

ANIMAL RESOURCES AUTHORITY

ANNUAL REPORT

30TH JUNE 2004

ANIMAL RESOURCES AUTHORITY

ANNUAL REPORT

30TH JUNE 2004

Contents

ANIMAL RESOURCES AUTHORITY	4
Animal Resources Authority Board	4
Animal Resources Authority Board Membership	4
Charter of the Animal Resources Authority	5
Structure of Animal Resources Authority	5
REPORT ON OPERATIONS	6
PERFORMANCE INDICATORS	9
INTERNAL AUDIT	11
RISK MANAGEMENT	12
FREEDOM OF INFORMATION STATEMENT	12
PUBLIC SECTOR STANDARDS AND ETHICAL CODES	12
DISABILITY SERVICES PLAN	13
ANIMAL EXPERIMENTATION AND ETHICS COMMITTEE (AEEC)	13
ELECTORAL ACT 1907 Section 175ZE	13
PUBLIC INTEREST DISCLOSURE ACT	13
RECORDS MANAGEMENT	14
FINANCIAL STATEMENTS	16
FINANCIAL ESTIMATES 2004/2005	39

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament the Report of the Animal Resources Authority for the period 1st July 2003 to 30th June 2004 ending 30th June 2004.

The Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Relevant written law that has an impact on the Animal Resources Authority has been complied with.

..... Chairman

..... Board Member

ANIMAL RESOURCES AUTHORITY

The Animal Resources Authority is established under the Animal Resources Authority Act 1981. This Act was proclaimed on 23rd June 1982 and witnessed in the Government Gazette of Western Australia on 2nd July 1982. The Animal Resources Authority is responsible to the Minister for Health.

The function of the Authority is to produce disease free, genetically defined animals for use in biomedical and bio-pharmaceutical research and development.

ANIMAL RESOURCES AUTHORITY BOARD

The Board of the authority consists of eight members who are appointed by the Governor.

Representations to the Board consist of:-

Four members nominated by the Minister of Health.

Two members nominated by the governing authority of The University of Western Australia and one member nominated by each of the governing authorities of Murdoch University and Curtin University of Technology.

ANIMAL RESOURCES AUTHORITY BOARD MEMBERSHIP 2003/2004

Mr Tony Tate (Chairman)	Director Strategic Projects, Curtin University of Technology.
Dr Brian Dare (Deputy Chairman)	Consultant Occupational Health Physician.
Professor Graham Wilcox	Professor, School of Veterinary and Biomedical Sciences, Murdoch University.
Professor Miranda Grounds	Professor, Department of Anatomy and Human Biology. The University of Western Australia.
Mrs Diana Carlsson	A/Assistant Director, Client Relations Branch, Department of Health Western Australia.
Dr. Jennet Harvey	Associate Professor, Department of Pathology, The University of Western Australia.
Professor Colin Sanderson	Professor, Molecular Immunology Group, School of Biomedical Science, Curtin University of Technology.
Mr Peter Johnson	Director, Administrative Services, The University of Western Australia (Resigned September 2003).
Dr Campbell Thomson	Director, Research Services, The University of Western Australia.

CHARTER OF THE ANIMAL RESOURCES AUTHORITY

The major functions of the Animal Resources Authority are to provide and acquire high quality disease-free laboratory animals for use by institutions or bodies requiring animals for teaching, research or diagnostic purposes.

The Authority also provides advice on the housing, feeding and care of laboratory animals and preventative disease control measures relevant to production of laboratory animals.

The functions of the Animals Resources Authority are carried out by the Animal Resources Centre, Murdoch Drive, Murdoch, WA.

The postal address of the Animal Resources Centre is:-
PO Box 1180, Canning Vale, 6970.
Telephone: (08) 9332 5033

STRUCTURE OF THE ANIMAL RESOURCES AUTHORITY

Animal Resources Authority Board

Chief Executive Officer (Director of the Animal Resources Centre),
Dr. David A. Pass, BVSc (Hons), MSc, PhD, Dip Am coll Vet Pathology

Director Operations
Mr. Graham E. Freeth
Associate of the Institute of Animal Technology

Veterinary Services and Quality Control Manager (1)
Business Manager (0.8)
Customer Services Manager (1)
Maintenance Manager (1)
Production Managers (4.8)
Scientific Officer (1)
Technical Officer (1)
Senior Production Officers (4.6)
Production Officers (25)
Administrative Support Officer (1)
Customer Services Support Officer (1)

The Board vests responsibility for all operations of the Authority to the Chief Executive Officer.

Employees at the Animal Resources Centre are employed by the Authority under the GOSAC Award.

The Animal Resources Authority has developed policies on Equal Employment Opportunity, Elimination of Harassment in the Workplace, Disability Services and Animal Experimentation to which it is committed.

REPORT ON OPERATIONS

The Animal Resources Centre is the major supplier of specific pathogen free (SPF) laboratory animals to biomedical research organisations and bio-pharmaceutical companies in Australia, New Zealand, Singapore, Korea and Hong Kong. The centre produces 33 strains of SPF mice and 13 strains of SPF rats for sale. In addition up to 400 strains/lines of congenic, transgenic and targeted mutant mice are maintained for specific customers.

The agency fulfilled its function of ensuring supply of SPF laboratory animals throughout the year. There were no shortages in supply of the major strains of outbred and inbred mice and rats. However the agency did not totally fulfil its function of producing specific pathogen free animals, as it has not yet totally eradicated mouse parvovirus (MPV) although all strains produced for sale are now free of infection. MPV does not cause disease but infection causes abnormal functioning of the immune system which may interfere with some research programs. Eradication of MPV will be completed by December 2004.

The revenue from sales of animals increased by 12.66% from that received in 2002/2003 (\$3,568,537 compared to \$3,167,599). The revenue from outbred mice, inbred mice, outbred rats and inbred rats increased by 4.73%, 21.97%, 34.26% and 7.76% respectively. The revenue from the maintenance of strains for specific customers increased by over 7.19% (\$493,378 compared to \$460,300). It is expected that the demand for this service will continue and grow.

Sales to publicly funded organisations in Western Australia accounted for 12.05% (compared with 12.60% in 2002/2003) of total sales and sales to interstate biomedical research institutions accounted for 53.2% (compared to 50% in 2002/2003) of sales. The revenue from sales to private companies represented 28% (compared to 30.5% in 2002/2003) but in 2002/2003 4.1% of this revenue stream was derived from the sales of fertile chicken eggs. Egg production ceased in January 2003. Export of animals to Singapore, Hong Kong, Korea and New Zealand accounted for 5.6% of revenue from sales compared to 6.1% in 2002/2003.

The Animal Resources Centre provides an importation service. Many of the strains that are imported and most of the genetically modified mouse strains produced by the Animal Resources Centre are maintained as breeding colonies after they have been cleared from quarantine. The revenue from importations increased by 52.6% (\$75,088 compared to \$49,212 in 2003). The creation of genetically modified mice and rats is now a significant function of the Animal Resources Centre. This is done in close association with a private biotechnology company established in Perth to provide transgenic and targeted mutant mice and rats to the world's scientific community.

The continuing success of the Authority is due to the commitment of staff of the Animal Resources Centre to the care and welfare of animals within their charge, the ability to respond quickly to demand, continual improvement in quality and customer service and the support of the Board.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ANIMAL RESOURCES AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Animal Resources Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
October 8, 2004

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Animal Resources Authority's performance, and fairly represent the performance of the Animal Resources Authority for the financial year ended 30 June 2004.

..... Chairman

..... Board Member

..... Date

PERFORMANCE INDICATORS

Outcomes

The outcome of the operations of the Animal Resources Centre is the supply of specific pathogen free, genetically uniform laboratory animals.

Efficiency indicators

The efficiency of production at the Animal Resources Centre can be measured by comparing the costs to produce animals from year to year. Comparison of figures for equivalent periods are the only figures available for use as there are no industry standards.

The cost of a weaned animal has been chosen as the unit against which costs have been apportioned. In the case of live animals the unit is a weaned animal because the majority of animals are sold after weaning.

For the period July 2003 to June 2004 the costs (calculated by full absorption costing methods) for areas of animal production at the Animal Resources Centre are as follows:

Category	Cost per weaned animal produced		
	2003/2004	2002/2003	2001/2002
	\$	\$	\$
Mice	3.42	3.08	2.85
Rats	12.15	11.82	8.82

Effectiveness indicators

Effectiveness is measured by examining whether the Authority meets its major outcome which is to ensure supply of high quality animals which are genetically uniform and free of disease producing organisms. Quality as judged by the customer is assessed in both quantitative (quality control tests) and qualitative (general appearance and demeanour for example) terms.

The ability to supply genetically uniform, disease-free animals can be measured quantitatively by examination of the results of quality control testing. Tests are performed by independent bodies.

Microbiological quality is determined by examination of animals for the presence of pathogenic viruses, bacteria and parasites that may cause clinical or subclinical disease that interferes with the results of research.

Rodent viral and bacterial serology is carried out by the Murine Virus Monitoring Service, Institute of Medical and Veterinary Science, South Australia and Cerberus Sciences, South Australia. Rodent bacteriology is carried out by the Animal Health Laboratories, Department of Agriculture WA and School of Veterinary and Biomedical Sciences, Murdoch University. Genetic monitoring is carried out by the Evolutionary Biology Unit, South Australian Museum.

A Health Report that gives the results of all current tests is available on the Animal Resources Centre website. The Health Report is updated daily.

The results of testing in 2003/2004, 2002/2003 and 2001/2002 are as follows. The results are expressed as the number of positive results over the number of tests done.

Quality control Test Results.

Mice/Rats:	2003/2004		2002/2003		2001/2002	
	Actual	%	Actual	%	Actual	%
Viral serology	0/6378	0	0/4722	0	0/6778	0
MPV serology	30/760	4.0	106/1170	9.1	-	
Bacterial serology	6/1047	0	25/870 ^a	2.7	15/1404 ^a	2.7
Bacterial culture	35/2648	1.3	26/1448	1.8	61/1690	3.6
Parasitology	0/612	0	0/316	0	0/374	0
Protozoa/Fungi	1/599	0.2	1/462	0.2	24/604	4.0
Skin mycology	0/46	0	0/18	0	0/51	0

^a Positive for *Clostridium piliformi* infection. This occurred early in the year but has been eradicated.

Actinobacillus (Pasteurella) pneumotropica, *Pasteurella ureae*, *Staphylococcus aureus* and *Pneumocystis carinii* are present within some animals in the facility. They are ubiquitous in SPF colonies and do not constitute a threat. *Trichomonas muris* and *Entamoeba muris* have been detected in some animals but these organisms are not pathogenic. *Helicobacter bilis* has also been found in certain areas of the ARC but not in animals for sale. These organisms are regarded as commensals in rats and mice and do not produce disease in normal animals. They however will produce chronic lower bowel and liver disease in animals with abnormal immune systems.

Genetic monitoring

Mice: Thirty eight strains (334 animals) were checked for genetic purity by examining 15 genetic markers by allozyme electrophoresis. There was no evidence of genetic contamination.

Rats: Eleven strains (64 animals) were checked for genetic purity by examining 15 genetic markers by allozyme electrophoresis. There was no evidence of genetic contamination.

Pathology

Two hundred and thirty nine post mortem examinations were performed during the year. The results of these examinations confirmed that animals within SPF units were free of infectious diseases other than those noted above.

Customer Survey

The ability to supply high quality animals was measured qualitatively in 2004 by surveying the majority of customers who purchase laboratory rodents used in biomedical research. A five point Likert scale instrument (Cronbach alpha = 0.8678) comprising 13 items related to quality, range and availability and price was used. Forty six of 122 customers responded.

Question Dimension	Response Rate		Response ^a Mean \pm SEM	
	2004	2003	2004	2003
Quality	37.7%	30.8%	3.89 \pm 0.06	3.78 \pm 0.07
Range and availability	37.7%	30.8%	3.66 \pm 0.07	3.65 \pm 0.08
Price	37.7%	30.8%	4.37 \pm 0.08	4.12 \pm 0.09

^a The response to individual questions was rated Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, Strongly Agree. The possible scores for each dimension ranged from 1 to 5 with 1 representing poor performance. A score of 3 represents neither good nor bad performance.

INTERNAL AUDIT

In 2004 the internal accounting and financial controls of the payroll function was audited. This is part of a 3 year rotational plan for evaluating internal controls of financial procedures. The overall conclusion is that internal controls are operating satisfactorily.

As part of Quality Systems certification (ISO9001:2000) the Animal Resources Centre operates an internal audit schedule that audits all operating procedures at least annually. The system is also subject to annual surveillance audits and a triennial complete audit by SGS International Certification Services Pty Ltd to ensure that the Quality System satisfies the requirements of the international standard. As a result of successful annual surveillance audits the Animal Resources Centre continues to be registered under the SGS ICS Quality Assured Firm Scheme.

RISK MANAGEMENT

The Authority has identified risks inherent in the operations of the agency and has established a Risk Management Manual and a Risk Treatment Plan that is reviewed at six monthly intervals. The current plan, and a continuous process of risk determination, evaluation and treatment has been implemented.

FREEDOM OF INFORMATION STATEMENT

The Animal Resources Authority's mission, details of legislation administered and the agency structure are presented on pages 3 and 4 of this report respectively.

Decisions made by the Authority affect the function of the Animal Resources Centre and have no direct effect on the public. Decisions relate to the type and number of animals to produce and the means by which funds are utilised by the Authority. In most circumstances the authority for decision making lies with the Chief Executive Officer but these decisions are ratified by the Board.

Requests for information on the activities of the Authority should be made to the Chief Executive Officer.

The Board determines the policies of the Authority. The Board is comprised of members representing the Minister for Health, The University of Western Australia, Murdoch University and Curtin University of Technology. There is no provision for public participation under the Animal Resources Authority Act.

The Authority is not responsible for the activities of any other committee or Board and is not represented on any other committee.

Documents produced by the Authority are an Annual Report, Price Lists and an Information Guide which lists the characteristics of types of animals produced and sundry advertising material. All are available free of charge.

Manuals produced and used are a Business Plan, an Accounting Manual that documents all administrative procedures and Operating Procedures for the production of specific pathogen free laboratory animals. The Accounting Manual is freely available for observation but copies of the Business Plan and Operating Procedures have restricted distribution as they have commercial significance.

PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Animal Resources Authority has adopted guidelines and processes supporting the public sector standards. Policies and supporting guidelines are in the Animal Resources Centre Employees Manual that is provided to staff at the time of appointment and to all staff when updated.

Directors and managers are responsible for assessment of compliance with public sector standards and ethical codes. This is reflected in the Job Description Forms for these positions.

The values of the Animal Resources Centre were agreed to and adopted in August 1996 and a code of ethics and conduct for the Animal Resources Authority was adopted in January 1998. The Board of the Authority adopted a code of conduct in July 1999.

Procedures are in place to ensure compliance with the standards and appropriate internal checks have been made by myself to ensure that there is compliance. There have been no applications for breach of standards review in 2003/2004.

..... Director, Animal Resources Centre

DISABILITY SERVICE PLAN

The Authority has produced and implemented a Disability Service Plan. There has been no need to change the plan during the 2003/2004 financial year but the plan is subject to change as needs change.

ANIMAL EXPERIMENTATION AND ETHICS COMMITTEE (AEEC)

Members: Dr. Brian Dare, Consultant Occupational Health Physician (Chairman)

Dr. Deborah Hopwood, Veterinary Services and Quality Control
Manager, Animal Resources Centre.

Dr. James Reynoldson, Executive Dean, Division of Health Sciences,
Murdoch University.

Mr. Norman Snell, Councillor, City of Canning.

Mrs Cheryl Davenport, Member RSPCA.

Dr. David Pass, Director, Animal Resources Centre (Executive
Officer)

The Committee approved the protocols under examination in March 2004.

ELECTORAL ACT 1907 Section 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Animal Resources Authority is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations. The Animal Resources Authority has incurred no expenditure in relation to the above.

PUBLIC INTEREST DISCLOSURE ACT 2003, S23(1) (f)

In compliance with the Act the Animal Resources Authority has appointed a Public Interest Disclosure Officer and has published internal guidelines and procedures that

facilitate the process of Public interest disclosure and protect and support those who make Public Interest Disclosures.

RECORDS MANAGEMENT

The Animal Resources Authority is committed to sound record keeping practises throughout the organisation. It is also committed to meeting all statutory and other record keeping obligations prescribed in the State Records Act 2000. We will ensure that systems and procedures meet AS ISO 15489 the Australian Standard for Records Management.

Our Record Keeping Plan was prepared and submitted to the State Records Commission. The Plan complies with all requirements under the State Records Act 2000 and addresses all Principles and Standards established by the State Records Commission. The efficiency and effectiveness of the systems will be improved and enhanced as identified in preparation of the Plan, and on an ongoing basis.

A training program for record keeping has commenced. All new employees receive information and an explanation on record keeping in the agency and their role and responsibilities are explained. Awareness raising sessions for all staff will be run over the next twelve months.

The record keeping Policy and Procedures and an information sheet have been distributed to all staff.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ANIMAL RESOURCES AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Animal Resources Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
October 8, 2004

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Animal Resources Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the period 1st July 2003 to 30th June 2004 and the financial position as at 30th June 2004.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

..... Chairman,
Animal Resources Authority.

..... Board Member,
Animal Resources Authority.

..... Principal Accounting Officer,
Animal Resources Authority.

..... Date

**ANIMAL RESOURCES AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2004**

	NOTES	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	6	284,825	371,410
Investments	7	543,712	517,242
Receivables	8	756,344	541,347
Other Assets	10	22,896	19,359
Inventories	9	2,012,155	1,709,151
		-----	-----
Total Current Assets		3,619,932	3,158,509
NON-CURRENT ASSETS			
Property, Plant, Equipment and Vehicles	3	5,026,379	5,239,590
		-----	-----
Total Non-Current Assets		5,026,379	5,239,590
		-----	-----
TOTAL ASSETS		8,646,311	8,398,099
		-----	-----
CURRENT LIABILITIES			
Payables	11	151,062	339,458
Provisions	13	241,028	219,991
Other Liabilities	12	90,577	115,288
		-----	-----
Total Current Liabilities		482,667	674,737
		-----	-----
NON-CURRENT LIABILITIES			
Provisions	13	47,998	47,815
		-----	-----
		530,665	722,552
		-----	-----
NET ASSETS		8,115,646	7,675,547
		-----	-----
EQUITY			
Reserves	2	2,044,836	2,180,458
		-----	-----
Retained Profits		6,070,810	5,495,089
		-----	-----
TOTAL EQUITY		8,115,646	7,675,547
		-----	-----

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2004**

	NOTES	2004 \$	2003 \$
REVENUES			
Revenues from ordinary activities			
Revenues from operating activities			
Trading Profit	5	1,561,164	1,291,522
Revenues from non-operating activities			
Interest Revenue		31,835	34,152
Other Revenues from ordinary activities		53,586	65,635
		-----	-----
Total Revenues from ordinary activities		1,646,585	1,391,309
		-----	-----
EXPENSES			
Expenses from ordinary activities			
Employee Expenses	14	486,209	417,332
Depreciation	4	106,204	99,233
Administration	15	404,192	362,574
Facility Operations & Maintenance	16	74,399	62,754
		-----	-----
Total expenses from ordinary activities		1,071,004	941,893
		-----	-----
Profit from ordinary activities		575,581	449,416
Initial recognition of assets not previously recognised		-	120,875
		-----	-----
NET PROFIT		575,581	570,291
		-----	-----
Net decrease in asset revaluation reserve		(135,622)	(733,653)
		-----	-----
Total revenue, expenses and valuation adjustments recognised directly in equity		-	(733,653)
		-----	-----
Total changes in equity other than those resulting from transactions with WA State Government as owners		439,959	(163,362)
		-----	-----

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2004**

	NOTES	2004	2003
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Sale of Goods and Services		4,687,668	4,382,717
Interest Received		31,506	33,970
<u>Payments</u>			
Supplies and Services		(2,370,223)	(2,079,913)
Employee costs		(2,061,982)	(1,722,422)
		-----	-----
Net Cash provided by Operating Activities	18b	286,969	614,352
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(347,085)	(513,616)
		-----	-----
Net Cash used in Investing Activities		(347,085)	(513,616)
		-----	-----
Net Increase/(Decrease) in Cash Held		(60,116)	100,736
Cash assets at the Beginning of the Financial year		888,653	787,917
		-----	-----
Cash assets at the End of the Financial year	18a	828,537	888,653
		-----	-----

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2004**

1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the preceding year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards Board and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

The Statement of Financial Performance is presented in a commercial format in which a Trading Profit is included in Revenue.

(b) Depreciation of Non-current Assets

All additions to property, plant and equipment, purchased since 1992/93 are depreciated over the estimated useful lives using the straight line method. All assets purchased prior to 1992/93 are depreciated using the diminishing value method. Useful lives for each class of depreciable asset are:

Buildings	10 to 20 years
Motor Vehicles	10 years
Plant & Equipment	5 to 10 years
Office Furniture & Equipment	3 to 10 years

Depreciation rates are reviewed annually.

Leasehold improvements consist of Buildings, Modifications and additions to buildings erected on land leased long term from Murdoch University at a nominal rental and are being depreciated over their estimated useful lives.

Where buildings, plant and equipment have been revalued, depreciation is applied against the revalued amount from the date of valuation.

(c) Inventories

Animal stocks are reflected in the Statement of Financial Position as a current asset. Animal stocks are valued in accordance with AAS 35, Self-Generating and Regenerating Assets. The standard required that SGARA's be measured at net market value. The net market value of pedigree breeding stock is determined as the sale price of pedigree pairs, the value of inbred and outbred breeding colonies is determined as the sale price of un-timed pregnant animals and the value of the animal stocks held for sale is determined as the average sale price for the class of animal concerned.

Non-animal Stocks (animal transport boxes) are regarded as costs in bringing inventory to a saleable stage.

Non-animal Stocks are valued at the lower of cost and net realisable value as per AAS2.

(d) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Assets costing less than \$1,000 are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

(e) Employee Benefits

(i) Annual Leave

Liabilities for annual leave represent present obligations resulting from employee's service provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Authority expects to pay as at reporting date including on-costs, such as workers compensation insurance and payroll tax.

(ii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme, are provided at balance date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation

Scheme are unfunded and the liability for future payments are provided for at reporting date.

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the authority. Accordingly, deriving the information for the authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Note: Seven members retain membership in an AMP fund for which all obligations are met concurrently with service.

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(f) Insurance

The following insurances have been purchased through RiskCover, Insurance Commission of Western Australia, by the Animal Resources Authority:

Workers' compensation, Property and Business Interruption, Liability, Motor Vehicle, Travel and Personal Accident.

Directors and Officers Liability Insurance is purchased from Royal and Sun alliance.

(g) Revenue recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Authority has passed control of the goods or other assets or delivery of the service to the customer.

(h) Receivables, Payables and Accrued Salaries

Receivables are recognised at the amounts receivable and are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

Payables, including accruals not yet billed, are recognised when the economic entity becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. The Authority considers the carrying amount approximates net fair value.

(i) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable on-market yield having regard to timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, term debtors, other debtors, bank overdrafts, accounts payable, bank loans, lease liabilities, dividends payable and employee benefits approximate net fair value.

(j) Leases

The Authority has entered into a number of operating lease arrangements for premises and vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(k) Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(l) Revaluation of Land, Buildings and Infrastructure

The Authority has a policy of valuing land and buildings at fair value.

It is the Authority's policy to revalue non-current assets every three years. The independent revaluations on 30 June 2003 were carried out by the Valuer General's Office and are recognised in the financial statements. It is the Authority's policy not to capitalise items valued less than \$1,000. Therefore plant and equipment valued less than

\$1,000 by the Valuer Generals Office were excluded from the revalued amount.

(m) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

2. EQUITY

	2004	2003
	\$	\$
Reserves:		
Asset Revaluation Reserve ⁽¹⁾		
Opening balance	1,330,458	2,064,111
Net revaluation increments/decrements:		
Motor Vehicles	(14,747)	15,987
Buildings	-	(807,871)
Plant & Equipment	(120,875)	58,331
	-----	-----
Closing balance	1,194,836	1,330,458
	-----	-----

⁽¹⁾ The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in Accounting Policy Note 1

Other Reserves:		
Disease Break Reserve	500,000	500,000
General Reserve	350,000	350,000
	-----	-----
Total Reserves	2,044,836	2,180,458
	-----	-----
Retained Profits/accumulated losses:		
Opening balance	5,495,089	4,924,798
Adjustment due to fixed asset	140	-
Net Profit/(Loss)	575,581	570,291
	-----	-----
Closing balance	6,070,810	5,495,089
	-----	-----

The Disease break Reserve was created to provide a reserve against loss of income should an infectious agent enter the Animal Resources Centre. The General Reserve was created as a major asset replacement reserve.

The Asset Revaluation Reserve was a result of a revaluation of Buildings and Plant and Equipment by the Valuer Generals Office on 30 June 2003. Refer to Note 3.

3. PROPERTY, PLANT, EQUIPMENT AND VEHICLES

	2004	2003
	\$	\$
Motor Vehicles- at Fair Value	17,500	17,500
Less: Accumulated Depreciation	(1,750)	-
	-----	-----
	15,750	17,500
Plant & Equipment- at cost	164,704	-
Less: Accumulated Depreciation	(15,145)	-
	-----	-----
	149,559	-
Plant & Equipment- at Fair Value	1,143,366	1,092,486
Less: Accumulated Depreciation	(148,024)	-
	-----	-----
	995,342	1,092,486
Building- at cost	182,381	-
Less: Accumulated Depreciation	(2,886)	-
	-----	-----
	179,495	-
Buildings- at Fair Value	3,943,243	4,129,604
Less Accumulated Depreciation	(257,010)	-
	-----	-----
	3,686,233	4,129,604
Total	5,026,379	5,239,590
	-----	-----

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Motor Vehicles at Fair value	Plant and Equipment at Fair value	Buildings at Fair value	Buildings at Cost	Plant and Equipment at Cost	TOTAL
	\$	\$	\$	\$	\$	\$
2004						
Carrying amount at Start of year	17,500	1,092,626	4,129,604	-	-	5,239,730
Transfers	-	171,614	(171,614)	-	-	-
Additions	-	-	-	182,381	164,704	347,085
Disposals	-	-	-	-	-	-
Revaluation (decrements)	-	(120,875)	(14,747)	-	-	(135,622)
Depreciation	(1,750)	(148,023)	(257,010)	(2,886)	(15,145)	(424,814)
Carrying amount at End of year	15,750	995,342	3,686,233	179,495	149,559	5,026,379

The revaluation of Buildings, Plant and Equipment was performed in June 2003 in accordance with an independent valuation by the Valuer General's Office as a result of the initial application of AASB 1041 (AAS 38). Fair value has been determined on the basis of current market values. The valuation was made in accordance with a regular policy of revaluation every three years.

	2004	2003
	\$	\$
4. DEPRECIATION		
Motor Vehicles	1,750	2,107
Plant & Equipment	163,168	239,081
Buildings	259,896	155,744
	-----	-----
	424,814	396,932
Less depreciation directly Charged to overheads (refer Note 5).	318,610	297,699
	-----	-----
	106,204	99,233
	-----	-----

	2004	2003
	\$	\$
5. TRADING PROFIT		
Sale of goods	4,323,178	3,538,814
Services (colony maintenance)	493,378	460,300
	-----	-----
	4,816,556	3,999,114
Cost of Sales:		
Opening Inventory	1,709,151	1,277,375
Purchases	1,116,462	978,589
Overheads	2,441,934	2,117,112
Closing Inventory	2,012,155	1,709,151
	-----	-----
Cost of Goods Sold	3,255,392	2,707,592
	-----	-----
Trading Profit	1,561,164	1,291,522
	-----	-----
6. CASH ASSETS		
Management Account	237,250	347,214
Cheque Account	47,475	24,096
Cash on hand	100	100
	-----	-----
	284,825	371,410
	-----	-----
7. INVESTMENTS		
Term Deposits (short term)	543,712	517,242
	-----	-----
	543,712	517,242
	-----	-----
8. RECEIVABLES		
Current		
Trade Debtors	756,344	544,720
Provision for Doubtful Debts	-	(3,373)
	-----	-----
	756,344	541,347
	-----	-----

The Authority considers the carrying amounts of Receivables approximate their net fair values.

	2004	2003
	\$	\$
9. INVENTORIES		
Current		
Inventories held for sale:		
Animals on Hand – at cost	1,983,480	1,685,790
Transport Boxes	28,675	23,361
	-----	-----
	2,012,155	1,709,151
	-----	-----
<p>During the year, animals on hand were valued in accordance with AAS 35 Self-Generating and Regenerating Assets.</p>		
10. OTHER ASSETS		
Current		
Accrued Income	20,545	17,336
Accrued Interest	2,351	2,023
	-----	-----
	22,896	19,359
	-----	-----
11. PAYABLES		
Current		
Accounts Payable	80,791	304,919
GST Payable	70,271	34,539
	-----	-----
	151,062	339,458
	-----	-----
<p>The Authority considers the carrying amounts of Payables approximate their net fair values.</p>		
12. OTHER LIABILITIES		
Current		
Accrued Expenses	67,527	107,876
Accrued Salaries	23,050	7,412
	-----	-----
	90,577	115,288
	-----	-----

	2004	2003
	\$	\$
13. PROVISIONS		
Current		
Annual Leave	58,719	47,707
Long Service Leave	182,309	172,284
	-----	-----
	241,028	219,991
Non-current		
Long Service Leave	47,998	47,815
	-----	-----
	289,026	267,806
	-----	-----
14. EMPLOYEE EXPENSES		
Salaries	408,457	337,512
Superannuation	54,822	46,528
Long Service Leave	22,930	33,292
	-----	-----
	486,209	417,332
	-----	-----
	This item represents non-production staff salaries. Salaries incurred by production staff are accounted for in the Trading Profit (refer note 5).	
15. ADMINISTRATION EXPENSE		
Advertising	17,597	15,374
Insurance	84,456	87,538
Vehicle Expenses	37,072	52,481
Telephone	15,025	13,935
Accounting/Audit	22,402	25,239
Printing/Stationery	19,467	15,318
Other	208,173	152,689
	-----	-----
	404,192	362,574
	-----	-----

	2004	2003
	\$	\$
16. FACILITY OPERATIONS AND MAINTENANCE EXPENSE		
Cleaning	12,379	12,075
Materials & Equipment	15,640	7,371
Repairs & Maintenance	17,784	16,325
Sundry	28,596	26,983
	-----	-----
	74,399	62,754
	-----	-----

These items refer to non-production expenses (refer note 5).

17. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments	Nil	Nil
(b) Lease commitments		

(i) Non-Cancellable Operating Lease Commitments

Commitments for minimum lease payments are payable as follows:

Within one year	33,150	27,817
Later than one year and not later than 5 years	7,625	15,037

Total Non-Cancellable Operating Lease Commitments	40,775	42,854
---	--------	--------

Lease payments for four vehicles of \$32,845 are included in Administration (Motor Vehicle) expenses.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a). RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of Financial Position as follows:

	2004	2003
	\$	\$
Treasury/Disease Break Account	543,712	517,242
Cash management Account	237,250	347,214
Cash on Hand	100	100
Cash at Bank	47,475	24,096
	-----	-----
	828,537	888,652
	-----	-----

(b). RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES.

Profit (Loss) from Ordinary Activities	575,581	570,291
Non-cash items:		
Depreciation	424,815	396,932
Initial recognition of assets not previously recognised	-	(120,875)
(Increase)/decrease in assets:		
Receivables	(214,997)	(70,141)
Accrued Income	(3,539)	32,254
Increase/(decrease) in liabilities:		
Payables	(224,128)	145,511
Provisions	21,220	23,715
Accrued Expenses	(24,711)	46,482
Inventories	(303,004)	(386,109)
Increase/(Decrease) in GST payable	35,732	(21,709)
	-----	-----
Net Cash provided by/used in Operating Activities	286,970	614,351
	-----	-----

19. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total fees, salaries superannuation and other benefits for the financial year, fall within the following bands are:

\$ 0-10,000	-	-
The total remuneration of the members of The Accountable Authority is:	-	-

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of Senior Officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries and other benefits for the financial year, fall within the following bands are:

\$	2004	2003
50,001 – 60,000	-	1
60,001 – 70,000	1	-
90,001 – 100,000	-	-
100,001 – 110,000	-	-
110,001 – 120,000	2	1
120,001 – 130,000	-	1

The total remuneration of senior officers is: \$299,893 \$301,880

The superannuation included here represents the superannuation expense incurred by the Authority in respect of Senior Officers other than senior officers reported as members of the Accountable Authority.

No Senior Officers are members of the Pension Scheme.

20. REMUNERATION OF AUDITOR

	2004	2003
	\$	\$
Remuneration to the Auditor General for the Financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	12,500	11,000
	-----	-----

	2004	2003
	\$	\$
21. SUPPLEMENTARY FINANCIAL INFORMATION		
Bad debts written-off by the Accountable Authority	-	90
	-----	-----
	-	90
	-----	-----

22. EXPLANATORY STATEMENT

- (a) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding year.

Details and reasons for significant variations between actual revenue and expenditure and the corresponding item of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$15,000.

	Actual 03/04 \$	Actual 02/03 \$	Variation Actual \$	%
INCOME				
Trading profit	1,561,164	1,291,522	269,642	20.88
EXPENDITURE				
Employee Expenses	486,209	417,332	68,877	16.50
Administration	404,192	362,574	41,618	11.48

Trading Profit:

The revenue from sales increased in 2003/2004 by 20.44% from \$3,999,114 in 2002/2003 to \$4,816,556. The revenue from outbred mice, inbred mice, outbred rats and inbred rats increased by 4.73%, 21.97%, 34.26% and 7.76% respectively. The revenue from the maintenance of strains for specific customers increased by over 7.19% (\$493,378 compared to \$460,300). The increased revenue from animal sales was due to increased numbers of inbred mice sold and increases in prices for individual animals and maintenance of colonies of animals in line with increased costs of production. Revenue from freight increased concomitantly with animal sales as the majority of animals are sold interstate.

The Cost of Sales increased by 20.23% in 2003/2004 (\$3,255,392) compared to 2003/2003 (\$2,707,592). Cost of sales includes all expenses, depreciation charges and salary charges directly related to production. Within this category the most significant increases occurred in purchases of bedding, freight, transport boxes and materials and equipment associated with production

operations. Salaries directly related to production also increased significantly, as did the value of animals on hand. Production salaries increased by 20.69% due to annual advancement of permanent employees and to employment of more staff to cater for increased demands of production

Employee Expenses

Employee expenses relate to salaries and superannuation expenses of non-production employees and long service leave expenses of all employees. There was an increase of 21.02% in non-production salaries due to a restructuring process that increased the number of staff associated with customer service and accounts administration.

Administration

This category includes all accounts associated with general administration of the agency. There were significant increases in payroll tax and costs associated with staff restructuring and staff training. Expenditures in all other accounts were not significantly different than the previous year.

(b) Significant variations between estimates and actual results for the financial year.

Section 42 of the FAAA requires Statutory Authorities to prepare annual budget estimates. TI 945 requires an explanation of significant variation between estimates and actual results. Significant variations are considered to be those greater than 10% and \$15,000.

	Budget \$	Actual \$	Variation \$
INCOME			
Trading Profit	960,253	1,561,164	600,911
Other revenues from Ordinary activities	16,800	53,586	36,786
EXPENDITURE			
Depreciation	90,000	106,204	16,204
Administration	356,277	404,192	47,915
Facility Operations And Maintenance	45,362	74,399	29,037

Trading Profit:

Sales were 16.76% over budget. This was due to an increase in the demand for inbred mice and an increase in the requirement to maintain strains for specific customers, particularly those with interests in genetically modified mice. The charge for production of genetically modified mice and rats was increased in the latter half of the year to reflect true costs of production and

this added significantly to revenues. The trading profit was also increased due to an upward movement of the value of animals on hand at the 30th June 2004.

Administration

The increased expense above budgeted expense in this category was largely due to increases in payroll tax and costs associated with staff restructuring and staff training

Facility Operations and Maintenance

This category relates to non-production facilities. A significant component of this category is accounted for by 10% of the general Materials and Repairs and Maintenance accounts. Expenditure on Repairs and Maintenance throughout the Animal Resources Centre associated with ageing buildings, renovations to buildings and repairs to plant and equipment was greater than expected.

22. EVENTS OCCURRING AFTER BALANCE DATE
Nil.
23. RELATED BODIES
Nil
24. AFFILIATED BODIES
Nil

25. FINANCIAL INSTRUMENTS

The Agency had in place the following financial instruments that meet the reporting requirements of Australian Accounting Standard 33.

- (a) Net fair value of financial assets and liabilities.
The carrying amounts of the entire Agency's financial instruments approximate their net fair values.
- (b) Interest rate risk exposures.

The Authority's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

30 th June 2004	Interest Rate %	Fixed Interest Rate Maturities	Non Interest Bearing	Total
Financial Assets				
Cash Assets			47,575	47,575
Investments				
Cash Management Acc	3.50	237,250		237,250
WA Treasury	5.294	543,712		543,712
Receivables (net)			756,344	756,344
		780,962	803,919	1,584,881
Financial Liabilities				
Payables			151,062	151,062
Provisions			241,028	241,028
			392,090	392,028

Note: All cash financial Instruments mature within one year of balance date.

30 th June 2003	Interest Rate %	Fixed Interest Rate Maturities	Non Interest Bearing	Total
Financial Assets				
Cash Assets			24,196	24,196
Investments				
Cash Management Acc	3.50	347,214		347,214
WA Treasury	4.781	517,242		517,242
Receivables (net)			541,347	541,347
		864,456	565,543	1,429,999
Financial Liabilities				
Payables			339,458	339,458
Provisions			219,991	219,991
			559,449	559,449

Note: All cash Financial Instruments mature within one year of balance date.

(c) Credit Risks

Receivables

Debtors are carried at nominal amounts due less any provision for doubtful debts.

All Financial assets are unsecured. The carrying amounts represent the maximum exposure to credit risk in relation to those assets.

Trade liabilities are normally settled within 30 days or, where required by suppliers, on shorter terms.

26. ACTIVITY/OUTPUT SCHEDULE

The Animal Resources Authority has not provided a breakdown between outputs as the Authority has only one output, "the supply of specific pathogen free, genetically uniform laboratory animals".

27. EVENTS OCCURRING AFTER REPORTING DATE

Nil.

28. THE IMPACT OF ADOPTING INTERNATIONAL ACCOUNTING STANDARDS

The Authority has established a formal project, monitored by a steering committee, to achieve transition to IFRS reporting, beginning with the half-year ended 31 December 2005. The Authority's implementation project consists of three phases as described below:

Assessment and planning phase

The assessment and planning phase aim to produce a high level overview of the impacts of conversion to IFRS reporting on and reporting policies and procedures, systems and processes, business structures and staff.

This phase includes:

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting IFRS
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes
- Evaluation of the implications for staff, for example training requirements
- Preparation of a conversion plan for expected changes to accounting policies, requirement structures, systems, accounting and business processes and staff training.

The Authority considers the assessment and planning phase to be complete in most respects as at 30 June 2004.

Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to IFRS. The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with IFRS requirements
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of IFRS
- developing revised IFRS disclosures
- designing accounting and business processes to support IFRS reporting obligations
- identifying and planning required changes to financial reporting and business source systems
- developing training programs for staff

The Authority has commenced its design phase, with work progressing in each of the areas described above. The design phase is expected to be completed during the 2004/2005 financial year.

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the Authority to generate the required disclosures of AASB 1 as it progresses through its transition to IFRS.

The Authority has commenced the implementation phase and expects this phase to be completed by 30 June 2005.

ESTIMATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2005
(Unaudited)

CURRENT ASSETS	\$
Cash Resources	591,107
Investments (Disease Break)	392,429
Accounts Receivable	517,066
Animal Stocks	2,181,828
Non Animal Stocks	31,543

TOTAL CURRENT ASSETS	3,713,973

NON-CURRENT ASSETS

Property, Plant, Equipment, Buildings, Vehicles, Caging (net)	5,172,332

TOTAL NON CURRENT ASSETS	5,172,332

TOTAL ASSETS	8,886,305
	=====

CURRENT LIABILITIES

Accounts Payable	200,579
GST Collected	70,270
Employee Entitlements	
Current	242,300
Non-Current	52,796

TOTAL LIABILITIES	565,945

NET ASSETS	8,320,360
	=====

EQUITY

Reserves	3,123,290
Retained Profits/(Accumulated Losses)	5,197,070

Total Equity	8,320,360
	=====

ESTIMATED STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30TH JUNE 2005
(Unaudited)

INCOME	\$
Trading profit	1,198,548
Interest	30,000

TOTAL INCOME	1,228,548

 EXPENSES	
Salaries and Superannuation	484,119
Depreciation	109,500
Administration	365,784
Facility Operations/Maintenance	64,430

TOTAL EXPENSES	1,023,833

SURPLUS	204,715
 Unappropriated Surplus – Beginning of Year	 4,992,355

 UNAPPROPRIATED SURPLUS (ACCUMULATED DEFICIT) AT END OF THE YEAR	 5,197,070
	=====