

ANIMAL RESOURCES AUTHORITY

ANNUAL REPORT

30TH JUNE 2003

ANIMAL RESOURCES AUTHORITY**ANNUAL REPORT****30TH JUNE 2003**

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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 2002 to 30th June 2003 ending 30th June 2003.

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 2002/2003

Mr Peter Johnson (Chairman)	Director, Administrative Services, Registrar's Office The University of Western Australia.
Dr Brian Dare (Deputy Chairman)	Consultant Occupational Health Physician.
Professor Alan Harvey	Professor, Department of Anatomy and Human Biology, The University of Western Australia (Resigned September 2002).
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 Unit, Department of Health Western Australia.
Dr Jennet Harvey	Associate Professor, Department of Pathology, The University of Western Australia.
Mr Tony Tate	Director of Development and Communications, Australian Technology Network, Curtin University of Technology.
Professor Colin Sanderson	Professor, Molecular Immunology Group, School of Biomedical Science, Curtin University of Technology.

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 Animal 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)
Administration Manager (0.8)
Maintenance Manager (1)
Production Manager (2)
Scientific Officer (1)
Production Supervisors (7)
Production Officers (25)
Administration Officer (2)

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 40 strains of SPF mice and 14 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 through 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 the causative agent of Tyzzer's disease in rats and mouse parvovirus (MPV). MPV does not cause disease but infection causes abnormal functioning of the immune system which may interfere with some research programs. Eradication of these agents is a high priority for the Animal Resources Centre and will be completed by June 2004. Eradication is facilitated by the investment that the Authority has made in new isolator facilities and improvements to existing production facilities and by continued investment into research and development of methods required to detect infection of MPV in mice. The Animal Resources Centre ceased production of SPF fertile chicken eggs in January 2003 due to uncertainties in the market for these eggs and because of projected production costs being greater than potential revenue.

The revenue from sales of animals (including eggs) increased by 19% from that received in 2001/2002 (\$3,167,599 compared to \$2,662,506). The revenue from outbred mice, inbred mice and outbred rats increased by 8.7%, 18.54% and 12.3% respectively but the revenue from the sale of inbred rats and fertile SPF eggs fell by 7% and 9.1% respectively. It is notable that the revenue from the maintenance of strains for specific customers increased by over 100% (\$216,777 compared to \$442,924). It is expected that the demand for this service will continue and grow.

Sales to publicly funded organisations in Western Australia accounted for 13.4% (compared with 14.5% in 2001/2002) of total sales and sales to interstate biomedical research institutions accounted for 50% (compared to 48% in 2001/2002) of sales. The revenue from sales to private companies represented 30% (equivalent to 2001/2002) of the total of which 4.1% was derived from the sale of fertile chicken eggs. Export of animals to Singapore, Hong Kong, Korea and New Zealand accounted for 6.1% of revenue from sales compared to 7.2% in 2001/2002.

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 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, 2003

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, 2003.

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
December 1, 2003

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 2003.

..... 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 or egg produced 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 2002 to June 2003 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/egg produced		
	2002/2003	2001/2002	2000/2001
	\$	\$	\$
Mice	3.08	2.85	2.69
Rats	11.82	8.82	7.24
Eggs	4.89	2.34	2.05

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. Rodent bacteriology is carried out by the Animal Health Laboratories, Department of Agriculture WA and the School of Veterinary and Biomedical Sciences, Murdoch University. Genetic monitoring is carried out by the Evolutionary Biology Unit, South Australian Museum. Avian serology is carried out by Intervet Australia Ltd, Sydney. Pathological and parasitological examination is carried out in-house.

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 2002/2003, 2001/2002 and 2000/2001 follows. The results are expressed as the number of positive results over the number of tests done.

Quality Control Test Results.

Mice/Rats:	2002/2003		2001/2002		2000/2001	
	Actual	%	Actual	%	Actual	%
Viral serology	0/4722	0	0/6778	0	17/6835 ^a	0.28
MPV serology	106/1170	9.1	-	-	-	-
Bacterial serology	25/870 ^b	2.7	15/1404 ^b	1.1	8/1453 ^b	0.55
Bacterial culture	26/1448	1.8	61/1690	3.6	52/1341	3.9
Parasitology	0/316	0	0/374	0	0/324	0
Protozoa/Fungi	1/462	0.2	24/604	4.0	3/662	0.5
Skin mycology	0/18	0	0/51	0	0/73	0

Chickens:	2002/2003		2001/2002		2000/2001	
	Actual	%	Actual	%	Actual	%
Viral serology	0/3555	0	0/9991	0	0/8808	0
Bacterial serology	0/624	0	0/2733	0	0/2206	0

^a Positive for Mouse Parvovirus using the Haemagglutination Inhibition Test.

^b Positive for *Clostridium piliformi* infection.

Test results indicated that animals lost their specific pathogen free (SPF) status for *Clostridium piliformi* infection, the cause of Tyzzer's disease and Mouse Parvovirus infection. Tyzzer's disease affected nude rats in September 2000 and the agent has persisted in other rats without causing disease. Mouse parvovirus was detected initially by use of the polymerase chain reaction technique which detects actual viral antigen in tissues. A specific serological test developed by collaborating scientists in the School of Veterinary and Biological Sciences at Murdoch University has been utilised in 2002/2003. Prior to this serological tests in use in Australia did not detect this virus.

Actinobacillus (Pasteurella) pneumotropica, *Pasteurella ureae*, *Bordetella bronchiseptica* *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. 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 five strains (447 animals) were checked for genetic purity by examining 16 genetic markers by allozyme electrophoresis. There was no evidence of genetic contamination.

Rats: Ten strains (88 animals) were checked for genetic purity by examining 16 genetic markers by allozyme electrophoresis. There was no evidence of genetic contamination.

Pathology

Two hundred and seventy eight 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 2003 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 eight of 156 customers responded.

Question Dimension	Response Rate		Response ^a Mean ± SEM	
	2003	2002	2003	2002
Quality	30.8%	35.1%	3.78 ± 0.07	3.87 ± 0.13
Range and availability	30.8%	35.1%	3.65 ± 0.08	3.52 ± 0.16
Price	30.8%	35.1%	4.12 ± 0.09	4.40 ± 0.14

^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 2003 the internal accounting and financial controls of purchasing, creditors and payment functions were 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 a triennial audit in August 2002 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 2002/2003.

..... 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 2002/2003 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.

Mrs. Elizabeth Horwood, member RSPCA

Mr. Norman Snell, Councillor, City of Canning.

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

The Committee approved the protocols under examination in May 2003.

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.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ANIMAL RESOURCES AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

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, 2003 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
December 1, 2003

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 2002 to 30th June 2003 and the financial position as at 30th June 2003.

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 2003**

	NOTES	2003	2002
CURRENT ASSETS			
Cash assets	6	371,410	295,151
Investments	7	517,242	492,766
Receivables	8	541,347	471,206
Other Assets	10	19,359	51,613
Inventories	9	1,709,151	1,321,042
		-----	-----
Total Current Assets		3,158,509	2,631,778
NON-CURRENT ASSETS			
Property, Plant, Equipment & Vehicles	3	5,239,590	5,735,684
		-----	-----
Total Non-Current Assets		5,239,590	5,735,684
		-----	-----
TOTAL ASSETS		8,398,099	8,367,462
		-----	-----
CURRENT LIABILITIES			
Payables	11	339,458	215,657
Provisions	13	219,991	197,766
Other Liabilities	12	115,288	68,805
		-----	-----
Total Current Liabilities		674,737	482,228
		-----	-----
NON-CURRENT LIABILITIES			
Provisions	13	47,815	46,325
		-----	-----
TOTAL LIABILITIES		722,552	528,553
		-----	-----
NET ASSETS		7,675,547	7,838,909
		-----	-----
EQUITY			
Reserves	2	2,180,458	2,914,111
Retained Profits/(Accumulated Losses)		5,495,089	4,924,798
		-----	-----
TOTAL EQUITY		7,675,547	7,838,909
		-----	-----

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 2003**

	NOTES	2003	2002
REVENUES			
Revenues from ordinary activities			
Revenues from operating activities			
Trading Profit	5	1,291,522	986,156
Revenues from non-operating activities			
Interest Revenue		34,152	31,537
Other Revenues from ordinary activities		65,635	53,410
		-----	-----
Total revenues from ordinary activities		1,391,309	1,071,103
		-----	-----
EXPENSES			
Expenses from ordinary activities			
Employee Expenses	14	417,332	397,293
Depreciation	4	99,233	80,555
Administration	15	362,574	322,596
Facility Operations & Maintenance	16	62,754	43,005
		-----	-----
Total expenses from ordinary activities		941,893	843,449
		-----	-----
Profit/(loss) from ordinary activities		444,916	227,654
Initial recognition of assets not previously recognised		120,875	-
		-----	-----
NET PROFIT		570,291	227,654
		-----	-----
Net increase/(decrease) in asset revaluation reserve		(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.		(163,362)	227,654
		-----	-----

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 2003**

NOTES	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Sale of Goods and Services	4,382,717	3,378,418
Interest Received	33,970	31,537
<u>Payments</u>		
Supplies and Services	(2,079,913)	(1,321,487)
Employees costs	(1,722,422)	(1,478,775)
	-----	-----
Net Cash provided by/(used in)		
Operating Activities 18b	614,351	609,693
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(513,616)	(560,640)
	-----	-----
Net Cash provided by/(used in) Investing Activities	(513,616)	(560,640)
	-----	-----
Net Increase/(Decrease) in Cash Held	100,735	49,053
Cash assets at the Beginning of the financial year	787,917	738,864
	-----	-----
Cash assets at the End of the financial year 18a	888,652	787,917
	=====	=====

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 2003

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

- (i) The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.
- (ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.
- (iii) The accrual basis of accounting is being applied.
- (iv) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards 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.

- (v) 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	20 to 50 years
Motor Vehicles	6 years
Plant & Equipment	5 to 10 years
Office Furniture & Equipment	2 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. Prior to June 2001 the costs were determined by assigning the annual cost to produce a weaned animal (rodents) or egg (chickens) to the number of weaned animals, chickens and eggs on hand at 30th June 2000.

In June 2001 AAS 35, Self-Generating and Regenerating Assets, was adopted. 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.

(e) Employee Benefits

(i) Annual Leave

The provision for annual leave represents the amount which the Authority has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated on current remuneration rates and includes related on-costs.

(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 extinguished by payments of employer contributions to the Government Employees Superannuation Board.

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.

(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 bases:

Monetary financial assets and liabilities not traded in an organised financial market - cost basis carrying amounts of receivables, payables and accruals (which approximates net market 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

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. 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	2003	2002
Reserves:		
Asset Revaluation		
Opening balance	2,064,111	2,064,011
Net revaluation increments/decrements:		
Motor Vehicles	15,987	-
Buildings	(807,971)	-
Plant & Equipment	58,331	-
Closing balance	1,330,458	2,064,111
Other Reserves:		
Disease Break Reserve	500,000	500,000
General Reserve	350,000	350,000
	-----	-----
Total Reserves	2,180,456	2,914,111
	-----	-----
Retained Profits/accumulated losses:		
Opening balance	4,924,798	4,697,144
Net Profit /(Loss)	570,291	227,654
	-----	-----
Closing balance	5,495,089	4,924,798
	-----	-----

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.

	2003	2002
3. PROPERTY, PLANT, EQUIPMENT & VEHICLES		
Motor Vehicles- at cost	-	16,700
Less: Accumulated Depreciation	-	(13,306)
	-----	-----
	-	3,394
Motor Vehicles- at Fair Value	17,500	-
Less: Accumulated Depreciation	-	-
	-----	-----
	17,500	-
Plant & Equipment- at cost	-	630,992
Less: Accumulated Depreciation	-	(114,998)
	-----	-----
	-	515,994
Plant & Equipment- at Fair Value	1,092,486	761,880
Less Accumulated Depreciation	-	(322,179)
	-----	-----
	1,092,486	439,701
Buildings- at cost	-	377,778
Less: Accumulated Depreciation	-	(3,552)
	-----	-----
	-	374,226
Buildings- at Fair Value	4,129,604	4,761,885
Less Accumulated Depreciation	-	(359,516)
	-----	-----
	4,129,604	4,402,369
	-----	-----
	5,239,590	5,735,684
	=====	=====

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	Total \$
	\$	\$	\$	\$
2003				
Carrying amount at start of year	3,394	955,695	4,776,595	5,735,684
Additions	-	317,667	316,824	634,491
Disposals	-	-	-	-
Revaluation increments/ (decrements)	15,987	58,331	(807,971)	(733,653)
Depreciation	(1,881)	(239,207)	(155,844)	(396,932)
Write-off of assets				
Carrying amount at end of year	17,500	1,092,486	4,129,604	5,239,590

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.

	2003	2002
4. DEPRECIATION		
Motor Vehicles	2,107	1,892
Plant & Equipment	239,081	183,966
Leasehold Improvements	155,744	136,364
	-----	-----
	396,932	322,222
Less depreciation directly charged to overheads (refer note 5).	297,699	241,667
	-----	-----
	99,233	80,555
	=====	=====
5. TRADING PROFIT		
Sale of goods	3,538,814	3,256,957
Services (colony maintenance)	460,300	233,908
	-----	-----
	3,999,114	3,490,865
Cost of Sales:		
Opening Inventory	1,321,042	1,277,375
Purchases	978,589	769,077
Overheads	2,117,112	1,779,298
Closing Inventory	1,709,151	1,321,042
	-----	-----
Cost of Goods Sold	2,707,592	2,504,708
	-----	-----
Trading Profit	1,291,522	986,156
	=====	=====
6. CASH ASSETS		
Management Account	347,214	206,725
Cheque Account	24,096	88,326
Cash on Hand	100	100
	-----	-----
	371,410	295,151
	=====	=====
7. INVESTMENTS		
Term Deposits (short term)	517,242	492,766
	-----	-----
	517,242	492,766
	=====	=====

	2003	2002
8. RECEIVABLES		
Trade Debtors	544,720	474,624
Provision for Doubtful Debts	(3,373)	(3,418)
	-----	-----
	541,347	471,206
	=====	=====

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

9. INVENTORIES		
Animals on Hand	1,685,790	1,296,700
Transport Boxes	23,361	24,342
	-----	-----
	1,709,151	1,321,042
	=====	=====

During the year, animals on hand were valued in accordance with AAS 35 Self-Generating and Regenerating Assets.

10. OTHER ASSETS		
Accrued Income	17,336	49,772
Accrued Interest	2,023	1,841
	-----	-----
	19,359	51,613
	=====	=====
11. PAYABLES		
Accounts Payable	304,919	159,408
GST Payable	34,539	56,248
	-----	-----
	339,458	215,656
	=====	=====

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

	2003	2002
12. OTHER LIABILITIES		
Accrued Expenses	107,876	68,805
Accrued Salaries	7,412	-
	-----	-----
	115,288	68,805
	=====	=====
13. PROVISIONS		
CURRENT		
Annual Leave	47,707	43,978
Long Service Leave	172,284	153,788
	-----	-----
	219,991	197,766
NON-CURRENT		
Long Service Leave	47,815	46,325
	-----	-----
	267,806	244,091
	=====	=====
14. EMPLOYEE EXPENSES		
Salaries	337,512	269,665
Superannuation	46,528	40,464
Long Service Leave	33,292	86,864
	-----	-----
	417,332	397,293
	=====	=====
<p>This item represents non-production staff salaries. Salaries incurred by production staff are accounted for in the Trading Profit (refer note 5).</p>		
15. ADMINISTRATION EXPENSE		
Advertising	15,374	12,037
Bad Debts	-	3,403
Insurance	87,538	62,452
Vehicles Expenses	52,481	48,317
Telephone	13,935	13,240
Accounting/Audit	25,239	17,704
Printing/Stationery	15,318	15,012
Other	152,689	145,322
Carrying Amount of NCA disposed	-	5,109
	-----	-----
	362,574	322,596
	=====	=====

	2003	2002
16. FACILITY OPERATIONS AND MAINTENANCE EXPENSE		
Cleaning	12,075	11,338
Materials & Equipment	7,371	8,866
Repairs & Maintenance	16,325	10,997
Sundry	26,983	11,804
	-----	-----
	62,754	43,005
	=====	=====

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

17. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments Nil Nil

(b) Operating Lease Liability

Lease payments for four vehicles of \$43,700 are included in Administration (Motor Vehicle) expenses.

Non-Cancellable Operating Lease Commitments

Commitments for minimum lease payments are payable as follows:

Within one year	27,817	42,320
Later than one year and not later than 5 years	15,037	6,094
Total Non-Cancellable Operating Lease Commitments	42,854	48,413

2003

2002

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:

Treasury/Disease Break Account	517,242	492,766
Cash Management Account	347,214	206,725
Cash on Hand	100	100
Cash at Bank	24,096	88,326
	-----	-----
	888,652	787,916
	=====	=====

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

Profit (Loss) from Ordinary Activities	570,291	227,654
Depreciation	396,932	322,222
(Profit)/Loss on Sale of Assets (net)	-	5,109
Initial recognition of assets not previously recognised	(120,875)	-
(Increase)/Decrease in Receivables	(70,141)	(65,767)
(Increase)/Decrease in Accrued Income	32,254	(49,034)
Increase/(Decrease) in Payables	145,511	100,554
Increase/(Decrease) in Employee Entitlements	23,715	59,344
Increase/(Decrease) in Accrued Expenses	46,482	37,947
(Increase)/Decrease in Stock on Hand	(388,109)	(43,667)
Increase/(Decrease) in GST payable	(21,709)	(15,331)
	-----	-----
Net Cash provided by/used in Operating Activities	614,351	609,693
	=====	=====

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:

\$	2003	2002
50,001 – 60,000	1	1
90,001 – 100,000	-	1
100,001 – 110,000	-	1
110,000 – 120,000	1	-
120,000 – 130,000	1	-

The total remuneration of senior officers is: 301,880 244,645

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

The total of fees paid or due and payable to the auditors for the financial year for financial audits is as follows:

Fees to the Auditor General		
- for external audit	11,000	9,000
	=====	=====

21. SUPPLEMENTARY FINANCIAL INFORMATION

Bad debts written-off by the Accountable Authority	90	3,403
	-----	-----
	90	3,403
	=====	=====

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 02/03	Actual 01/02	Variation Actual	%
INCOME				
Trading Profit	1,291,522	986,156	305,366	31.0
EXPENDITURE				
Depreciation	99,233	80,555	18,678	23.2
Administration	362,574	314,083	47,497	48.5
Maintenance	62,754	43,005	19,749	45.9

Trading Profit:

The revenue from sales of animals (including eggs) increased by 20% from that received in 2001/2002 (\$3,167,599 compared to \$2,645,375). The revenue from outbred mice, inbred mice and outbred rats increased by 8.7%, 18.54% and 12.3% respectively but the revenue from the sale of inbred rats and fertile SPF eggs fell by 7% and 9.1% respectively. The revenue from the maintenance of strains for specific customers increased by over 100% (\$216,777 compared to \$442,924). 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. Price increases of 3% were introduced in January 2003. Revenue from freight increased concomitantly with animal sales as the majority of animals are sold interstate.

The Cost of Sales increased by 8.14% in 2002/2003 (\$2,707,593) compared to 2001/2002 (\$2,504,708) 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 and animals for the Authority and customers, freight, cages, quality control, repairs and maintenance to production buildings and plant and to production related depreciation. Salaries directly related to production also increased significantly as did the value of animals on hand. Production salaries increased by 17.22% due to Government Wages Policy, annual advancement of permanent employees and to employment of more staff to cater for increased demands of production. Many of the increased costs (bedding, cages, quality control, repairs and maintenance and depreciation) were associated with changes to production and assets directly related to the campaign to eradicate mouse parvovirus.

Depreciation

This account relates to depreciation expenses that are not directly associated with production. This depreciation expense amounts to approximately 25% of the total depreciation expense which increased due to the purchase of plant and equipment to provide for increased operations and refurbishment of buildings largely associated with the changes required to implement the programme to eradicate mouse parvovirus.

Administration

This category includes all accounts associated with general administration of the agency and in addition the accounts Staff Training and Research and Development. There were significant increases in the cost of insurance, fees for auditors and payroll tax and modest increases in advertising and travel costs. There was lower expenditure on staff training and fringe benefits tax. Expenditures in all other accounts were not significantly different than the previous year.

Maintenance:

This refers to non-production maintenance expenses and sundry expenses. Although the increases in expenditure in some accounts was greater than decreases in others there was no significant change in any one account.

(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	768,116	1,291,522	523,406
EXPENDITURE			
Employee Expenses	362,442	417,332	54,890
Administration	298,432	362,574	64,142
Facility Operations and Maintenance	42,338	62,754	20,416

Trading Profit:

Sales were 19.57% over budget. This was due to an unexpected increase in the demand for inbred mice and a large increase in the requirement to maintain strains for specific customers, particularly those with interests in genetically modified

mice. The revenue from the sale of outbred mice, outbred rats and inbred rats did not differ significantly from the budgeted amounts but the revenue from sale of fertile eggs was much greater than anticipated. This was due to one customer purchasing as many eggs as were available before the Authority stopped the production of fertile eggs. The trading profit was also increased due to an upward movement of the value of animals on hand at the 30th June 2003.

Cost of Sales

Although sales revenue was above budget the cost of sales was greater than predicted due to higher costs associated with increased production required by the campaign to eradicate mouse parvovirus.

Employee Expenses

The increased expenditure over budgeted amount was in part due to higher expenditure on salaries due to general increase in business activities but was largely due to charges to the Provision for Long Service Leave. The charge reflected an increase to the Provision associated with increased staff employed and to a number of staff to whom Long Service Leave is due but have been unable to take it.

Administration

The increased expense above budgeted expense in this category was largely due to increased costs of insurance, payroll tax, staff training and research and development.

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 Repairs and Maintenance account. 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.

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

26. 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 2003	Interest Rate %	Fixed Interest Rate Maturities	Non Interest Bearing	Total
Financial Assets				
Cash Assets			24,096	24,096
Investments				
Cash Management Account	3.50%	347,214		347,214
WA Treasury	4.781%	517,242		517,242
Receivables (net)			541,347	541,347
		864,456	565,443	1,429,899
Financial Liabilities				
Payables			339,458	339,458
			339,458	339,458

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

30 th June 2002	Interest Rate %	Fixed Interest Rate Maturities	Non Interest Bearing	Total
Financial Assets				
Cash Assets			88,326	88,326
Investments				
Cash Management Account	3.6%	206,725		206,725
WA Treasury	4.545%	492,766		492,766
Receivables (net)			471,206	471,206
		699,491	561,373	1,259,023
Financial Liabilities				
Payables			216,129	216,129
			216,129	216,129

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.

27. 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.

28. EVENTS OCCURRING AFTER REPORTING DATE

Nil

ESTIMATED BALANCE SHEET
AS AT 30TH JUNE 2004
(Unaudited)

CURRENT ASSETS	
Cash Resources	319,103
Investments (Disease Break)	492,766
Accounts Receivable	560,705
Animal Stocks	1,520,000
Non Animal Stocks	23,361

TOTAL CURRENT ASSETS	2,915,935

NON-CURRENT ASSETS

Property, Plant, Equipment, Buildings Vehicles, Caging (net)	5,008,008

TOTAL NON CURRENT ASSETS	5,008,008

TOTAL ASSETS	7,923,943
	=====

CURRENT LIABILITIES

Accounts Payable	254,330
GST Collected	34,540
Employee Entitlements	
Current	263,990
Non-Current	47,815

TOTAL LIABILITIES	600,675

NET ASSETS	7,323,268
	=====

EQUITY

Reserves	1,782,222
Retained Profits/(Accumulated Losses)	5,541,046

Total Equity	7,323,268
	=====

ESTIMATED STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30TH JUNE 2004
(Unaudited)

INCOME

Trading profit	960,253
Interest	30,000
Rent	16,800

TOTAL INCOME	----- 1,007,053 -----
--------------	-----------------------------

EXPENSES

Salaries and Superannuation	458,608
Depreciation	90,000
Administration	356,277
Facility Operations/Maintenance	45,362

TOTAL EXPENSES	----- 950,247 -----
----------------	---------------------------

SURPLUS	56,806
---------	--------

Unappropriated Surplus – Beginning of Year	----- 4,405,786 -----
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UNAPPROPRIATED SURPLUS
(ACCUMULATED DEFICIT)
AT END OF THE YEAR

4,462,592 =====
