

Australian Institute of Aboriginal and Torres Strait Islander Studies

STATEMENT BY THE ACCOUNTABLE AUTHORITY, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Institute of Aboriginal and Torres Strait Islander Studies will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Council of the Australian Institute of Aboriginal and Torres Strait Islander Studies.



Ms Jodie Sizer
Chairperson
26 August 2020



Mr Craig Ritchie
Chief Executive Officer
26 August 2020



Ms Megan Frizell
Chief Financial Officer
26 August 2020

Australian Institute of Aboriginal and Torres Strait Islander Studies
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Australian Institute of Aboriginal and Torres Strait Islander Studies

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	Notes	\$'000	2019 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	13,257	11,719	10,661
Suppliers	1.1B	13,952	11,251	14,474
Depreciation and amortisation	2.2A	1,468	1,077	1,196
Finance costs	1.1C	8	-	-
Impairment loss on financial instruments		-	3	-
Write-down and impairment of other assets	1.1D	105	7	-
Total expenses		28,790	24,057	26,331
Own-source revenue				
Revenue from contracts with customers	1.2A	5,837	745	797
Interest		435	636	450
Grants	1.2B	1,381	3,239	3,113
Other revenue	1.2C	377	241	1,600
Total own-source revenue		8,030	4,861	5,960
Net cost of services		20,760	19,196	20,371
Revenue from Government	1.2D	20,371	20,388	20,371
Surplus/(Deficit) on continuing operations		(389)	1,192	-
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes to asset revaluation reserve		102	1,876	-
Total comprehensive surplus/(deficit)		(287)	3,068	-

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

¹ Budget reported in *Portfolio Budget Statements 2019-20*.

Australian Institute of Aboriginal and Torres Strait Islander Studies
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

		2020	2019	Original Budget ¹
		\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	1,680	6,316	10,179
Financial assets - Term Deposits		24,503	23,617	14,258
Trade and other receivables	2.1B	810	779	864
Total financial assets		26,993	30,712	25,301
Non-financial assets				
Buildings ²	2.2A	16,001	14,105	12,899
Heritage and cultural	2.2A	11,826	11,445	11,126
Plant and equipment	2.2A	2,819	2,718	3,597
Computer software	2.2A	11	75	21
Inventories	2.2B	171	189	206
Other non-financial assets	2.2C	987	652	525
Total non-financial assets		31,815	29,184	28,374
Total assets		58,808	59,896	53,675
LIABILITIES				
Payables				
Suppliers		734	2,293	2,092
Other payables	2.3A	8,963	12,792	10,343
Total payables		9,697	15,085	12,435
Interest bearing liabilities				
Leases	2.4A	734	-	-
Total interest bearing liabilities		734	-	-
Provisions				
Employee provisions	3.1A	4,113	3,724	3,147
Other provisions	2.5A	10	-	-
Total provisions		4,123	3,724	3,147
Total liabilities		14,554	18,809	15,582
Net assets		44,254	41,087	38,093
EQUITY				
Contributed equity		3,983	3,909	3,983
Asset revaluation reserve		15,949	15,847	13,971
Retained earnings		24,322	21,331	20,139
Total equity		44,254	41,087	38,093

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

¹ Budget reported in *Portfolio Budget Statements 2019-20*.

² Right-of-use assets are included in Buildings.

Australian Institute of Aboriginal and Torres Strait Islander Studies
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020	2019	Original Budget ¹
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	3,909	3,835	3,909
Contributions by owners			
Equity injection	74	74	74
Closing balance as at 30 June	3,983	3,909	3,983
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	21,331	20,139	20,139
Adjustment on initial application of AASB15/1058	3,380	-	-
Adjusted opening balance	24,711	20,139	20,139
Comprehensive income			
Surplus/(Deficit) for the period	(389)	1,192	-
Closing balance as at 30 June	24,322	21,331	20,139
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	15,847	13,971	13,971
Comprehensive income			
Revaluation increment	102	1,876	-
Closing balance as at 30 June	15,949	15,847	13,971
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	41,087	37,945	38,019
Adjustment on initial application of AASB15/1058	3,380	-	-
Adjusted opening balance	44,467	37,945	38,019
Comprehensive income			
Surplus/(Deficit) for the period	(389)	1,192	-
Revaluation increment	102	1,876	-
Total comprehensive income	(287)	3,068	-
Transactions with owners			
Contributions by owners			
Equity injection	74	74	74
Closing balance as at 30 June	44,254	41,087	38,093

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

¹ Budget reported in *Portfolio Budget Statements 2019-20*.

Accounting Policy

Equity Injections

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

Australian Institute of Aboriginal and Torres Strait Islander Studies

CASH FLOW STATEMENT

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Receipts from Government		20,371	20,388	20,371
Sales of goods and rendering of services		5,020	1,839	797
Interest		476	619	450
Grants		1,381	4,415	4,713
Other		325	642	-
Net GST received		1,615	1,067	-
Total cash received		29,188	28,970	26,331
Cash used				
Employees		12,786	11,181	10,661
Suppliers		17,435	12,470	14,474
Interest payments on lease liabilities		8	-	-
Total cash used		30,229	23,651	25,135
Net cash from/(used by) operating activities		(1,041)	5,319	1,196
INVESTING ACTIVITIES				
Cash received				
Net proceeds from matured deposits		-	-	304
Total cash received		-	-	304
Cash used				
Purchase of property, plant and equipment		2,747	2,355	1,574
Net reinvestment in deposits		887	6,901	-
Total cash used		3,634	9,256	1,574
Net cash from/(used by) investing activities		(3,634)	(9,256)	(1,270)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		74	74	74
Total cash received		74	74	74
Cash Used				
Principal payments of lease liabilities		35	-	-
Total cash used		35	-	-
Net cash from/(used by) financing activities		39	74	74
Net decrease in cash held		(4,636)	(3,863)	-
Cash at the beginning of the reporting period		6,316	10,179	10,179
Cash at the end of the reporting period	2.1A	1,680	6,316	10,179

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

¹ Budget reported in *Portfolio Budget Statements 2019-20*.

Australian Institute of Aboriginal and Torres Strait Islander Studies

OVERVIEW

For the period ended 30 June 2020

Objectives of Australian Institute of Aboriginal and Torres Strait Islander Studies

The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is an Australian Government controlled not-for-profit entity. The objectives of AIATSIS is to serve the public by:

- building and preserving a national collection of Aboriginal and Torres Strait Islander culture and heritage and making it accessible;
- promoting better understanding of Indigenous peoples, cultures and heritage;
- leading and influencing on Aboriginal and Torres Strait Islander research, ethics and protocols and collections;
- partnering and collaborating with our communities, partners and governments; and
- advising on Aboriginal and Torres Strait Islander cultures and heritage.

The continued existence of AIATSIS in its present form and with its present programs is dependent on Government policy and on continued funding by Parliament for AIATSIS's administration and programs.

The basis of preparation of the financial statements

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

The financial statements have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and 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.

New Australian accounting standards

All new and revised accounting standards and interpretations that were issued prior to the signing of the financial statements and were applicable to future reporting periods are not expected to have a material financial impact on AIATSIS's financial statements.

The entity adopted all of the new and revised accounting Australian accounting standards and interpretations that were issued prior to the sign off date and are applicable to the current reporting period. The impact of adopting the new standards is described below.

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

AIATSIS has adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model AIATSIS shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), AIATSIS applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, AIATSIS shall consider whether AASB 1058 applies.

In relation to AASB 15, AIATSIS elected to apply the new standard to all new and uncompleted contracts from the date of initial application. AIATSIS is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

The first column shows amounts prepared under AASB 15 and AASB 1058 as at 1 July 2019 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Impact on transition

The impact on transition is summarised below:

Departmental	AASB 15 / AASB 1058 \$'000	1 July 2019 Previous AAS \$'000
Liabilities		
Other payables	9,412	12,792
Total liabilities	9,412	12,792
Total adjustment recognised in retained earnings	3,380	-

Australian Institute of Aboriginal and Torres Strait Islander Studies

OVERVIEW

for the period ended 30 June 2020

New Australian accounting standards - continued

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Transitional disclosure	AASB 15 / AASB 1058	Previous AAS	Increase /(decrease)
	\$'000	\$'000	\$'000
Revenue			
Revenue from contracts with customers	5,837	5,496	341
Interest	435	435	-
Grants	1,381	2,505	(1,124)
Other revenue	377	377	-
Total own-source revenue	8,030	8,813	(783)
Net cost of services	20,760	19,977	783
Revenue from Government	20,371	20,371	-
Surplus/(Deficit) on continuing operations	(389)	394	(783)
Liabilities			
Other payables	8,963	11,560	(2,597)
Total liabilities	14,554	17,151	(2,597)
Retained earnings	24,322	21,725	2,597

These changes are predominantly driven by the application of AASB 1058 for grants received prior to the 2019-2020 financial year, which furthered AIATSIS's objectives, therefore must be brought to account on a receipt basis. Historically these amounts were recognised as revenue as the expenditure related to the agreements was incurred.

Application of AASB 16 Leases

AIATSIS adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

AIATSIS elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. AIATSIS applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, AIATSIS previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, AIATSIS recognises right-of-use assets and lease liabilities for most leases. However, AIATSIS has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

At 1 July 2019, AIATSIS did not have any leases that required recognition in accordance with AASB 16.

Taxation

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

Events after balance date

There are no known events occurring after the reporting period that could impact on the financial statements.

Contingent Assets or Liabilities

There are no known contingent assets or liabilities.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Financial Performance
Note 1.1 Expenses

	2020	2019
	\$'000	\$'000
Note 1.1A Employee benefits		
Wages and salaries	10,074	8,663
Superannuation		
Defined contribution plans	1,077	954
Defined benefit plans	716	666
Leave and other entitlements	1,263	1,436
Separation and redundancies	127	-
Total employee benefits	13,257	11,719
Note 1.1B Suppliers		
Goods and services supplied or rendered		
Consultants, contractors and secondees	8,043	5,904
Travel and motor vehicle	982	757
Information technology	859	1,254
Property operating expenses	694	678
Communications and publishing	661	326
Community engagement and events	635	238
Staff related	501	242
Corporate services	425	459
Cost of goods sold	154	177
Other goods and services	149	410
Audit fees	37	40
Collection maintenance & preservation	116	87
Printing and office supplies	77	58
Total goods and services supplied or rendered	13,333	10,630
Goods supplied	1,536	1,500
Services rendered	11,797	9,130
Total goods and services supplied or rendered	13,333	10,630
Other suppliers		
Operating lease rentals ¹	-	555
Short term leases	575	-
Workers compensation expenses	44	66
Total other suppliers	619	621
Total suppliers	13,952	11,251

¹ AIATSIS has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

AIATSIS does not hold any short term lease commitments as at 30 June 2020.

The above disclosures should be read in conjunction with the accompanying note 1.1C.

Accounting Policy

Short-term leases and leases of low value assets

AIATSIS has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). AIATSIS recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 1.1C Finance costs

Interest on lease liabilities ¹	8	-
Total finance costs	8	-

¹ AIATSIS has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying note 2.4A

Note 1.1D: Write-down and impairment of other assets

Write-off non financial assets	105	7
Total write-down and impairment of assets	105	7

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Note 1.2: Own-Source Revenue and Gains

	2020 \$'000	2019 \$'000
Note 1.2A: Revenue from contracts with customers		
Sale of goods	625	516
Rendering of services	5,212	229
Total revenue from contracts with customers	5,837	745
Disaggregation of revenue from contracts with customers¹		
Major product / service line:		
Research services	3,975	
Grants	804	
Sale of inventory and subscriptions	625	
Conferences	433	
	5,837	
Type of customer:		
Australian Government (related entities)	4,689	
State and Territory Governments	130	
Non-government entities	1,018	
	5,837	
Timing of transfer of goods and services:		
Point in time	1,010	
Over time	4,827	
	5,837	

¹ AIATSIS has applied AASB 15 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 118.

Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer. An agreement is recognised as revenue from contracts with customers, when there is an enforceable contract and the performance obligations are sufficiently specific to enable to AIATSIS to determine when they have been satisfied.

The following are principal activities from which AIATSIS generates revenue:

- Rendering of services: revenue generated from research services agreements, where revenue is recognised as performance obligations are satisfied. Performance obligations may vary and be recognised at a point in time, over time (on a straight line basis) or as expenses are incurred.
- Sale of goods: sales of inventory where revenue is recognised when control has been transferred to the buyer.

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 the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1.2B: Grants

From related entities	1,381	3,089
From external parties	-	150
Total grants	1,381	3,239

Accounting Policy

Grants revenue is recognised on receipt, except where there is a performance obligation or liability to be captured as part of the agreement, which will be brought to account over time or when the performance obligation is satisfied.

Note 1.2C: Other Revenue

Donations (including donated assets)	262	-
Other revenue	115	241
Total other revenue	377	241

Note 1.2D: Revenue from Government

Funding received or receivable from non-corporate Commonwealth entities is recognised as Revenue from Government by AIATSIS unless the funding is in the nature of an equity injection, grant, research service or a loan.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Financial Position
Note 2.1: Financial Assets

	2020	2019
	\$'000	\$'000
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	1,672	6,258
Cash on call deposit	8	58
Total cash and cash equivalents	1,680	6,316

Accounting Policy

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 4 months or less that are readily convertible to known amounts, of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts.

Note 2.1B: Trade and other receivables

Goods and services receivables

Goods and services	313	217
Total goods and services receivables	313	217

Other receivables

GST receivable from the Australian Taxation Office	472	501
Interest receivable	29	70
Total other receivables	501	571
Total trade and other receivables (gross)	814	788
Less impairment loss allowance	(4)	(9)
Total trade and other receivables (net)	810	779

Credit terms for goods and services were within 30 days (2019: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided below market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Note 2.2: Non-Financial Assets

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

	Buildings ¹ \$'000	Plant and equipment ² \$'000	Heritage and Cultural ³ \$'000	Computer software \$'000	Total \$'000
As at 1 July 2019					
Gross book value	14,105	2,718	11,445	75	28,343
Accumulated depreciation, amortisation and impairment	-	-	-	-	-
Total as at 1 July 2019	14,105	2,718	11,445	75	28,343
Work in progress	25	175	28	-	228
Additions:					
Purchase	1,480	941	98	-	2,519
Right-of-use assets	780	-	-	-	780
Donation	-	-	258	-	258
Revaluations and impairments recognised in other comprehensive income ⁴	-	-	102	-	102
Depreciation and amortisation	(346)	(1,015)	-	(64)	(1,425)
Depreciation on right-of-use assets	(43)	-	-	-	(43)
Assets written off	-	-	(105)	-	(105)
Total as at 30 June 2020	16,001	2,819	11,826	11	30,657
Total as of 30 June 2020 represented by:					
Gross book value	16,365	3,659	11,798	75	31,897
Work in progress	25	175	28	-	228
Accumulated depreciation, amortisation and impairment	(389)	(1,015)	-	(64)	(1,468)
Total as at 30 June 2020	16,001	2,819	11,826	11	30,657
Carrying amount of right-of-use assets	737	-	-	-	737

¹ AIATSIS's building may not be disposed of without prior Ministerial approval.

² No property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months.

³ Buildings and plant and equipment that met the definition of a heritage and cultural item are disclosed in the heritage and cultural asset class.

⁴ Revaluations were conducted in accordance with the revaluation policy stated at Accounting Policy - non financial assets. An independent valuer conducted the revaluations as at 30 June 2020.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Accounting Policy

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

Asset Recognition Threshold

Asset purchases 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).

Desktop and laptop computers, heritage and cultural assets are recognised as assets regardless of cost.

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.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 AIATSIS has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector (GGS) and Whole of Government financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are 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 are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it 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 are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class. Professional judgement has been applied to determine the fair value from observable market evidence.

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

Assets are valued on a recurring basis.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to AIATSIS's 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 assets are as follows:

	2020	2019
	years	years
Buildings	15 to 70	15 to 70
Buildings - Right of Use	6	-
Plant and equipment	1 to 20	1 to 20
Heritage and cultural	50 to 99	50 to 99

AIATSIS has items of heritage and cultural assets that have unlimited useful lives and are not depreciated.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Accounting Policy - continued

Impairment

All assets were assessed for impairment at 30 June 2020. 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 AIATSIS were deprived of the asset, the recoverable amounts are expected to be materially the same as fair value. All software assets were assessed for indications of impairment as at 30 June 2020.

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

AIATSIS collects and preserves heritage and cultural assets. The collection includes moving images, photos, art, artefacts and manuscripts.

AIATSIS has a Digital Preservation Policy which ensures the long-term digital preservation of collection assets held in the Collection. AIATSIS digitally preserves items identified on the prioritisation schedule within the Collection in adherence to cultural protocols, intellectual property rights and using internationally recognised standards.

Intangibles

AIATSIS's intangibles comprise internally developed computer software for internal use and purchased computer software. 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 AIATSIS's software are 3 to 5 years.

All software assets were assessed for indications of impairment as at 30 June 2020.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 2.2B: Inventories		
Inventories held for sale		
Finished goods	236	283
Less: provision for slow moving and obsolete inventory	(65)	(94)
Total inventories	171	189

During 2019-2020, \$142,744 of inventory held for sale was recognised as an expense (2019: \$176,630).

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value.
 Finished goods include the cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Note 2.2C: Other non-financial assets

Prepayments	987	652
Total other non-financial assets	987	652

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

Note 2.3: Payables

Note 2.3A: Other payables

Salaries and wages	174	76
Superannuation	29	13
Unearned income	8,760	12,692
Other	-	11
Total other payables	8,963	12,792

Note 2.4: Interest Bearing Liabilities

Note 2.4A: Leases

Lease liabilities ¹	734	-
Total Leases	734	-

¹ AIATSIS has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$43,485.

Note 2.5: Other Provisions

Note 2.5A: Other provisions

Movements in other provisions

	Provision for restoration \$'000	Total \$'000
As at 1 July 2019	-	-
Additional provisions made	10	10
Amounts used	-	-
Total as at 30 June 2020	10	10

AIATSIS currently has one (2019: nil) agreement for the leasing of premises which has a provision requiring AIATSIS to restore the premises to their original condition at the conclusion of the lease. AIATSIS has made a provision to reflect the present value of the obligation.

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3.1: People and Relationships

	2020 \$'000	2019 \$'000
Note 3.1A: Employee provisions		
Annual leave	1,319	1,200
Long service leave	2,794	2,514
Other	-	10
Total employee provisions	4,113	3,724

Accounting policy

Employee related expenses are recognised in the period that employee services are received.

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

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.

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 AIATSIS'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 short hand method as at 30 June 2020. 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. AIATSIS 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

AIATSIS's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

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.

AIATSIS makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. AIATSIS 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Note 3.2: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of AIATSIS, directly or indirectly, including any director of AIATSIS. AIATSIS has determined the key management personnel to be Council Members, Chief Executive Officer, Deputy Chief Executive Officer, and Executive Directors. Key management personnel remuneration is reported in the table below:

	2020	2019
	\$'000	\$'000
Short-term employee benefits	1,131	1,023
Post-employment benefits	158	141
Other long-term employee benefits	44	61
Total key management personnel remuneration expenses¹	1,333	1,225

The total number of key management personnel that are included in the above table are 18 (2019: 13).

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

Note 3.3: Related Party Disclosures

Related party relationships:

AIATSIS is an Australian Government controlled entity. Related parties to the Institute are key management personnel, the Portfolio Minister and other Australian Government entities.

Transactions with related parties:

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Other Items

4.1 Financial Instruments

	2020	2019
	\$'000	\$'000
4.1A: Categories of financial instruments		
Financial assets at amortised cost		
Cash on hand or on deposit	1,680	6,316
Fixed term deposits with a bank	24,503	23,617
Receivables for goods and services	309	208
Interest receivable	29	70
Total financial assets at amortised cost	26,521	30,211
Financial liabilities measured at amortised cost		
Trade creditors and accruals	734	2,293
Lease Liabilities	734	-
Total financial liabilities measured at amortised cost	1,468	2,293
4.1B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	435	636
Net gains on financial assets at amortised cost	435	636

Accounting Policy

Financial assets

Under *AASB 9 Financial Instruments* AIATSIS classifies its financial assets in the following categories:

- (a) financial assets at fair value through profit or loss;
- (b) financial assets at fair value through other comprehensive income; and
- (c) financial assets measured at amortised cost.

The classification depends on both AIATSIS's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when AIATSIS becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective interest method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

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 amortised cost

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 interest basis. 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). Settlement is usually made within 30 days or as per terms in the contractual arrangements.

Australian Institute of Aboriginal and Torres Strait Islander Studies**NOTES TO THE FINANCIAL STATEMENTS***as at 30 June 2020***4.2: Aggregate Assets and Liabilities**

	2020	2019
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	28,150	31,553
More than 12 months	30,658	28,343
Total assets	58,808	59,896
Liabilities expected to be settled in:		
No more than 12 months	9,109	9,971
More than 12 months	5,445	8,838
Total liabilities	14,554	18,809

4.3: Budgetary Reporting

Statement of Comprehensive Income

In 2019-20 AIATSIS reported an operating deficit of \$0.39 million. This \$0.39 million variance represents 1.9 per cent of the \$20.37 million budgeted net cost of services reported in the 2019-20 *Portfolio Budget Statements*.

AIATSIS's total expenses of \$28.79 million varies by 9.3 per cent to the original budget. The main cause of the variation is an increase in expenditure associated with the delivery of the National Resting Place scoping study and consultation process on behalf of the government, an increase in employee benefits, reflecting the increase in average staffing levels and salary increases paid to staff. This was partially offset by lower supplier expenses, reflecting the decrease in expenditure relating to the Native Title Conference and travel related expenditure due to COVID-19.

AIATSIS's own source revenue totalled \$8.03 million in 2019-20 which varies by 34.7 per cent to the original budget. The main cause of the variation is the \$2.59 million in funding received for the National Resting Place scoping study and consultation process, which was not factored into the 2019-20 budget.

Statement of Financial Position

As at 30 June 2020, AIATSIS's total equity was \$44.25 million compared to the original budget of \$38.09 million. The original budget was prepared before the 2018-19 actual figures were known and used an estimate rather than the actual final outcome. A more positive operating result than estimated was achieved for 2018-19, and has improved AIATSIS's equity. In addition, with the adoption of AASB 15/1058 and a \$3.38 million adjustment was required to increase opening retained earnings.

Total assets are higher as at 2019-20 than budget by 9.6 per cent primarily as a result of the original budget being prepared before the actual 2018-19 figures were known which used an estimated rather than the actual final outcome. In addition, there was an increase in buildings with the refurbishment and overall upgrade of the Acton building. With the adoption of the AASB 16 lease standard, AIATSIS has recognised \$0.780 million in ROU assets plus accumulated depreciation of \$0.043 million.

Total liabilities are lower than budget by 6.6 per cent. The major movements were due to lower than budgeted year-end supplier payables offset by recognition of a new lease and additional provisions.

Cash Flow Statement

The variances between budget and actuals in the cash flow statement reflect the effects of the events already described. AIATSIS has also increased investments instead of cash holdings.