FINANCIAL STATEMENTS

The APVMA's transition to the FMA Act on 1 July 2007 has meant significant changes to the classification of information within the APVMA's financial statements, including for the first time classification of transactions as either departmental or administered. A Special Account was also established on 1 July 2007 to facilitate the transfer of income from the administered accounts to the departmental accounts.

Administered transactions are those transactions administered on behalf of the Australian Government. All levies, fees and charges received this financial year have been reported as administered income. Departmental transactions are those transactions controlled by the agency.

Under the current arrangements, following recognition of revenue in the administered accounts a special appropriation equal to the administered revenue is appropriated to the departmental account. These funds are then available to meet the operating needs of the agency.

To facilitate comparison of the current and previous years' financial information the previous years information has been classified as administered or departmental. Where a change to the classification reported in the 2006–07 financial statements was made to a comparative figure, a footnote has been added to the relevant note.

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Fisheries and Forestry

Scope

I have audited the accompanying financial statements of the Australian Pesticides and Veterinary Medicines Authority (APVMA) for the year ended 30 June 2008, which comprise: a statement by the Chief Executive and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies, schedule of administered items and notes to and forming part of the financial statements, including a summary of significant accounting policies.

The Responsibility of the Chief Executive for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to APVMA'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 APVMA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

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

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Pesticides and Veterinary Medicines Authority's financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office

Mark A Moloney
Senior Director
Delegate of the Auditor-General

Canberra

4 September 2008

Australian Government

Australian Pesticides and Veterinary Medicines Authority

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER

In my opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed ....

Eva Bennet-Jenkins
Chief Executive Officer

3 September 2008

Signed ....

Joanne Mitchell
Chief Financial Officer

3 September 2008

INCOME STATEMENT for Not For Profit Reporting Entities

for the period ended 30 June 2008

	Notes	2008 $	2007 $
INCOME			
Revenue			
Revenue from Government	2A	**22 074 735**	24 614 015
Interest	2B	**-**	587 891
Other revenue	2C	**388 640**	128 114
Total Income		**22 463 375**	25 330 020
EXPENSES			
Employee benefits	3A	**14 045 199**	12 899 566
Suppliers	3B	**10 160 339**	9 563 713
Depreciation and amortisation	3C	**527 318**	553 586
Finance costs	3D	**13 523**	9 912
Write-down and impairment of assets	3E	**-**	107 493
Losses from asset sales	3F	**-**	5 913
Other expenses	3G	**104 425**	101 619
Total Expenses		**24 850 804**	23 241 802
Surplus (Deficit) attributable to the Australian Government		**(2 387 429)**	2 088 218

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

BALANCE SHEET for Not For Profit Reporting Entities

as at 30 June 2008

	Notes	2008 $	2007 $
ASSETS			
Financial Assets			
Cash and cash equivalents	4A	**10 074 374**	4 165 314
Trade and other receivables	4B	**1 441 946**	7 920 889
Total financial assets		**11 516 320**	12 086 203
Non-Financial Assets			
Land and buildings	5A,E	**1 892 817**	2 072 516
Infrastructure, plant and equipment	5B,E	**610 243**	539 305
Intangibles	5C,F	**529 660**	509 795
Other non-financial assets	5D	**136 715**	212 906
Total non-financial assets		**3 169 435**	3 334 522
Total Assets		**14 685 755**	15 420 725
LIABILITIES			
Payables			
Suppliers	6A	**3 819 646**	2 518 931
Other payables	6B	**853 316**	794 569
Total payables		**4 672 962**	3 313 500
Provisions			
Employee provisions	7A	**3 811 777**	3 533 329
Other provisions	7B	**292 871**	278 322
Total provisions		**4 104 648**	3 811 651
Total Liabilities		**8 777 610**	7 125 151
Net Assets		**5 908 145**	8 295 574
EQUITY			
Reserves		**25 520**	25 520
Retained surplus (accumulated deficit)		**5 882 625**	8 270 054
Total Equity		**5 908 145**	8 295 574
Current Assets		**11 077 038**	11 937 270
Non-Current Assets		**3 608 717**	3 483 455
Current Liabilities		**7 274 687**	5 723 384
Non-Current Liabilities		**1 502 923**	1 401 767

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

STATEMENT OF CHANGES IN EQUITY for Not For Profit Reporting Entities
as at 30 June 2008

	Retained Earnings		Asset Revaluation Reserves		Total Equity	
	2008	2007	**2008**	2007	**2008**	2007
	$	$	**$**	$	**$**	$
Opening balance						
Balance carried forward from previous period	**8 270 054**	6 181 836	**25 520**	29 711	**8 295 574**	6 211 547
Adjustment for changes in accounting policies	**-**	-	**-**	-	**-**	-
Adjusted opening balance	**8 270 054**	6 181 836	**25 520**	29 711	**8 295 574**	6 211 547
Income and expenses						
Revaluation adjustment	**-**	-	**-**	(4 191)	**-**	(4 191)
Surplus (Deficit) for the period	**(2 387 429)**	2 088 218	**-**	-	**(2 387 429)**	2 088 218
Total income and expenses *attributable to the Australian Government*	**(2 387 429)**	2 088 218	**-**	(4 191)	**(2 387 429)**	2 084 027
Transactions with owners						
Distributions to owners	**-**	-	**-**	-	**-**	-
Contributions by Owners	**-**	-	**-**	-	**-**	-
Sub-total transactions with owners	**-**	-	**-**	-	**-**	-
Transfers between equity components	**-**	-	**-**	-	**-**	-
Closing balance at 30 June attributable to the Australian Government	**5 882 625**	8 270 054	**25 520**	25 520	**5 908 145**	8 295 574

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

CASH FLOW STATEMENT for Not For Profit Reporting Entities
for the period ended 30 June 2008

	Notes	2008 $	2007 $
OPERATING ACTIVITIES			
Cash received			
Appropriations		**22 289 675**	20 438 282
Interest		**13 207**	632 198
Net GST received		**926 240**	1 177 153
Other cash received		**486 826**	339 280
Total cash received		**23 715 948**	22 586 913
Cash used			
Employees		**13 903 834**	13 411 625
Suppliers		**9 619 969**	11 072 370
Other cash used		**-**	-
Total cash used		**23 523 803**	24 483 995
Net cash flows from or (used by) operating activities	8	**192 145**	(1 897 082)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of investments		**-**	21 528 152
Total cash received		**-**	21 528 152
Cash used			
Purchase of property, plant and equipment		**437 397**	2 214 143
Purchase of investments		**-**	15 500 000
Total cash used		**437 397**	17 714 143
Net cash flows from or (used by) investing activities		**(437 397)**	3 814 009
FINANCING ACTIVITIES			
Cash received			
Transfer of funds from OPA to APVMA Special Account		**6 154 312**	-
Total cash received		**6 154 312**	-
Cash used			
Excess funds transferred to the OPA		**-**	6 154 312 [1]
Total cash used		**-**	6 154 312
Net cash flows from or (used by) financing activities		**6 154 312**	(6 154 312)
Net increase or (decrease) in cash held		**5 909 060**	(4 237 385)
Cash and cash equivalents at the beginning of the reporting period		**4 165 314**	8 402 699
Cash and cash equivalents at the end of the reporting period	4A	**10 074 374**	4 165 314

1 Due to the new classification of the APVMA's transactions into either administered or department, the excess funds transferred to the OPA on 29 June 2007 were divided into departmental and administered. $3 128 688 was deemed to be administered. The 30 June 2007 comparative balance is recorded in the administered cash flow statement. Refer Note 1.2 for further details.

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

SCHEDULE OF COMMITMENTS for Not For Profit Reporting Entities
as at 30 June 2008

	2008	2007
BY TYPE	**$**	$
Commitments receivable		
GST recoverable on commitments	**(939 126)**	(1 135 769)
Total commitments receivable	**(939 126)**	(1 135 769)
Commitments payable		
Other commitments		
Operating leases [1]	**9 942 765**	10 875 857
Other commitments	**391 059**	1 621 198
Total other commitments	**10 333 824**	12 497 055
Net commitments by type	**9 394 698**	11 361 286
BY MATURITY		
Commitments receivable		
One year or less	**(129 071)**	(246 214)
From one to five years	**(517 689)**	(501 736)
Over five years	**(292 366)**	(387 819)
Total capital commitments	**(939 126)**	(1 135 769)
Commitments payable		
Operating lease commitments		
One year or less	**1 032 154**	1 090 754
From one to five years	**5 694 581**	5 519 094
Over five years	**3 216 030**	4 266 009
Total operating lease commitments	**9 942 765**	10 875 857
Other Commitments		
One year or less	**391 059**	1 621 198
From one to five years	**-**	-
Over five years	**-**	-
Total other commitments	**391 059**	1 621 198
Net commitments by maturity	**9 394 698**	11 361 286

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 Authority's new office at Amtech Estate, Symonston are subject to annual increase of 3.75%. The initial lease is for 10 years, with two 5 year options available.

Motor vehicle leases
The lease periods are 24/36 months or 20 000/30 000 kms. Subject to 30 days prior written notice, the Authority may return the leased vehicles to the lessor at any time during the term of the lease, however an early return fee will apply. The Authority may request an extension of the lease term for a period of up to 3 months from its originally specified expiry date.

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

SCHEDULE OF CONTINGENCIES for Not For Profit Reporting Entities
as at 30 June 2008

There are no contingent assets or liabilities as at 30 June 2008.

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

SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $	2007 $
Income administered on behalf of Government			
for the period ended 30 June 2008			
Revenue			
Industry contributions	12A	**21 217 735**	24 393 015
Total income administered on behalf of Government		**21 217 735**	24 393 015
Expenses administered on behalf of Government			
for the period ended 30 June 2008			
Other expenses		**-**	-
Total expenses administered on behalf of Government		**-**	-

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $	2007 $
Assets administered on behalf of Government			
as at 30 June 2008			
Financial assets			
Cash and cash equivalent	13A	**2 768 119**	-
Trade and other receivables	13B	**-**	3 128 688
Total assets administered on behalf of Government		**2 768 119**	3 128 688
Liabilities administered on behalf of Government			
as at 30 June 2008			
Payables			
Other payables	14A	**2 768 119**	3 128 688
Total liabilities administered on behalf of Government		**2 768 119**	3 128 688

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $	2007 $
Administered Cash Flows *for the period ended 30 June 2008*			
OPERATING ACTIVITIES			
Cash received			
Levies, fees and charges		**21 490 082**	23 566 970
Total cash received		**21 490 082**	23 566 970
Cash used			
Refunded levies, fees and charges		**190 976**	-
Total cash used		**190 976**	-
Net cash flows from or (used by) operating activities		**21 299 106**	23 566 970
FINANCING ACTIVITIES			
Cash received			
Transfer of funds from OPA to APVMA Special Account		**3 128 688**	-
Total cash received		**3 128 688**	-
Cash used			
Administered income appropriated to departmental		**21 659 675**	20 438 282
Excess funds transferred to the OPA		**-**	3 128 688
Total cash used		**21 659 675**	23 566 970
Net cash flows from or (used by) financing activities		**(18 530 987)**	(23 566 970)
Net Increase (Decrease) in Cash Held		**2 768 119**	-
Cash and cash equivalents at the beginning of the reporting period		**-**	-
Cash and cash equivalents at the end of the reporting period	13A	**2 768 119**	-

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS

Administered commitments
as at 30 June 2008

There are no administered contingent assets or liabilities as at 30 June 2008.

This statement should be read in conjunction with the accompanying notes.

Administered Contingencies
as at 30 June 2008

There are no administered contingent assets or liabilities as at 30 June 2008.

This schedule should be read in conjunction with the accompanying notes.

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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 Public Service organisation 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 is structured to meet a single outcome:

Outcome 1: Given the need to use pesticides and veterinary medicines for pest and disease control, the work of the APVMA protects the health and safety of people, animals and the environment. In respect of food and fibre production, APVMA activitessupport Australian agriculture and livestock industries.

The APVMA's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the APVMA in its own right. Administered activities involve the management or oversight by the APVMA, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities are identified under two Outputs. Both these Outputs (Output 1 & 2) relate to Outcome 1.

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 Change of Status

Following the response to the 'Review of Corporate Governance of Statutory Authorities and Office Holders' by John Uhrig, the APVMA's status as a statutory agency under the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and re-established under the *Financial Management and Accountability Act 1997* (FMA Act) on 1 July 2007. The legislative changes were made in *Agricultural and Veterinary Chemicals (Administration) Amendment Act 2007*.

This transition to the FMA Act, and the resulting change in relationship with the Department of Agriculture, Fisheries and Forestry, resulted in the APVMA for the first time classifying its activities as either departmental or administered.

The comparative information for the financial year ended 30 June 2007 have been reclassified as either departmental or administered.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.3 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by section 49 of the FMA Act and are a General Purpose Financial Report.

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

- Finance Minister's Orders (or FMOs) or reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is 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 dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will 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 agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies.

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

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.21.

1.4 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.5 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The APVMA is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the APVMA.

2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11

2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation

2007-7 Amendments to Australian Accounting Standards

UIG 2 Member's Shares in Co-Operative Entities and Similar Instruments

UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

UIG 6 Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment

UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies

UIG 8 Scope of AASB 2

UIG 9 Reassessment of Embedded Derivative

AASB Interpretation 11 AASB 2—Group and Treasury Share Transactions

AASB Interpretation 113 Jointly Controlled Entities—Non-Monetary Contributions by Venturers

AASB Interpretation 1003 Australian Petroleum Rent Tax

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Other

The following standards and interpretations have been issued but are not applicable to the operations of the APVMA.

AASB 1049 Whole of Government and General Government Sector Financial Reporting

UIG 9 Reassessment of Embedded Derivatives

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs does not apply to this reporting or the consolidated financial statements of the Australian Government.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB 8 Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

2007-6 Amendments to Australian Accounting Standards arising from AASB 123

2008-2 Amendments to Australian Accounting Standards—Puttable Financial Instruments and Obligations arising on

Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]

2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 and 139 and Interpretations 9 and 107]

AASB Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilitie

UIG 4 Determining whether an Arrangement contains a Lease

AASB Interpretation 12 Service Concession Arrangements

AASB Interpretation 13 Customer Loyalty Programmes

AASB Interpretation 14 AASB 119—the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

AASB Interpretation 129 Service Concession Arrangements: Disclosures

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.6 Revenue

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the APVMA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

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.

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 APVMA or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

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

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- 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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions 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*.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.7 Gains

Other 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.

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 (Refer to Note 1.8).

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

Sale of Assets

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

1.8 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

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

Other distributions to owners

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

1.9 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) 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.

All other 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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, 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 FMO's as at 30 June 2008. 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. 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 Administration as an administered item.

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 of the superannuation entitlements of the APVMA's employees. The APVMA accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

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1.10 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 non-current 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.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.11 Borrowing Costs

All borrowing costs are expensed as incurred.

1.12 Cash

Cash and cash equivalents includes notes and coins held and any 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. Cash is recognised at its nominal amount.

1.13 Financial assets

The APVMA classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss'
- 'held-to-maturity investments',
- 'available-for-sale' financial assets and
- '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 rate basis except for financial assets 'at fair value through profit or loss'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Financial assets at fair value through profit or loss

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

- have been acquired principally for the purpose of selling in the near future;
- 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; or
- are a derivative that is not designated and effective as a hedging instrument.

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.

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. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

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 profit for the period.

Where a reliable fair value can not be established for unlisted investments in equity instruments cost is used. The APVMA has no such instruments.

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.

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'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

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

1.14 Financial Liabilities

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

Financial liabilities are recognised and derecognised upon '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, including borrowings, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Supplier and other payables

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).

1.15 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent 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.

1.16 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB139. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB137.

1.17 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 Authority's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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

Fair values for each class of asset are determined as shown below:

Asset Class	Fair Value measured at
Leasehold improvements	Depreciated replacement cost
Infrastructure, pland and equipment	Market selling proce

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. 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:

	2008	2007
Leasehold improvements	Lease term	Lease term
Plant and Equipment	3 to 15 years	3 to 15 years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Impairment

All assets were assessed for impairment at 30 June 2008. 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.

1.19 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.

All software assets were assessed for indications of impairment as at 30 June 2008.

1.20 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
- except for receivables and payables where applicable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the APVMA on behalf of the Government rather than the APVMA is administered revenue. Collections are transferred to the APVMA's Special Account within the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the Special Account to refund administered revenue. These transfers to and from the OPA are adjustments to the administered cash held by the APVMA on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 18. The Schedule of Administered Items largely reflects the Government's transactions, through the APVMA, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the APVMA on behalf of the Australian Government.

Revenue is generated from fees that are charged for services provided to the agricultural and veterinary chemical industry. Administered fee revenue is recognised when revenue is earned.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 2: Income

	2008	2007
	$	$
Revenue		
Note 2A: Revenue from Government		
Appropriations:		
Departmental outputs	**630 000**	-
Departmental Special Appropriations	**21 217 735**	24 393 015
Other revenue	**227 000**	221 000
Total revenue from Government	**22 074 735**	24 614 015
Note 2B: Interest		
Bank deposits and floating rate notes	**-**	587 891
Total other revenue	**-**	587 891
Note 2C: Other revenue		
Other revenue	**90 973**	100 119
Comcare reimbursements	**-**	27 995
Resources received free of charge	**25 000**	-
Write back of doubtful debt	**272 667**	-
Total other revenue	**388 640**	128 114

Note 3: Expenses

Note 3A: Employee benefits

	2008	2007
Wages and salaries	**11 200 186**	10 592 173
Superannuation:		
Defined contribution plans	**1 223 619**	1 350 647
Defined benefit plans	**389 362**	220 549
Leave and other entitlements	**230 080**	67 315
Separation and redundancies	**436 061**	130 530
Other employee benefits	**565 891**	538 352
Total employee benefits	**14 045 199**	12 899 566

Note 3: Expenses

	2008 $	2007 $
Note 3B: Suppliers		
Provision of goods – external parties	**709 005**	552 665
Rendering of services – related entities	**5 182 947**	4 113 444
Rendering of services – external parties	**3 133 582**	3 579 192
Operating lease rentals	**1 032 483**	1 235 647
Workers compensation premiums	**102 322**	82 765
Total supplier expenses	**10 160 339**	9 563 713
Note 3C: Depreciation and amortisation		
Depreciation:		
Leasehold improvements	**221 196**	214 443
Infrastructure, plant and equipment	**181 084**	202 723
Total depreciation	**402 280**	417 166
Amortisation:		
Intangibles - Computer Software	**125 038**	136 420
Total amortisation	**125 038**	136 420
Total depreciation and amortisation	**527 318**	553 586
Note 3D: Finance costs		
Unwinding of discount	**13 523**	9 912
Total finance costs	**13 523**	9 912
Note 3E: Write-down and impairment of assets		
Asset Write-Downs from		
Impairment of property, plant and equipment	**-**	96 933
Impairment of computer software	**-**	10 560
Total write-down and impairment of assets	**-**	107 493
Note 3F: Losses from asset sales		
Infrastructure, plant and equipment		
Proceeds from sale	**-**	(3 000)
Carrying value of assets sold	**-**	8 913
Total losses from assets sales	**-**	5 913
Note 3G: Other expenses		
GMP licence fees - waived	**104 425**	91 263
GMP licence fees - provision for doubtful debts	**-**	10 356
Total finance costs	**104 425**	101 619

Note 4: Financial Assets

	2008 $	2007 $
Note 4A: Cash and cash equivalents		
Special Accounts	**9 784 550**	-
Cash on hand or on deposit	**289 824**	4 165 314
Total cash and cash equivalents	**10 074 374**	4 165 314
Note 4B: Trade and other receivables		
Appropriations receivable	**-**	6 154 312[1]
Goods and services	**1 347 328**	1 750 024
GST receivable from the Australian Taxation Office	**133 923**	110 700
Interest receivable	**-**	13 207
Other receivables	**5 000**	209 618
Total trade and other receivables (gross)	**1 486 251**	8 237 861
Less Allowance for doubtful debts:		
Goods and services	**(44 305)**	(316 972)
Total trade and other receivables (net)	**1 441 946**	7 920 889
Receivables are represented by:		
Current	**865 949**	7 601 896
Non-current	**575 997**	318 993
Total trade and other receivables (net)	**1 441 946**	7 920 889
Receivables are aged as follows:		
Not overdue	**1 412 508**	8 234 057
Overdue by:		
Less than 30 days	**18 810**	-
30 to 60 days	**-**	-
61 to 90 days	**1 512**	-
More than 90 days	**53 421**	3 804
Total receivables (gross)	**1 486 251**	8 237 861
The allowance for doubtful debts is aged as follows:		
Not overdue	**44 305**	316 972
Total allowance for doubtful debts	**44 305**	316 972

Reconciliation of the allowance for doubtful debts:

Movements in relation to 2008	**Goods and services 2008 $**	Goods and services 2007 $
Opening balance	**316 972**	306 616
Amounts written off	**(104 425)**	(91 263)
Adjustment to change in accounting policy	**-**	-
Increase/decrease recognised in net surplus	**(168 242)**	101 619
Closing balance	**44 305**	316 972

[1] Due to the new classification of the APVMA's transactions into either administered or department, the appropriation receivable at 30 June 2007 was divided into departmental and administered. $3 128 688 was deemed to be administered. The 30 June 2007 comparative balance is recorded at Note 13B. Refer Note 1.2 for further details.

Note 5: Non-Financial Assets

	2008 $	2007 $
Note 5A: Land and buildings		
Leasehold improvements		
– fair value	**1 862 472**	1 822 000
– accumulated depreciation	**(197 777)**	-
Total leasehold imporvements	**1 664 695**	1 822 000
Makegood		
– fair value	**269 435**	268 410
– accumulated depreciation	**(41 313)**	(17 894)
Total makegood	**228 122**	250 516
Total land and buildings (non-current)	**1 892 817**	2 072 516

No indicators of impairment were found for land and buildings.

	2008 $	2007 $
Note 5B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
– gross carrying value (at fair value)	**791 327**	539 305
– accumulated depreciation	**(181 084)**	-
Total infrastructure, plant and equipment (non-current)	**610 243**	539 305

Plant and equipment under finance leases are subject to revaluation. The carrying amount is included in the valuation figures above.

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

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

	2008 $	2007 $
Note 5C: Intangibles		
Computer software at cost:		
Internally developed – in progress	**306 173**	243 164
Internally developed – in use	**591 326**	588 187
Accumulated amortisation	**(494 977)**	(437 947)
Total Computer Software	**402 522**	393 404
Purchased computer software at cost:		
Purchased computer software	**1 074 204**	995 449
Accumulated amortisation	**(947 066)**	(879 058)
Total Purchased Computer Software	**127 138**	116 391
Total intangibles (non-current)	**529 660**	509 795

No indicators of impairment were found for intangible assets.

	2008 $	2007 $
Note 5D: Other non-financial assets		
Prepayments	**136 715**	-
Total other non-financial assets	**136 715**	212 906

All other non-financial assets are current assets.

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

Note 5: Non-Financial Assets (continued)

Note 5E: Analysis of property, plant and equipment

Table A – Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Leasehold Improvements	Other IP & E	Total
As at 1 July 2007			
Gross book value	**2 090 410**	**539 305**	**2 629 715**
Accumulated depreciation/amortisation and impairment	**(17 894)**	**-**	**(17 894)**
Net book value 1 July 2007	**2 072 516**	**539 305**	**2 611 821**
Additions:			
by purchase	**40 472**	**252 022**	**292 494**
recalculation of makegood	**1 025**	**-**	**1 025**
Revaluations and impairments through equity	**-**	**-**	**-**
Depreciation/amortisation expense	**(221 196)**	**(181 084)**	**(402 280)**
Impairments recognised in the operating result	**-**	**-**	**-**
Disposals:			
Other disposals	**-**	**-**	**-**
Net book value 30 June 2008	**1 892 817**	**610 243**	**2 503 060**
Net book value as of 30 June 2008 represented by:			
Gross book value	**2 131 907**	**791 327**	**2 923 234**
Accumulated depreciation/amortisation and impairment	**(239 090)**	**(181 084)**	**(420 174)**
	1 892 817	**610 243**	**2 503 060**

Table B – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

	Leasehold Improvements	Other IP & E	Total
As at 1 July 2006			
Gross book value	585 060	828 454	1 413 514
Accumulated depreciation/amortisation and impairment	(527 569)	(233 680)	(761 249)
Net book value 1 July 2006	57 491	594 774	652 265
Additions:			
by purchase	1 961 102	257 247	2 218 349
by makegood recognition	268 410	-	268 410
Revaluations and impairments through equity	(44)	(101 080)	(101 124)
Depreciation/amortisation expense	(214 443)	(202 723)	(417 166)
Impairments recognised in the operating result	-	-	-
Disposals:			
Other disposals	-	(8 913)	(8 913)
Net book value 30 June 2007	2 072 516	539 305	2 611 821
Net book value as of 30 June 2007 represented by:			
Gross book value	2 090 410	539 305	2 629 715
Accumulated depreciation/amortisation and impairment	(17 894)	-	(17 894)
	2 072 516	539 305	2 611 821

Note 5: Non-Financial Assets (continued)

Note 5F: Analysis of intangibles

Table A: Reconciliation of the opening and closing balances of intangibles (2007-08)

Item	Computer software internally developed	Computer software purchased	Total
As at 1 July 2007			
Gross book value	**831 351**	**995 449**	**1 826 800**
Accumulated depreciation/amortisation and impairment	**(437 947)**	**(879 058)**	**(1 317 005)**
Net book value 1 July 2007	**393 404**	**116 391**	**509 795**
Additions:			
by purchase or internally developed	**66 148**	**78 755**	**144 903**
from acquisition of entities (including restructuring)	**-**	**-**	**-**
Amortisation	**(57 030)**	**(68 008)**	**(125 038)**
Impairments recognised in the operating result	**-**	**-**	**-**
Disposals:			
other disposals	**-**	**-**	**-**
Net book value 30 June 2008	**402 522**	**127 138**	**529 660**
Net book value as of 30 June 2008 represented by:			
Gross book value	**897 499**	**1 074 204**	**1 971 703**
Accumulated depreciation/amortisation and impairment	**(494 977)**	**(947 066)**	**(1 442 043)**
	402 522	**127 138**	**529 660**

Table B: Reconciliation of the opening and closing balances of intangibles (2006-07)

Item	Computer software internally developed	Computer software purchased	Total
As at 1 July 2006			
Gross book value	771 723	1 198 988	1 970 711
Accumulated depreciation/amortisation and impairment	(406 739)	(1 002 991)	(1 409 730)
Net book value 1 July 2006	364 984	195 997	560 981
Additions:			
by purchase or internally developed	90 198	5 596	95 794
from acquisition of entities (including restructuring)	-	-	-
Amortisation	(55 764)	(80 656)	(136 420)
Impairments recognised in the operating result	(6 014)	(4 546)	(10 560)
Disposals:			
other disposals	-	-	-
Net book value 30 June 2007	393 404	116 391	509 795
Net book value as of 30 June 2007 represented by:			
Gross book value	831 351	995 449	1 826 800
Accumulated depreciation/amortisation and impairment	(437 947)	(879 058)	(1 317 005)
	393 404	116 391	509 795

Note 6: Payables

	2008	2007
	$	$
Note 6A: Suppliers		
Trade creditors	**1 142 561**	574 636
Accrued expenses	**2 677 085**	1 944 295
Total supplier payables	**3 819 646**	2 518 931

All supplier payables are current

Settlement is usually made net 30 days.

	2008	2007
Note 6B: Other Payables		
Lease incentive	**620 464**	683 975
Lease liability	**232 852**	110 594
Unearned annual fee	**-**	-
Unearned application fees	**-**	-
Total other payables	**853 316**	794 569
Other payables are represented by:		
Current	**73 283**	73 283
Non-current	**780 033**	721 286
Total other payables	**853 316**	794 569

Due to the classification of the APVMA's transactions into either administered or department from 1 July 2007, unearned annual fee and application fee liabilities are now classifed as administered. The 30 June 2007 comparative balances are recorded at Note 14A.
Refer Note 1.2 for further details.

Note 7: Provisions

	2008 $	2007 $
Note 7A: Employee provisions		
Salaries and wages	**418 297**	355 259
Leave	**3 087 947**	2 852 812
Superannuation	**305 533**	325 258
Total employee provisions	**3 811 777**	3 533 329
Employee provisions are represented by:		
Current	**3 381 757**	3 131 171
Non-current	**430 020**	402 158
Total employee provisions	**3 811 777**	3 533 329

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are $1 678 841 (2007: $1 449 261), and in excess of one year are $2 132 936 (2007: $2 084 068).

Note 7B: Other provisions		
Restoration obligations	**292 871**	278 322
Total other provisions	**292 871**	278 322

All other provisions are non-current

	Provision for restoration	Provision for restoration
Carrying amount 1 July 2007	**278 322**	326 143
Additional provisions made	**-**	268 410
Amounts used	**-**	(326 143)
Unwinding of discount or change in discount rate	**14 549**	9 912
Closing balance 2008	**292 871**	278 322

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

Note 8: Cash Flow Reconciliation

	2008 $	2007 $
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	**10 074 374**	4 165 314
Balance Sheet	**10 074 374**	4 165 314
Difference	**-**	-
Reconciliation of operating result to net cash from operating activities:		
Operating result	**(2 387 429)**	2 088 218
Depreciation /amortisation	**527 318**	553 586
Net write down of non-financial assets	**-**	107 493
Gain on disposal of assets	**-**	5 913
Revaluation of non-financial assets	**(1 025)**	(268 410)
(Increase) / decrease in net receivables	**6 478 943**	(7 160 400)
(Increase) / decrease in prepayments	**76 191**	(39 005)
Increase / (decrease) in employee provisions	**278 448**	(210 221)
Increase / (decrease) in supplier payables	**1 300 715**	(828 172)
Increase / (decrease) in other provisions	**14 549**	(47 821)
Increase / (decrease) in other payables	**58 747**	783 585
Increase / (decrease) in unearned income	**-**	(2 939 160)
Net receivables relating to financing activities	**(6 154 312)**	6 154 312
Net receivables relating to investing activities	**-**	3 000
Supplier payables relating to investing activities	**-**	(100 000)
Net cash from / (used by) operating activities	**192 145**	(1 897 082)

Note 9: Senior Executive Remuneration

	2008	2007
The number of senior executives who received or were due to receive total remuneration of $130 000 or more:		
$160 000 to $174 999	**1**	1
$175 000 to $189 999	**-**	3
$190 000 to $204 999	**1**	1
$205 000 to $219 999	**-**	1
$220 000 to $234 999	**1**	-
$265 000 to $279 999	**-**	1
$340 000 to $354 999	**1**	0
Total	4	7
The aggregate amount of total remuneration of senior executives shown above.	**958 547**	1 399 552
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	**197 821**	-

Note 10: Remuneration of Auditors

	2008 $	2007 $
Financial statement audit services are provided free of charge to the agency.		
The fair value of the services provided was:		
Audit of the financial statements for the year ended 30 June 2008	**25 000**	-
	25 000	-

No other services were provided by the Auditor-General.

Note 11: Financial Instruments

	2008 $	2007 $
11A: Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	**10 074 374**	4 165 314
Appropriations receivable	**-**	6 154 312
Trade receivables	**1 347 327**	1 433 052
Other receivables	**5 000**	222 825
Carrying amount of financial assets	**11 426 701**	11 975 503
Financial Liabilities		
Other Liabilities		
Payables - suppliers	**3 819 646**	2 518 931
Other payables	**853 316**	794 569
Carrying amount of financial liabilities	**4 672 962**	3 313 500

11B: Net income and expense from financial assets

	2008 $	2007 $
Other Liabilities		
Interest revenue	**-**	587 891
Net gain/(loss) from financial assets	**-**	587 891

11C: Net income and expense from financial liabilities

	2008 $	2007 $
Other Liabilities		
Lease incentive amortisation	**63 512**	48 855
Lease liability increase	**(122 258)**	(110 594)
Net gain/(loss) from financial assets	**(58 746)**	(61 739)

11D: 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.

11E: 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 ($1 352 327).

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.

Note 11: Financial Instruments (continued)

11E: Credit risk (continued)

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

	Not Past Due Nor Impaired 2008 $	Not Past Due Nor Impaired 2007 $	**Past due or impaired 2008 $**	Past due or impaired 2007 $
Loans and receivables				
Cash and cash equivalents	**10 074 374**	4 165 314	-	-
Appropriations receivable	**-**	6 154 312		
Trade receivables	**1 229 279**	1 345 865	**118 048**	87 187
Other receivables	**5 000**	222 825	**-**	-
Total	**11 308 653**	11 888 316	**118 048**	87 187

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Loans and receivables					
Trade receivables	18 810	-	1 512	53 421	73 743
Total	18 810	-	1 512	53 421	73 743

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Loans and receivables					
Trade receivables	-	-	-	3 804	3 804
Total	-	-	-	3 804	3 804

11F: 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). Internal policies and procedures have been put in place to ensure there are appropriate resources to meet its financial obligations.

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.

Note 11: Financial Instruments (continued)

11F: Liquidity risk (continued)

Maturities of financial liabilities

	On demand 2008 $'000	within 1 year 2008 $'000	1 to 5 years 2008 $'000	> 5 2008 years 2008 $'000	Total 2008 $'000
Other liabilities					
Payables - suppliers	-	**3 819 646**	-	-	-
Other payables	-	**853 316**	-	-	-
Total	-	**4 672 962**	-	-	-

	On demand 2008 $'000	within 1 year 2008 $'000	1 to 5 years 2008 $'000	> 5 2008 years 2008 $'000	Total 2008 $'000
Other liabilities					
Payables - suppliers	-	2 518 931	-	-	-
Other payables	-	794 569	-	-	-
Total	-	3 313 500	-	-	-

11G: 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'.

Note 12: Income Administered on Behalf of Government

	2008 $	2007 $
Revenue		
Note 12A: Industry contributions		
Levies	**14 564 000**	17 700 620
Annual fee	**3 249 870**	3 187 130
Application fees	**2 734 780**	2 860 394
Good manufacturing practice (GMP) licence fee	**162 000**	138 000
Permits and other fees	**507 085**	506 871
Total industry contributions	**21 217 735**	24 393 015

Note 13: Assets Administered on Behalf of Government

	2008 $	2007 $
Note 13A: Cash and cash equivalents		
Special Accounts	**2 768 119**	-
Total cash and cash equivalents	**2 768 119**	-
Note 13B: Trade and other receivables		
Appropriations receivable	**-**	3 128 688
Total trade and other receivables	**-**	3 128 688

Note 14: Liabilities Administered on Behalf of Government

	2008 $	2007 $
Note 14A: Other payables		
Unearned annual fee	**2 599 469**	3 005 063
Unearned application fee	**168 650**	123 625
Total other payables	**2 768 119**	3 128 688

Note 15: Administered Reconciliation Table

	2008 $	2007 $
Opening administered assets less administered liabilities as at 1 July	**-**	-
Adjustment for change in accounting policies	**-**	-
Adjustments for errors	**-**	-
Adjusted opening administered assets less administered liabilities		
Plus: Administered income	**21 217 735**	24 393 015
Less: Administered expenses	**-**	-
Administered transfers to/from Australian Government:		
Transfers to OPA (Special Account)	**(21 217 735)**	(24 393 015)
Administered revaluations taken to/from reserves	**-**	-
Closing administered assets less administered liabilities as at 30 June	**-**	-

Note 16: Administered Financial Instruments

	2008 $	2007 $
16A: Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	**2 768 119**	-
Appropriations receivable	**-**	3 128 688
Carrying amount of financial assets	**2 768 119**	3 128 688
Financial Liabilities		
Other Liabilities		
Other payables	**2 768 119**	3 128 688
Carrying amount of financial liabilities	**2 768 119**	3 128 688

16B: Fair value of financial instruments

The net fair values of cash and cash equivalents approximate their carrying amounts.

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

16C: Credit risk

The administered activites of the APVMA are not exposed to credit risk as the only administered financial assets is cash held in the APVMA Special Account.

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 Nor Impaired 2008 $	Not Past Due Nor Impaired 2007 $	**Past due or impaired 2008 $**	Past due or impaired 2007 $
Loans and receivables				
Cash and cash equivalents	**2 768 119**	-	**-**	-
Appropriations receivable	**-**	3 128 688		
Total	**2 768 119**	3 128 688	**-**	-

16D: Liquidity risk

The APVMA's administered 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). Internal policies and procedures have been put in place to ensure there are appropriate resources to meet its financial obligations.

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.

Note 16: Administered Financial Instruments (continued)

16D: Liquidity risk

Maturities of financial liabilities

	On demand 2008 $'000	within 1 year 2008 $'000	1 to 5 year 2008 $'000	> 5 year 2008 $'000	Total
Other liabilities					
Other payables	-	2 768 119	-	-	-
Total	-	2 768 119	-	-	-

	On demand 2008 $'000	within 1 year 2008 $'000	1 to 5 year 2008 $'000	> 5 year 2008 $'000	Total
Other liabilities					
Other payables	-	3 128 688	-	-	-
Total	-	3 128 688	-	-	-

16E: 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'.

Note 17: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Administered Expense 2008 $	Departmental Outputs 2008 $	Total
Balance brought forward from previous period	-	**4 165 314**	4 165 314
Appropriation Act:			
Appropriation Act (No.1) 2007-08	-	**-**	-
Appropriation Act (No.3) 2007-08	-	**630 000**	630 000
Appropriation Act (No.5) 2007-08	-	**-**	-
Reductions of appropriations (Appropriation Act section 9)		**-**	
Administered appropriation lapsed (Appropriation Act section 8)	-	**-**	-
Advance to the Finance Minister (Appropriation Act section 11)	-	**-**	-
Comcover receipts (Appropriation Act section 12)	-	**-**	-
FMA Act:			
Refunds credited (FMA section 30)	-	**-**	-
Appropriations to take account of recoverable GST (FMA section 30A)	-	**926 240**	926 240
Annotations to 'net appropriations' (FMA section 31)	-	**500 033**	500 033
Adjustment of appropriations on change of function (FMA section 32)	-	**-**	-
Total appropriation available for payments	-	**6 221 587**	6 221 587
Cash payments made during the year (GST inclusive)	-	**(2 396 200)**	(2 396 200)
Appropriations credited to Special Accounts (excluding GST)	-	**(3 535 563)**	(3 535 563)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	**289 824**	289 824
Represented by			
Cash at bank and on hand	-	**289 824**	289 824
Departmental appropriations receivable	-	**-**	
Total	-	**289 824**	289 824

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

Note 17: Appropriations (continued)

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Legal Authority: *Agricultural and Veterinary Chemicals (Administration) Act 1992*; Section 58 Purpose: Amounts standing to the credit of the Account may be debited for the following purposes: (a) to pay or discharge the costs, expenses or other obligations incurred by the APVMA in the performance of its functions; (b) in payment of any remuneration and allowances payable to any person under this Act; (c) in making any other payments that the APVMA is authorised or required to make by or under this Act or any other law of the Commonwealth or any law of a State or Territory that is expressed to confer functions or powers on the APVMA.	2008 $
Cash payments made during the year	21 659 675
Appropriations credited to Special Accounts	(21,659,675)
Refunds credited (net) (FMA Act section 30)	-
Total charged to appropriation	-
Estimated actual	*21,406,000*

Note 18: Special Accounts

Australian Pesticides and Veterinary Medicines Special Account (Departmental)	**2008**[1] **$**
Legal Authority: *Agricultural and Veterinary Chemicals (Administration) Act 1992*; Section 58	
Appropriation: *Financial Management and Accountability Act 1997*; section 21	
Purpose: Amounts standing to the credit of the Account may be debited for the following purposes: (a) to pay or discharge the costs, expenses or other obligations incurred by the APVMA in the performance of its functions; (b) in payment of any remuneration and allowances payable to any person under this Act; (c) in making any other payments that the APVMA is authorised or required to make by or under this Act or any other law of the Commonwealth or any law of a State or Territory that is expressed to confer functions or powers on the APVMA.	
Balance carried from previous period	**-**
Levies, fees and charges (Administered)	**21 490 082**
Costs recovered	**-**
GST credits (FMA Act section 30A)	**-**
Other receipts	**12 818 563**
Total credits	**34 308 645**
Refunds of levies, fees and charges (Administered)	**(190 976)**
Payments made to employees	**(12 507 700)**
Payments made to suppliers	**(9 057 300)**
Total debits	**(21 755 976)**
Balance carried to next period and represented by:	**12 552 669**
Departmental Special Account balance	**9 784 550**
Administered Special Account balance	**2 768 119**
Total balance carried to the next period	**12 552 669**

[1] The Australian Pesticides and Veterinary Medicines Special Account was established on 1 July 2007, and as such there are no comparatives for the prior year.

Note 19: Reporting of Outcomes

The APVMA has a single Outcome and two Outputs

Note 19A: Net Cost of Outcome Delivery

	Outcome 1	
	2008 $	2007 $
Expenses		
Administered	-	-
Departmental	**24 850 804**	23 241 802
Total expenses	**24 850 804**	23 241 802
Costs recovered from provision of goods and services to the non government sector		
Administered	**21 217 735**	24 393 015
Departmental	**-**	-
Total costs recovered	**21 217 735**	24 393 015
Other external revenues		
Administered	**-**	-
Departmental	**1 245 640**	937 005
Total other external revenues	**1 245 640**	937 005
Net cost/(contribution) of outcome	**2 387 429**	(2 088 218)

Outcomes 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to APVMA Expenditure by Output Table in the Financial Performance section of this Annual Report.

Note 19B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output 1.1 2008 $	Output 1.2 2008 $	Total 2008 $
Departmental expenses			
Employee benefits	**11 277 672**	**2 767 527**	**14 045 199**
Suppliers	**8 997 580**	**1 162 759**	**10 160 339**
Depreciation and amortisation	**423 413**	**103 905**	**527 318**
Finance costs	**10 859**	**2 664**	**13 523**
Other expenses	**-**	**104 425**	**104 425**
Total departmental expenses	**20 709 524**	**4 141 280**	**24 850 804**
Funded by:			
Revenue from Government	**18 396 075**	**3 678 660**	**22 074 735**
Other revenue	**323 875**	**64 765**	**388 640**
Total departmental revenues	**18 719 950**	**3 743 425**	**22 463 375**

Note 19: Reporting of Outcomes (continued)

Note 19B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output 1.1 2008 $	Output 1.2 2008 $	Total 2008 $
Departmental expenses			
Employee benefits	10 357 780	2 541 786	12 899 566
Suppliers	8 339 352	1 224 361	9 563 713
Depreciation and amortisation	444 505	109 081	553 586
Finance costs	7 959	1 953	9 912
Write-down and impairment of assets	86 312	21 181	107 493
Losses from asset sales	4 748	1 165	5 913
Other expenses	-	101 619	101 619
Total departmental expenses	19 240 656	4 001 146	23 241 802
Funded by:			
Revenue from Government	20 376 638	4 237 377	24 614 015
Interest	486 684	101 207	587 891
Other revenue	106 059	22 055	128 114
Total departmental revenues	20 969 381	4 360 639	25 330 020

Outcomes 1 and Outputs 1.1 and 1.2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.