50,222	(525)
Inventories	1,440	1,384	56
Other non-financial assets	44,295	48,902	(4,607)
Total non-financial assets	2,290,707	2,199,052	91,655
Properties held for sale	5,200	-	5,200
Total assets	2,779,235	2,532,673	246,562
LIABILITIES			
Payables			
Suppliers	83,844	23,464	60,380
Other payables	142,332	151,514	(9,182)
Total payables	226,176	174,978	51,198
Interest Bearing Liabilities			
Leases	31,968	33,919	(1,951)
Deposits	12,315	5,872	6,443
Total Interest bearing liabilities	44,283	39,791	4,492
Provisions			
Employee provisions	218,956	206,682	12,274
Provision for remediation	29,815	25,154	4,661
Total provisions	248,771	231,836	16,935
Total liabilities	519,230	446,605	72,625
Net assets	2,260,005	2,086,068	173,937
EQUITY			
Contributed equity	290,954	287,623	3,331
Asset revaluation reserves	1,492,286	1,384,753	107,533
Other reserves	15,229	-	15,229
Retained surplus	461,536	413,692	47,844
Total equity	2,260,005	2,086,068	173,937

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Statement of Changes in Equity

for the period ended 30 June 2018

	Retained earnings			Asset revaluation reserve			Other reserves			Contributed equity/capital			Total equity		
	Actual	Original Budget	Variance	Actual	Original Budget	Variance	Actual	Original Budget	Variance	Actual	Original Budget	Variance	Actual	Original Budget	Variance
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	530,762	475,673	55,089	1,381,732	1,387,550	(5,818)	5,376	(1,704)	7,080	280,954	279,007	1,947	2,198,824	2,140,526	58,298
Comprehensive income															
Other comprehensive income	-	-	-	110,554	-	110,554	9,853	-	9,853	-	-	-	120,407	-	120,407
Surplus/(deficit) for the period	(69,226)	(63,335)	(5,891)	-	-	-	-	-	-	-	-	-	(69,226)	(63,335)	(5,891)
Total comprehensive income	(69,226)	(63,335)	(5,891)	110,554	-	110,554	9,853	-	9,853	-	-	-	51,181	(63,335)	114,516
Other Movements (NICTA Transfer)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by owners															
Equity injection	-	-	-	-	-	-	-	-	-	10,000	10,000	-	10,000	10,000	-
Contributions by owners – other	-	1,354	(1,354)	-	(1,093)	1,093	-	-	-	-	(1,384)	1,384	-	(1,123)	1,123
Closing balance	461,536	413,692	47,844	1,492,286	1,386,457	105,829	15,229	(1,704)	16,933	290,954	287,623	3,331	2,260,005	2,086,068	173,937

CONSOLIDATED FINANCIAL STATEMENTS
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Cash Flow Statement

for the period ended 30 June 2018

	Actual	Consolidated Original Budget	Variance
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government	793,549	793,549	-
Goods and services	502,153	483,417	18,736
Interest	9,833	7,600	2,233
Net GST received	14,947	(19)	14,966
Deposits	7,138	-	7,138
Other	-	18,824	(18,824)
Total cash received	1,327,620	1,303,371	24,249
Cash used			
Employees	697,537	729,065	(31,528)
Suppliers	486,039	468,600	17,439
Finance costs	1,562	2,386	(824)
Other	-	1,817	(1,817)
Total cash used	1,185,138	1,201,868	(16,730)
Net cash from operating activities	142,482	101,503	40,979
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	5,090	46,300	(41,210)
Proceeds from sales of equity investments and intellectual property	5,391	-	5,391
Total cash received	10,481	46,300	(35,819)
Cash used			
Purchase of property, plant and equipment	116,631	122,803	(6,172)
Equity investments	18,696	10,000	8,696
Other selling costs	69	-	69
Total cash used	135,396	132,803	2,593
Net cash from (used by) investing activities	(124,915)	(86,503)	(38,412)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	10,000	10,000	-
Total cash received	10,000	10,000	-
Cash used			
Finance leases	5,787	3,835	1,952
Total cash used	5,787	3,835	1,952
Net cash from financing activities	4,213	6,165	(1,952)
Net increase (decrease) in cash held	21,780	21,165	615
Cash and cash equivalents at the beginning of the reporting period	299,867	178,155	121,712
Cash and cash equivalents at the end of the reporting period	321,647	199,320	122,327

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Explanation of Major Variances

Australian Accounting Standard AASB 1055 *Budgetary Reporting* requires variance explanations of major variances between the original budget as presented in the 2017-18 Portfolio Budget Statements and the actual outcome as reported in these financial statements. CSIRO considers that major variances are those greater than 10% of the original estimate and that are relevant to an assessment of the discharge of accountability and to an analysis of the performance of the entity. Variances below this threshold are not included unless considered significant by their nature.

It should be noted that the original budget was prepared before the 2016-17 actual figures could be known. As a consequence the opening balance of the 2017-18 Statement of Financial Position needed to be estimated and in some cases, variances between 2017-18 actuals and budget numbers can be, at least in part, attributed to unanticipated movements in the prior period figures. Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as the revaluation of plant and equipment and investment properties, sale of equity investments, and impairment of assets, have not been included as part of the explanation.

The Budget is not audited.

Statement of Comprehensive Income

CSIRO's *employee benefits* were below budget, driven mainly by budgeted contractor costs not being utilised.

Write-down and impairment of assets and losses from asset sales were not foreseen at the time of preparing the budget.

The original budget for *sale of goods and rendering of services* revenues included *rental income* and a portion of *other revenues*, which are on separate lines in the actual figures. Additionally, some asset sales have been delayed, resulting in a lower *net gain from asset sales* than budgeted.

Statement of Financial Position

The Portfolio Budget Statements are prepared on the basis of only including General Government Sector (GGS) entities, whereas, the Financial Statements for CSIRO include the results of CSIRO and all controlled entities, regardless of whether they are within the GGS or not. Therefore, there is a difference in accounting treatment between the two, resulting in the budget containing the Innovation Fund investment as an *Investment accounted for using the equity method*, while the Financial Statements account for this investment in the consolidation as *Cash and cash equivalents* held by a controlled entity.

Land and buildings and intangibles have increased in value based on a formal valuation report. This increase was not foreseen at the time of preparing the budget.

Properties held for sale was expected to be \$0 at the time of the budget due to the expectation that the sale of the CSIRO Belmont site be finalised by June 2018, however, the sale has been delayed until late 2018-19.

Cash Flow Statement

Variances relating to cash flows occur because of the factors detailed under Income Statement and Balance Sheet.