# PART 5 - **Financial statements**

**INDEPENDENT AUDITOR'S REPORT**

**To the Minister for Health**

**Opinion**

In my opinion, the financial statements of the Australian Radiation Protection and Nuclear Safety Agency for the year ended 30 June 2017:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Australian Radiation Protection and Nuclear Safety Agency as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Radiation Protection and Nuclear Safety Agency, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

**Basis for Opinion**

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Radiation Protection and Nuclear Safety Agency in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Accountable Authority's Responsibility for the Financial Statements**

As the Accountable Authority of the Australian Radiation Protection and Nuclear Safety Agency the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Australian Radiation Protection and Nuclear Safety Agency's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

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with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

MDVial

Mark Vial
Senior Director

Delegate of the Auditor-General

Canberra

6 September 2017

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## Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Radiation Protection and Nuclear Safety Agency will be able to pay it debts as and when they fall due.

**Carl-Magnus Larsson**
Accountable Authority
6 September 2017

**George Savvides**
Chief Financial Officer
6 September 2017

## Statement of comprehensive income

*for the period ended 30 June 2017*

| | Notes | 2017 $ | Original budget 2017 $ | 2016 $ |
|---|---|---|---|---|
| **Net cost of services** | | | | |
| **Expenses** | | | | |
| Employee benefits | 1.1A | **16,907,750** | 16,502,000 | 16,186,659 |
| Suppliers | 1.1B | **8,377,116** | 6,593,000 | 8,199,893 |
| Depreciation and amortisation | 2.2A | **2,625,505** | 2,171,000 | 2,570,036 |
| Write-down and impairment of assets | 1.1C | **20,601** | - | 565,177 |
| Foreign exchange loss | 1.1D | **11** | - | 306 |
| **Total expenses** | | **27,930,983** | 25,266,000 | 27,522,071 |
| **Own source income** | | | | |
| **Own-source revenue** | | | | |
| Sale of goods and rendering of services | 1.2A | **6,909,690** | 5,275,000 | 6,708,476 |
| Licence fees | 1.2B | **4,342,224** | 4,771,000 | 4,607,286 |
| Other revenue | 1.2C | **54,000** | - | 57,000 |
| **Total own-source revenue** | | **11,305,914** | 10,046,000 | 11,372,762 |
| **Gains** | | | | |
| Reversal of write-downs | 1.2D | **39,810** | - | - |
| **Total gains** | | **39,810** | - | - |
| **Total own-source income** | | **11,345,724** | 10,046,000 | 11,372,762 |
| **Net cost of services** | | **16,585,259** | 15,220,000 | 16,149,309 |
| Revenue from Government | 1.2E | **13,049,000** | 13,049,000 | 13,056,000 |
| **Deficit attributable to the Australian Government** | | **(3,536,259)** | (2,171,000) | (3,093,309) |
| **Other comprehensive income** | | | | |
| **Items not subject to subsequent reclassification to net cost of services** | | | | |
| Changes in asset revaluation surplus | | **2,576,857** | - | 964,987 |
| **Total other comprehensive income** | | **2,576,857** | - | 964,987 |
| **Total comprehensive income attributable to the Australian Government** | | **(959,402)** | (2,171,000) | (2,128,322) |

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

## Statement of comprehensive income (continued)

*for the period ended 30 June 2017*

### Budget variances commentary

The above table provides a comparison between the *2016–17 Portfolio Budget Statements* (PBS) budget and the final financial outcome in the 2016–17 financial statements. The budget is not audited and does not reflect additional budget estimates provided in the *2016–17 Portfolio Additional Estimates Statements* (PAES) or the revised budget provided as part of the *2017–18 Portfolio Budget Statements* (PBS). However major changes in budget have been explained as part of the variance analysis where relevant.

The actuals are prepared in accordance with Australian Accounting Standards.

Explanations have been provided where movements are greater than 10% of the line item and/or 2% of total income or expense unless the movement is clearly trivial.

### Departmental major budget variances for 2017

| Explanations of major variances | Affected line items (and statement) |
|---|---|
| **Suppliers**<br>Increase in suppliers expense relates in part to the rectification and remediation of a legacy radiation site. Additionally the continuation of the Australian Clinical Dosimetry Service was not included in the budget estimate. This increase in expense is offset by the related increase in revenue | *Suppliers expense and total own source revenue (statement of comprehensive income), operating cash used - suppliers (cash flow statement).* |
| **Depreciation**<br>Increase in building depreciation expense is a result of an increase in building valuation, not estimated at budget. | *Depreciation expense (statement of comprehensive income), land and building (statement of financial position).* |
| **Own source revenue**<br>**Sale of good and services and licence fees.**<br>Overall, the increase in Sale of goods and rendering of services revenue relates to the Australian Clinical Dosimetry Service. This increase in revenue is offset by the related increase in suppliers expense. In relation to licence fees, actual income was lower than that estimated at budget. | *Total own source revenue and suppliers expense (statement of comprehensive income), operating cash received - sale of goods and rendering of services (cash flow statement).* |
| **Total other comprehensive income.**<br>The variance of $2,576,857 relates to the unbudgeted independent revaluation of land and buildings, leasehold improvements and plant and equipment | *Total other comprehensive income (statement of comprehensive income), land and building (statement of financial position).* |

## Statement of financial position

*as at 30 June 2017*

| | Notes | 2017 $ | Original budget 2017 $ | 2016 $ |
|---|---|---|---|---|
| **Assets** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 2.1A | **1,142,627** | 1,757,000 | 1,210,302 |
| Trade and other receivables | 2.1B | **1,924,699** | 3,147,000 | 932,522 |
| Other financial assets | 2.1C | **82,593** | 48,000 | 83,067 |
| **Total financial assets** | | **3,149,919** | 4,952,000 | 2,225,891 |
| **Non-financial assets** | | | | |
| Land and buildings | 2.2A | **26,760,433** | 24,727,000 | 24,600,000 |
| Leasehold improvements | 2.2A | **233,675** | - | 280,863 |
| Plant and equipment | 2.2A | **6,489,230** | 5,150,000 | 6,917,410 |
| Intangibles | 2.2A | **1,351,980** | 802,000 | 863,731 |
| Inventories | 2.2B | **1,480,107** | 1,471,000 | 1,532,976 |
| Other non-financial assets | 2.2C | **578,328** | 403,000 | 435,115 |
| **Total non-financial assets** | | **36,893,753** | 32,553,000 | 34,630,095 |
| **Total assets** | | **40,043,672** | 37,505,000 | 36,855,986 |
| **Liabilities** | | | | |
| **Payables** | | | | |
| Suppliers | 2.3A | **1,306,761** | - | 928,587 |
| Other payables | 2.3B | **1,670,398** | 1,705,000 | 328,642 |
| **Total payables** | | **2,977,159** | 1,705,000 | 1,257,229 |
| **Provisions** | | | | |
| Employee provisions | 4.1 | **4,750,474** | 5,381,000 | 4,447,316 |
| **Total provisions** | | **4,750,474** | 5,381,000 | 4,447,316 |
| **Total liabilities** | | **7,727,633** | 7,086,000 | 5,704,545 |
| **Net assets** | | **32,316,039** | 30,419,000 | 31,151,441 |
| **Equity** | | | | |
| Contributed equity | | **21,606,000** | 21,606,000 | 19,482,000 |
| Reserves | | **17,186,283** | 13,644,000 | 14,609,426 |
| Retained surplus/(accumulated deficit) | | **(6,476,244)** | (4,831,000) | (2,939,985) |
| **Total equity** | | **32,316,039** | 30,419,000 | 31,151,441 |

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



## Statement of financial position (continued)

*as at 30 June 2017*

### Budget variances commentary

The above table provides a comparison between the *2016–17 Portfolio Budget Statements* (PBS) budget and the final financial outcome in the 2016–17 financial statements. The budget is not audited and does not reflect additional budget estimates provided in the *2016–17 Portfolio Additional Estimates Statements* (PAES) or the revised budget provided as part of the *2017–18 Portfolio Budget Statements* (PBS). However major changes in budget have been explained as part of the variance analysis where relevant.

The actuals are prepared in accordance with Australian Accounting Standards.

Explanations have been provided where movements are greater than 10% of the line item and/or 2% of total assets or liabilities unless the movement is clearly trivial.

### Departmental major budget variances for 2017

| Explanations of major variances | Affected line items (and statement) |
|---|---|
| **Land and buildings**<br>The variance relates to the independent revaluation of land and buildings in 2017 and 2016, since the budget was prepared. | *Land and buildings and reserves (statement of financial position).* |
| **Leasehold improvements**<br>The variance relates to the independent revaluation of leasehold improvements in the current year. | *Leasehold improvements, trade and other receivables (statement of financial position) and investing cash used - purchase of property plant and equipment financing cash received - contributed equity (cash flow statement).* |
| **Plant and equipment**<br>The variance relates to the independent revalution of plant and equipment in the current year. | *Plant and equipment and trade and other receivables (statement of financial position) and investing cash used - purchase of property plant and equipment and financing cash received - contributed equity (cash flow statement).* |
| **Other non-financial assets**<br>Actual prepaid expenses were higher than those forecast, and specifically relate to software support. | *Non-financial assets (statement of financial position).* |
| **Payables**<br>**Suppliers and other payables**<br>The increase in payables relates in part to the rectification and remediation of a legacy radiation site, and to unearned revenue associated with the Australian Clinical Dosimetry Service. | *Payables (statement of financial position). Suppliers expense and total own source revenue (statement of comprehensive income)* |
| **Employee provisions**<br>Employee provisions are lower than budgeted due to the departure of long serving APS employees. | *Employee provisions and cash and cash equivalents (statement of financial position). Payments to employees (cash flow statement).* |

## Statement of changes in equity

*for the period ended 30 June 2017*

| | 2017 $ | Original budget 2017 $ | 2016 $ |
|---|---|---|---|
| **Contributed equity** | | | |
| **Opening balance** | | | |
| Opening balance | **19,482,000** | 19,482,000 | 17,503,000 |
| **Adjusted opening balance** | **19,482,000** | 19,482,000 | 17,503,000 |
| **Transactions with owners** | | | |
| **Contributions by owners** | | | |
| Departmental capital budget | **2,124,000** | 2,124,000 | 1,979,000 |
| **Total transactions with owners** | **2,124,000** | 2,124,000 | 1,979,000 |
| **Closing balance as at 30 June** | **21,606,000** | 21,606,000 | 19,482,000 |
| **Retained earnings** | | | |
| **Opening balance** | | | |
| Balance carried forward from previous period | **(2,939,985)** | (2,660,000) | 153,324 |
| **Adjusted opening balance** | **(2,939,985)** | (2,660,000) | 153,324 |
| **Comprehensive income** | | | |
| Deficit for the period | **(3,536,259)** | (2,171,000) | (3,093,309) |
| **Total comprehensive income** | **(3,536,259)** | (2,171,000) | (3,093,309) |
| **Closing balance as at 30 June** | **(6,476,244)** | (4,831,000) | (2,939,985) |
| **Asset revaluation reserve** | | | |
| **Opening balance** | | | |
| Balance carried forward from previous period | **14,609,426** | 13,644,000 | 13,644,439 |
| **Adjusted opening balance** | **14,609,426** | 13,644,000 | 13,644,439 |
| **Comprehensive income** | | | |
| Other comprehensive income | **2,576,857** | - | 964,987 |
| **Total comprehensive income** | **2,576,857** | - | 964,987 |
| **Closing balance as at 30 June** | **17,186,283** | 13,644,000 | 14,609,426 |

## Statement of changes in equity (continued)

*for the period ended 30 June 2017*

| | 2017 $ | Original budget 2017 $ | 2016 $ |
|---|---|---|---|
| **Total equity** | | | |
| **Opening balance** | | | |
| Balance carried forward from previous period | **31,151,441** | 30,466,000 | 31,300,763 |
| **Adjusted opening balance** | **31,151,441** | 30,466,000 | 31,300,763 |
| **Comprehensive income** | | | |
| Other comprehensive income | **2,576,857** | - | 964,987 |
| Deficit for the period | **(3,536,259)** | (2,171,000) | (3,093,309) |
| **Total comprehensive income** | **(959,402)** | (2,171,000) | (2,128,322) |
| **Transactions with owners** | | | |
| **Contributions by owners** | | | |
| Departmental capital budget | **2,124,000** | 2,124,000 | 1,979,000 |
| **Total transactions with owners** | **2,124,000** | 2,124,000 | 1,979,000 |
| **Closing balance as at 30 June** | **32,316,039** | 30,419,000 | 31,151,441 |

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

### Accounting policy

#### Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

#### Restructuring of administrative arrangements

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

## Statement of changes in equity (continued)

*for the period ended 30 June 2017*

### Budget variances commentary

The above table provides a comparison between the *2016–17 Portfolio Budget Statements* (PBS) budget and the final financial outcome in the 2016–17 financial statements. The budget is not audited and does not reflect additional budget estimates provided in the *2016–17 Portfolio Additional Estimates Statements* (PAES) or the revised budget provided as part of the *2017–18 Portfolio Budget Statements* (PBS). However major changes in budget have been explained as part of the variance analysis where relevant.

The actuals are prepared in accordance with Australian Accounting Standards.

### Departmental major budget variances for 2017

| Explanations of major variances | Affected line items (and statement) |
|---|---|
| **Retained earnings**<br>The variance in relation to retained earnings mainly reflects the increase in expenses as detailed in the budget variance commentary of the statement of comprehensive income. | *Other comprehensive income (statement of comprehensive income).* |
| **Asset Revaluation Reserves**<br>Increase relates to the actual independent revaluation of land and buildings in 2017 and 2016, and leasehold improvements and plant and equipment in 2017, since the budget was prepared. | *Land and buildings, leasehold improvements and plant and equipment and reserves (statement of financial position).* |

## Cash flow statement

*for the period ended 30 June 2017*

| | Notes | 2017<br>$ | Original budget 2017<br>$ | 2016<br>$ |
|---|---|---|---|---|
| **Operating activities** | | | | |
| **Cash received** | | | | |
| Appropriations | | **13,049,000** | 13,049,000 | 14,342,000 |
| Sales of goods and rendering of services | | **7,398,691** | 4,790,000 | 7,079,701 |
| Other cash received | | **4,342,224** | 4,771,000 | 4,607,286 |
| Net GST received | | **100,988** | 485,000 | 516,264 |
| **Total cash received** | | **24,890,903** | 23,095,000 | 26,545,251 |
| **Cash used** | | | | |
| Employees | | **(16,127,761)** | (16,503,000) | (17,024,289) |
| Suppliers | | **(8,213,497)** | (5,891,000) | (10,087,893) |
| Net GST paid | | **-** | (701,000) | - |
| **Total cash used** | | **(24,341,258)** | (23,095,000) | (27,112,182) |
| **Net cash (used by)/from operating activities** | | **549,645** | - | (566,931) |
| **Investing activities** | | | | |
| **Cash used** | | | | |
| Purchase of property, plant, equipment and intangibles | | **(1,990,320)** | (2,124,000) | (3,365,604) |
| **Total cash used** | | **(1,990,320)** | (2,124,000) | (3,365,604) |
| **Net cash (used by) investing activities** | | **(1,990,320)** | (2,124,000) | (3,365,604) |
| **Financing activities** | | | | |
| **Cash received** | | | | |
| Contributed equity | | **1,373,000** | 2,124,000 | 3,632,000 |
| **Total cash received** | | **1,373,000** | 2,124,000 | 3,632,000 |
| **Net cash from financing activities** | | **1,373,000** | 2,124,000 | 3,632,000 |
| **Net (decrease)/increase in cash held** | | **(67,675)** | - | (300,535) |
| Cash and cash equivalents at the beginning of the reporting period | | **1,210,302** | 1,757,000 | 1,510,837 |
| **Cash and cash equivalents at the end of the reporting period** | 2.1A | **1,142,627** | 1,757,000 | 1,210,302 |

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

## Cash flow statement

*for the period ended 30 June 2017*

### Budget variances commentary

The above table provides a comparison between the *2016–17 Portfolio Budget Statements* (PBS) budget and the final financial outcome in the 2016–17 financial statements. The budget is not audited and does not reflect additional budget estimates provided in the *2016–17 Portfolio Additional Estimates Statements* (PAES) or the revised budget provided as part of the *2017–18 Portfolio Budget Statements* (PBS). However major changes in budget have been explained as part of the variance analysis where relevant.

The actuals are prepared in accordance with Australian Accounting Standards.

Explanations have been provided where movements are greater than 10% of the line item and/or 2% of total cash received or used unless the movement is clearly trivial.

### Departmental major budget variances for 2017

| Explanations of major variances | Affected line items (and statement) |
|---|---|
| Variances relating to cash flows occur because of the factors detailed under expenses, own source income, assets or liabilities. | *Operating, investing, financing activities (cash flow statement)* |
| **Contributed equity** | |
| Variance of $751,000 relates to the undrawn departmental capital budget (DCB) | *Financing activities (cash flow statement), trade and other receivables (statement of financial position)* |

## Overview

### Objectives of the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)

ARPANSA is an Australian Government controlled not-for-profit entity. It is a non-corporate Commonwealth Entity under the *Public Governance Performance and Accountability Act 2013*. The objectives of ARPANSA are to: *protect people and the environment from the harmful effects of radiation.*

The entity is structured to meet one outcome:

"Protection of people and the environment through radiation protection and nuclear safety research, policy, advice, codes, standards, services and regulation."

The continued existence of the entity in its present form and with its present programs is dependent on government policy and on continuing funding by Parliament for the entity's administration and programs.

ARPANSA's activities contributing toward the outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right.

### Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015

b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### Accounting judgements and estimates

In the process of applying the accounting policies listed in this note, ARPANSA have made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings is taken to be the market value and depreciated replacement cost respectively as determined by an independent valuer.
- The long service leave liability is calculated using the shorthand method developed by the Australian Government Actuary. This method is impacted by fluctuations in the Commonwealth Government 10-year Treasury Bond rate and the entity's estimated salary growth rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

### Future Australian Accounting Standard requirements

The following new standards, revised or amending standards and interpretations that were issued prior to the signing of the statement by the Accountable Authority and Chief Financial Officer and are applicable to the future reporting period are expected to have an effect on the entity's financial statements.

| Standard/ Interpretation | Application date for entity | Nature of impending changes in accounting policy and likely impact on initial application |
|---|---|---|
| AASB 9 *Financial Instruments* | 1 July 2018 | Incorporates the final requirements for all three phases of the financial instruments project: classification and measurement, impairments and hedge accounting.<br>Likely impact - the classification of financial assets. |
| AASB 15 *revenue from contracts with customers* | 1 July 2019 | Specifies the accounting treatment for all revenue arising from contracts with customers.<br>Likely impact - the timing of revenue recognition |
| AASB 16 *leases* | 1 July 2019 | Requires lessees to recognise almost all leases as assets and liabilities.<br>Likely impact - recognition of lease on the statement of financial position |

### Taxation

The entity is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST, except:

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office

b) for receivables and payables.

### Events after the Reporting Period

There have been no significant subsequent events after the reporting period that impact on the financial statement for the year ended 30 June 2017.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### Financial performance

This section analyses the financial performance of ARPANSA for the year ended 2017

| | **2017 $** | 2016 $ |
|---|---|---|
| **NOTE 1.1 EXPENSES** | | |
| **Note 1.1A: Employee benefits** | | |
| Wages and salaries | **12,019,559** | 11,729,103 |
| Superannuation - defined contribution | **1,890,724** | 1,745,099 |
| Superannuation - defined benefit | **464,577** | 408,643 |
| Leave and other entitlements | **2,303,767** | 1,884,931 |
| Separation and redundancies | **229,123** | 418,883 |
| Total employee benefits | **16,907,750** | 16,186,659 |

### Accounting policy

Accounting policies for employee related expenses are contained in the people and relationships section.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

| | 2017 $ | 2016 $ |
|---|---|---|
| **Note 1.1B: Suppliers** | | |
| **Goods and services supplied or rendered** | | |
| Audit fees - ANAO | **54,000** | 57,000 |
| Audit fees - outsourced | **116,426** | 112,561 |
| Advisory council and committees | **101,789** | 127,906 |
| Communications | **450,991** | 355,998 |
| Construction and maintenance - Comprehensive nuclear test ban treaty | **601,719** | 601,815 |
| Contractors/Consultants | **1,081,764** | 1,142,575 |
| Demolition and remediation | **698,105** | - |
| Information technology | **806,620** | 854,821 |
| Postage and freight | **189,808** | 182,833 |
| Reference material & subscriptions | **320,454** | 307,518 |
| Repair and maintenance | **599,530** | 556,692 |
| Training and conferences | **332,105** | 363,055 |
| Travel | **1,163,179** | 1,286,801 |
| Utilities | **436,541** | 477,773 |
| Other goods and services | **1,145,000** | 1,321,290 |
| ***Total goods and services supplied or rendered*** | **8,098,031** | 7,748,638 |
| | | |
| Goods supplied | **1,821,560** | 1,501,531 |
| Services rendered | **6,276,471** | 6,247,107 |
| ***Total goods and services supplied or rendered*** | **8,098,031** | 7,748,638 |
| | | |
| **Other supplier expenses** | | |
| Operating lease rentals | **246,161** | 391,224 |
| Workers compensation premiums | **32,924** | 60,031 |
| ***Total other supplier expenses*** | **279,085** | 451,255 |
| ***Total supplier expenses*** | **8,377,116** | 8,199,893 |

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

***Leasing commitments***

ARPANSA in its capacity as lessee:

**Lease for office accommodation**

- Four year office accommodation lease with two further extension options of two years each. Lease payments are subject to an annual CPI increase.

**Agreement for the provision of motor vehicle to senior executive officers.**

- No contingent rentals exist.
  There are no renewal or purchase options available to the agency

| | 2017 $ | 2016 $ |
|---|---|---|
| **Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:** | | |
| Within 1 year | **243,622** | 240,807 |
| Between 1 to 5 years | **390,542** | 623,115 |
| Total operating lease commitments | **634,164** | 863,922 |

### Accounting policy

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

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

### Note 1.1C: Write-down and impairment of assets

| | 2017 $ | 2016 $ |
|---|---|---|
| Impairment on financial assets | **1,173** | 546 |
| Property, plant and equipment - write-off | **18,468** | 16,515 |
| Computer software - write-off | | - |
| Inventories - write-off | **960** | 548,116 |
| ***Total write-down and impairment of assets*** | **20,601** | 565,177 |

### Note 1.1D: Foreign exchange losses

| | 2017 $ | 2016 $ |
|---|---|---|
| Non-speculative | **11** | 306 |
| Total foreign exchange losses | **11** | 306 |

### Accounting policy

Gains and losses from foreign currency are recognised when incurred.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 1.2 OWN-SOURCE REVENUE AND GAINS

### Note 1.2A: Sale of goods and rendering of services

| | 2017 $ | 2016 $ |
|---|---|---|
| Scientific services - Personal Radiation Monitoring Service | **2,284,252** | 2,285,618 |
| Construction and maintenance - Comprehensive Nuclear-Test-Ban Treaty | **1,769,831** | 1,720,854 |
| Australian Clinical Dosimetry Service | **1,468,514** | 1,198,874 |
| Other scientific services | **1,387,093** | 1,503,130 |
| ***Total sale of goods and rendering of services*** | **6,909,690** | 6,708,476 |

#### Accounting policy

Revenue from the sale of goods is recognised when:

a) the risks and rewards of ownership have been transferred to the buyer

b) the entity retains no managerial involvement nor effective control over the goods

c) the revenue and transaction costs incurred can be reliably measured

d) it is probable that the economic benefits associated with the transaction will flow to the entity.

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

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured

b) the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

### Note 1.2B: Licence fees

| | 2017 $ | 2016 $ |
|---|---|---|
| Application fees | **150,704** | 43,429 |
| Annual charges | **4,191,520** | 4,563,857 |
| ***Total licence fees*** | **4,342,224** | 4,607,286 |

#### Accounting policy

Under paragraph 34(b) of the *Australian Radiation Protection and Nuclear Safety Act 1998*, an application for a licence must be accompanied by a fee prescribed in the regulations. Revenue for licence applications is recognised when an application for a licence is received.



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### Note 1.2C: Other revenue

| | 2017 $ | 2016 $ |
|---|---|---|
| Resources received free of charge | **54,000** | 57,000 |
| ***Total other revenue*** | **54,000** | 57,000 |

#### Accounting policy

Resources received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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

***Gains***

### Note 1.2D: Reversal of write-downs

| | 2017 $ | 2016 $ |
|---|---|---|
| Revaluation increments | **39,810** | - |
| ***Total gains*** | **39,810** | - |

#### Accounting policy

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class (note 2.2 refers)

***Revenue from Government***

### Note 1.2E: Revenue from government

| | 2017 $ | 2016 $ |
|---|---|---|
| **Appropriation:** | | |
| Departmental appropriation | **13,049,000** | 13,056,000 |
| ***Total revenue from government*** | **13,049,000** | 13,056,000 |

#### Accounting policy

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

Section 56 (3) of the *Australian Radiation Protection and Nuclear Safety Act 1998*, requires that money appropriated by the Parliament be transferred to the special account (notes 2.1A and 3.2 refer).

Appropriations receivable are recognised at their nominal amounts.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### Financial position

This section analyses ARPANSA's assets used to conduct its operations and the operating liabilities incurred as a result. for the year ended 2017. Employee related information is disclosed in the People and relationships section.

| | 2017 $ | 2016 $ |
|---|---|---|

### NOTE 2.1 FINANCIAL ASSETS

### Note 2.1A: Cash and cash equivalents

| | 2017 $ | 2016 $ |
|---|---|---|
| Cash in special accounts | **1,132,041** | 1,190,489 |
| Cash on hand or on deposit | **10,586** | 19,813 |
| ***Total cash and cash equivalents*** | **1,142,627** | 1,210,302 |

#### Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

a) cash on hand

b) cash at bank

c) cash in special accounts.

### Note 2.1B: Trade and other receivables

| | 2017 $ | 2016 $ |
|---|---|---|
| **Goods and services receivables** | | |
| Goods and services | **1,039,796** | 884,523 |
| ***Total goods and services receivables*** | **1,039,796** | 884,523 |
| | | |
| **Appropriations receivable:** | | |
| For existing program | **751,000** | - |
| ***Total appropriations receivables*** | **751,000** | - |
| | | |
| **Other receivables** | | |
| Statutory receivables - GST | **148,363** | 45,238 |
| Other - leave liability transfer and bond advance | **-** | 18,337 |
| ***Total other receivables*** | **148,363** | 63,575 |
| ***Total trade and other receivables (gross)*** | **1,939,159** | 948,098 |

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

| | 2017 $ | 2016 $ |
|---|---|---|
| **Less impairment allowance account** | | |
| Goods and services | **(14,460)** | (15,576) |
| ***Total trade and other receivables (net)*** | **1,924,699** | 932,522 |

***Goods and services receivable was with entities external to the Australian Government. Credit terms are net 30 days (2016: 30 days)***

#### Accounting policy

***Receivables***

Trade receivables, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

| | 2017 $ | 2016 $ |
|---|---|---|
| ***Reconciliation of impairment allowance*** | | |
| **Goods and services** | | |
| **Opening balance** | **15,576** | 17,503 |
| Amounts written off | **(2,289)** | (2,473) |
| Increase/decrease recognised in net cost of services | **1,173** | 546 |
| **Closing balance** | **14,460** | 15,576 |

### Note 2.1C: Other financial assets

| | 2017 $ | 2016 $ |
|---|---|---|
| Accrued revenue | **82,593** | 83,067 |
| ***Total other financial assets*** | **82,593** | 83,067 |

Total other financial assets are expected to be recovered in no more than 12 months.

#### Accounting policy

Financial assets are assessed for impairment at the end of each reporting period.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 2.2 NON-FINANCIAL ASSETS

### Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment

***Reconciliation of the opening and closing balances of property, plant and equipment for 2017***

| | Land $ | Buildings $ | Leasehold improvements $ | PP & E $ | Computer software[1] $ | Other intangibles - trademarks $ | Total $ |
|---|---|---|---|---|---|---|---|
| **As at 1 July 2016** | | | | | | | |
| Gross book value | 7,500,000 | 17,100,000 | 306,396 | 11,662,191 | 3,168,671 | 4,620 | 39,741,878 |
| Accumulated depreciation and impairment | - | - | (25,533) | (4,744,781) | (2,304,940) | (4,620) | (7,079,874) |
| **Net book value 1 July 2016** | 7,500,000 | 17,100,000 | 280,863 | 6,917,410 | 863,731 | - | 32,662,004 |
| Additions: | | | | | | | |
| By purchase | - | 876,475 | - | 474,136 | 639,709 | - | 1,990,320 |
| Revaluations and impairments recognised in other comprehensive income | 1,500,000 | 738,133 | 29,411 | 309,313 | - | - | 2,576,857 |
| Revaluations recognised in net cost of services | | | | 39,810 | | | 39,810 |
| Depreciation and amortisation | - | (954,175) | (76,599) | (1,421,091) | (173,640) | - | (2,625,505) |
| Other movements | | | | | | | |
| Reclassification | - | - | - | (22,180) | 22,180 | - | - |
| Initial recognition | - | - | - | 210,300 | | - | 210,300 |
| Disposals: | | | | | | | - |
| Write-offs | - | - | - | (18,468) | - | - | (18,468) |
| **Net book value 30 June 2017** | 9,000,000 | 17,760,433 | 233,675 | 6,489,230 | 1,351,980 | - | 34,835,318 |
| **Net book value as of 30 June 2017 represented by:** | | | | | | | |
| Gross book value | 9,000,000 | 17,760,433 | 233,675 | 6,489,230 | 3,820,976 | 4,620 | 37,308,934 |
| Accumulated depreciation and impairment | - | - | - | | (2,468,996) | (4,620) | (2,473,616) |
| **Net book value 30 June 2017** | 9,000,000 | 17,760,433 | 233,675 | 6,489,230 | 1,351,980 | - | 34,835,318 |

1 The carrying amount of computer software included $568,259 purchased software and $783,721 internally developed software.



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

There were no indicators of impairment found for property, plant and equipment.

No property plant and equipment or intangibles are expected to be sold or disposed of within the next 12 months.

### Revaluations of non-financial assets

All revaluation were conducted in accordance with the revaluation policy as stated in this note. On 30 June 2017, an independent valuer conducted the revaluations.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

### *Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

### *Revaluations*

Following initial recognition at cost, property plant and equipment is carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

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

| Asset class | Fair value measures at: |
|---|---|
| Land | Market value |
| Buildings exc. leasehold improvement | Depreciated replacement cost |
| Leasehold improvements | Depreciated replacement cost |
| Plant and equipment | Market value |

On 30 June 2017 independent valuers from the *Jones Lang LaSalle Advisory Services Pty Ltd* conducted a valuation of land and buildings, leasehold improvements and plant and equipment.

Revaluation increments of $1,500,000 for land (2016: nil), $738,133 for buildings on freehold land (2016: $964,987), $29,411 for leasehold improvements (2016: nil) and $309,313 for plant and equipment (2016: nil) were transferred to the asset revaluation reserve surplus by asset class and included in the equity section of the statement of financial position

A revaluation increment of $39,810 for plant and equipment reversed a revaluation decrement of $39,810 previously recognised in the surplus/deficit.



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### *Depreciation*

Depreciable property plant and equipment assets, are written-off to their estimated residual values over their estimated useful lives to ARPANSA, using the straight-line method of depreciation. Leasehold improvements are depreciated using the straight line method over the lesser of the estimated useful life of the leasehold improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| | **2017** | 2016 |
|---|---|---|
| Buildings on freehold land | **18 years** | 18 years |
| Leasehold improvements | **Lease term - 4 years** | Lease term - 4 years |
| Plant and equipment | **1 to 45 years** | 1 to 27 years |

### *Impairment*

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ARPANSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### *Intangibles*

ARPANSA's intangibles comprise purchased software, internally developed software for internal use and trade marks. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangibles are amortised on a straight-line basis over their anticipated useful life. The useful lives of ARPANSA's intangibles are 5 to 15.5 years (2015–16: 5 to 15.5 years).

All intangibles assets were assessed for indications of impairment as at 30 June 2017.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

| | 2017 $ | 2016 $ |
|---|---|---|
| **Note 2.2B: Inventories** | | |
| Inventories held for sale | | |
| Finished goods | **16,439** | 24,469 |
| **Total Inventories held for sale** | **16,439** | 24,469 |
| Inventories held for distribution | **1,463,668** | 1,508,507 |
| ***Total inventories*** | **1,480,107** | 1,532,976 |

During 2016–17, $45,729 of inventory held for sale was recognised as an expense (2015–16: $37,745).

During 2016–17, $65,679 of inventory held for distribution was recognised as an expense (2015–16: $3,902).

All inventory is expected to be sold or distributed in the next 12 months.

### Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

### Note 2.2C:  Other non-financial assets

| | 2017 $ | 2016 $ |
|---|---|---|
| Prepayments | **578,328** | 435,115 |
| ***Total other non-financial assets*** | **578,328** | 435,115 |

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



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 2.3: PAYABLES

### Note 2.3A: Suppliers

| | 2017 $ | 2016 $ |
|---|---|---|
| Trade creditors and accruals | **1,306,761** | 928,587 |
| ***Total suppliers*** | **1,306,761** | 928,587 |

Settlement is usually made within 30 days.

### Note 2.3B: Other payables

| | 2017 $ | 2016 $ |
|---|---|---|
| Salaries and wages | **418,127** | 89,896 |
| Superannuation | **31,986** | 8,386 |
| Separation and redundancies | **125,000** | - |
| Unearned income | **319,783** | 213,547 |
| Demolition and remediation | **767,916** | - |
| Other | **7,586** | 16,813 |
| ***Total other payables*** | **1,670,398** | 328,642 |

### Accounting policy

***Parental leave payments scheme***

All amounts received by the entity under the parental leave payments scheme have been paid to employees. The total amount received under this scheme was $24,214 (2016: $26,305).

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### Funding

This section identifies ARPANSA's funding structure.

### NOTE 3.1: APPROPRIATIONS

In accordance with section 56 of the *Australian Radiation Protection and Nuclear Safety Act 1998*, all monies received by ARPANSA are to be paid into the ARPANSA Special Account. Pursuant to this section, all monies paid into this account are automatically appropriated for the use of ARPANSA.

### Note 3.1A: Annual appropriations ('recoverable GST exclusive')

**Annual Appropriations for 2017**

| | Annual appropriation[1] $ | Adjustments to appropriation[2] $ | Total appropriation $ | Appropriation applied in 2017 (current and prior years) $ | Variance[3] $ |
|---|---|---|---|---|---|
| **Departmental** | | | | | |
| **Ordinary annual services** | 13,049,000 | - | 13,049,000 | 13,049,000 | - |
| **Capital budget[4]** | 2,124,000 | | 2,124,000 | 1,373,000 | 751,000 |
| **Other services** | | | | | |
| Equity | - | - | - | - | - |
| **Total departmental** | 15,173,000 | - | 15,173,000 | 14,422,000 | 751,000 |

**Notes**

1 No funds have been withheld (Section 51 of the PGPA Act) or quarantined for administrative purposes.

2 No adjustments have been applied to appropriations.

3 The variance of $751,000 reflects the appropriation receivable amount at 30 June 2017.

4 Departmental capital budgets are appropriated through appropriation acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

**Annual appropriations for 2016**

| | Annual appropriation[1] $ | Adjustments to appropriation[2] $ | Total appropriation $ | Appropriation applied in 2016 (current and prior years) $ | Variance[3] $ |
|---|---|---|---|---|---|
| **Departmental** | | | | | |
| **Ordinary annual services** | 13,064,000 | - | 13,064,000 | 14,342,000 | (1,278,000) |
| **Capital budget[4]** | 1,979,000 | | 1,979,000 | 3,632,000 | (1,653,000) |
| **Other services** | | | | | |
| Equity | - | - | - | - | - |
| **Total departmental** | 15,043,000 | - | 15,043,000 | 17,974,000 | (2,931,000) |

**Notes**

1 A Section 51 determination has resulted in the permanent loss of control of $8,000.

2 No adjustments have been applied to appropriations.

3 The variance of $2,931,000 for departmental ordinary annual services reflects the quarantined amount of $8,000 and movement in appropriation receivable of $2,939,000.

4 Departmental capital budgets are appropriated through appropriation acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

### Note 3.1B: Unspent departmental annual appropriations ('recoverable GST exclusive')

| | 2017 $ | 2016 $ |
|---|---|---|
| **Authority** | | |
| **Departmental** | | |
| *Appropriation Act (No. 1) 2016–17* | 761,586 | - |
| *Appropriation Act (No. 1) 2015–16* | - | 19,813 |
| **Total departmental** | 761,586 | 19,813 |

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 3.2: SPECIAL ACCOUNTS

| | **2017 $** | 2016 $ |
|---|---|---|

**ARPANSA Special Account (departmental)**

Establishing Instrument: *Australian Radiation Protection and Nuclear Safety Act 1998; s56(4)*

Appropriation: *Public Governance, Performance and Accountability Act 2013*; s80

Purpose: The purpose of the Special Account is set out in the *Australian Radiation Protection and Nuclear Safety Act 1998* at section 56(4):

"The purposes of the Special Account are to make payments

(a) to further the object of this act (as set out in section 3)

(b) otherwise in connection with the performance of the CEO's functions under this Act or the Regulations."

| | 2017 $ | 2016 $ |
|---|---|---|
| **Balance brought forward from previous period** | **1,210,302** | 1,510,837 |
| **Increases** | | |
| Departmental | **26,263,903** | 30,177,251 |
| **Total increase** | **26,263,903** | 30,177,251 |
| **Available for payments** | **27,474,205** | 31,688,088 |
| **Decreases** | | |
| Departmental | **(26,331,578)** | (30,477,786) |
| **Total decrease** | **(26,331,578)** | (30,477,786) |
| **Total balance carried to next period** | **1,142,627** | 1,210,302 |
| **Balance represented by:** | | |
| Cash held in entity bank accounts | **1,142,627** | 1,210,302 |
| **Total balance carried to next period** | **1,142,627** | 1,210,302 |



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### People and relationships

This section identifies a range of employment and post employment benefits provided to our people and our relationships with other key people.

### NOTE 4.1: PROVISIONS

| | **2017 $** | 2016 $ |
|---|---|---|
| **Employee provisions** | | |
| **Leave** | **4,750,474** | 4,447,316 |
| Total employee provisions | **4,750,474** | 4,447,316 |

#### Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### *Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the entity is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of employees as at 30 June 2017. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### *Separation and Redundancy*

Provision is made for separation and redundancy benefit payments. The Entity recognises a provision for termination when is has developed a detailed plan for terminations and has informed those employees affected that it will carry out the terminations.

#### *Superannuation*

The majority of staff of ARPANSA are members of the *Commonwealth Superannuation Scheme* (CSS), the *Public Sector Superannuation Scheme* (PSS) or the *PSS accumulation plan* (PSSap), and the *Australian Government Employee Superannuation Trust* (AGEST). There are a small number of staff covered under various other superannuation schemes.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. The AGEST Superannuation Trust is an industry fund which was previously the Australian Government Default Superannuation fund for non-ongoing employees.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

ARPANSA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. ARPANSA accounts for the contributions as if they were contributions to defined contribution plans.

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

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 4.2: KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. ARPANSA has determined the key management personnel to be the Chief Executive and four branch and office heads. Key management personnel remuneration is reported in the table below:

| | 2017<br>$ |
|---|---|
| Short-term employee benefits | **964,503** |
| Post-employment benefits | **140,596** |
| Other long-term employee benefits | **97,895** |
| **Total key management personnel remuneration expenses[1]** | **1,202,994** |

The total number of key management personnel that are included in the above table are 5 individuals.

1 The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

### NOTE 4.3: RELATED PARTY DISCLOSURES

**Related party relationships:**

The entity is an Australian Government controlled entity. Related parties to this entity are key management personnel including the Portfolio Minister and Executive, and other Australian Government entities.

**Transactions with related parties:**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.



## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

**Managing uncertainties**

This section analyses how ARPANSA manages financial risks within its operating environment.

### NOTE 5.1: CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2017 ARPANSA had no quantifiable or unquantifiable contingencies. (2016: Nil)

**Accounting policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 5.2: FINANCIAL INSTRUMENTS

#### Note 5.2A: Categories of financial instruments

| | 2017 $ | 2016 $ |
|---|---|---|
| **Financial assets** | | |
| Receivables | | |
| Cash and cash equivalents | **1,142,627** | 1,210,302 |
| Trade and other receivables | **1,025,336** | 887,284 |
| Other financials assets | **82,593** | 83,067 |
| **Total receivables** | **2,250,556** | 2,180,653 |
| ***Total financial assets*** | **2,250,556** | 2,180,653 |
| **Financial liabilities** | | |
| **Financial liabilities measured at amortised cost** | | |
| Trade creditors | **1,306,761** | 928,587 |
| **Total financial liabilities measured at amortised cost** | **1,306,761** | 928,587 |
| ***Total financial liabilities*** | **1,306,761** | 928,587 |

There was no interest income from financial assets nor interest expense from financial liabilities in the year ending 30 June 2017 (2016: Nil)

#### Accounting policy

***Financial assets***

ARPANSA only holds financial assets that are classified as "receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

***Impairment of financial assets***

Financials assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for receivables held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

***Financial liabilities***

Financial liabilities are classified as either financial liabilities other liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

***Other financial liabilities***

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## Notes to and forming part of the financial statements

*for the period ended 30 June 2017*

### NOTE 5.3: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

#### Accounting policy

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

| | Fair value measurements at the end of the reporting period | |
|---|---|---|
| | 2017 $ | 2016 $ |
| **Non-financial assets** | | |
| Land | **9,000,000** | 7,500,000 |
| Buildings on freehold land | **17,760,433** | 17,100,000 |
| Leasehold Improvements | **233,675** | 280,863 |
| Plant and equipment | **6,489,230** | 6,917,410 |
| **Total non-financial assets** | **33,483,338** | 31,798,273 |