



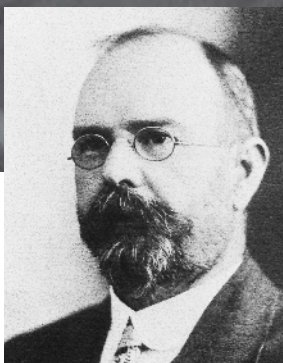
*FARRER  
MEMORIAL  
TRUST*

ANNUAL REPORT  
2006

FARRER MEMORIAL RESEARCH SCHOLARSHIP FUND

THE 2006 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 2006 Farrer Memorial Travelling Scholarships were awarded to:

Mr P Golegaonkar, University of Sydney  
Ms N Elias, University of Western Sydney  
Ms E Grace, University of Adelaide  
Ms A Smart, University of Adelaide  
Mr T Rose, University of Western Australia.

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 2006 Farrer Memorial Medal was awarded to Professor J.A.G. Irwin, School of Integrative Biology, University of Queensland on 21 September 2006, and Professor Irwin delivered the Farrer Oration entitled 'Lucerne Genetics and Breeding'.

The text of the 2006 Farrer Memorial Oration is reproduced on page 14 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 (the Fund):

- presents fairly the Fund's financial position as at 31 December 2006 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 Fund, for the year ended 31 December 2006.

The Trustees of the Farrer Memorial Research Scholarship Fund 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 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 correct. In terms of 'reasonable assurance' and 'material' we recognise that an audit does not examine all transactions. However, the audit procedures used should identify errors or omissions large enough to adversely affect decisions made by users of the financial report or indicate that the entity had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Fund,
- 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 ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can appoint or remove the Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the Auditor-General from providing 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.



Ron Hegarty, FCPA  
Director, Financial Audit Services

SYDNEY  
2 April 2007

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

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

Pursuant to the Public Finance and Audit Regulation 2005, we state that:

- (a) the financial statements and notes thereon exhibit a true and fair view of the financial and transactions for the year ended 31 December 2006;
- (b) the financial statements have been prepared in accordance with the provisions of the Regulation and the Treasurer's Directions;
- (c) there are no circumstances that would render any particulars included in the statements to be misleading or inaccurate.



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



**N.R. AUSTIN**  
Trustee

**SYDNEY**

**28 March 2007**

## INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2006

	Note	2006 \$	2005 \$
<b>INCOME FROM ORDINARY ACTIVITIES</b>			
Interest Received		16,943	16,728
Dividends		4,032	4,249
Other Income	1(c)	7,165	7,165
Profit from Sale of Financial Assets		-	-
Change in Fair Value of Financial Assets	2.3	38,522	35,894
Donations Received	6	180,100	-
<b>TOTAL INCOME</b>		<b>246,762</b>	<b>64,036</b>
Less:			
<b>EXPENDITURE FROM ORDINARY ACTIVITIES</b>			
Cost of Scholarship		10,500	9,000
Oration Expenses		2,825	3,977
Bank Charges		88	72
Brokerage		438	-
Administration Costs	1(c)	7,165	7,165
Loss on Sale of Financial Assets	2.3	595	-
<b>TOTAL EXPENDITURE</b>		<b>21,611</b>	<b>20,214</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>225,151</b>	<b>43,822</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 \$	2005 \$
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		-	<b>22,884</b>
Surplus / (Deficit) for the Year	5	225,151	20,938
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>		<b>225,151</b>	<b>43,822</b>
<b>EFFECT OF CHANGES IN ACCOUNTING POLICY AND CORRECTION OF ERRORS</b>		-	<b>22,884</b>

The accompanying notes form part of these financial statements.

## BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 \$	2005 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3.1	197,186	29,791
Financial Assets Held to Maturity	2.1, 4	36,000	36,000
Receivables		4,419	4,156
Inventories	2.2	4,101	295
<b>TOTAL CURRENT ASSETS</b>		<b>241,706</b>	<b>70,242</b>
<b>NON CURRENT ASSETS</b>			
Financial Assets Available for Sale	2.1, 2.3	330,922	277,235
<b>TOTAL ASSETS</b>		<b>572,628</b>	<b>347,477</b>
<b>NET ASSETS</b>		<b>572,628</b>	<b>347,477</b>
<b>EQUITY</b>			
Accumulated Funds	5	572,628	347,477
<b>TOTAL EQUITY</b>		<b>572,628</b>	<b>347,477</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 \$	2005 \$
<b>Cash Flows from Operating Activities</b>			
Interest Received		20,711	18,945
Scholarship Costs		(10,500)	(9,000)
Oration Expenses		(2,677)	(3,682)
Bank Charges		(88)	(72)
Brokerage		(437)	-
Donations Received		180,100	-
Purchase of Medals		(3,954)	-
<b>Net Cash Flows from Operating Activities</b>	3.2	<b>183,155</b>	<b>6,191</b>
<b>Cash Flow from Investing Activities</b>			
Proceeds from Sale of Financial Assets		35,000	-
Proceeds from Maturing Financial Assets		-	-
Purchases of Financial Assets		(50,760)	(7,008)
<b>Net Cash Flows from Investing Activities</b>		<b>(15,760)</b>	<b>(7,008)</b>
Net Increase/(Decrease) in Cash		167,395	(817)
Opening Cash and Cash Equivalents		29,791	30,608
<b>Closing Cash and Cash Equivalents</b>	3.1	<b>197,186</b>	<b>29,791</b>

The accompanying notes form part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Purpose of Fund**

The *Farrer Memorial Research Scholarship Fund Act 1930* permits the Trustees of the Fund to use its earnings to assist study and research into agricultural problems, meet costs of the Farrer Memorial Oration and may provide an honorarium to the recipient of the Farrer Memorial Medal.

- (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, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The Fund is a not-for-profit entity.
- (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 2005) for the year and include audit fees of \$3,740 inc. GST (\$3,575 in 2005).
- (d) 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.
- (e) The financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards including Australian Accounting Interpretations. Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standard requirements.
- (f) The financial report for the year ended 31 December 2006 was authorised for issue by the Trustees on 28 March 2007.

## **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 Rabobank 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. 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.

Fifteen (15) new Medals were purchased during 2006.

### 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 2006.

<b>Company</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Market Value</b>
		<b>2005</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Fixed Income Securities</b>			
National Bank (NABHA)	35,714	37,500	37,888
Macquarie Bank (MBLHB)	35,797	37,080	37,080
Suncorp Metway (SUNHB)	35,558	40,262	40,795
Woolworths (WOWHA)	36,074	35,595	-
<b>Total</b>	<b>\$143,143</b>	<b>\$150,437</b>	<b>\$115,763</b>
<b>Listed Trusts</b>			
*DB Reef (DRT)	14,720	16,804	21,458
Macquarie Off Trust (MOF)	15,960	22,757	26,450
Macquarie Goodman (MGI)	19,938	29,067	53,770
<b>Total</b>	<b>\$50,618</b>	<b>\$68,628</b>	<b>\$101,678</b>
<b>TOTAL SECURITIES</b>	<b>\$193,761</b>	<b>\$219,065</b>	<b>\$217,440</b>
<b>Growth Securities (Shares)</b>			
National Bank (NAB)	15,840	16,200	20,200
Westpac Bank (WBC)	39,760	-	38,784
Leighton Holdings (LEI)	14,976	28,608	32,352
Telstra (TLS)	14,756	13,362	14,076
Telstra (T3)	6,000	-	8,070
<b>Total</b>	<b>\$91,332</b>	<b>\$58,170</b>	<b>\$113,482</b>
<b>PORTFOLIO TOTAL</b>	<b>\$285,093</b>	<b>\$277,235</b>	<b>\$330,922</b>

The \$38,522 represents the movement in the market value of financial assets available for sale.

The difference between 2005 and 2006 market value less purchase of investments has been recognised through profit and loss. Woolworth Notes (WOW) with a market value of \$35,595 were redeemed for \$35,000.

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

### 3. NOTES TO STATEMENT OF CASH FLOWS

	2006 \$	2005 \$
3.1 Cash Balance Represented by Cash at Bank (St George Bank Account)	197,186	29,791
	<b>197,186</b>	<b>29,791</b>
	2006 \$	2005 \$
3.2 Reconciliation of Operating Surplus to Net Cash Provided by Operating Activities		
Operating Surplus/ (Deficit)	225,151	20,938
Loss on Sale of Financial Assets	595	-
(Increase)/Decrease in Receivables	(263)	(2,032)
(Increase)/Decrease in Inventory	(3,806)	295
(Increase)/Decrease in Fair Value of Financial Assets	(38,522)	(13,010)
<b>Net Cash Provided by Operating Activities</b>	<b>183,155</b>	<b>6,191</b>

### 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 2006 was \$197,186 (\$29,791 in 2005).

#### Financial Assets

As at 31 December 2006, investments amounting to \$36,000 (\$36,000 in 2005) were being held to maturity in Primary Industry Bank Bonds. The weighted effective interest rate as at 31 December 2006 was 5.38%. 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 2006 was \$4,419 (\$4,156 in 2005).

## 5. CHANGES IN EQUITY

	Accumulated Funds	
	2006 \$	2005 \$
<b>Balance at the beginning of the financial year</b>	<b>347,477</b>	<b>303,655</b>
<b>Changes in Equity – Other than transactions With owners as owners</b>		
<b>Adjustment on adoption of AASB139</b>	-	22,884
Surplus / (Deficit) for the Year	225,151	20,938
<b>Balance at the End of the Financial Year</b>	<b>572,628</b>	<b>347,477</b>

## 6. DONATION

A donation of \$180,000 was received from the Organising Committee of the 4th International Crop Science Congress and \$100.00 following the 2006 Farrer Oration.

## 7. NEW AUSTRALIAN STANDARDS ISSUED BUT NOT EFFECTIVE

- (i) The Fund did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
- AASB 7 Financial Instruments: Disclosures (1 January 2007)
  - AASB 1049 Financial Reporting of General Government Sectors by Government (1 July 2008)
  - Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
  - Interpretation 8 Scope of AASB 2 (1 May 2006)
  - Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
  - AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006).

The Fund has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

## END OF AUDITED FINANCIAL STATEMENTS

