

# **Australian Pome Fruit Improvement Program Ltd**

**ACN 077 345 174**

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# Chairman's report



*Ralph Wilson  
APFIP Chairman*

It is with great pleasure that I present to you my first annual report.

After the retirement of the company's foundation chairman Rodney Green, I have been privileged to serve as chairman of APFIP for the past year.

## APFIP Board

The Board has met on three occasions in the last year, once at the Annual Conference in Hobart last year and twice at APAL offices in Melbourne. Between these meetings, many faxes were exchanged and phone calls made, to ensure the smooth operation of the company.

The company has five appointed directors who serve three-year terms. Marcel Veens completed his three-year term and re-applied for a second three-year term. Marcel was re-appointed so the makeup of the Board is unchanged for this coming year.

The executive is made up with Garry Langford as National Coordinator, Gregory Cramond as Evaluation Coordinator and Tony Heward as Rootstock Production Manager.

## Company structure

The company operates as a 'not for profit' entity and is funded substantially by a levy on apple sales which is matched by an equivalent amount from government.

Horticulture Australia Limited (HAL) administers these funds and APFIP operates under HAL project

AP 00026. This project will end in June next year. On 1 July 2003 pear industry involvement in all aspects of APFIP operations began through HAL project AP03018, this project runs until 2008.

## Finance

As at the end of June 2004, the company recorded a loss of \$40,629. This figure includes \$12,250 of depreciation and \$18,410 of leave provisions; we are holding \$8500 in certified rootstocks that will be on-sold to our certified licensees in the next financial year.

When these items are considered we have delivered a balanced year.

The Company through its commercial operations has a cash reserve, which was \$35,000 at 30 June 2004 and our operating loss is funded from this account.

Levy funds held in reserve by HAL amounted to \$168,342 and these funds will be matched for R&D purposes. A new HAL project application will be completed during the next year for the period July 2005 to June 2010.

## Planting material

The past year has seen the company move closer to its stated vision and in doing so, is delivering on its original reason for existence through the introduction of pome fruit planting material standards.

One of our major objectives in this area is the availability of certified rootstocks. The importance of this milestone should not be understated.

The undeniable key to improving our pome fruit industries begins with the planting material. Orchard cultural practices, storage and packaging, cool chain management and marketing can all achieve greater success if the product we produce is enhanced by certified rootstocks and nursery trees.

Harald Weis, in a paper delivered to the 2004 International Dwarf Fruit Tree Association's annual conference, stated that,

*"Today the grower can no longer afford to train the young tree in his orchard. At planting the young tree must be a finished product which produces high yields in the second leaf."*

He went on to say,

*"...virus infected material can cause reductions in growth and yields of 20% to 40%. ...Therefore it must be required that a young tree has to be free of all viral infections."*

APFIP has been working towards delivering improvements to planting material and I believe that this past year has seen major steps forward in this area.

It has been a long haul with regards the production of certified rootstocks. At times the light at the end of the tunnel seemed a long way off, but with the release of our first major batch of certified tissue cultured rootstocks, that light is now very bright.

## Licenses

After the Board and management reviewed applications, four commercial nurseries were licensed by APFIP to grow certified M9 and M26 rootstocks.

This major step forward is the foundation of delivering improved planting material to our industry. The company and the nursery industry are working together to achieve this outcome and more nurseries will be licensed in the coming year.

The board has been pleased with the response from the nursery industry and feels that with their co-operation, we collectively can deliver improvements to growers in the area of planting material.

## Monash site

With the move to commercial production of certified rootstocks, the Board has been reviewing the status and future of our Monash production site.

It would be counter productive to continue producing non-certified rootstocks at this site given our commitment to certified material. The Board is also concerned about the harsh climatic conditions experienced, especially over the last two seasons.

## Pears and nashi

While the major emphasis of the company has been on apples, pears and nashi have also occupied the Board's discussions during this last year.

A proposal for a Pear Rootstock Demonstration Trial was prepared by the National Coordinator and submitted to HAL. Discussions are still ongoing with the nashi industry regarding evaluation services.

# Chairman's report

## Certification & Regional Evaluation

While success is taking some time to achieve in the area of certification, the evaluation component of our business is developing quite strongly.

The smooth introduction of the Internet-based data management system has allowed the company to deliver valuable information to both the variety owners and the industry as a whole.

The professional management displayed in this area has not only been appreciated by variety owners, but also international industry players who see opportunities to use both the evaluation services and possibly, the management systems themselves.

The collection of both varietal and climatic data from a wide range of sites gives credible information to our customers and to our growers.

The objective of our evaluation system was to try and get variety owners to introduce their potential new variety into our evaluation system early so that valuable and commercially useful information could be gained.

It would benefit growers to know where the new variety would grow best, as well as all the attributes and deficiencies of that new variety. Informed decisions could then be made, rather than planting a new variety and hoping for the best. The Board is pleased with the progress in this area.

## Quarantine protocol

Another major success of the company has been the reduction in time spent in quarantine for introduced plant material for our industry.

The new Post Entry Quarantine (PEQ) Protocol—which APFIP was instrumental in having adopted by AQIS—is being used and appears to be working well with new varietal material having passed through the system.

As well as the new protocols, APFIP has been involved in the PEQ Diagnostic Project (AP01030) and welcomed Bill Howell from the USA in January this year.

## Conclusion

In conclusion I would like to thank my fellow Board members, Scott Price, Marcel Veens, Michael Stafford and Ian Bolitho for their support and collective wisdom in making my first year as chairman very rewarding.

I would also like to thank Garry Langford for his professional and helpful support in assisting both the Board and myself in achieving a successful year.

The industry is very fortunate in having a 'can-do' and vibrant personality like Garry as our National Coordinator. The Board would also like to thank Greg Cramond for performing his duties in such a positive and successful way. His vast botanical and cultural knowledge has been put to great effect as Evaluation Manager. Also Tony Heward's efforts working in less than ideal climatic conditions have been appreciated by the Board.

## APFIP Board and staff



*Scott Price  
APFIP Board*



*Ian Bolitho  
APFIP Board*



*Marcel Veens  
APFIP Board*



*Michael Stafford  
APFIP Board*



*Garry Langford  
National  
Coordinator*



*Greg Cramond  
Evaluation  
Manager*

# National Coordinator's Report



*Garry Langford  
APFIP National  
Coordinator*

Communication with Australian growers about what we do is still a challenge.

Communication is a two way street, there is an expectation on our part that growers will read what is written or come along to meetings and conferences to find out what APFIP does, but unfortunately this is not always the case.

During my travels I meet growers who are blissfully unaware of our operations. I find this a little frustrating when, as a Company, we spend valuable time writing articles and reports for publication and visiting growing areas on a regular basis to speak to grower meetings. However, all is not lost.

## **APFIP in the orchard**

As the physical evidence of our operations expands, the issue of direct communication with growers will largely disappear. APFIP will have an influence on growers' planting decisions even if they don't recognise it.

Rapid and secure introductions of new varieties from overseas through an efficient and up-to-date post entry quarantine system is the first step. The APFIP logo on independent variety performance data will give growers confidence when considering a new variety opportunity, along with the ability to purchase APFIP certified nursery trees from their local nursery. All this will allow growers to establish the foundation for profitable orchards.

## **Overseas reputation**

The Company has continued to build its reputation overseas.

In March I had the opportunity to present a paper about our evaluation network at the International Dwarf Fruit Tree Association meeting in Bolzano, Italy.

The evaluation program that we operate is unique in the world. There was very good feedback following the presentation that I believe will result in increased evaluation business in the future. This translates into opportunities for Australian growers.

## **Certification— rootstocks**

During the year we called for expressions of interest for businesses that wanted to be an APFIP certified licensee to grow our certified rootstocks and ultimately certified nursery trees.

This followed several years work on the certification rules and consultation with a range of nurseries and overseas agencies. Final approval of the rules from the Australian Competition and Consumer Commission is still pending but recent communication has indicated that subject to two minor changes the rules would be approved.

There were 10 enterprises that expressed an interest in certification with a short list of six considered by the Board with four nurseries selected from this process.

These nurseries are Olea Nursery at Manjimup in Western Australia, Mount View Nursery at Batlow New South

Wales, Tahune Fields Nursery and Forest Home Nursery in Tasmania. These nurseries will plant a total of 33,500 Certified M9 and M26 rootstocks this winter, with full-scale commercial production beginning in 2006.

The majority of these certified rootstocks are M9 and we are confident that our certified nurseries will soon be able to meet demand for nursery trees on this rootstock.

APFIP is the Australian licensee for the NAKB rootstocks from the Netherlands. NAKB M9 T 337 should be commercially available in 2007. This will give us an M9 rootstock with less vigour than our current M9 for those varieties and areas where M9 is still too vigorous.

We will consider further licensees during the next year and believe that this will be an ongoing process. The only limit on the number of licensees in our view is the number of businesses that can meet the requirements detailed in the rules.

## **Certification— budwood**

The work on certified rootstocks will quickly be undone if we don't have certified bud and graft wood with which to make nursery trees.

The certification rules clearly describe the process for producing certified bud and graft wood.

Testing—available during the time that varieties are in post entry quarantine (PEQ)—will ensure that new varieties entering the country meet the virus status requirements of the rules.

APFIP now has some of the industry standard varieties in a certified state and these will be made available to our certified nurseries to produce certified nursery trees.

We also have several potentially commercial varieties that will be made available to the APFIP licensees once evaluation and certification is complete. The licensees will have the opportunity to promote these varieties in accordance with the requirements of the variety owner.

## **Tree description**

As an adjunct to the certification system we have developed a nursery tree specification and tree types description—where the certification rules for reasons of future management of the trademark, detail minimum nursery tree standards (any changes would need approval from the ACCC).

The nursery tree specifications detail the ideal requirements and are aimed at helping growers to purchase nursery trees that suit their purpose. They are available from the APFIP office on request, or on the Internet at [www.apfip.com.au](http://www.apfip.com.au).

## **Monash production**

Rootstock production at Monash will be wound back as production from our certified licensees becomes available.

It is intended that we will establish another repository in a more apple and pear friendly climate in the next year.

Monash has served us well and we have had great service from Tony

# ..... National Coordinator's Report

Heward who has managed the production area for us on a permanent part-time basis since 1998.

The location of the new repository has yet to be finalised but possible sites are in the Adelaide Hills, southern Victoria or Tasmania.

## Evaluation

Six years on from the first evaluation sites being planted, this area of our operations is now becoming routine.

Greg Cramond has continued to develop the evaluation network in his role as Evaluation Coordinator. The first public release of evaluation data occurred in August 2003 through the online database.

We have continued to seek feedback from our evaluation customers and those involved in our evaluation groups to ensure that the system works for all involved.

An annual get-together of the evaluation data collectors and custodians at the APAL conference is used to get direct operational feedback.

We now have over 50 varieties entered for evaluation including several pear selections with several more entering sites this winter. This seems like a large number of varieties when there are already plenty about.

Our aim is to access varieties early in their life and collect data about their local performance before they are commercialised. We have expanded the number of evaluation customers during the year with two new breeding programs now entering material for evaluation.

A proposal was put to the annual Cherry Growers conference in August 2003 to conduct evaluations of new cherry varieties in several sites but it was not taken up.

Negotiations are ongoing with the nashi industry for the evaluation of nashi varieties in the Goulburn Valley.

Discussions were also held with an international nursery group interested in having access to our database software.

To further this and to increase the understanding of our system internationally, we have established an evaluation site in France.

The benefit from this extends to the Australian variety owner whose variety will be the first in the site—they will be able to get access to data collected there.

In return, the nursery in France gets an opportunity to work first-hand with our system, which may open up opportunities in the future.

APFIP has been approached to setup its evaluation network in another country. The Board has given in principle approval for discussions to continue on the basis that it is financially rewarding for APFIP with regard to the investment already made by Australian growers and Horticulture Australia.

## Post entry Quarantine

The post entry protocols have been in place for two years and are facilitating a more rapid entry into the country for new varieties and rootstocks.

The joint diagnostic project with HortResearch NZ and WSU Prosser in the USA is nearing completion.

A range of new diagnostic tests are being designed, there will be a survey conducted this spring to test their efficiency. This project will be completed in June 2005 with the expectation that further improvements can be made to the PEQ importation protocols.

The Post Entry Plant Industries Consultative Committee (PEPICC) that advises AQIS oversaw a review of PEQ fees that was completed during the year. APFIP has representation in PEPICC through the National Coordinator. The key results of the review were equitable use of the anti smuggling funds supplied by the commonwealth government across the PEQ stations handling high security plant material, and a simplified fee structure that even AQIS will now be able to follow.

## Financial

As reported last year we are now fully operational in all our areas of activity.

The attached financial accounts show a loss in the past year of \$40,629 (this includes \$12,633 depreciation and \$18,410 leave provisions). There was a reduction in income from rootstock sales at Monash of \$9000 and we have \$8500 in certified rootstocks on hand that will be on-sold to our certified licensees in the next financial year.

When this is considered without the inclusion of depreciation and leave provisions, we have delivered a balanced year.

The short-term loss is funded from our commercial account reserve, which at 30 June was \$35,000.

We have addressed a number of issues associated with Monash and have a reduced budget for expenditure this financial year and expect increased income in 2004-05.

A range of forward projections on activities and their income and expenditure have been considered in the business plan that has been updated for the period up to June 2006.

We are operating a balanced budget with regard to the R&D activities funded through our projects with Horticulture Australia (HAL). These projects are AP00026 and AP03018.

The APFIP levy balance with HAL at 31 May was \$168,342 these funds are available to be matched for future operations of the Company.

## Projects

Project AP03018 is specifically for the inclusion of pears in all aspects of APFIP operations. There are pear selections and rootstocks in heat treatment and several varieties already entered for evaluation.

A new project will be completed for APFIP for the period 2005 to 2010 during this coming year.

A proposal for a pear rootstocks demonstration trial in the Goulburn Valley was prepared during the year. It is anticipated that this project will gain approval and will involve a planting of 1200 pear trees on four different rootstocks. It is planned to add at least two more rootstocks to the trial as they become available.

# ..... National Coordinator's Report

Field days will be conducted at the trial site in conjunction with visits by Tom Deckers from Belgium who has considerable experience and knowledge of intensive pear orchards.

## Activities in Japan

Consulting activities were reduced on the previous year with a focus on activities in Japan.

We have negotiated an involvement with the production of Cripps Pink trees in Japan from which there will be a small return to APFIP.

In conjunction with APAL, a license will be negotiated for the use of the Pink Lady trademark in Japan.

In-principle agreement has been reached for APFIP to manage the NAKB trademark in Japan with returns based on trademark usage through the sale of NAKB rootstocks. Negotiations have been completed with the first nursery in Japan to be licensed to use the NAKB trademark.

We believe that these activities, once established, will lead to a steady income in the future.

To assist the nashi industry in gaining a broader knowledge of growing techniques and variety development, I acted as guide for two nashi industry representatives during a five-day visit to Japan in September 2003.

I believe this was a worthwhile activity where we provided expertise and support for them to further their industry. APFIP charged a fee of \$2500 to organise the visit.

## Conclusion

It has taken some time but I feel we have progressed well towards our aims of standards for pome fruit planting material, independent variety evaluation information and rapid and secure access to new varieties.

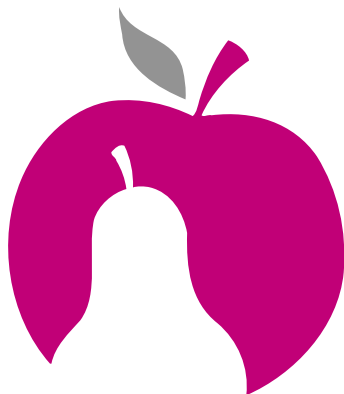
When the first certified nursery trees are delivered in 2007 it will have taken nine years to fully implement certification. That's a long haul but I have no doubt that this and the next generation of growers will realise a great benefit in improved orchard performance.

Our upgraded website has a range of new information available and I urge growers to have look. The website is also the front door for access to the evaluation database with information on several varieties now available for viewing. The number of varieties with information available will continue to expand over the next few years.

Once again I have had great support from the Board, led by Ralph Wilson. So to the directors, Scott Price, Michael Stafford, Marcel Veens and Ian Bolitho I say thanks for your efforts.

I would also like to thank Greg Cramond for his support as Evaluation Coordinator and Tony Heward for looking after Monash in sometimes very trying conditions.

I say it every year because it needs to be said that without the support of my wife Meredith and son Rohan who allow me to disrupt the household routine I would not be able to complete the role.



**AUSTRALIAN POME FRUIT  
IMPROVEMENT PROGRAM LIMITED**

**Financial Statements**

**Year ended 30 June 2004**

**ACN 077 345 174**

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# Financial Statements

## DIRECTORS REPORT AS AT 30 JUNE 2004

The Directors of the Australian Pome Fruit Improvement Program Ltd, a company limited by guarantee and not having a share capital, submits the following report on the accounts of the company for the year ended on 30 June 2004.

### I. DIRECTORS

The names of the Directors in office at the date of this report are:

Ralph James Wilson

Scott Price

Michael Stafford

Marcel Veens

Ian Bolitho

### 2. INFORMATION ON DIRECTORS

#### **RALPH JAMES WILSON (DIRECTOR, BATLOW NEW SOUTH WALES)**

Ralph has a wealth of experience in apple production, his involvement ranges from running his own orchard through to being a Board member of the Batlow Fruit Co-op for eight years, including two years as Chairman.

He has travelled extensively around the world looking at other pome fruit industries. During 1995 he was a member of the Australian apple industry benchmarking project. He travelled to the United States and South Africa as part of a fact finding team and assisted in preparing the final report.

Apart from representation on various industry committees he has been recently appointed by the New South Wales Minister of Agriculture and Conservation to sit on the Murrumbidgee Unregulated Streams Management Committee.

#### **SCOTT CHARLES PRICE (DIRECTOR, HUON VALLEY TASMANIA)**

Scott has been involved in the Tasmanian pome fruit industry continuously for the past 25 years, the last 20 as manager of Calvert Bros. "Rookwood" property at Ranelagh in the Huon Valley where he lives with his wife and three children.

His industry involvement is extensive; he was instrumental in the formation of the Young Tasmanian Fruit Growers Association in 1991 and was the inaugural president, he has been a member of the Pome Fruit Agricultural Research Advisory Committee that gives advice to the Tasmanian Institute of Agricultural Research and is a past chairman of the Tasmanian Quality Fruits Group.

He completed an associate diploma in Agricultural Business Management with the Tasmanian Institute of Technology in 1990.

# DIRECTORS REPORT AS AT 30 JUNE 2004

## **MICHAEL ROBERT STAFFORD (DIRECTOR, LENSWOOD SOUTH AUSTRALIA)**

Michael is a third generation orchardist and has over 20 years experience as a managing partner in a family owned apple pear and cherry orchard at Lenswood South Australia.

He has extensive experience in the fruit growing industry having been involved particularly in the fruit improvement field. He has been secretary of the South Australian Pome Fruit Improvement Committee for six years. In this role he has been active in the establishment and management of experimental demonstration tree training trials.

For five years he has been president of the Lenswood and Forest Range Agricultural Bureau, which is a grower representative group focused on technology transfer. He also represents growers on the on the Onkaparinga Water Catchment Management Board, a body that monitors and advises on water quality issues of the Adelaide Hills catchment. In 1998 Michael was the recipient of the Apple and Pear Growers of South Australia leadership award.

## **MARCEL VEENS (DIRECTOR, STANTHORPE QUEENSLAND)**

Marcel was born in Herveld, The Netherlands into a family of third generation orchardists. Eight of his nine bothers are fruit growers.

He has worked in fruit production in several countries around the world including New Zealand, France, Thailand and of course The Netherlands. He came to Australia in 1991 and since his arrival has been manager of the CH. Fueglistner (Australia) Group P/L. The company has two farms in South-East Queensland that are producing apples, pears, peaches, nectarines and lychees.

Marcel is currently a director of the Australian Fresh Fruit Company; he is a board member of Queensland Fruit & Vegetables and Chairman of its apple committee.

## **IAN BOLITHO (DIRECTOR, ARDMONA VICTORIA)**

Ian is a third generation fruit grower from Goulburn Valley Victoria, married with three children. Ian lives on his 100 ha property at Coomboona growing apples, pears and stone fruit.

His industry involvement is extensive and he is currently chairman of the Northern Victorian Fruit Growers Council, a past member of the APAL R&D committee, and a member of the National Pear Breeding Steering Committee.

In 1997 Ian won the NVFA fruit grower of year award for contribution to the fruit industry and also the Royal Agricultural Society of Victoria farm management award. His highlights from being involved with NVFA are contributing to the establishment of the Northern Victorian Fruit Growers Association young grower group, and the orchard liaison committee at Dookie Agricultural College.

Ian has an active interest in trialing new and different tree training systems and planting densities and in new and old pear varieties.

# Financial Statements

## DIRECTORS REPORT AS AT 30 JUNE 2004

### 3. PRINCIPAL ACTIVITIES

The Australian Pome Fruit Improvement Program was established in September 1996 by the Australian Apple and Pear Growers Association Inc. to work cooperatively with all sectors associated with the pome fruit industry to maximise the commercial potential and international competitiveness of the Australian pome fruit industry.

The program is funded by an industry levy that is administered and matched by Horticulture Australia Limited (HAL). The operations of the program were transferred into a company that was incorporated on 7<sup>th</sup> February 1997.

### 4. TRADING RESULT

The company's operating loss for the year to 30 June 2004 was \$40,628 (2003 loss of \$106,049).

### 5. REVIEW OF OPERATIONS

The company is a not for profit entity. It has received part of its funding entitlements for the year and further grants to which they are entitled are being held on their behalf by Horticulture Australia Limited (HAL) pending the achievement of agreed milestones and funding required. (Refer Note 1(d) for further explanation).

### 6. STATE OF AFFAIRS

The company is operating within its program guidelines and is currently in a sound financial position.

### 7. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### 8. LIKELY DEVELOPMENTS

In the opinion of the Directors, it would prejudice the interests of the company to provide additional information relating to likely developments in the operations of the company and expected results of those operations in subsequent financial years.

# DIRECTORS REPORT AS AT 30 JUNE 2004

## 9. DIRECTORS BENEFITS

Since the end of the previous financial year, no Director of the company has received or become entitled to receive any benefit, (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company accounts), by reason of a contract made by the company with the Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interest.

## 10. INSURANCE OF OFFICERS

During the financial year, Australian Pome Fruit Improvement Program Limited paid a premium of \$4,686 to insure the directors and officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

Director  
Scott Price

Director  
Ralph Wilson

# Financial Statements

## STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
<b>OPERATING REVENUE</b>		
Subscriptions	9	32
Interest received	2,683	4,064
HAL Grants—operating, salaries and travel	368,026	293,942
Rootstock	25,932	36,684
Consulting	22,653	19,161
Sale of fixed asset	-	182
Post Entry Quarantine (PEQ)	27,403	-
Other	12,822	10,169
<b>Total operating revenue</b>	<b>459,528</b>	<b>364,234</b>
<b>OPERATING EXPENSES</b>		
Salaries	129,122	125,859
Superannuation and workcover	21,202	20,330
Annual leave/long service leave entitlement	18,410	-
Travel - Board	11,495	15,614
Travel - Staff general	57,139	61,370
Sitting fees and allowances	2,260	2,710
Administration expenses	24,225	33,513
Accounting and auditing	2,755	2,325
Communication and promotion	14,485	10,894
Depreciation	12,634	12,548
Sundries	1,264	1,264
Project operations—evaluation	37,532	41,672
Project operations—certification	52,177	69,354
Project operations—rootstock	57,979	60,328
Project operations—other	3,614	3,497
Post Entry Quarantine (PEQ)	31,180	-
Consulting	22,683	9,005
<b>Total operating expenses</b>	<b>500,156</b>	<b>470,283</b>
<b>Surplus/(Loss) for period</b>	<b>(40,628)</b>	<b>(106,049)</b>
<b>Accumulated funds brought forward</b>	<b>119,723</b>	<b>225,772</b>
<b>Accumulated funds at end of financial year</b>	<b>79,095</b>	<b>119,723</b>

*The accompanying notes form an integral part of these accounts.*

# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	NOTE	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash	2	37,417	50,223
Receivables		396	507
<b>Total Current Assets</b>		<b>37,813</b>	<b>50,730</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	59,692	68,993
<b>Total Non Current Assets</b>		<b>59,692</b>	<b>68,993</b>
<b>TOTAL ASSETS</b>		<b>97,505</b>	<b>119,723</b>
<b>CURRENT LIABILITIES</b>			
Provision for annual leave		12,001	-
<b>Total Current Liabilities</b>		<b>12,001</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>			
Provision for long service leave		6,409	-
<b>Total non current assets</b>		<b>6,409</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>18,410</b>	<b>-</b>
<b>NET ASSETS</b>		<b>79,095</b>	<b>119,723</b>
<b>ACCUMULATED FUNDS</b>			
Accumulated surplus		79,095	119,723
<b>TOTAL ACCUMULATED FUNDS</b>		<b>79,095</b>	<b>119,723</b>

*The accompanying notes form an integral part of these accounts.*

# Financial Statements

## STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2004

	NOTE	2004 \$	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		456,956	372,498
Payments to suppliers and employees		(469,112)	(458,742)
Interest received		2,683	4,064
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>4</b>	<b>(9,473)</b>	<b>(82,180)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(3,333)	(9,374)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(3,333)</b>	<b>(9,374)</b>
Net increase/(decrease) in cash held		(12,806)	(91,554)
Cash at the beginning of the period		50,223	141,777
<b>CASH AT THE END OF THE PERIOD</b>		<b>37,417</b>	<b>50,223</b>

*The accompanying notes form an integral part of these accounts.*

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2004

## NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accounts of the company, Australian Pome Fruit Improvement Program Limited, are stated to assist in a general understanding of these accounts.

In accordance with Accounting Standard AASB 1025: Application of the Reporting Entity Concept and Other Amendments, the Directors have determined that the company is not a reporting entity and therefore a general purpose financial report is not required.

This special purpose financial report has been prepared for distribution to members and is in accordance with the Corporations Law and Accounting Standard AASB 1034: Information to be Disclosed in Financial Reports. Other Accounting Standards and professional reporting requirements (UIG Consensus Views) have not been applied, as they do not have mandatory applicability to the company.

### (a) Basis of Accounting

The accounts have been prepared on the basis of historical costs and except where stated do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. While the accounts recognise expenses on a cash basis, it is not expected that this amount will vary materially from the total of expenses reported on an accrual basis.

### (b) Income Tax

The company is a not-for-profit company and accordingly there is no income tax applicable.

### (c) Depreciation of Plant and Equipment

Plant and equipment are depreciated over their estimated useful lives using the straight-line method. Profits and losses on disposal of property, plant and equipment are taken into account in determining the result for the year.

### (d) Unpaid Grant Monies

As at 30 June 2004, there is still an amount of \$168,342 (2003 – \$276,224) due to the company from Horticulture Australia Ltd (HAL). The company has agreed with HAL that these amounts will be retained by HAL until the company meets the agreed milestones and needs these funds. This amount has not been recognised in the accounts at 30 June 2004.

### (e) Employee Benefits

As at 30 June 2004, the company has for the first time recognised long service leave and annual leave.

The employee benefits are based on pay rates expected to be settled within 12 months of the reporting date. On costs such as WorkCover and superannuation are included in the calculation of leave provisions.

Long service leave provision is determined in accordance with Accounting AASB1038. Generally, the entitlement under the various awards becomes payable upon completion of 15 years' service. The provision is classified as a non-current liability as there are no employees presently that are entitled to long service leave.

# Financial Statements

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2004

	2004	2003
<b>NOTE 2 – CASH</b>		
NBA Cheque Account	1,973	4,474
Term deposit	35,444	45,749
	<b>37,417</b>	<b>50,223</b>

### NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

Office Equipment at cost	35,723	33,523
Less: accumulated depreciation	(23,614)	(17,834)
	<b>12,109</b>	<b>15,689</b>
Plant and Equipment (Rootstock Development Project)	94,510	93,377
Less: accumulated depreciation	(46,927)	(40,073)
	<b>47,583</b>	<b>53,304</b>
<b>TOTAL FIXED ASSETS</b>	<b>59,692</b>	<b>68,993</b>

### NOTE 4 – CASH FLOW INFORMATION

#### Reconciliation of net cash flows from operating activities to operating profit

Operating surplus/(loss)	(40,628)	(106,049)
Depreciation	12,634	12,548
Changes in assets and liabilities:		
(Increase)/decrease in receivables	111	(12,328)
(Decrease)/increase in creditors	-	(1,007)
(Decrease)/increase in provisions	18,410	-

<b>NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES</b>	<b>(9,473)</b>	<b>(82,180)</b>
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# DIRECTORS' DECLARATION FOR THE PERIOD ENDED 30 JUNE 2004

The Directors declare that the financial statements and notes set out on pages 38 to 46:

- (a) comply with accounting standards to the extent explained in note 1 to the financial statements.
- (b) give a true and fair view of the profit of the company for the year ended 30 June 2004 and the financial position of the company as at 30 June 2004

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director  
Scott Price

Director  
Ralph Wilson

# AUDITORS' REPORT TO THE MEMBERS OF AUSTRALIAN POME FRUIT IMPROVEMENT PROGRAM LIMITED

## SCOPE

We have audited the special purpose financial report of Australian Pome Fruit Improvement Program Limited for the period ended 30 June 2004 as set out on pages 38 to 47. The Directors are responsible for the preparation and presentation of the financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Corporations Law and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of Australian Pome Fruit Improvement Program Limited. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Directors' financial reporting requirements under the Corporations Law. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements.

The audit opinion expressed in this report has been formed on the above basis.

## AUDIT OPINION

In our opinion, the financial report of Australian Pome Fruit Improvement Program Limited is in accordance with:

- (a) the Corporations Act, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2004 and of their performance for the financial year ended on that date; and
  - (ii) complying with Corporations Regulations and accounting standards to the extent explained in note 1 to the financial statements.

WHK Day Neilson  
Chartered Accountants

Margaret D Crossley  
Partner