

CHAPTER 4

FINANCIAL PERFORMANCE



SUMMARY OF FINANCIAL PERFORMANCE

Tables 16 and 17 provide an overview of APVMA financial performance for 2014–15. Full details are in the audited financial statements on the following pages.

Income

Our total income for this financial year was \$29.741 million (Table 16), an increase of \$1.466 million (5.18 per cent) from the previous year. This increase is largely due to the lower than normal result in 2013–14 when \$2.0 million was returned to the budget as part of the Better Regulations reform funding agreement.

TABLE 16: INCOME 2014–15

Income source	Income (\$'000)	%
Receipts from industry		
Application fees	5 554	18.68
Levies	16 263	54.68
Annual fees (renewal fees)	4 703	15.81
Other receipts from industry	1 921	6.46
Parliamentary appropriation	743	2.50
Other revenue	557	1.87
Total income	29 741	100.00

Expenditure

Total operating expenses for 2014–15 were \$33.204 million (Table 17), an increase of \$1.207 million (3.77 per cent) from the previous year.

TABLE 17: EXPENDITURE, 2014–15 (INCLUDING COMPARISON WITH PORTFOLIO BUDGET STATEMENT)

	2014–15 actual expenditure (\$'000)	% of expenditure	2014–15 budget (per PBS) (\$'000)
Employee benefits	22 113	66.60	21 063
Supplier expenses	9 861	29.70	10 012
Depreciation	1 203	3.62	1 107
Other	27	0.08	–
Total expenditure	33 204	100.00	32 182

– = nil; PBS = Portfolio Budget Statement

Further details on the comparison of the APVMA's actual results for 2014–15 with the budget can be found in note 18 of the audited financial statements.

Introduction of the PGPA Act

The PGPA Act was introduced on 1 July 2014, replacing both the FMA Act and the *Commonwealth Authorities and Companies Act 1997*. The APVMA was one of a small number of government entities that was reclassified from an FMA Act agency to a corporate Commonwealth entity. This reclassification resulted in a change to the way the APVMA accounts for industry fees and charges. This category of income is now recorded when money is received rather than when it was earned.

2014–15 result and equity balance

The APVMA recorded a net operating deficit of \$3.463 million for 2014–15. However, following the reclassification to a corporate Commonwealth entity, the APVMA was required to account for an additional \$5.155 million as an equity injection, being industry fees and charges treated as unearned income in 2013–14. This inclusion of the equity injection led to an overall result of a \$1.692 million surplus.

The equity balance at 30 June 2015 was \$10.490 million.

Audit results

The APVMA achieved an unqualified audit result, and there were no adverse findings.

Financial reserve

Revenue can vary significantly from year to year as a result of fluctuations in sales of pesticides and veterinary medicines, because of changing environmental conditions. To manage this, the APVMA aims to hold a financial reserve (which forms part of equity).

The financial reserve is based on three months of operating expenses and is currently set at \$7.0 million.

Advertising and market research

No advertising or market research was conducted during 2014–15.

Consultancies

In 2014–15, 23 new consultancy contracts were entered into, involving total actual expenditure (including capitalisation) of \$440 000. In addition, 28 ongoing consultancy contracts were active this year, involving total actual expenditure of \$802 000.

Selection processes are described in terms drawn from the Commonwealth procurement guidelines. 'Direct sourcing' refers to a selection process in which neither a tender nor a panel was used. In these situations, multiple quotes were obtained, with the number of quotes depending on the value of the procurement. APVMA Finance Procedure 4, 'Purchasing', outlines the number of quotes required:

- | | | |
|------------------------------|----------------------|----------------------|
| • Purchase of goods/services | to \$2000 | One quote |
| • Purchase of goods/services | \$2001 to \$10 000 | Two written quotes |
| • Purchase of goods/services | \$10 001 to \$80 000 | Three written quotes |
| • Purchase of goods/services | \$80 000 and over | Tender |

Exemptions to these requirements may be approved in some circumstances.



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture

I have audited the accompanying annual financial statements of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and the Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Australian Pesticides and Veterinary Medicines Authority is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate 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 statements are free from material misstatement.

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

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

Independence

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

Opinion

In my opinion, the financial statements of the Australian Pesticides and Veterinary Medicines Authority:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Pesticides and Veterinary Medicines Authority as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
10 September 2015



Australian Government
**Australian Pesticides and
Veterinary Medicines Authority**

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND THE CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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 Australian Pesticides and Veterinary Medicines Authority will be able to pay its debts as and when they fall due.

Signed 

Kareena Arthy
Chief Executive Officer

10 September 2015

Signed 

Dan Webb
Chief Financial Officer

10 September 2015

Australian Pesticides and Veterinary Medicines Authority

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICE			
Expenses			
Employee benefits	3A	22 113	21 441
Suppliers	3B	9 861	9 691
Depreciation and amortisation	3C	1 203	841
Finance costs		17	16
Losses from asset sales	3D	10	8
Total Expenses		33 204	31 997
 Own-Source Income			
Own-source revenue			
Other revenue	4A	557	324
Total own-source revenue		557	324
Total Own-Source Income		557	324
 Net Cost of Services		32 647	31 673
 Revenue from Government	4B	29 184	27 951
Surplus/(Deficit) Attributable to the Australian Government		(3 463)	(3 722)
 OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit and loss			
Equity injection following restructure to a corporate Commonwealth entity		5 155	-
Total other comprehensive income		5 155	-
Total Comprehensive Income/(Loss) Attributable to the Australian Government		1 692	(3 722)

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

Australian Pesticides and Veterinary Medicines Authority

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	1 289	13 633
Trade and other receivables	6B	13 666	563
Total financial assets		14 955	14 196
Non-Financial Assets			
Land and buildings	7A,C	1 769	2 121
Property, plant and equipment	7B,C	761	845
Intangibles	7D,E	4 292	3 062
Other non-financial assets	7F	283	306
Total non-financial assets		7 105	6 334
Total Assets		22 060	20 530
LIABILITIES			
Payables			
Suppliers	8A	3 848	3 900
Other payables	8B	1 689	1 642
Total payables		5 537	5 542
Provisions			
Employee provisions	9A	5 578	5 752
Other provisions	9B	455	438
Total provisions		6 033	6 190
Total Liabilities		11 570	11 732
Net Assets		10 490	8 798
EQUITY			
Contributed equity		5 528	373
Reserves		1 123	1 123
Retained surplus		3 839	7 302
Total Equity		10 490	8 798

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

Australian Pesticides and Veterinary Medicines Authority

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Asset				Total Equity			
	Retained Earnings		Revaluation Reserves		Contributed Equity/capital		Total Equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	7 302	11 024	1 123	1 123	373	373	8 798	12 520
Adjusted opening balance	7 302	11 024	1 123	1 123	373	373	8 798	12 520
Comprehensive income								
Surplus/(Loss) for the period	(3 463)	(3 722)	-	-	-	-	(3 463)	(3 722)
Other comprehensive income	-	-	-	-	5 155	-	5 155	-
Total comprehensive income	(3 463)	(3 722)	-	-	5 155	-	1 692	(3 722)
Closing Balance at 30 June	3 839	7 302	1 123	1 123	5 528	373	10 490	8 798

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

Australian Pesticides and Veterinary Medicines Authority

CASH FLOW STATEMENT

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriation		743	29 974
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 contribution</i>		34 390	-
Net GST received		980	867
Interest received		17	-
Other cash received		593	125
Total cash received		36 723	30 966
Cash used			
Employees		22 531	21 159
Suppliers		11 105	9 528
Total cash used		33 636	30 687
Net cash flows from operating activities	10	3 087	279
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment, and intangibles		3	2
Total cash received		3	2
Cash used			
Purchase of property, plant and equipment, and intangibles		2 010	2 138
Total cash used		2 010	2 138
Net cash flows from or (used by) investing activities		(2 007)	(2 136)
FINANCING ACTIVITIES			
Cash used			
Closing of the APVMA special account on 1 July 2014		13 424	-
Total cash used		13 424	-
Net cash flows from or (used by) financing activities		(13 424)	-
Net increase or (decrease) in cash held		(12 344)	(1 857)
Cash and cash equivalents at the beginning of the reporting period		13 633	15 490
Cash and cash equivalents at the end of the reporting period	6A	1 289	13 633

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

Australian Pesticides and Veterinary Medicines Authority

SCHEDULE OF COMMITMENTS

as at 30 June 2015

	2015	2014
	\$'000	\$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(827)	(935)
Total commitments receivable	(827)	(935)
Commitments payable		
Other commitments		
Operating leases ¹	8 192	9 560
Other commitments ²	2 794	2 800
Total other commitments	10 986	12 360
Net commitments by type	10 159	11 425
BY MATURITY		
Commitments receivable		
One year or less	(210)	(182)
From one to five years	(568)	(554)
Over five years	(49)	(199)
Total commitments receivable	(827)	(935)
Commitments payable		
Operating lease commitments		
One year or less	1 420	1 369
From one to five years	6 233	6 008
Over five years	539	2 183
Total operating lease commitments	8 192	9 560
Other Commitments		
One year or less	2 780	2 712
From one to five years	14	88
Total other commitments	2 794	2 800
Net commitments by maturity	10 159	11 425

NB: Commitments are GST inclusive where relevant.

1. Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation.

Lease payments for the rental of the APVMA's office at Amtech Estate, Symonston are subject to annual increase of 3.75%. During 11/12 the APVMA signed a new lease agreement, extending the lease term to October 2020, with a further two 5 year options available.

2. The nature of other commitments is for the purchase of scientific assessment services and general contractors/consultants goods and services.

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

Australian Pesticides and Veterinary Medicines Authority**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 1: Summary of Significant Accounting Policies

Note 2: Events After the Reporting Period

Note 3: Expenses

Note 4: Income

Note 5: Fair Value Measurements

Note 6: Financial Assets

Note 7: Non-Financial Assets

Note 8: Payables

Note 9: Provisions

Note 10: Cash Flow Reconciliation

Note 11: Contingent Assets and Liabilities

Note 12: Senior Management Personnel Remuneration

Note 13: Financial Instruments

Note 14: Financial Asset Reconciliation

Note 15: Appropriations

Note 16: Reporting of Outcomes

Note 17: Cost Recovery Summary

Note 18: Budgetary Reporting and Explanation of Major Variances

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Pesticides and Veterinary Medicines Authority

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is an Australian Government controlled entity. The APVMA is responsible for the assessment and registration of pesticides and veterinary medicines and for their regulation up to and including the point of retail sale.

The APVMA administers the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS) in partnership with the States and Territories and with the active involvement of other Australian government agencies.

Its role is to independently evaluate the safety and performance of chemical products intended for sale, making sure that the health and safety of people, animals and the environment are protected.

The APVMA (formerly National Registration Authority for Agricultural and Veterinary Chemicals) was established under the *Agricultural and Veterinary Chemicals (Administration) Act 1992*. Following the introduction of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) on 1 July 2014, the APVMA was reclassified from an FMA Act entity to a corporate Commonwealth entity.

The APVMA is structured to meet a single outcome:

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.

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

1.2 Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The Financial Statements and notes have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets 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 report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard.

Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

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

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the APVMA has made the following judgements that have the most significant impact on the amounts recorded in the financial statements: the fair value of leasehold improvements have been taken to be the market value of similar properties as determined by an individual valuer. In some instances, entity buildings are purpose-built and may in fact realise more or less in the market.

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

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard Requirements

The following standard has been adopted earlier than the application date as stated in the standard.

Standard	Nature of change in accounting policy and adjustment to financial statements
AASB 13 Fair value measurement	The amendments change AASB 13 Fair Value Measurement and provide relief for not-for-profit public sector entities from making some previously-required disclosures about the fair value measurement of property, plant and equipment assets which are primarily held for internal or policy use, rather than to earn revenue. More specifically, the disclosure of quantitative information about the significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs is no longer required.

The following new standard was issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period and had a material effect on the entity's financial statements:

Standard	Nature of change in accounting policy and adjustment to financial statements
AASB 1055 Budgetary reporting	AASB 1055 sets out budgetary disclosure requirements for whole-of-government financial statements, each government's General Government Sector (GGS) financial statements and the financial statements for each not-for-profit entity with the GGS. AASB 1055 requires disclosure of the original budget as well as explanations for major variances between the original budget and the actual amount disclosed in the financial statements. The original budget is the first budget presented to Parliament for the reporting period. When budget information has not been presented on the same basis and classification as the financial statements, AASB 1055 requires budget information to be restated to be consistent with the financial statements. Major variance explanation disclosures are those relevant to the information needs of users when assessing performance and accountability. AASB 1055 does not require prior-year budget comparatives.

All other new or revised standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entity's financial statements.

Future Australian Accounting Standard Requirements

The following amended standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the accountable authority and chief financial officer, which are expected to have a material impact on the entity's financial statements for future reporting period(s):

Standard	Application date for the APVMA	Nature of impending changes in accounting policy and likely impact on initial application
AASB 2015-6 Extending related party disclosures to Not For Profit public sector entities	1 July 2016	AASB 2015-6 removed the exception that allowed not-for-profit public sector entities to avoid applying certain paragraphs of AASB 124 Related Party Disclosures. The amended standard will require these entities to identify and disclose transactions with key management personnel that occur outside the person's capacity as an ordinary taxpayer, or that involving a benefit not available to the general public.

All other new standards, revised standards, interpretations or amending standards that were issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on the entity's financial statements.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the APVMA retains no managerial involvement nor effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the APVMA.

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:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

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

Resources Received Free of Charge

Resources received free of charge are recognised as revenue 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. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to the APVMA) is recognised as Revenue from Government unless they are in the nature of an equity injection or a loan.

Corporate Commonwealth entities can not recognise monies collected on behalf of the Commonwealth as administered revenue or an asset. As fees and charges paid by industry is administered in nature, amounts owed to the APVMA can not be recognise as revenue or a trade receivable.

1.6 Gains

Resources Received Free of Charge

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangement (refer to Note 1.7).

Sale of Assets

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

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. 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 of the APVMA 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 applied at the time the leave is taken, including the APVMA's 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 for long service leave has been determined by reference to the 'short-hand method' as outlined in the *Resource Management Guide No. 125 - Commonwealth Entities Financial Statements Guide* as at 30 June 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and is discounted using the 10 year bond rate at 30 June 2015.

Separation and Redundancy

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

Superannuation

The majority of staff of the APVMA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation's administered schedules and notes.

The APVMA makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The APVMA accounts for the contributions as if they were contributions to defined contribution plans.

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

1.9 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 substantially all such risks and benefits. The APVMA has no finance leases.

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 that is representative of the pattern of benefits derived from the leased assets.

1.10 Fair Value Measurement

The entity deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.12 Financial assets

The APVMA classifies its financial assets in the following categories:

- a) financial assets as at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

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

Income is recognised on an effective interest basis except for financial assets that are recognised at fair value through the profit and loss.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss (FVTPL) where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are a derivative that is not designated and effective as a hedging instrument; or
- c) are a part of an identified portfolio of financial instruments that the APVMA manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. Interest earned on any financial assets at FVTPL is included in line item 'Change in fair value through profit and loss' and is not to be included again in the line item 'Interest'. The APVMA has no financial assets at fair value through the profit or loss.

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 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 surplus and deficit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost. The APVMA has no available-for-sale financial assets.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The APVMA has no held-to-maturity investments.

Receivables

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

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

Impairment of Financial Assets

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

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

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

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

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. 'trade date'.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

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

1.15 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 consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor APVMA's accounts immediately prior to the restructuring.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.16 Property, Plant and Equipment

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 for leasehold improvements and \$2 000 for all other types, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the APVMA where there exists an obligation to restore the property to its original condition. These costs are included in the value of the APVMA's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the APVMA using, in all cases, the straight-line method of depreciation.

Depreciation 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:

	2015	2014
Leasehold improvements	Shorter of lease term or useful life	Shorter of lease term or useful life
Property, Plant and Equipment	3 to 15 years	3 to 15 years

Impairment

All assets were assessed for impairment at 30 June 2015. 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 APVMA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

1.17 Intangibles

The APVMA's intangibles comprise internally developed and externally acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the APVMA's software are 3 to 10 years (2014: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

1.18 Taxation

The APVMA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

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

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 2: Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the entity.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 3: Expenses

	2015 \$'000	2014 \$'000
Note 3A: Employee benefits		
Wages and salaries	16 687	16 055
Superannuation:		
Defined contribution plans	1 868	1 775
Defined benefit plans	1 138	1 147
Leave and other entitlements	1 938	1 909
Seperation and redundancies	77	-
Other employee benefits	405	555
Total employee benefits	22 113	21 441
Note 3B: Suppliers		
Goods and services		
Consultants	1 242	1 694
Contractors	7 052	6 369
Other	181	174
Total goods and services	8 475	8 237
Goods and services are made up of:		
Provision of goods – external parties	404	409
Rendering of services – related entities	3 659	3 661
Rendering of services – external parties	4 412	4 167
Total goods and services	8 475	8 237
Other supplier expenses		
Operating lease rentals - external parties		
Minimum lease payments	1 292	1 299
Workers compensation premiums	94	155
Total other supplier expenses	1 386	1 454
Total supplier expenses	9 861	9 691
Note 3C: Depreciation and amortisation		
Depreciation:		
Leasehold improvements	352	340
Property, plant and equipment	253	212
Total depreciation	605	552
Amortisation:		
Intangibles - Computer Software	598	289
Total amortisation	598	289
Total depreciation and amortisation	1 203	841

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 3: Expenses

	2015 \$'000	2014 \$'000
Note 3D: Losses from asset sales		
Infrastructure, plant and equipment		
Proceeds from sale	(3)	(2)
Carrying value of assets sold	13	10
Total losses from assets sales	10	8

Note 4: Income

	2015 \$'000	2014 \$'000
OWN-SOURCE REVENUE		
Note 4A: Other revenue		
Resources received free of charge		
Remuneration of auditors	36	36
Other revenue	521	288
Total other revenue	557	324

REVENUE FROM GOVERNMENT

Note 4B: Revenue from Government

Appropriations:		
Departmental appropriations	743	981
Departmental special appropriations	-	26 970
Department of Agriculture		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i> contribution	28 441	-
Total revenue from Government	29 184	27 951

Department of Agriculture contribution is equal to the following fees and charges paid by industry:

Levies	16 263	17 059
Annual renewal fee	4 703	4 793
Product application fees	5 554	5 087
Good manufacturing practice (GMP) licence fees	1 021	1 252
Permits, actives and other fees	900	779
Industry funds returned to the budget	-	(2 000)
Total industry contributions	28 441	26 970

In 2014 industry fees and charges were returned to the APVMA via a departmental special appropriation.

Australian Pesticides and Veterinary Medicines Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 5: Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of fair value hierarchy are defined below.

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

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

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements, Valuation Techniques and Input Used

Fair value measurements at the end of the reporting period			For Level 2 and 3 fair value measurements		
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3) ¹	Valuation technique(s) ¹	Inputs used
Non-financial assets²					
Leasehold improvements	1 731	2 055	Level 3	Depreciated Replacement Cost	Replacement Cost New (price per sq/m) Consumed economic benefit / Obsolescence of asset
Property, plant and equipment	548	590	Level 2	Market Approach	Adjusted market transactions
	212	255	Level 3	Depreciated Replacement Cost	Replacement Cost New Consumed economic benefit / Obsolescence of asset
Total fair value measurement of assets in the statement of financial position	2 491	2 900			

- No change in valuation technique occurred during the period.
- Fair value measurements - highest and best use differs from current use of non-financial assets (NFA's)**
The highest and best use of all non-financial assets are the same as their current use.
- Recurring and non-recurring Level 3 fair value measurements - valuation processes**
The APVMA procured valuation services from Australian Valuation Solutions (AVS) and relied on valuation models provided by AVS in 2014, no changes have occurred in 2015. The entity tests the procedures of the valuation model at least once every 12 months. The AVS has provided assurance that the model developed is in compliance with AASB 13.

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 6: Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 6A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	1 289	209
Special Accounts	-	13 424
Total cash and cash equivalents	1 289	13 633
<u>Note 6B: Trade and Other Receivables</u>		
Goods and services		
Goods and services - related entities	123	134
Goods and services - external parties	40	609
Total receivables for goods and services	163	743
Contribution receivable¹		
Department of Agriculture	13 426	-
Total contribution receivable	13 426	-
Other receivable		
GST receivable from the Australian Taxation Office	94	125
Total other receivables	94	125
Total trade and other receivables (gross)	13 683	868
Less impairment allowance account:		
Goods and services	(17)	(305)
Total impairment allowance account	(17)	(305)
Total trade and other receivables (net)	13 666	563

1. An explanation of the contribution receivable can be found in Note 18B

Receivables are expected to be recovered in:

No more than 12 months	13 666	563
More than 12 months	-	-
Total trade and other receivables (net)	13 666	563

Receivables are aged as follows:

Not overdue	13 562	259
Overdue by:		
Less than 30 days	6	304
61 to 90 days	19	-
More than 90 days	96	305
Total receivables (gross)	13 683	868

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 6: Financial Assets

	2015 \$'000	2014 \$'000
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
More than 90 days	(17)	(305)
Total impairment allowance account	(17)	(305)

Reconciliation of the impairment allowance account:

Movements in relation to 2015

	Goods and services \$'000	Total \$'000
Opening balance	(305)	(305)
Amounts reversed	288	288
Amounts written off	-	-
New impaired assets	-	-
Closing balance	(17)	(17)

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
Opening balance	(305)	(305)
Amounts recovered and reversed	-	-
Amounts written off	-	-
New impaired assets	-	-
Closing balance	(305)	(305)

Credit terms for goods and services were within 30 days (2014: 30 days).

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 7: Non-Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 7A: Land and Buildings</u>		
Leasehold improvements		
Fair value	2 368	2 368
Accumulated depreciation	(638)	(313)
Total leasehold improvements	1 730	2 055
Makegood		
Fair value	269	269
Accumulated depreciation	(230)	(203)
Total makegood	39	66
Total land and buildings (non-current)	1 769	2 121

All leasehold improvement are subject to revaluation.

No indicators of impairment were found for land and buildings.

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

Note 7B: Property, Plant and Equipment

Property, plant and equipment:		
Fair value	1 224	1 057
Accumulated depreciation	(463)	(212)
Total property, plant and equipment (non-current)	761	845

All infrastructure, plant and equipment is subject to revaluation. The carrying amount is included in the valuation figures above.

No indicators of impairment were found for property, plant and equipment.

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

Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. No revaluation increments or decrements were recorded in 2015 or 2014. The latest revaluation was conducted on 30 June 2013 by an independent valuer.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 7: Non-Financial Assets

Note 7C: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2014-15)

	Leasehold Improvements \$'000	Other P P & E \$'000	Total \$'000
As at 1 July 2014			
Gross book value	2 637	1 057	3 694
Accumulated depreciation and impairment	(516)	(212)	(728)
Total as at 1 July 2014	2 121	845	2 966
Additions:			
Purchase	-	170	170
Revaluation recognised in other comprehensive income	-	-	-
Impairments recognised in the operating result	-	-	-
Depreciation expense	(352)	(253)	(605)
Disposals:			
Disposal	-	(3)	(3)
Accumulated depreciation of disposed assets	-	2	2
Total as at 30 June 2015	1 769	761	2 530
Total as of 30 June 2015 represented by:			
Gross book value	2 637	1 224	3 861
Accumulated depreciation and impairment	(868)	(463)	(1331)
Total as of 30 June 2015	1 769	761	2 530

TABLE B – Reconciliation of the opening and closing balances of property, plant and equipment (2013-14)

	Leasehold Improvements \$'000	Other P P & E \$'000	Total \$'000
As at 1 July 2013			
Gross book value	2 543	653	3 196
Accumulated depreciation and impairment	(176)	-	(176)
Total as at 1 July 2013	2 367	653	3 020
Additions:			
Purchase	94	405	499
Revaluation recognised in other comprehensive income	-	-	-
Impairments recognised in the operating result	-	-	-
Depreciation expense	(340)	(212)	(552)
Disposals:			
Other disposals	-	(1)	(1)
Accumulated depreciation of disposed assets	-	-	-
Total as at 30 June 2014	2 121	845	2 966
Total as at 30 June 2014 represented by:			
Gross book value	2 637	1 057	3 694
Accumulated depreciation and impairment	(516)	(212)	(728)
Total as at 30 June 2014	2 121	845	2 966

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 7: Non-Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 7D: Intangibles</u>		
Internally developed computer software at cost:		
Internally developed – in progress	2 214	1 540
Internally developed – in use	1 830	857
Accumulated amortisation	(873)	(573)
Total internally developed computer software	3 171	1 824
Purchased computer software at cost:		
Purchased computer software	2 317	2 332
Accumulated amortisation	(1 196)	(1 094)
Total purchased computer software	1 121	1 238
Total intangibles (non-current)	4 292	3 062

No indicators of impairment were found for any intangible assets.

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

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 7: Non-Financial Assets

Note 7E: Analysis of intangibles

Table A: Reconciliation of the opening and closing balances of intangibles (2014-15)

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014			
Gross book value	2 397	2 332	4 729
Accumulated amortisation and impairment	(573)	(1094)	(1 667)
Total as at 1 July 2014	1 824	1 238	3 062
Additions:			
Purchase or internally developed	1 655	185	1 840
Amortisation	(307)	(291)	(598)
Disposals:			
Disposal	(8)	(200)	(208)
Accumulated amortisation of disposed assets	7	189	196
Total as at 30 June 2015	3 171	1 121	4 292
Total as of 30 June 2015 represented by:			
Gross book value	4 044	2 317	6 361
Accumulated amortisation and impairment	(873)	(1 196)	(2 069)
Total as of 30 June 2015	3 171	1 121	4 292

Table B: Reconciliation of the opening and closing balances of intangibles (2013-14)

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	1 611	1 902	3 513
Accumulated amortisation and impairment	(851)	(941)	(1 792)
Total as at 1 July 2013	760	961	1 721
Additions:			
by purchase or internally developed	1 194	445	1 639
Amortisation	(121)	(168)	(289)
Disposals:			
Disposal	(408)	(15)	(423)
Accumulated amortisation of disposed assets	399	15	414
Total as at 30 June 2014	1 824	1 238	3 062
Total as at 30 June 2014 represented by:			
Gross book value	2 397	2 332	4 729
Accumulated amortisation and impairment	(573)	(1094)	(1 667)
Total as at 30 June 2014	1 824	1 238	3 062

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 7: Non-Financial Assets

	2015 \$'000	2014 \$'000
Note 7F: Other Non-Financial Assets		
Prepayments	283	306
Total other non-financial assets	283	306
Total other non-financial assets expected to be received in:		
No more than 12 months	262	306
More than 12 months	21	-
Total other non-financial assets	283	306

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

Note 8: Payables

	2015 \$'000	2014 \$'000
Note 8A: Suppliers		
Trade creditors and accruals	3 848	3 900
Total supplier payables	3 848	3 900

All supplier payables are expected to be settled within 12 months

Settlement is usually made within 30 days.

Suppliers in connection with		
Related parties	2 605	2 769
External parties	1 243	1 131
Total other non-financial assets	3 848	3 900

Note 8B: Other Payables

Salaries and wages	685	669
Superannuation	106	92
Unearned income	25	-
Lease incentive	213	253
Lease liability	660	628
Total other payables	1 689	1 642
Total other payables are expected to be settled in:		
No more than 12 months	856	801
More than 12 months	833	841
Total other payables	1 689	1 642

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 9: Provisions

	2015 \$'000	2014 \$'000
Note 9A: Employee provisions		
Long service leave	3 876	3 969
Annual leave	<u>1 702</u>	<u>1 783</u>
Total employee provisions	<u>5 578</u>	<u>5 752</u>
Employee provisions are expected to be settled in:		
No more than 12 months	2 022	1 565
More than 12 months	<u>3 556</u>	<u>4 187</u>
Total employee provisions	<u>5 578</u>	<u>5 752</u>
Note 9B: Other provisions		
Provision for restoration obligations	<u>455</u>	<u>438</u>
Total other provisions	<u>455</u>	<u>438</u>
All other provisions are expected to be settled in more than 12 months.		
Carrying amount 1 July 2014	438	422
Unwinding of discount or change in discount rate	<u>17</u>	<u>16</u>
Closing balance 30 June 2015	<u>455</u>	<u>438</u>

The APVMA currently has one agreement for the leasing of premises that have provisions requiring the APVMA to restore the premises to their original condition at the conclusion of the lease. The APVMA has made a provision to reflect the present value of this obligation.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 10: Cash Flow Reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	1 289	13 633
Statement of Financial Position	1 289	13 633
Difference	-	-
 Reconciliation of operating result to net cash from operating activities:		
Net cost of services	(32 647)	(31 673)
Revenue from Government	29 184	27 951
Equity injection following restructure to a corporate Commonwealth entity	5 155	-
 Adjustment for non-cash items		
Depreciation / amortisation	1 203	841
Loss on disposal of assets	10	8
Closing of the APVMA special account on 1 July 2014	13 424	-
 Changes in assets/liabilities		
(Increase) / decrease in net receivables	(13 103)	1 840
(Increase) / decrease in prepayments	23	39
Increase / (decrease) in employee provisions	(174)	316
Increase / (decrease) in supplier payables	(52)	795
Increase / (decrease) in other payables	47	146
Increase / (decrease) in other provisions	17	16
Net cash from operating activities	3 087	279

Note 11: Contingent Assets and Liabilities

The APVMA had no quantifiable, unquantifiable or significant remote contingencies.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 12: Senior Management Personnel Remuneration

	2015 \$	2014 \$
Short-term employee benefits:		
Salary	1 442 528	1 633 386
Other allowances	-	15 350
Total Short-term employee benefits	1 442 528	1 648 736
Post-employment benefits:		
Superannuation	249 589	286 138
Total post-employment benefits	249 589	286 138
Other long-term benefits:		
Annual leave	113 942	127 562
Long service leave	49 667	55 849
Total other long-term benefits	163 609	183 411
Seperations and terminations	76 730	-
Total employment benefits	1 932 456	2 118 285

The total number of senior management positions in 2014 was eight. In October 2014, following an internal restructure, the total number of senior management positions dropped to six.

The 2014 comparative figures have been amended following the change in definition of senior management and the change in calculation of their remuneration.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 13: Financial Instruments

	2015 \$'000	2014 \$'000
<u>13A: Categories of financial instruments</u>		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	1 289	13 633
Trade & other receivables	146	438
Total loans and receivables	1 435	14 071
Total financial assets	1 435	14 071
Financial liabilities		
Financial liabilities measured at amortised cost		
Other Liabilities		
Trade creditors and accruals	3 848	3 900
Other payables	1 476	1 389
Total financial liabilities measured at amortised cost	5 324	5 289
Total financial liabilities	5 324	5 289
<u>13B: Net gains or losses on financial assets</u>		
Loans and receivables		
Interest revenue	18	-
Net gain/(loss) from financial assets	18	-
<u>13C: Net gains and losses on financial liabilities</u>		
Other Liabilities		
Lease liability increase	(32)	(76)
Net gain/(loss) from financial assets	(32)	(76)

13D: Fair value of financial instruments

The net fair values of cash and cash equivalents, trade receivables and other receivables approximate their carrying amounts.

The net fair values for trade creditors and other liabilities are approximated by their carrying amounts.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 13: Financial Instruments

13E: Credit risk

The APVMA is exposed to minimal credit risk as loans and receivables are cash, trade receivables and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total of trade and other debtors (2015: \$163 000 and 2014: \$743 000).

To aid the APVMA to manage its credit risk, there are internal policies and procedures that guide employees on debt recovery techniques that are to be applied.

The APVMA holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due		Past due or impaired	
	Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Cash and cash equivalents	1 289	13 633	-	-
Trade & other receivables	42	134	121	609
Total	1 331	13 767	121	609

Ageing of financial assets that are past due but not impaired for 2015

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Trade & other receivables	6	-	19	96	121
Total	6	-	19	96	121

Ageing of financial assets that are past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Trade & other receivables	304	-	-	305	609
Total	304	-	-	305	609

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 13: Financial Instruments

13F: Liquidity risk

The APVMA's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the APVMA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to the level of funds held in reserve as well as funding mechanisms available to the APVMA (Advance from the Finance Minister). The APVMA manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the APVMA has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities 2015

	On demand 2015 \$'000	within 1 year 2015 \$'000	1 to 5 years 2015 \$'000	> 5 years 2015 \$'000	Total 2015 \$'000
Other liabilities					
Trade creditors and accruals	-	3 848	-	-	3 848
Other payables	-	832	567	77	1 476
Total	-	4 680	567	77	5 324

Maturities for non-derivative financial liabilities 2014

	On demand 2014 \$'000	within 1 year 2014 \$'000	1 to 5 years 2014 \$'000	> 5 years 2014 \$'000	Total 2014 \$'000
Other liabilities					
Trade creditors and accruals	-	3 900	-	-	3 900
Other payables	-	730	360	299	1 389
Total	-	4 630	360	299	5 289

13G: Market risk

The APVMA holds basic financial instruments that do not expose the Agency to market risks. The APVMA is not exposed to 'Currency risk', 'Interest rate risk' or 'Other price risk'.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 14: Financial Asset Reconciliation

	Notes	2015 \$'000	2014 \$'000
<u>Financial Assets</u>			
Total financial assets as per statement of financial position		14 955	14 196
Less: non-financial instrument components			
Contribution receivable	6B	13 426	-
Other receivables (GST receivable)	6B	<u>94</u>	<u>125</u>
Total other non-financial assets		<u>13 520</u>	<u>125</u>
Total financial assets as per financial instruments note		<u>1 435</u>	<u>14 071</u>

Australian Pesticides and Veterinary Medicines Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 15: Appropriations

Table A: Annual Appropriation ('Recoverable GST exclusive')

	2015 Appropriation			Appropriation applied in 2015 (current and prior years)	Variance
	Appropriation Act	Total appropriation	\$'000		
	Annual Appropriation				
DEPARTMENTAL					\$'000
Ordinary annual service	743	743	743	743	-
Other services	-	-	-	-	-
Equity	-	-	-	-	-
Total Departmental	743	743	743	743	-

	2014 Appropriation				Appropriation applied in 2014 (current and prior years)	Variance ¹	
	Appropriation Act	FMA Act		Total appropriation			
		Annual Appropriation	Section 30				Section 31
DEPARTMENTAL						\$'000	
Ordinary annual service	981	2	276	1 259	3 404	(2 145)	
Other services	-	-	-	-	-	-	
Equity	-	-	-	-	-	-	
Total Departmental	981	2	276	1 259	3 404	(2 145)	

Notes:

1. These variances are due to unspent Departmental Annual Appropriations in 2013.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 15: Appropriations

Table B: Departmental Capital Budgets ('Recoverable GST exclusive')

The APVMA did not receive any departmental capital budget funding during 2015 (2014: nil).

Table C: Unspent Departmental Annual Appropriation ('Recoverable GST exclusive')

There were no unspent departmental annual appropriations at 30 June 2015 (2014: nil).

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 16: Reporting of Outcomes

The APVMA has a single Outcome

Note 15A: Net Cost of Outcome Delivery

	Outcome 1	
	2015	2014
	\$'000	\$'000
Departmental		
Expenses	(33 204)	(31 997)
Own source income	557	324
Net (cost)/contribution of outcome delivery	(32 647)	(31 673)

Outcome 1 is described in Note 1.1.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 17: Cost Recovery Summary

	2015 \$'000	2014 \$'000
Amounts applied		
Payments from portfolio bodies	34 390	28 554
Total amounts applied	34 390	28 554
Expenses		
Departmental	31 904	30 692
Total expenses	31 904	30 692
Revenue		
Payments to portfolio departments	28 440	27 014
Total revenue	28 440	27 014
Receivables		
Overdue by		
Less than 30 days:	268	304
More than 90 days:	16	-
Total receivables	284	304
Amounts written off:		
Departmental	-	-
Total expenses	-	-

Cost recovered activities:

The agricultural and veterinary medicines chemical industry pay application fees to register new products and active constituents, amend a current registration, or apply for a permit. An annual fee is payable each year to renew the registration of a product. Product owners also pay an annual levy based on the sales of their registered products.

Documentation (Cost Recovery Impact Statement) for the above activities is available at www.apvma.gov.au/node/4161.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 18: Budgetary Reporting and Explanation of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% and greater than \$250,000; and
- The variance between budget and actual is greater than 2% of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Note 18A: Departmental Budgetary Reports

Statement of Comprehensive Income

for the year ended 30 June 2015

	Actual 2015 \$'000	Budget ¹ 2015 \$'000	Variance ² 2015 \$'000
NET COST OF SERVICE			
Expenses			
Employee benefits	22 113	21 063	1 050
Suppliers	9 861	10 012	(151)
Depreciation and amortisation	1 203	1 107	96
Finance costs	17	-	17
Losses from asset sales	10	-	10
Total Expenses	33 204	32 182	1 022
Own-Source Income			
Own-source revenue			
Other revenue	557	339	218
Total own-source revenue	557	339	218
Total Own-Source Income	557	339	218
Net Cost of Services	32 647	31 843	804
Revenue from Government	29 184	30 239	(1 055)
Surplus/(Deficit) Attributable to the Australian Government	(3 463)	(1 604)	(1 859)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit and loss			
Equity injection following reclassification to a corporate Commonwealth entity	5 155	-	5 155
Total other comprehensive income	5 155	-	5 155
Total Comprehensive Income/(Loss) Attributable to the Australian Government	1 692	(1 604)	3 296

1. The APVMA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 18B.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 18: Budgetary Reporting and Explanation of Major Variances

Note 18A: Departmental Budgetary Reports (continued)

Statement of Financial Position

for the year ended 30 June 2015

	Actual 2015 \$'000	Budget ¹ 2015 \$'000	Variance ² 2015 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	1 289	12 942	(11 653)
Trade and other receivables	13 666	270	13 396
Total financial assets	14 955	13 212	1 743
Non-Financial Assets			
Land and buildings	1 769	2 015	(246)
Property, plant and equipment	761	819	(58)
Intangibles	4 292	2 382	1 910
Other non-financial assets	283	345	(62)
Total non-financial assets	7 105	5 561	1 544
Total Assets	22 060	18 773	3 287
LIABILITIES			
Payables			
Suppliers	3 848	3 263	585
Other payables	1 689	1 494 ³	195
Total payables	5 537	4 757	1 465
Provisions			
Employee provisions	5 578	5 711 ³	(133)
Other provisions	455	439	16
Total provisions	6 033	6 150	(802)
Total Liabilities	11 570	10 907	663
Net Assets	10 490	7 866	2 624
EQUITY			
Contributed equity	5 528	373	5 155
Reserves	1 123	1 123	-
Retained surplus	3 839	6 370	(2 531)
Total Equity	10 490	7 866	2 624

1. The APVMA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 18B.

3. \$685,000 has been reclassified from employee provisions to other payables for budget 2015. This is due to inconsistent classification of accrued salary and superannuation. In the PBS, these accruals are recorded as employee provisions while in the financial statements they are recorded as other payables.

Note 18A: Departmental Budgetary Reports (continued)

Statement of Changes in Equity
for the year ended 30 June 2015

	Retained Earnings				Asset Revaluation Reserves				Contributed Equity/capital				Total Equity			
	Actual		Budget ¹		Actual		Budget ¹		Actual		Budget ¹		Actual		Budget ¹	
	2015	\$'000	2015	\$'000	2015	\$'000	2015	\$'000	2015	\$'000	2015	\$'000	2015	\$'000	2015	\$'000
Opening Balance																
Balance carried forward from previous period	7 302	7 974	(672)	(672)	1 123	1 123	-	-	373	373	-	-	8 798	9 470	(672)	(672)
Adjusted opening balance	7 302	7 974	(672)	(672)	1 123	1 123	-	-	373	373	-	-	8 798	9 470	(672)	(672)
Comprehensive income																
Surplus/(Loss) for the period	(3 463)	(1 604)	(1 859)	(1 859)	-	-	-	-	-	-	-	-	(3 463)	(1 604)	(1 859)	(1 859)
Other comprehensive income	-	-	-	-	-	-	-	-	5 155	5 155	-	-	5 155	-	5 155	5 155
Total comprehensive income	(3 463)	(1 604)	(1 859)	(1 859)	-	-	-	-	5 155	5 155	-	-	1 692	(1 604)	3 296	3 296
Closing Balance at 30 June	3 839	6 370	(2 531)	(2 531)	1 123	1 123	-	-	5 528	5 528	373	373	10 490	7 866	2 624	2 624

1. The APVMA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 18B.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 18: Budgetary Reporting and Explanation of Major Variances

Note 18A: Departmental Budgetary Reports (continued)

Cash Flow Statement

for the year ended 30 June 2015

	Actual 2015 \$'000	Budget ¹ 2015 \$'000	Variance ² 2015 \$'000
Operating Activities			
Cash received			
Appropriations	743	743	-
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i> contribution	34 390	29 496	4 894
Net GST received	980	1 074	(94)
Interest received	17	-	17
Other cash received	593	337	256
Total cash received	36 723	31 650	5 073
Cash used			
Employees	22 531	20 907	1 624
Suppliers	11 105	11 070	35
Total cash used	33 636	31 977	1 659
Net cash flows from operating activities	3 087	(327)	3 414
Investing Activities			
Cash received			
Proceeds from sales of property, plant and equipment	3	-	3
Total cash received	3	-	3
Cash used			
Purchase of property, plant and equipment	2 010	700	1 310
Total cash used	2 010	700	1 310
Net cash flows from or (used by) investing activities	(2 007)	(700)	(1 307)
Financing Activities			
Cash used			
Departmental balance of special account	13 424	-	13 424
Total cash used	13 424	-	13 424
Net cash flows from financing activities	(13 424)	-	(13 424)
Net increase or (decrease) in cash held	(12 344)	(1 027)	(11 317)
Cash and cash equivalents at the beginning of the reporting period	13 633	13 969	(336)
Cash and cash equivalents at the end of the reporting period	1 289	12 942	(11 653)

1. The APVMA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 18B.

Australian Pesticides and Veterinary Medicines Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 18: Budgetary Reporting and Explanation of Major Variances

Note 18B: Departmental Major Budget Variances for 2015

Explanations of major variances	Affected line items (and statements)
<p>In April 2014, when the APVMA's budget for the 14-15 PBS was prepared, there was uncertainty as to whether the APVMA would become a non-corporate Commonwealth entity or a corporate Commonwealth entity when the PGPA Act commenced on 1 July 2014. Given that at the time the APVMA's current status was an FMA Act agency, the budget was prepared on the basis that the APVMA would become a non-corporate Commonwealth entity.</p> <p>However, as stated previously in Note 1, on 1 July 2014 the APVMA was re-classified as a corporate Commonwealth entity.</p> <p>The major change to the APVMA's financial statements following this re-classification was the closing of the APVMA's special account. The combined administered and departmental special account balance at 30 June 2014 of \$18.579 million was appropriated to a special appropriation. Monies held by the Department of Finance representing unspent cash from fees and charges paid by industry are now recorded as a receivable. Prior to 1 July 2014 these funds were held in a special account and recorded as cash.</p> <p>The administered portion of the \$18.579 million balance of the special account at 30 June 2014 was \$5.155 million. On 1 July 2014, this balance became an equity injection, based on the notion that the re-classification from an FMA Act agency to a corporate Commonwealth entity and the resulting dissolving of APVMA's administered function is a restructure of administrative arrangements.</p> <p>Actual total expenditure is approximately 3.2% above budget. This is largely due to increased staff levels required in the transitional years to complete the implementation of the Better Regulation reforms.</p> <p>Revenue from government is slightly under budget due to lower than anticipated fees and charges paid by industry. This decrease is also partially explained by the fact the APVMA can no longer recognise outstanding fees and charges as revenue or a trade receivable (refer Note 1.5 for further details).</p> <p>After the completion of the 14-15 PBS budget, it was decided that additional funds would be allocated to continue with the significant investment in internally developed software (intangibles) to support the on-going reforms to the APVMA's activities.</p> <p>Payables liability is higher than forecast largely due to the timing of supplier payments. The amount in the PBS was based on the situation where a significant proportion of creditors were paid just prior to year end.</p>	<ul style="list-style-type: none"> • Cash and cash equivalents • Trade and other receivables (Statement of Financial Position) • Financing activities - Cash used (Statement of Financial Position) • Other Comprehensive Income (Statement of Financial Position) • Contributed equity (Statement of Change in Equity) • Employee benefits • Total expenditure (Statement of Comprehensive Income) • Cash received - Other cash received • Cash used - Total cash used (Statement of Comprehensive Income) • Revenue from Government (Statement of Financial Position) • Trade and other receivables (Statement of Financial Position) • Cash and cash equivalents • Non financial asset - Intangibles (Statement of Financial Position) • Cash received - Other cash received • Purchase of property, plant & equipment (Cash Flow Statement) • Payables - Suppliers (Statement of Financial Position)