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3rd annual report





background

Background

In February 1998 the Western Coordination Group resolved to support the creation of a "Western Research Institute" (WRI), dedicated to research and analysis aimed at developing the Western NSW economy. Initial financial support was provided by Charles Sturt University, the NSW Department of State and Regional Development, the Department of Employment, Work Place Relations and Small Business, Central Western Regional Development Board, Orana Regional Development Board and the Far West Regional Development Board.

The WRI was launched on 23rd February 1999. The Western Research Institute is a Public Company Limited by Guarantee and is controlled by a Board of Directors.

Mission Statement

The mission of the Western Research Institute is to support the economic development of Western New South Wales.

Vision Statement

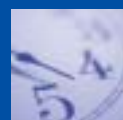
To be recognised as the preferred source of information and advice for economic development in regional Australia.

objectives

Objectives

The Western Research Institute's goal is to support business decision making, strategic planning and economic development through the following:

- Conduct strategic research on key economic issues in the western region;
- Develop research partnerships, both commercial and non-commercial, with other research organisations;
- Provide for sponsors and clients a service to facilitate business and economic decision making;
- Provide a regular economic reporting service;
- Assemble and keep updated a range of relevant data on a WRI web site;
- Store this data in a flexible retrieval form in order that ad hoc enquiries can be dealt with;
- Compile a library/bibliography of completed economic and related research relevant to the regions for reference and referral;
- Seek competitive research grants in collaboration with university staff relating to regional issues; and
- Conduct other research activities to develop the Western New South Wales economy as determined by the Board of Directors from time to time.



president's report

President's Report

It is with great pleasure that I present to you the Western Research Institute's (WRI) 3rd Annual Report. The year has seen continued work with the Board of Directors on developing the Institute's business and marketing plans utilising funds provided by the Central Western, Far West and Orana Regional Development Boards. This led to the launch of WRI's sponsorship program. I would like to take this opportunity to thank



Reliance Credit Union, Western Institute of TAFE, Kenny Spring Solicitors, Orange City Council and Cowra Shire Council for their support of the Institute. Many thanks also must go to Charles Sturt University and the Department of State and Regional Development for their continued support. Without them we would not have the funds for our basic regional research. As part of this sponsorship program an inaugural "Regional Business Review Dinner" will be held in May 2002. The dinner will feature analysis, assessment and critiques on how the local economy is performing, the level of business confidence, new developments in the region and the challenges that lie ahead.

During 2001 the WRI secured several new clients, including: the Rural Industries Research and Development Corporation (RIRDC), the NSW Department for Women, the Australian Chicken Meat Federation (ACMF), the Department of Agriculture, Fisheries and Forestry – Australia, the Victorian Department of Infrastructure and the Victorian Farmers' Federation Egg Producers Group.

Mr Murphy, the WRI's CEO has continued to maintain a high profile in the national and local media on issues ranging from Bankstown Airport to commenting on the Federal Budget. He also presented keynote speeches on "Understanding your Market", to the Adult and Community Education (ACE) Council Conference at Mudgee, "Efficient Equity and Credit Financing for the Rural Sector" at the Committee for the Economic Development of Australia (CEDA) Conference in Sydney, a presentation on Regional Finance issues at the Mid-Lachlan Employment and Economic Development Workshop in Condobolin and presented the paper "Tourism Advertising Expenditure Impacts on a Regional Economy" at the Pacific Regional Science Association Conference in Portland, Oregon. The latter co-authored with Eddie Ockzowski, Guy West, Matthew Brooks and Hazbo Skoko was subsequently accepted for publication in the refereed publication the "Australasian Journal of Regional Studies."

WRI project highlights for 2001 were firstly, the "Building Women's Employment Opportunities and Relative Participation Rates in Regional NSW" report which was prepared for the Central West Community College and the NSW Department for Women. The objective of this report was to analyse female employment issues in the Orange, Cowra and Condobolin communities with a view towards building employment opportunities and participation rates for women, particularly indigenous women and young women. Funding has been provided to implement the recommendations from this report in 2002.

Secondly, the "Regional Airlines: Cost Structure of Regional NSW Air Services" which was prepared for the NSW Air Transport Summit Working Party. The Working Party was formed to prepare a submission on the costs and other issues affecting the viability of regional airlines. The WRI was commissioned to provide an analysis of the cost structure of regional air services. The information helped determine the degree of assistance provided by the NSW Government to regional airlines in response to the collapse of Ansett.

During the year the WRI formed a partnership with the Inland Marketing Corporation (IMC) which saw the commencement of a new business survey of inland NSW, which is an enhanced version of the WRI's Western Business Survey. The WRI and IMC have also developed a second indicator which is an Annual Regional Review of inland NSW. The review is based on official statistics from organisations such as ABARE, the ABS and the RTA to assess economic conditions. The two indicators will focus on agriculture and exports, two of the most important economic development issues in inland NSW.

During the year Terri Benson representing Country Energy, Neville Castle representing Lithgow City Council and Ian Davison representing the Central West Area Consultative Committee were appointed to the Board of Directors. I would also like to thank Kaye Stapleton, who resigned from the Board during the year, for her contribution. Furthermore, I would like to extend my congratulations to Tom Murphy, Chief Executive Officer and the WRI staff for a successful year.

Max Hanrahan
President

chief executive officer's report

Chief Executive Officer's Report

The financial results for the year 2001 were



boosted by an increase in fee for service grant income from the New South Wales Department of State and Regional Development (DSRD) and the marketing funds for the WRI sponsorship program from the Central Western, Far West and Orana Regional Development Boards. This funding

plus cost cutting enabled the WRI to turn the loss in 2000 to a small profit in the calendar year 2001. Moreover, the sponsorship and marketing program was beginning to bear fruit towards the end of 2001. Accordingly, in 2002 the WRI is in its strongest financial position since its commencement. A casualty of cost saving was the closure of the Broken Hill Office which was affected by Pasmenco's financial difficulties and the Broken Hill Council was unable to continue to sponsor the office.

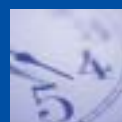
The year 2001 has seen an increase in commercial research activities conducted by the Institute including a study of the Economic Impact of the Bathurst Saleyards, a Benchmarking and Value Chain Project for the Australian Chicken Meat Federation and continuing work with the Commonwealth Bank.

Eighty20.com.au the WRI's joint venture online data warehouse now has 25 customers and 487 triallers. The new census data is due to be released in mid June 2002. Apart from the new data the whole of the Eighty20.com.au software package is to be upgraded in 2002 including construction of a new mapping facility.

There were two staff changes in 2001. Kathy Sloan joined as a Research Officer and Jacky Ellis left the Institute at the end of the year.

I would like to express my appreciation to the Board for their valuable contribution during the year and also to Charles Sturt University and to the Department of State and Regional Development for their continued support. Lastly, I would like to extend my sincere thanks to the WRI staff whose tireless efforts have led to a successful year.

Tom Murphy
Chief Executive Officer



conference papers

Conference Papers

Murphy, T., Oczkowski, E., West, G., and Brooks, M. "Regional Impacts of Tourism Advertising Expenditure" presented at the 17th Pacific Conference Regional Science Association International in Portland, Oregon 30 June – 4 July 2001.

keynote speeches

Keynote Speeches

Understanding your Market - Part 1 – Understanding Yourself
Adult and Community Education Council Conference
Country Comfort Inn, Mudgee
25 May 2001

The Finance Industry and Regional Australia
Efficient Equity and Credit Financing for the Rural Sector – New Directions in Rural and Agribusiness Finance.
Committee for the Economic Development of Australia.
State and Regional Development Conference Centre, Sydney
14 June 2001

Regional Finance Issues
Mid-Lachlan Employment and Economic Development Workshop
Condobolin
15 June 2001

publications

Publications

Larkin, J. T, Heilbron S and Murphy T. "A Strategic Study of the Interdependence and Integration of the Egg, Processed Food and Food and Food Service Industries", A Report for the Rural Industries Research and Development Corporation, June 2001.

Murphy, T. and Walker, G. "The Finance Industry and Regional Australia" in *Efficient Equity and Credit Financing for the Rural Sector* published by the Rural Industries Research and Development Corporation, August 2001.

staff



Tom Murphy

Chief Executive Officer – Tom Murphy holds the degrees of Bachelor of Economics with First Class Honours from the University of New England and Master of Science (Economics) from the University of Lancaster. Tom has previously held academic positions as senior lecturer in Economics and Director of the Regional Economics Research Unit in the Faculty of Commerce, Charles Sturt University. He has also held the positions of Economic Analyst with the Office of National Assessments in Canberra, with responsibility for the ASEAN economies and Senior Consultant with KPMG Peak Marwick Management Consultants.



Matthew Brooks

Research Economist – Matthew holds a Bachelor of Business in Economics and Psychology, with distinction, from Charles Sturt University. Matthew also holds a Masters degree in Economics (Social Science) (Honours) from Sydney University. He began a PhD at Macquarie University on the effect of higher education on the growth of the Australian economy in 2001. Matthew also has experience in the education, retail and banking industries.



Kathy Sloan

Research Assistant – Kathy holds a Bachelor of Applied Science in Applied Geography from the University of Canberra and a Graduate Diploma in Information Systems from Charles Sturt University. Kathy was previously employed as the Planning Officer at Charles Sturt University and has worked in research positions in both the private and public sectors. Kathy is also currently employed as an Information Technology Teacher at the Western Institute of TAFE.



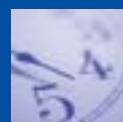
Michelle O'Donnell

Executive Assistant – Michelle is responsible for office and financial management of the Institute, marketing and promotion and maintaining the WRI website. Michelle has previously managed Care Flight's Regional Office and held numerous administrative positions at Charles Sturt University supporting senior management. Michelle is currently completing a Bachelor of Business Studies at Charles Sturt University with a focus on Marketing.



Jacky Ellis

Secretary – Jacky provides professional secretarial and administrative support functions for the Chief Executive Officer and other team members. Jacky also provides customer service support for WRI's joint venture Eighty20 Statistics Pty Ltd.



services offered

Services Offered

- Analysis of regional economic issues;
- Economic policy development;
- Market structure and assessment;
- Economic impact analysis;
- Cost-benefit analysis;
- Industry analysis eg: competitive advantage assessment;
- Economic modelling;
- Market research;
- Project assessment; and
- Education and training programs.

The WRI has an extensive network of associates who provide a variety of consulting services and accordingly can offer their small/medium sized company clients a totally integrated solution.

The WRI is a one stop economic and marketing research consulting service matching the range of services available to large companies from multi-national consulting firms at an affordable cost.

wri customers

WRI Customers

- Australian Business Ltd
- Australian Chicken Meat Federation
- Bathurst City Council
- Broken Hill Regional Consultative Committee
- Central West Community College
- Central West Division of General Practice
- Central West Regional Development Board
- Commonwealth Bank of Australia
- Country Energy
- Denham Martin and Associates
- Department of Fair trading
- Far Western Regional Development Board
- Macquarie River Food and Fibre
- Mudgee Shire Council
- NSW Department of State and Regional Development
- NSW Department for Women
- NSW TAFE
- Orana Development and Employment Council
- Orana Regional Development Board
- Pasminco Broken Hill Mine Pty Ltd
- Riverina Regional Development Board
- Rural Industries Research and Development Corporation (RIRDC)
- Tourism Task Force
- Victorian Department of Infrastructure
- Victorian Farmers' Federation Egg Producers Group

consultancies – 2001

Consultancies – 2001

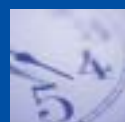
- Efficient Equity and Credit Financing for the Rural Sector – New Directions in Rural Agribusiness Finance – prepared for Rural Industries Research and Development Corporation (RIRDC)
- WRI – IMC Regional Business Survey Pilot Study – prepared for the Inland Marketing Corporation (IMC) and NSW Department for State and Regional Development
- Economic Impact of Bathurst Saleyards – prepared for Bathurst City Council
- Regional Investment Tour – Albury-Hume Competitiveness Profile – prepared for NSW Department for State and Regional Development
- WRI Broken Hill Business Survey – sponsored by Broken Hill City Council
- WRI Business Survey January to March Quarter
- Greater Lithgow and Rylstone Employment Profiles – prepared for NSW Department for State and Regional Development
- Building Women's Employment Opportunities and Relative Participation Rates in Regional NSW – prepared for Central West Community College and NSW Department for Women
- Orana Industry and Employment Analysis – prepared for Orana Development and Employment Council
- Commonwealth Bank Subject 2 – Industry Chain Research – prepared for Commonwealth Bank
- Regional Airlines – Cost Structure of Regional NSW Air Services – prepared for NSW Air Transport Summit Working Party
- Benchmarking and Value Chain Project – prepared for Australian Chicken Meat Federation (ACMF) and Department of Agriculture, Fisheries and Forestry – Australia (AFFA)

sponsors

Adam Smith
Reliance Credit Union

John Maynard Keynes
Kenny Spring Solicitors
Western Institute of TAFE

Joseph Schumpeter
Cowra Shire Council
Orange City Council



board of directors

Board of Directors

- **Mr Max Hanrahan OAM – President,**
Chairman of the Western Coordination Group
Representing the Western Coordination Group
- **Mr Peter Batten— Vice-President,**
Assistant Director (Educational Programs)
Western Institute of TAFE
Representing Western Institute of TAFE
- **Prof John Hicks – Secretary,**
Dean, Faculty of Commerce
Charles Sturt University
Representing Charles Sturt University
- **Mr Norman Heywood - Treasurer,**
Public Accountant
Representing the Orana Regional
Development Board
- **Ms Terri Benson - Director**
Company Secretary
Country Energy
Representing Country Energy
- **Clr Marion Browne - Director**
Chair of Australian Inland Energy and Water
Representing Broken Hill City Council
- **Mr Neville Castle - Director**
Mayor
Lithgow City Council
Representing Lithgow City Council
- **Mr Ian Davison - Director**
Country Advertising Agency Pty Ltd
Representing the Central West Area
Consultative Committee
- **Mr Michael Milston - Director**
Director Human Services, Economic
Development Orange City Council
Representing Orange City Council
- **Ex Officio Mr Greg Beileiter**
Regional Manager, Western NSW Department
of State and Regional Development
Representing NSW Department of State and
Regional Development

associates

Associates

- Associate Professor Geoff Bamberry, BA Dip Public
Admin (QLD) M.A. (Sussex)
- Mr Pat Bradberry, BSc (UNSW), DipEd (MCAE), DipRE
(SACAE), MBA (UNSW)
- Professor John Hicks, BCom, DipEd, MA PhD
- Associate Professor Denise Jarratt, BPharm (USyd),
MCom (Marketing) (UNSW), PhD (UNE)
- Dr Hailu Kidane, BSc., MSc., PhD
- Ms Julia Lynch BAgSc (UQ), GDipEc (UNE)
- Mr Terry Larkin, BEc (Syd), MA (Harvard), MPA (Harvard)
- Dr Mark Morrison, BEc (Macquarie), PhD (UNSW)
- Associate Professor Eddie Oczkowski B.Ec (La T) M.Ec.
(ANU) PhD. (La T)
- Mr Hazbo Skoko, BBS MSc (Econ)
- Associate Professor Greg Walker, MCom, DipEd (UNSW),
PhD (Macquarie)
- Associate Professor Guy West, BEcon (Hons I),
MEc.Stud, PhD (University of Queensland)
- Dr Kishor Sharma, MEc, PhD
- Senior Business Economist Selwyn G Heilbron BA
(Kent), MSc (Univ London), PhD (Cambridge)
- Dr Terence M Dwyer, BA (Hon), BEc (Hon) (Syd),
PhD (Harvard)

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

Your Directors present their report on the company for the year ended 31 December 2001

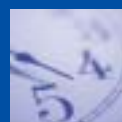
The following persons held office of director during the year and at the date of this report:

Peter John Batten	Marion Heath Browne
Norman Heywood	Michael Grouse Milston
Maxwell Hanrahan	John Robert Llewellyn Hicks
Terri Anne Benson	Ian Davison
Neville Castle	

- The profit of the company for the financial year amounted to \$10,596
- There have been no significant changes in the state of the company's affairs during the financial year.
- The principal activity of the company during the course of the year was the provision of research services.
- There have been no significant changes in the nature of these activities during the year.
- No known matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the company's operations, the results of those operations or the state of affairs of the company in subsequent financial years.
- The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.
- As the company is a non-profit organisation with no share capital, the payment of dividends is not permitted by the company's constitution.
- No options over interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

DIRECTORS' PARTICULARS

	OCCUPATION	YRS AS WRI DIRECTOR	NO. MEETINGS ATTENDED	NO MEETINGS HELD
Maxwell Hanrahan	Grazier	3	3	4
John Robert Hicks	Lecturer	3	2	4
Peter John Batten	Director	2	3	4
Marion Heath Browne	Chairperson	1	2	4
Norman Heywood	Accountant	1	4	4
Michael Grouse Milston	Director	1	3	4
Kay Lesley Stapleton	Manager	Resigned 25/4/01	0	1
Terri Anne Benson	Company Secretary	Appointed 20/2/01	1	4
Neville Castle	School Teacher	Appointed 22/5/01	1	3
Ian Davison	Director	Appointed 21/8/01	1	2



WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

DIRECTORS' BENEFIT

Since the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the company or related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director



Director

N. Castle

Dated this 1st day of July 2002

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2001**

The directors of the company declares that:

- 1) the financial statements and notes present fairly the company's financial position as at 31 December 2001 and its performance for the year ended on that date in accordance with the Accounting Standards and other mandatory professional reporting requirements;
- 2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

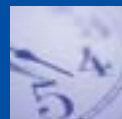


Director



Director

Dated this 1st day of July 2002



WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
WESTERN RESEARCH INSTITUTE LIMITED

Scope

We have audited the financial report, comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement and Notes to the Financial Statements of Western Research Institute Limited for the year ended 31 December 2001. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used within Note 1 to the financial statements are appropriate to the needs of the members.

The financial report has been prepared to distribute to members of the company so as to fulfill the directors' financial reporting requirements under the Corporations Law. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Company's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Western Research Institute Limited as at 31 December 2001, and the results of its operations and its cash flow for the year then ended.


Graff, Paul & Parnell


Len Graff

Chartered Accountants
107 Bentinck Street
Bathurst NSW 2795

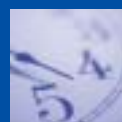
Dated this 12th day of June 2002

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2001

	Note	2001 \$	2000 \$
CURRENT ASSETS			
Cash	17(a)	132,887.95	139,193.82
Receivables	4	56,797.86	49,123.96
TOTAL CURRENT ASSETS		189,685.81	188,317.78
NON-CURRENT ASSETS			
Investments	5	100.00	100.00
Property, Plant and Equipment	6	29,051.75	45,082.06
Intangible assets	7	730.00	1,095.00
Other	8	22,707.08	37,428.48
TOTAL NON-CURRENT ASSETS		52,588.83	83,705.54
TOTAL ASSETS		242,274.64	272,023.32
CURRENT LIABILITIES			
Payables	9	6,826.96	16,294.47
Interest-bearing liabilities	10	4,659.94	4,223.25
Provisions	11	8,730.66	2,181.00
Other	12	26,096.76	61,064.18
TOTAL CURRENT LIABILITIES		46,314.32	83,762.90
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	1,370.04	4,266.35
TOTAL NON-CURRENT LIABILITIES		1,370.04	4,266.35
TOTAL LIABILITIES		47,684.36	88,029.25
NET ASSETS		194,590.28	183,994.07
EQUITY			
Retained profits		194,590.28	183,994.07
TOTAL EQUITY		194,590.28	183,994.07



WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2001**

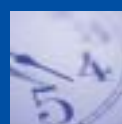
	Note	2001 \$	2000 \$
Revenues from ordinary activities		430,747.06	407,313.60
Expenses from ordinary activities, excluding borrowing costs		420,150.85	421,568.67
Profit from ordinary activities before income tax		10,596.21	(14,255.07)
Income tax relating to ordinary activities		-	-
Profit from ordinary activities after related income tax		10,596.21	(14,255.07)
Net profit		10,596.21	(14,255.07)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		10,596.21	(14,255.07)

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from funding bodies and clients		365,485.85	462,488.62
Payments to suppliers and employees		(369,261.38)	(377,476.40)
Interest Received (Net)		3,806.97	1,737.22
Net cash provided by (used in) operating activities	17(b)	<u>31.44</u>	<u>86,749.44</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(3,877.69)	(3,458.60)
Payment for research and development		-	(5,000.00)
Payment for investments		-	(100.00)
Loans to related parties - payments made		-	(18,121.61)
Net cash provided by (used in) investing activities		<u>(3,877.69)</u>	<u>(26,680.21)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of borrowings		(2,459.62)	(4,493.48)
Net cash provided by (used in) financing activities		<u>(2,459.62)</u>	<u>(4,493.48)</u>
Net Increase/(Decrease) in cash held	17(a)	(6,305.87)	55,575.75
Cash at beginning of year		<u>139,193.82</u>	<u>83618.07</u>
Cash at End of Year		132,887.95	139,193.82



WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report has been prepared for use by the directors and members of the company and is a special purpose financial report. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 1018	Statement of Financial Performance
AASB 1025	Application for the Reporting Entity Concept and other Amendments
AASB 1031	Materiality
AASB 1034	Financial Reports and Presentation Disclosure

No other applicable Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historic costs and except where stated does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) **Property, plant and equipment**

Plant and Equipment, property are carried at cost, independent or directors' valuation. All assets are depreciated over their useful lives to the company.

(b) **Leases**

Where substantially all the risks and benefits incidental to the ownership of a leased fixed asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised as an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value is brought to account. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the lease interest expense for the period and the reduction of the lease liability.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(c) **Employee Entitlements**

Provision is made for the company's liability for employee entitlements arising from services rendered by year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

The company does not record, as an asset or liability, the difference between the employer established defined superannuation plan's accrued benefits and the net market value of the plans assets.

(d) **Research and Development Expenditure**

Research and Development costs are charges in the operating profit before income tax is incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

These notes should be read in conjunction with the attached Compilation Report.

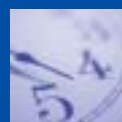
WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 \$	2000 \$
2. OPERATING SURPLUS		
Operating surplus before abnormal items and income tax has been determined after:		
(a) Charging as expense		
Finance lease charges	1,045.26	924.95
Movements in Provisions		
Depreciation of property, plant and equipment	14,161.00	13,502.00
Amortisation of non-current assets		
- Capitalised leased assets	5,747.00	5,147.00
- Research and Developments	14,721.40	14,721.00
- Formation Costs	365.00	365.00
Other Provisions		
- Employee entitlements	6,549.66	(1,795.00)
Auditor's Remuneration		
- Audit	2,000.00	2,000.00
- Other Services	3,657.98	5,231.27
(b) Crediting as income		
Interest Received	4,852.23	2,662.17
3. INCOME TAX EXPENSE		
The company is exempt from income tax under the Income Tax Assessment Act 1997 (as amended)		
4. RECEIVABLES		
Current		
Trade Debtors	37,321.10	29,647.20
Other Debtors	1,355.15	1,355.15
Loan Receivable from Eighty 20 Pty Ltd	18,121.61	18,121.61
	<u>56,797.86</u>	<u>49,123.96</u>
5. INVESTMENTS		
Non-Current		
Shares in Eighty 20 Pty Ltd (100 @ \$1 each)	<u>100.00</u>	<u>100.00</u>
	<u>100.00</u>	<u>100.00</u>

These notes should be read in conjunction with the attached Compilation Report.



WESTERN RESEARCH INSTITUTE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
	\$	\$
6. PROPERTY, PLANT & EQUIPMENT		
Plant & Equipment		
Office Equipment - at Cost	19,202.04	19,107.36
Less: Accumulated Depreciation	9,951.00	5,650.00
	9,251.04	13,457.36
Office Furniture & Fittings - at Cost	8,890.69	8,577.50
Less: Accumulated Depreciation	2,002.00	1,126.00
	6,888.69	7,451.50
Software - at Cost	27,548.87	26,567.60
Less: Accumulated Depreciation	20,816.00	11,832.00
	6,732.87	14,735.60
Plant and Equipment under Lease	17,933.15	15,444.60
Less: Accumulated Amortisation	11,754.00	6,007.00
	6,179.15	9,437.60
Total Plant & Equipment	29,051.75	45,082.06
7. INTANGIBLE ASSETS		
Non-Current		
Formation Expenses at Written Down Value	730.00	1,095.00
	730.00	1,095.00
8.	OTHER	
Non-Current		
Research & Development Expenditure - at cost	58,885.58	58,885.58
Less Accumulated Amortisation	(36,178.50)	(21,457.10)
	22,707.08	37,428.48
9. PAYABLES		
Current		
Other Creditors	6,826.96	16,294.47
	6,826.96	16,294.47

These notes should be read in conjunction with the attached Compilation Report.

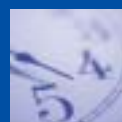
WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 \$	2000 \$
10. BORROWINGS		
Current		
Lease Liability	4,659.94	4,223.25
	<u>4,659.94</u>	<u>4,223.25</u>
Non-Current		
Lease Liability	1,370.04	4,266.35
	<u>1,370.04</u>	<u>4,266.35</u>
11. PROVISIONS		
Current		
Employee Entitlements	8,730.66	2,181.00
	<u>8,730.66</u>	<u>2,181.00</u>
12. OTHER		
Current		
Income in Advance	16,249.47	50,000.00
GST Payable	9,847.29	11,064.18
	<u>26,096.76</u>	<u>61,064.18</u>
13. MEMBERS' GUARANTEE		
<p>The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 towards any outstanding obligations of the company. At 31 December 2001, the number of member was 11.</p>		
14. CAPITAL AND LEASING COMMITMENTS		
Financing leasing commitments payable		
- Not longer than 1 year	5,751.21	5,148.20
- Longer than 1 but not longer than 2 years	1,370.01	5,191.30
- Longer than 2 but not longer than 5 years	-	-
- Longer than 5 years	-	-
Minimum Lease payments	7,121.22	10,339.50
Less Future finance charges	1,091.24	1,849.90
Total Lease Liability	<u>6,029.98</u>	<u>8,489.60</u>

These notes should be read in conjunction with the attached Compilation Report.



WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

2001
\$

2000
\$

15. ECONOMIC DEPENDENCE

The operations of the company are currently dependant on the financial support of its funding bodies. During 2001 the funding bodies were (in order of support)

- Charles Sturt University
- NSW Department of State and Regional Development

16. CORPORATE STRUCTURE

The enterprise was originally incorporated under the NSW Associations Incorporations Act on 6 November 1998. On 22 October 1999, the enterprise changed its structure to that of a Public Company Limited by Guarantee and is now governed by Corporations Law.

17. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year is now reconciled to the related items in the Balance Sheet as follows:

Cash at the National Australia Bank	132,755.29	139,132.12
Cash on Hand	132.66	61.70
	<u>132,887.95</u>	<u>139,193.82</u>

(b) Reconciliation of Cash Flow from Operations with Operating Surplus/(Deficit) after income Tax

Operating Surplus/(Deficit) after Income Tax	10,596.21	(14,255.07)
Amortisation	20,833.40	20,233.40
Depreciation	14,161.00	13,502.00
Changes in assets and liabilities		
Decrease /(Increase) in trade and other debtors	(7,673.90)	3,273.01
Increase/(Decrease) in other creditors and accruals	(10,684.40)	22,291.10
Increase/(Decrease) in income in advance	(33,750.53)	43,500.00
Increase/(Decrease) in employee provisions	6,549.66	(1,795.00)
Cash flow from Operations	<u>31.44</u>	<u>86,749.44</u>