

NOTE 1 – OBJECTIVES AND PROGRAM STRUCTURE OF THE AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

The objective of the Australian Agency for International Development (AusAID) is to promote the sustainable economic and social advancement of the peoples of developing countries in response to Australia's humanitarian concerns as well as Australia's foreign policy and commercial interests. AusAID administers the bulk of Australia's Official Development Assistance (ODA) for developing countries.

The sub-program structure for AusAID is set out in the body of the Annual Report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with Schedule 2 of the *Financial Management and Accountability Act 1997* (FMA) and are a general purpose financial report.

The statements have been prepared in accordance with Schedule 2 to the FMA Orders made by the Minister for Finance and Administration. Schedule 2 requires that the financial statements are prepared:

- in compliance with the Australian Accounting Standards (AAS) and Accounting Guidance releases issued by the Australian Accounting Research Foundation;
- having regard to Statements of Accounting Concepts; and
- the Consensus Views of the Urgent Issues Group.

The financial statements have been prepared on an accrual basis, are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The continued existence of the Agency in its present form, and with its present sub-programs, is dependent on Government policy and on continuing appropriations by Parliament for the Agency's administration and sub-programs.

(b) Changes in Accounting Policy

A number of the requirements in Schedule 2 of the Finance Minister Order involve changes to accounting policies. These and other changes made are identified in this Note.

(c) Comparatives

The Agency is reporting as a Prescribed Agency for the first time. In 1996-97 AusAID's financial statements were reported as Program 6 of the Department of Foreign Affairs and Trade. Comparatives that were reported in 1996-97 have been included in the financial statements.

(d) Infrastructure, Plant and Equipment

Infrastructure, plant and equipment are carried at cost, officer's valuation or independent valuation. The capitalisation threshold limit is \$1 000. Assets with a cost or value less than the capitalisation threshold are expensed in the year of purchase.

The Australian Valuation Office (AVO) valued leasehold improvements as at 30 June 1993. The basis of the independent valuation was current replacement cost.

The Activity Management System (computer software developed in-house) was valued by the AVO as at 30 June 1996. The basis of the independent valuation was at current reproduction value.

An officer's valuation was provided for other computer software developed in-house as at 30 June 1997. The basis of the revaluation was current replacement cost.

AusAID is currently implementing a program of progressive revaluation which will ensure that all property, plant and equipment will be revalued by 1 July 1999 and then progressively every three years.

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(e) Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis to allocate the cost or revalued amount of each item progressively over its estimated useful life.

The cost (or other value) of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the lease, whichever is the shorter.

Depreciation/amortisation (useful lives) and methods are reviewed at each balance date and any adjustments are recognised in the current and future reporting periods, as appropriate.

Depreciation and amortisation rates applying to each class of depreciable assets are as follows:

1997-98

Leasehold Improvements	Term of the lease
Computers, Plant and Equipment	5 to 10 years
Computer Software	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6.

(f) Employee Entitlements

The provision for employee entitlements encompasses 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 AusAID is estimated to be less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of the total annual leave entitlements of all employees at 30 June 1998 and is recognised at the nominal amount.

AusAID recognises long service leave entitlements on a present value of estimated future cash flows. The determination of current and non-current portions is based on the past history of payments.

Employee entitlements have been calculated incorporating the on-costs associated with the recognition of the employee entitlements.

In 1997-98 amounts owing to Program Administrative Support Unit (PASU) staff and expert advisers under contract with AusAID have been reported as liabilities and not employee entitlements as previously reported. This treatment better reflects the relationship of PASU staff and expert advisers who are not regarded as AusAID employees.

(g) Superannuation Payments

Most staff contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions in relation to these schemes have been expensed in the financial statements.

No liability is shown for superannuation in the Statement of Assets and Liabilities as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

(h) Taxation

AusAID's activities are exempt from all forms of taxation except Fringe Benefits Tax (FBT).

(i) Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction.

Foreign currency receivables and payables are translated at the last period exchange rate issued by the Department of Finance as at the end of the reporting period.

(j) Insurance

In accordance with Government policy, assets are not insured and losses are expensed as they are incurred.

(k) Receivables

All known bad debts are written off during the year and adequate provision is made for doubtful debts based on a review of all outstanding accounts as at year-end.

(l) Resources Received Free of Charge

Resources received free of charge are recognised as revenue where the amounts can be reliably measured. Use of those resources is recognised as an expense.

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(m) Agency Items

Agency assets, liabilities, revenues and expenses are those items that are controlled by the Agency including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues for running costs appropriations;
- revenues from user charging etc where the proceeds are deemed appropriated under Section 31 of the *Financial Management and Accountability Act 1997*; and
- employee expenses and other administrative expenses incurred in providing goods and services.

(n) Administered Items

Administered items are revenue, expenses, assets and liabilities relating to Program funds or Special Appropriations and are not concerned with the running of AusAID, they are controlled by the Government and administered by AusAID.

(o) Rounding

Amounts have been rounded to the nearest \$1 000 except in relation to the following:

- transactions of the Consolidated Revenue Fund, the Commercial Activities Fund, the Reserved Money Fund and Special Public Moneys;
- act of grace payments and waivers;
- remuneration of executives; and
- remuneration of auditors.

(p) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits at call which are readily convertible to cash on hand and used in the daily management of AusAID.

(q) Leases

The Agency does not have any finance leases. Operating lease payments are charged to the Statement of Revenues and Expenses.

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NOTE 3 - ITEMS CREDITED AS REVENUES

1997-98 **1996-97**
\$'000 **\$'000**

AGENCY

The amounts and particulars of the following classes of revenues were included in the aggregate amounts shown in the Statement of Agency Revenues and Expenses

Other revenues from independent sources

Sale of goods and services

FMA Act Section 31 Resource Agreement (formerly Section 35 Resource Agreement)

i. Proceeds from sale of non-current assets less than \$1,000	3	11
ii. Officer contributions	553	446
iii. Other	235	229
	<u>791</u>	<u>686</u>

The total proceeds from sale of non-current assets greater than \$1 000 are incorporated in the loss on sale of infrastructure, plant and equipment (1997-98: \$138 269). The total amount received to Section 31 FMA is \$928 987

Resources received free of charge

The following resources received free of charge have been recognised in the Statement of Agency Revenues and Expenditure:

i. Audit services from the Australian National Audit Office in relation to the Section 49 Financial Statements (1996-97 \$101 000; 1997-98 \$90 000) (No other services were provided by the Auditor-General)	90	101
ii. Accounting and budgetary services from the Department of Finance and Administration are no longer free of charge	0	125
iii. Rental charges for overseas properties paid in previous years by the Overseas Property Group	265	0
	<u>355</u>	<u>226</u>

ADMINISTERED

Resources received free of charge

Services provided by Overseas Property Group	0	4 565
From 1 July 1997 AusAID was funded for rental payments for the overseas rental estate		

Other miscellaneous revenues

	<u>5 368</u>	<u>2 699</u>
	<u>5 368</u>	<u>7 264</u>

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NOTE 5 - FINANCIAL ASSETS - RECEIVABLES	1997-98	1996-97
	\$'000	\$'000
AGENCY		
Current Assets		
Appropriations	2 375	n/a

For this financial year the Department was required to include as a receivable the appropriation carry over due to the change in the reporting guidelines. There was no comparative amount in 1996-97.

ADMINISTERED		
Other receivables	103	96
Less: provision for doubtful debts	(39)	(52)
Net receivables for goods and services	<u>64</u>	<u>44</u>
Comprising		
Not overdue	33	32
Overdue: Less than 30 days	8	4
30 to 60 days	48	2
More than 60 days	14	58
	<u>103</u>	<u>96</u>
Less: Provision for doubtful debts	(39)	(52)
Net Receivables	<u>64</u>	<u>44</u>

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NOTE 6 - NON FINANCIAL ASSETS	1997-98	1996-97
	\$'000	\$'000
AGENCY		
NON-CURRENT ASSETS		
Infrastructure, plant and equipment		
Leasehold improvements at independent valuation-1 July 1993	241	241
Less: accumulated amortisation	<u>(152)</u>	<u>(124)</u>
	89	117
Leasehold improvements at cost	1 728	1 648
Less: accumulated amortisation	<u>(307)</u>	<u>(751)</u>
	1 421	897
Computers, plant and equipment at cost	10 024	7 117
Less: accumulated depreciation	<u>(3 916)</u>	<u>(3 650)</u>
	6 108	3 467
Wang Computers at independent valuation-1 July 1993	0	266
Less: accumulated depreciation	<u>0</u>	<u>(189)</u>
	0	77
Total infrastructure, plant and equipment	<u><u>7 618</u></u>	<u><u>4 558</u></u>
INTANGIBLES		
Computer Software		
Purchased	596	502
Internally developed	2 565	2 764
	<u>3 161</u>	<u>3 266</u>

ADMINISTERED

Infrastructure, plant and equipment		
Computers, plant and equipment-at cost	4 169	3 888
Less: accumulated depreciation	<u>(1 952)</u>	<u>(1 800)</u>
	<u>2 217</u>	<u>2 088</u>

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NOTE 6 - (cont'd)

AGENCY

a) Movement summary 1997-98 for all assets irrespective of valuation basis

Item	Other Infrastructure, plant & equipment \$'000	Intangibles - Computer software \$'000	Total \$'000
Gross value at 1 July 1997	9 272	3 890	13 162
Additions - Cash	4 363	719	5 082
Additions - Previous prepayments & creditors	1 145	0	1 145
Disposals	(1 127)	0	(1 127)
Trade-ins	(226)	0	(226)
Write-offs	(1 501)	0	(1 501)
Other movements (adjustments)	67	0	67
Gross value as at 30 June 1998	11 993	4 609	16 602
Accumulated depreciation at 1 July 1997	4 714	624	5 338
Depreciation - current year	1 412	824	2 236
Depreciation - assets disposed	(866)	0	(866)
Trade-ins	(150)	0	(150)
Depreciation - assets written-off	(735)	0	(735)
Other movements (adjustments)	0	0	0
Accumulated depreciation at 30 June 1998	4 375	1 448	5 823
Net book value as at 30 June 1998	7 618	3 161	10 779
Net Book value as at 1 July 1997	4 558	3 266	7 824

b) Summary of balances of assets at valuation as at 30 June 1998

As at 30 June 1998			
Gross Value	241	1 785	2 026
Accumulated depreciation	(152)	(714)	(866)
Net book value as at 30 June 1998	89	1 071	1 160
As at 30 June 1997			
Gross Value	507	1 785	2 292
Accumulated depreciation	(313)	(357)	(670)
Net book value as at 30 June 1997	194	1 428	1 622

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NOTE 6 - (cont'd)

ADMINISTERED

c) Movement summary 1997-98 for all assets irrespective of valuation basis

Item	Other Infrastructure, plant & equipment \$'000	Intangibles - Computer software \$'000	Total \$'000
Gross value at 1 July 1997	3 888	0	3 888
Additions	917	0	917
Disposals	(255)	0	(255)
Trade-ins	(16)	0	(16)
Write-offs & trade-ins	(362)	0	(362)
Other movements (adjustments)	(3)	0	(3)
Gross value as at 30 June 1998	4 169	0	4 169
Accumulated depreciation at 1 July 1997	1 800	0	1 800
Depreciation - current year	706	0	706
Depreciation - assets disposed	(224)	0	(224)
Trade-ins	(12)	0	(12)
Write-offs & trade-ins	(318)	0	(318)
Other movements (adjustments)	0	0	0
Accumulated depreciation at 30 June 1998	1 952	0	1 952
Net book value as at 30 June 1998	2 217	0	2 217
Net Book value as at 1 July 1997	2 088	0	2 088

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NOTE 7 - NON FINANCIAL ASSETS - INVENTORIES

1997-98
\$'000

1996-97
\$'000

AGENCY

Current Assets

ADMINISTERED

Inventories held for sale
Finished Goods

<u>0</u>	<u>33</u>
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NOTE 8 - NON FINANCIAL ASSETS - OTHER

AGENCY

Current Assets

Prepayments

<u>2 769</u>	<u>1 234</u>
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ADMINISTERED

Prepayments

<u>127 836</u>	<u>140 912</u>
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NOTE 9 - PROVISIONS AND PAYABLES - SUPPLIERS

AGENCY

Current Liabilities

Total Suppliers

<u>1 349</u>	<u>681</u>
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ADMINISTERED

Current Liabilities

Suppliers

<u>425 606</u>	<u>411 749</u>
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Non-Current Liabilities

Suppliers

<u>1 078 608</u>	<u>1 380 894</u>
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Total Liabilities

<u>1 504 214</u>	<u>1 792 643</u>
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The administered trade creditors includes amounts owing on non-reciprocal agreements which are recorded as liabilities in the year that the agreement is signed.

Australian Agency for International Development
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NOTE 10 - PROVISIONS AND PAYABLES - EMPLOYEES	1997-98	1996-97
	\$'000	\$'000
AGENCY		
Current Liabilities		
Employee liability		
Salaries and wages	514	431
Leave	2 763	4 232
Other	67	258
	<u>3 344</u>	<u>4 921</u>
Non Current Liabilities		
Employee liability		
Leave	7 827	5 867
Other	157	169
	<u>7 984</u>	<u>6 036</u>
Total Liabilities		
Employee liability		
Salary and wages	514	431
Leave	10 590	10 099
Other	224	427
	<u>11 328</u>	<u>10 957</u>

The financial statements in 1997-98 include an amount for non-current annual leave provision of \$1 607 105. In prior years all annual leave was disclosed as a current liability. Staff from the former Advisory Services Group which were reported as administered have been transferred to Agency activities during the year.

ADMINISTERED

Current Liabilities

Employee liability		
Salary	0	21
Leave	0	310
Other	0	55
	<u>0</u>	<u>386</u>

Non Current Liabilities

Employee liability		
Leave	0	266
Other	0	191
	<u>0</u>	<u>457</u>

Total Liabilities

Employee liability		
Salary	0	21
Leave	0	576
Other	0	246
	<u>0</u>	<u>843</u>

In 1997-98 Administered employee provisions are recorded as suppliers (refer Note 2)

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NOTE 11 - CASH FLOW RECONCILIATION	1997-98	1996-97
	\$'000	\$'000
AGENCY		
Reconciliation of net cost of services to net cash provided by operating activities:		
Net Cost of Services - (loss)/gain	(54 094)	(51 173)
Revenue from government	<u>59 896</u>	<u>51 412</u>
Operating surplus	<u>5 802</u>	239
Depreciation - infrastructure, plant and equipment and intangibles	2 236	2 038
Loss on disposal of property, plant and equipment and intangibles	928	340
Stocktake Adjustment	(31)	(39)
Change in operating assets and liabilities		
(Increase) in receivables	(2 375)	0
(Increase) in prepayments	(1 534)	(313)
Increase in infrastructure, plant and equipment from prepayments	(1 145)	0
Increase/(Decrease) in suppliers	668	(97)
Increase/(Decrease) in provisions	371	(401)
Net cash provided by operating activities	<u><u>4 920</u></u>	<u><u>1 767</u></u>

ADMINISTERED

Reconciliation of net change in administered assets to net cash provided by operating activities

Net change in administered assets

Net contribution(cost) to Government	(1 018 730)
Cash from the Official Commonwealth Public Account for Operations	1 299 452
Cash to the Official Commonwealth Public Account for Operations	<u>(5 287)</u>
Net increase in administered assets from operations	<u>275 435</u>

Net change in administered assets

Depreciation of infrastructure, plant and equipment	707
Net (profit)/loss on sale of infrastructure, plant and equipment	40

Change in operating assets and liabilities

(Increase)/decrease in receivables	(20)
(Increase)/decrease in inventories	33
(Increase)/decrease in other non-financial assets	13 079
(Decrease) in other provisions and payables	(288 758)
(Decrease) in personal benefits	(514)

Net cash provided by operating activities	2
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NOTE 12 - EQUITY

AGENCY

Item	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Transfer of accumulated results from DFAT	(4 314)	1 785	(2 529)
Operating result	5 802	0	5 802
Balance at 30 June 1998	1 488	1 785	3 273

ADMINISTERED

Item	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Transfer from accumulated result from DFAT	(1 650 393)	0	(1 650 393)
Net change in administered assets	276 314	0	276 314
Balance at 30 June 1998	(1 374 079)	0	(1 374 079)

AusAID became a Prescribed Agency on 1 January 1998. Prior to this AusAID was reported as Program 6 within the Department of Foreign Affairs and Trade (DFAT). Transfers of assets and liabilities from DFAT have been reported as Transfers of Accumulated Results in Equity.

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NOTE 13 - REMUNERATION OF EXECUTIVES

AGENCY	1997-98	1996-97
	Number	Number
	or \$'000	or \$'000

The number of executive officers who received or were due to receive fixed remuneration of \$100 000 or more:

\$100 000 - \$110 000	3	7
\$110 001 - \$120 000	2	1
\$120 001 - \$130 000	4	1
\$130 001 - \$140 000	3	2
\$140 001 - \$150 000	0	0
\$150 001 - \$160 000	1	1
\$160 001 - \$170 000	0	0
\$170 001 - \$180 000	0	1
\$180 001 - \$190 000	1	0
\$190 001 - \$200 000	0	0
Greater than \$200 000	1	0
	15	13

- | | | |
|--|------------------|-----------|
| i. The aggregate amount of total remuneration of executive officers shown above.
Fringe benefits tax on motor vehicles and redundancy payments are included in this amount. | 1 986 968 | 1 592 317 |
| ii. The aggregate amount of performance pay paid during the year to executive officers shown above. | 76 107 | 56 578 |

NOTE 14 - ACT OF GRACE PAYMENTS

No act of grace payments were made during the year ended 30 June 1998 pursuant to authorisation given under FMA Act Section 33 (formerly section 34A(1) of the Audit Act 1901).	0	0
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NOTE 15 - WAIVER OF RIGHTS TO PAYMENT OF MONEYS

No waiver of rights to payment of moneys was taken during the year ended 30 June 1998 pursuant to FMA Act section 34(1) (formerly section sub-section 70C(2) of the Audit Act 1901).	0	0
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NOTE 16 - AMOUNTS WRITTEN OFF

The following amounts were written off. Write offs are now covered under Chief Executive instructions (formerly under sub-section 70C(1) of the *Audit Act 1901*).

i. Losses or deficiencies of public moneys	0	0
ii. Irrecoverable amounts of revenue	0	0
iii. Irrecoverable debts or overpayments	0	680
iv. Amounts of revenue and debts, the recovery of which has been determined to be uneconomical	0	0
v. Lost, deficient, condemned, unserviceable or obsolete stores	37 000	28 122
	37 000	28 802

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NOTE 17 - RECEIPTS OF THE CONSOLIDATED REVENUE FUND

	1997-98	1997-98	1996-97
	Budget	Actual	Actual
	\$	\$	\$
Miscellaneous	1 031 000	5 325 192	3 371 556
Section 31 of the <i>FMA Act 1997</i> - to be credited to Running Costs - Division 317	730 000	928 987	736 001
Total Receipts	<u>1 761 000</u>	<u>6 254 179</u>	<u>4 107 557</u>

NOTE 18 - EXPENDITURE FROM SPECIAL APPROPRIATIONS

Consolidated Revenue Fund

Asian Development Fund Act 1987	104 810 000	104 810 000	75 671 000
International Development Association (Further Payment) Act 1984	0	0	4 623 333
International Development Association (Special Contribution) Act 1985	0	0	2 426 667
International Development Association (Special Contribution) Act 1987	18 000 000	18 000 000	20 000 000
International Development Association (Further Payment) Act 1990	32 000 000	32 000 000	40 000 000
International Development Association (Further Payment) Act 1993	50 020 000	50 020 000	54 360 000
Total Expenditure from Special Appropriations	<u>204 830 000</u>	<u>204 830 000</u>	<u>197 081 000</u>

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NOTE 19 - EXPENDITURE FROM ANNUAL APPROPRIATIONS

	1997-98 Budget Estimates \$	1997-98 Additional Appropriations \$	1997-98 Advance to Minister for Finance \$	1997-98 Total Appropriation \$	1997-98 Actual Expenditure \$	1996-97 Actual Expenditure \$
ORDINARY ANNUAL SERVICES OF GOVERNMENT APPROPRIATION ACT						
Division 317 - Australian Agency for International Development	Act No. 1	Act No. 3				
1 Running Costs (Annotated Appropriation)	57 359 000	2 591 000	-	59 950 000	58 094 614	51 921 750
2 Papua New Guinea Special Programs						
01 Budget Support	106 600 000	-	-	106 600 000	106 600 000	142 200 000
02 Overseas officers of former administrations and Australian Staffing Assistance Group - Termination payments and retirement benefits	15 900 000	-	-	15 900 000	15 480 468	15 834 470
3 Country Programs						
01 Papua New Guinea and South Pacific programs	307 054 000	-	-	307 054 000	307 037 934	265 577 628
02 South-East Asia programs	262 865 000	-	-	262 865 000	262 864 105	252 856 673
03 Other regions	127 290 000	-	-	127 290 000	127 289 944	125 164 539
4 Cross Regional Programs						
01 Support programs	10 112 000	-	-	10 112 000	10 109 179	9 458 971
5 Emergency and Refugee Programs						
01 Emergency aid	11 167 000	-	27 800 000	38 967 000	35 424 326	11 166 753
02 Refugee relief programs	70 040 000	-	-	70 040 000	69 544 639	70 314 962
6 International Organisations						
01 United Nations development organisations	67 458 000	-	-	67 458 000	66 858 497	74 735 596
02 Commonwealth development organisations	9 294 000	-	599 502	9 893 502	9 893 502	8 793 741
03 International development, environment and research organisations	23 315 000	-	-	23 315 000	23 300 124	16 298 924
04 Contribution to multilateral development banks	25 900 000	-	-	25 900 000	25 900 000	1 580 887
7 Community and Commercial Programs						
01 Voluntary organisations	32 135 000	-	-	32 135 000	32 134 779	30 134 172
02 Development education and public information	1 207 000	-	-	1 207 000	1 201 961	1 642 000
03 Academic and research programs	1 900 000	-	-	1 900 000	1 899 999	1 998 382
Development Import Finance Facility	-	-	-	0	0	11 533 679
Other Services						
Compensation and legal expenses	-	-	-	0	0	238 396
Total - Appropriation Acts No. 1 and 3	1 129 596 000	2 591 000	28 399 502	1 160 586 502	1 153 634 071	1 091 451 523

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NOTE 20 - RECEIPTS AND EXPENDITURE OF THE RESERVE MONEY FUNDS

	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total Finance \$	1996-97 Cash \$	1996-97 Investments \$	1996-97 Total \$
Reserve Money Fund						
Services for Other Government and Non-Agency Bodies						
Legal Authority - Financial Management and Accountability Act, 1997						
Purpose - for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies						
Opening Balance at 1 July 1997	52 207	-	52 207	40 528	-	40 528
Receipts - Appropriations	589 422	-	589 422	86 980	-	86 980
Expenditure - for operations	318 437	-	318 437	75 301	-	75 301
Transfer to investments	320 000	320 000	0			
Closing Balance at 30 June 1998	<u><u>3 192</u></u>	<u><u>320 000</u></u>	<u><u>323 192</u></u>	<u><u>52 207</u></u>	<u><u>0</u></u>	<u><u>52 207</u></u>

Reserve Money Fund
Other Trust Moneys Reserve

Legal Authority - Financial Management and Accountability Act, 1997

Purpose - for receipt of moneys temporarily held on trust or otherwise for the benefit a person other than the Commonwealth

Opening Balance at 1 July 1997	436	-	436	375	-	375
Receipts - Appropriations	0	-	0	6 519	-	6 519
Expenditure - for operations	0	-	0	6 458	-	6 458
Closing Balance at 30 June 1998	<u><u>436</u></u>	<u><u>0</u></u>	<u><u>436</u></u>	<u><u>436</u></u>	<u><u>0</u></u>	<u><u>436</u></u>

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NOTE 21 - RECONCILIATION OF AGENCY RUNNING COSTS	1997-98
	\$
Running costs appropriation spent (Div 317-1)	58 094 614
Less: Appropriation under FMA Act section 31	<u>928 987</u>
	57 165 627
Add: Carryover 30 June	<u>2 375 373</u>
Running Costs Revenue (included in Operating Statement)	59 541 000
Other agency spending - ordinary annual services appropriations	0
Revenue from Government - ordinary annual services (per Operating Statement)	<u><u>59 541 000</u></u>

Australian Agency for International Development
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 22 - FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods	Terms and conditions
<i>Financial Assets</i>			
Receivables for goods and services	5	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 days terms
<i>Financial Liabilities</i>			
Trade creditors and accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.	Trade liabilities are normally settled on 30 day terms.

b) Interest rate risk and net fair values

AusAID's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	1997-98
	\$'000
<i>(I) Financial Assets (non interest bearing)</i>	
Cash	27
Receivables - Appropriation carryover	2 375
Total financial assets	<u>2 402</u>

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying values.

<i>(II) Financial Liabilities (non interest bearing)</i>	
Trade creditors	<u>1 349</u>

The net fair values for trade creditors and accruals which are short-term in nature are approximated by their carrying amounts.

c) Credit risk exposures

The maximum exposure AusAID has to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet. AusAID does not have any significant exposures to any concentrations of credit risk.

Australian Agency for International Development
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 22 (cont'd) - ADMINISTERED FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods	Terms and conditions
<i>Financial Assets</i>			
Receivables for goods and services	5	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 days terms
<i>Financial Liabilities</i>			
Trade creditors and accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services, whether or not billed to the entity.	Trade liabilities are normally settled on 30 day terms.
Student Program		An assessment of amounts owing to students is made at the financial year end. The liability relates to the future liabilities to the students up to the point of studies completion.	Payments are made bi-annually.
PNG Budget support		Budget support recognised as a creditor when treaty was first signed.	Payments are made annually.
International Development Fund (IDF), Asian Development Fund (ADF), IFAD, and Global Environment Fund (GEF)		Recognised when Instruments of Commitment/Contribution are signed.	Amounts are drawn down periodically by the banks.
Nauru settlement		Recognised when settlement amount was known.	Payable in instalments over the next 15 years.

b) Interest rate risk and net fair values

AusAID's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	1997-98
	\$'000
<i>(I) Financial Assets (non interest bearing)</i>	
Cash	18
Receivables	64
Total financial assets	<u>82</u>

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying values.

<i>(II) Financial Liabilities (non interest bearing)</i>	
Trade creditors and accruals	61 441
Student Program	104 670
PNG Budget support	106 500
IDA	470 312
ADF	675 631
IFAD	13 355
GEF	34 182
Nauru settlement	38 123
Trade creditors	<u>1 504 214</u>

The net fair values for trade creditors and accruals which are short-term in nature are approximated by their carrying amounts.

c) Credit risk exposures

The maximum exposure AusAID has to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet. AusAID does not have any significant exposures to any concentrations of credit risk.