



# *Farrer Memorial Trust*

ANNUAL REPORT 2005



FARRER MEMORIAL RESEARCH SCHOLARSHIP FUND  
THE 2005 FARRER MEMORIAL ORATION



## **FARRER MEMORIAL RESEARCH SCHOLARSHIP FUND**

The Farrer Memorial Trust was established in 1911 to perpetuate the memory of William James Farrer and to encourage and inspire agricultural scientists. Initially it awarded scholarships for 'study or research in agricultural problems'. Later it included the delivery of an annual oration and the presentation of the Farrer Memorial Medal to a distinguished agricultural scientist for service rendered in the fields of research, education or administration.

The Director-General of the NSW Department of Primary Industries, Mr B D Buffier, is the Chairman of the Trust. The other official Trustees are Dr N R Austin, Deputy Director-General (Science and Research) of the Department; Prof. L Copeland, Professor and Dean of the Faculty of Agriculture, University of Sydney; and Dr J C Radcliffe, CSIRO, Unley Park, South Australia. The non-official Trustees, representing industry, are: Mr M J R Arnott, Boorowa and Ms R Clubb, Duffys Forest.

The 2005 Farrer Memorial Travelling Scholarships were awarded to:

- Mr D Mullan, University of Western Australia
- Ms J Mitchell, University of Queensland
- Mr J Neal, University of Sydney
- Ms A Catanzariti, Australian National University.

The Farrer Memorial Travelling Scholarship is designed to support overseas travel by post-graduates enrolled for a PhD on any aspect of field crop research.

The 2005 Farrer Memorial Medal was awarded to Dr John Williams, Member, Wentworth Group of Concerned Scientists. The presentation was made at a special ceremony at the University of Sydney on 8 November 2005, and Dr Williams delivered the Farrer Oration entitled 'Sustainable Agriculture in Australia – Some Ways Forward'.

The text of the 2005 Farrer Memorial Oration is reproduced on page 11 of this report.



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### Trustees of the Farrer Memorial Research Scholarship Fund

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the Trustees of the Farrer Memorial Research Scholarship Fund:

- presents fairly the Trust's financial position as at 31 December 2005 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

#### Scope

##### The Financial Report and Trustees' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Trust, for the year ended 31 December 2005.

The Trustees are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Trustees in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Trustees had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Trust,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Megarty FCPA  
Director, Financial Audit Services

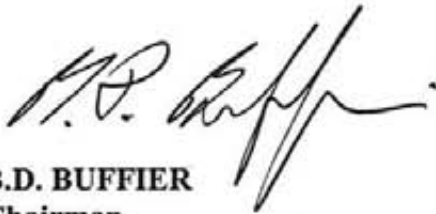
SYDNEY  
8 May 2006

**TRUSTEES OF THE  
FARRER MEMORIAL RESEARCH SCHOLARSHIP FUND**

**STATEMENT IN ACCORDANCE WITH SECTION 41C(1B) OF  
PUBLIC FINANCE AND AUDIT ACT 1983**

Pursuant to Regulation 14 of the Public Finance and Audit Regulation 2000, we state that:

- (a) the financial statements and notes thereon exhibit a true and fair view of the financial position and transactions for the year ended 31 December 2005;
- (b) the financial statements have been prepared in accordance with the provisions of the Act, the Regulation and the Treasurer's Directions;
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**B.D. BUFFIER**  
Chairman  
FARRER MEMORIAL TRUST



**N.R. AUSTIN**  
Trustee

**SYDNEY**

**13 April 2006**

**INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2005**

	Note	2005 \$	2004 \$
<b>INCOME FROM ORDINARY ACTIVITIES</b>			
Interest received		16,728	16,982
Dividends		4,249	3,023
Other Income	1(c)	7,165	7,165
Profit from Sale of Financial Assets		-	1,850
Change in fair value of Financial Assets	2.3	13,010	-
<b>TOTAL INCOME</b>		<b>41,152</b>	<b>29,020</b>
<b>EXPENDITURE FROM ORDINARY ACTIVITIES</b>			
Cost of Scholarship		9,000	9,000
Oration Expenses		3,977	-
Bank Charges		72	26
Brokerage		-	766
Administration Costs	1(c)	7,165	7,165
<b>TOTAL EXPENDITURE</b>		<b>20,214</b>	<b>16,957</b>
<b>Surplus / (Deficit) for the Year</b>		<b>20,938</b>	<b>12,063</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 \$	2004 \$
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>			
Surplus / (Deficit) for the Year	5	20,938	12,063
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>			
		<b>43,822</b>	<b>12,063</b>
<b>EFFECT OF CHANGES IN ACCOUNTING POLICY AND CORRECTION OF ERRORS</b>			
		<b>22,884</b>	<b>0</b>

The accompanying notes form part of these financial statements.



## BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 \$	2004 \$
<b>ASSETS</b>			
Cash and Cash Equivalents	3.1	29,791	30,608
Financial Assets held to Maturity	2.1, 4	36,000	36,000
Receivables		4,156	2,124
Inventories	2.2	295	590
<b>TOTAL CURRENT ASSETS</b>		<b>70,242</b>	<b>69,322</b>
<b>NON CURRENT ASSETS</b>			
Financial Assets Available for Sale	2.1, 2.3	277,235	234,333
<b>TOTAL ASSETS</b>		<b>347,477</b>	<b>303,655</b>
<b>NET ASSETS</b>		<b>347,477</b>	<b>303,655</b>
<b>EQUITY</b>			
Accumulated Funds	5	347,477	303,655
<b>TOTAL EQUITY</b>		<b>347,477</b>	<b>303,655</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 \$	2004 \$
<b>Cash Flows from Operating Activities</b>			
Interest Received		18,945	18,359
Scholarship Costs		(9,000)	(11,000)
Oration Expenses		(3,682)	-
Bank Charges		(72)	(26)
Brokerage		-	(766)
<b>Net Cash Flows from Operating Activities</b>	3.2	<b>6,191</b>	<b>6,567</b>
<b>Cash Flow from Investing Activities</b>			
Proceeds from Sale of Financial Assets		-	16,950
Proceeds from Maturing Financial Assets		-	38,746
Purchases of Financial Assets		(7,008)	(52,707)
<b>Net Cash Flows from Investing Activities</b>		<b>(7,008)</b>	<b>2,989</b>
Net Increase/(Decrease) in Cash		(817)	9,556
Opening cash and cash equivalents		30,608	21,052
Closing cash and cash equivalents	3.1	29,791	30,608

The accompanying notes form part of these financial statements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The accompanying financial report is a general purpose financial report and has been prepared on an accrual basis in accordance with historical cost principles, having regard to applicable Australian accounting standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS)), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Urgent Issues Group (UIG) Consensus Views. The Fund is defined as a not-for-profit entity under AEIFRS.
- (b) The financial report has been prepared in accordance with the requirements of the *Public Finance and Audit Act (1983) and Regulation*.
- (c) All administration costs and audit fees (including salary and wages) are met directly from the Recurrent Appropriations of the Minister for Primary Industries. Such costs are estimated to be \$7,165 inc. GST (\$7,165 in 2004) for the year and includes audit fees of \$3,410 inc. GST (\$3,245 in 2004).
- (d) These financial statements are the first to be prepared in accordance with AEIFRS. *AASB1 First Time adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.
- (e) The Fund has designated Financial Assets as held for sale at fair value through profit and loss per the requirements of AASB139. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise. The impact of this designation is the recognition of \$13,010 through profit and loss in the current year which will be reversed through equity in the following year (AASB108).
- (f) Comparative information for financial assets available for sale is not restated as per the requirements of AASB139.

### 2. ASSETS

#### 2.1 FINANCIAL ASSETS

##### **Held to Maturity Investments**

Investment in Term Deposits are valued at amortised cost using the effective interest rate method and are held to maturity. Investments currently held are Primary Industry Bank Bonds. They are not tradeable and not listed. These investments have fixed maturities, and it is the trust's intention to hold these investments to maturity.

##### **Available For Sale Financial Assets through Profit and Loss**

Investments in shares and income securities are valued at fair value and are quoted on the Stock Exchange and listed. Brokerage fees are included in the value of the financial assets. Unrealised gains and losses arising from changes in the fair value are taken through profit and loss. Refer to note 2.3.

## 2.2 INVENTORIES

Inventories consist of Farrer Memorial Medals. Medals are valued at cost.

There were two Farrer Medal presentations during 2005.

## 2.3 CURRENT MARKET VALUE FAIR VALUE OF PORTFOLIO

The following summary shows the market values (fair value) of all shareholdings as at 31 December 2005.

Company	Book Value 2004	Market Value 2004	Market Value 2005
<b>Fixed Income Securities</b>	\$	\$	\$
National Bank (NABHA)	35,714	37,385	37,500
Macquarie Bank (MBLHB)	35,797	36,648	37,080
Suncorp Metway (SUNHB)	35,558	39,852	40,262
Woolworths (WOWHA)	36,074	36,397	35,595
<b>Total</b>	<b>\$143,143</b>	<b>\$150,282</b>	<b>\$150,437</b>
<b>Listed Trusts</b>			
*DB Reef (DRT)	14,720	15,957	16,804
Macquarie Off Trust (MOF)	15,960	17,157	22,757
Macquarie Goodman (MGI)	14,938	22,989	29,067
<b>Total</b>	<b>\$45,618</b>	<b>\$56,103</b>	<b>\$68,628</b>
<b>TOTAL SECURITIES</b>	<b>\$188,761</b>	<b>\$206,385</b>	<b>\$219,065</b>
<b>Growth Securities (Shares)</b>			
National Bank (NAB)	15,840	14,410	16,200
Leighton Holdings (LEI)	14,976	19,728	28,608
Telstra (TLS)	14,756	16,694	13,362
<b>Total</b>	<b>\$45,572</b>	<b>\$50,832</b>	<b>\$58,170</b>
<b>PORTFOLIO TOTAL</b>	<b>\$234,333</b>	<b>\$257,217</b>	<b>\$277,235</b>

The difference between 2004 book value and 2004 market value of \$22,884 has been recognised as an adjustment directly in equity, representing the first time adoption of AASB139.

The difference between 2004 and 2005 market value less purchase of investments of \$7,008 has been recognised through profit and loss.

The \$13,010 represents the movement in the market value of financial assets available for sale.

\* DB Reef Industrial Trust (formerly Deutsche Industrial Trust).

DIT was restructured and 8,000 units in DIT converted to 12,089 units in DB Reef Industrial Trust.

**3. NOTES TO STATEMENT OF CASH FLOWS**

	2005	2004
	\$	\$
3.1 Cash Balance Represented by Cash at Bank (St George Bank Account)	29,791	30,608
	<hr/> 29,791	<hr/> 30,608

	2005	2004
	\$	\$
3.2 Reconciliation of Operating Surplus to Net Cash Provided by Operating Activities		
Operating Surplus/(Deficit)	20,938	12,063
(Increase)/Decrease in Profit from Sale of Financial Assets	-	(1,850)
(Increase)/Decrease in Accrued Interest	(2,032)	(1,646)
Increase/(Decrease) in Accrued Expenses	-	(2,000)
Decrease in Medal Stock	295	-
(Increase)/Decrease in Fair Value of Financial Assets	(13,010)	-
Net Cash Provided by Operating Activities	<hr/> 6,191	<hr/> 6,567

**4. FINANCIAL INSTRUMENTS**

Financial instruments give rise to situations that create a financial asset of the Trust and a financial liability (or equity instrument) of the other party, or vice versa. For the Trust, these financial instruments include cash at bank and financial assets such as fixed deposits and shares and accrued interest.

All financial instruments, including revenues, expenses, or other cash flows arising from instruments, are recognised on an accruals basis.

**Cash**

Cash comprises cash at bank. The value of the cash as at 31 December 2005 was \$29,791 (\$30,608 in 2004).

**Financial Assets**

As at 31 December 2005, investments amounting to \$36,000 (\$36,000 in 2004) were being held to maturity in Primary Industry Bank Bonds. The weighted effective interest rate as at 31 December 2005 was 3.79%. Refer note 2.1.

Other investments such as shares and securities are valued at fair value in the accounts. Refer note 2.3.

**Accrued Interest**

All accrued interest is recognised as amounts receivable at balance date. The value of receivables as at 31 December 2005 was \$4,156 (\$2,124 in 2004).



## 5. CHANGES IN EQUITY

	Accumulated Funds	
	2005	2004
	\$	\$
Balance at the beginning of the financial year	303,655	291,592
Changes in Equity – Other than transactions With owners as owners		
Adjustment on adoption of AASB139	22,884	
Surplus / (Deficit) for the year	20,938	12,063
Balance at the end of financial year	347,477	303,655

## 6. IMPACT OF THE ADOPTION OF AEIFRS

The Fund is defined as a not-for-profit entity under AEIFRS.

Shares and Securities have previously been disclosed in the financial statements at cost. Under AEIFRS these traded shares and securities are disclosed in the financial statements at fair value as at 31 December 2005. The change in disclosure of \$22,884 has been recognised directly in Equity. The comparative information for the financial instruments has been presented in accordance with the previous AGAAP.

**END OF AUDITED FINANCIAL STATEMENTS**