Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Entity

The entity is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the entity is to enhance Australian Fauna and Flora.

The entity is structured to meet the following outcomes:

Outcome 1: To preserve and protect Australian Fauna and Flora for current and future generations.
Outcome 2: To facilitate appropriate access to training and employment opportunities in the field of Australian Fauna and Flora.

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.

Entity activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right. Administered activities involve the management or oversight by the entity, on behalf of the Government, of items controlled or incurred by the Government.

The entity conducts the following administered activities on behalf of the Government: youth employment and youth commission.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the Financial Management and Accountability Act 1997.

The financial statements have been prepared in accordance with:

a) Finance Minister’s Orders (FMOs) for reporting periods ending on or after 1 July 2011; and

b) Australian Accounting Standards and Interpretations 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 in accordance with the 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required...
by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the entity has made a judgement that have the most significant impact on the amounts recorded in the financial statements: the fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, entity buildings are purpose-built and may in fact realise more or less in the market.

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following [new/revised/amending standards and/or interpretations] were issued prior to the signing of the statement by the chief executive and chief financial officer, were applicable to the current reporting period and had a material effect on the entity’s financial statements:

<table>
<thead>
<tr>
<th>Standard/ Interpretation</th>
<th>Nature of change in accounting policy, transitional provisions, and adjustment to financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Title of Standard/ Interpretation (a list of new Standards/ Interpretations (the Changes to Standards) will be provided by Finance after 30 June)]</td>
<td>[Brief description of the nature of the change in accounting policy (can be sourced from the prior year’s Attachment A to the Changes to Standards issued by Finance, CFO Forum presentations; ANAO Client Seminar materials; and materials produced by accounting firms)]</td>
</tr>
<tr>
<td></td>
<td>[When applicable, brief description of the transitional provisions (including the provisions that might have an effect on future periods)]</td>
</tr>
<tr>
<td></td>
<td>[For each period presented, and relating to periods before those presented, the amount of the adjustment for each financial statement line item affected]</td>
</tr>
</tbody>
</table>

1. When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions.
2. Retrospective application required by AASB 108.19 was impracticable due to [insert reasons]. The change in accounting policy was instead applied from [insert date and how it was applied]. (Where applicable)

All other [new/revised/amending standards and/or interpretations] that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entity’s financial statements.

Future Australian Accounting Standard Requirements

The following [new/revised/amending standards and/or interpretations] were issued by the Australian Accounting Standards Board prior to the signing of the statement by the chief executive and chief financial officer, which are expected to have a material impact on the entity’s financial statements for future reporting period(s):

<table>
<thead>
<tr>
<th>Standard/ Interpretation</th>
<th>Application date for the entity</th>
<th>Nature of impending change/s in accounting policy and likely impact on initial application</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Title of Standard/ Interpretation]</td>
<td>[e.g. 1 July]</td>
<td>[Brief description of the impending change/s in accounting policy and likely impact on initial application]</td>
</tr>
</tbody>
</table>
Interpretation (the Changes to Standards will be provided by Finance after 30 June)]

20XX] accounting policy (can be sourced from Attachment A to Changes to Standards issued by Finance, CFO Forum presentations; ANAO Client Seminar materials; and materials produced by accounting firms)]

Likely impact: [Entity specific discussion (where not yet known/ reasonably estimable state this)]

1. The entity’s expected initial application date is when the accounting standard becomes operative at the beginning of the entity’s reporting period.

All other [new/revised/amending standards and/or interpretations] that were issued prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on the entity’s financial statements

1.5 Revenue

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 or effective control over the goods;
  c) the revenue and transaction costs incurred can be reliably measured; and
  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; and
  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 the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

Resources Received Free of Charge

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

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. Appropriations receivable are recognised at their nominal amounts.

1.6 Gains
**Resources Received Free of Charge**

Resources received free of charge are recognised as gains 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

**Sale of Assets**

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

**1.7 Transactions with the Government as Owner**

**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.

**Other Distributions to Owners**

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend. The entity relinquished control of surplus appropriation funding of $6,068,149 which was returned to the Official Public Account. On 24 January 20X2, the Finance Minister issued a determination to reduce Departmental Output Appropriations by $6,068,149.

**1.8 Employee Benefits**

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of 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 benefits 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 leaves 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 has been determined by reference to the work of an actuary as at 30 June 20X2. 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 it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

**Superannuation**

The entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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.

The entity 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. The entity 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.

1.9 **Leases**

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.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.10 **Borrowing Costs**

All borrowing costs are expensed as incurred.

1.11 **Fair Value Measurement**

The entity deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 **Cash**

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

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- c) cash held by outsiders; and
- d) cash in special accounts.

1.13 **Financial Assets**
The entity classifies its financial assets in the following categories:

a) financial assets at fair value through profit or loss;

b) held-to-maturity investments;

c) available-for-sale financial assets; and

d) loans and 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.

**Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

**Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

a) have been acquired principally for the purpose of selling in the near future;

b) are derivatives that are not designated and effective as a hedging instrument; or

c) are parts of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. Interest earned on financial assets at FVTPL is included in line item ‘Change in fair value through profit and loss’ of Note 4K and is not to be included again in Note 4C.

**Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus and deficit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost. (Note: the PRIMA Illustrative FMA does not contain such instruments).

**Held-to-Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

**Loans and Receivables**

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

**Impairment of Financial Assets**

Financial 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 loans and receivables or held to maturity investments 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.

**Available for sale financial assets** - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

**Financial assets held at cost** - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### 1.14 Investments in Associates

The entity’s investment in its associates is accounted for using the equity method.

Under the equity method, investments in the associates are carried in the entity's statement of financial position at cost as adjusted for post-acquisition changes in the entity's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment. After the application of the equity method, the entity determines whether it is necessary to recognise any impairment loss with respect to the net investment in associates.

### 1.15 Jointly Controlled Entities

Interests in jointly controlled entities in which the entity is a venturer (and so has joint control) are accounted for using the equity method.

### 1.16 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’.

**Financial Liabilities at Fair Value Through Profit or Loss**

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

**Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.17 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and 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.

1.18 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 Financial Instruments: Recognition and Measurement. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

1.19 Acquisition of Assets

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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

1.20 Property, Plant and Equipment

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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘make good’ provisions in property leases taken up by the entity where there exists an obligation to restore the property to its original condition. These costs are included in the value of the entity’s leasehold improvements with a corresponding provision for the ‘make good’ recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets’ fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

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

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

Depreciation
Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings on freehold land</td>
<td>60 years</td>
<td>60 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Lease term</td>
<td>Lease term</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>4 to 9 years</td>
<td>3 to 7 years</td>
</tr>
</tbody>
</table>

All heritage and cultural assets have indefinite useful lives and are not depreciated.

*Impairment*

All assets were assessed for impairment at 30 June 20X2. 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 of disposal 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 the entity 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.

*Heritage and Cultural Assets*

The entity has 12 paintings (20X1: None) (with an aggregated fair value of $10,550,000 (20X1: nil)) of native Australian flora and fauna painted by well-known Australian artists (including Kathleen O’Connor and Elise Blumann) during 1920 to 1960. The entity has classified them as heritage and cultural assets as they were primarily used for purposes that relate to their cultural significance. The entity has adopted appropriate curatorial and preservation policies for these paintings and the paintings are deemed to have indefinite useful lives and hence are not depreciated. The entity’s curatorial and preservation policies are publicly available at [http://www.AFF.com/CuratorialAndPreservationPolicies/H&CA.html](http://www.AFF.com/CuratorialAndPreservationPolicies/H&CA.html) (this URL is for illustrative purposes only).

### 1.21 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on disposal of an investment property are recognised in profit or loss in the year of disposal.
1.22 Intangibles

The entity's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are 7 to 10 years (20X0-X1: 7 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 20X2.

1.23 Inventories

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.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:
   a) raw materials and stores – purchase cost on a first-in-first-out basis; and
   b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.24 Taxation / Competitive Neutrality

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; and
   b) for receivables and payables.

Competitive Neutrality
The Education Services Division within the entity provides services on a for-profit basis. Under Competitive Neutrality arrangements, Educational Services is required to make Australian Income Tax Equivalent payments to the Government, in addition to payments for FBT and GST.

1.25 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account
Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Revenue
All administered revenues are revenues relating to ordinary activities performed by the entity on
behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue is generated from fees that are charged for access to reserves holding protected Australian fauna and flora. Administered fee revenue is recognised when access occurs. Collectability of debts is reviewed at end of the reporting period. Impairment allowances are made when collectability of the debt is judged to be less, rather than more, likely.

**Loans and Receivables**
Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

**Administered Investments**
Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 20X2. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of reporting period.

**Financial Guarantee Contracts**
Financial guarantee contracts are accounted for in accordance with AASB 139 Financial Instruments: Recognition and Measurement. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

**Guarantees to Subsidiaries, Joint Ventures and Associates**
The amounts guaranteed by the Commonwealth have been disclosed in Note 30. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required. The guarantees are in relation to lease obligations and are measured at the present value of future lease payments.

**Other Guarantees**
As for guarantees to controlled entities.

**Indemnities**
The maximum amounts payable under the indemnities given is disclosed in Note 33. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

**Grants and Subsidies**
The entity administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

**Payments to CAC Act Bodies**
Payments to CAC Act bodies from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the department is disclosed in Table A of the appropriations note.