# Financial Statements

Australian National
Audit Office

**INDEPENDENT AUDITOR'S REPORT**

**To the Minister for the Department of Innovation, Industry, Science and Research**

**Scope**

I have audited the accompanying financial statements of the Australian Institute of Aboriginal and Torres Strait Islander Studies for the year ended 30 June 2008, which comprise: a Statement by Councillors, Principal and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

***The Responsibility of the Councillors for the Financial Statements***

The members of Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Institute of Aboriginal and Torres Strait Islander Studies' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Institute of Aboriginal and Torres Strait Islander Studies' internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Councillors as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

**Auditor's Opinion**

In my opinion, the financial statements of the Australian Institute of Aboriginal and Torres Strait Islander Studies:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Institute of Aboriginal and Torres Strait Islander Studies' financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office

Jocelyn Ashford
Executive Director
Delegate of the Auditor-General
Canberra
17 September 2008

**Financial Statements for the Year Ended 30 June 2008**

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

**Statement by Councillors, Principal and Chief Financial Officer**

In our opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997.*

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of Councillors.

| | | | |
|---|---|---|---|
| Prof. M Dodson<br>Chairperson | M Williams<br>Councillor | S Larkin<br>Principal | J Hobson<br>Chief Financial Officer |

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**INCOME STATEMENT**
*for the year ended 30 June 2008*

| | Notes | 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **INCOME** | | | |
| **Revenue** | | | |
| Revenue from Government | 3A | 11,801 | 11,566 |
| Sale of goods and rendering of services | 3B | 907 | 1,065 |
| Interest | 3C | 578 | 370 |
| Grants | 3D | 1,619 | 810 |
| Other revenue | 3E | 656 | 539 |
| ***Total revenue*** | | 15,561 | 14,350 |
| **Gains** | | | |
| Sale of assets | 3F | - | 2 |
| Reversal of previous asset write-downs | 3G | 117 | - |
| ***Total gains*** | | 117 | 2 |
| **Total Income** | | 15,678 | 14,352 |
| **EXPENSES** | | | |
| Employee benefits | 4A | 7,493 | 7,797 |
| Suppliers | 4B | 3,731 | 3,614 |
| Grants | 4C | 755 | 852 |
| Depreciation and amortisation | 4D | 1,175 | 1,644 |
| Write-down and impairment of assets | 4E | - | 120 |
| **Total Expenses** | | 13,154 | 14,027 |
| **Surplus** | | 2,524 | 325 |

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**BALANCE SHEET**
*as at 30 June 2008*

| | Notes | 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 5A | 2,221 | 647 |
| Trade and other receivables | 5B | 708 | 591 |
| Investments | 5C | 7,999 | 5,795 |
| ***Total financial assets*** | | 10,928 | 7,033 |
| **Non-financial assets** | | | |
| Land and buildings | 6A, 6E | 12,415 | 12,595 |
| Infrastructure, plant and equipment | 6B, 6E | 12,487 | 13,302 |
| Intangibles | 6D | 205 | 281 |
| Inventories | 6F | 168 | 76 |
| Other non-financial assets | 6G | 73 | 53 |
| ***Total non-financial assets*** | | 25,348 | 26,307 |
| **Total Assets** | | 36,276 | 33,340 |
| **LIABILITIES** | | | |
| **Payables** | | | |
| Suppliers | 7A | 480 | 410 |
| Other payables | 7B | 502 | 75 |
| ***Total payables*** | | 982 | 485 |
| **Provisions** | | | |
| Employees provisions | 8A | 1,623 | 1,708 |
| ***Total Provisions*** | | 1,623 | 1,708 |
| **Total Liabilities** | | 2,605 | 2,193 |
| **Net Assets** | | 33,671 | 31,147 |
| **EQUITY** | | | |
| Contributed equity | | 3,179 | 3,179 |
| Reserves | | 9,966 | 9,966 |
| Retained surplus | | 20,526 | 18,002 |
| **Total Equity** | | 33,671 | 31,147 |
| **Current Assets** | | 11,169 | 7,162 |
| **Non-Current Assets** | | 25,107 | 26,178 |
| **Current Liabilities** | | 2,307 | 1,909 |
| **Non-Current Liabilities** | | 298 | 284 |

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**STATEMENT OF CHANGES IN EQUITY**
*as at 30 June 2008*

| Item | Retained Earnings | | Asset Revaluation Reserve | | Contributed Equity / Capital | | Total Equity | |
|---|---|---|---|---|---|---|---|---|
| | **2008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 |
| **Opening balance** | **18,002** | 17,677 | **9,966** | 6,743 | **3,179** | 3,179 | **31,147** | 27,599 |
| **Income and expense recognised directly in equity** | | | | | | | | |
| Income and expense recognised directly in equity: | | | | | | | | |
| Revaluation adjustment | - | - | - | 3,223 | - | - | - | 3,223 |
| **Sub-total income and expenses recognised directly in equity** | - | - | - | 3,223 | - | - | - | 3,223 |
| Surplus for the period | **2,524** | 325 | - | - | - | - | **2,524** | 325 |
| **Total income and expenses** | **2,524** | 325 | - | 3,223 | - | - | **2,524** | 3,548 |
| **Closing balance at 30 June** | **20,526** | 18,002 | **9,966** | 9,966 | **3,179** | 3,179 | **33,671** | 31,147 |

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**CASH FLOW STATEMENT**
for the year ended 30 June 2008

| | Notes | 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Cash received** | | | |
| Appropriations | 15 | 11,801 | 11,566 |
| Goods and services | | 3,065 | 1,799 |
| Interest | | 482 | 348 |
| ***Total cash received*** | | 15,348 | 13,713 |
| **Cash used** | | | |
| Employees | | (7,528) | (7,808) |
| Suppliers | | (3,183) | (3,429) |
| Grants | | (755) | (852) |
| ***Total cash used*** | | (11,466) | (12,089) |
| **Net cash from or (used by) operating activities** | 9 | 3,882 | 1,624 |
| **INVESTING ACTIVITIES** | | | |
| **Cash received** | | | |
| Proceeds from sales of property, plant and equipment | | 80 | 106 |
| ***Total cash received*** | | 80 | 106 |
| **Cash used** | | | |
| Purchase of property, plant and equipment | | (184) | (393) |
| Investments | | (2,204) | (3,735) |
| ***Total cash used*** | | (2,388) | (4,128) |
| **Net cash from or (used by) investing activities** | | (2,308) | (4,022) |
| ***Net increase or (decrease) in cash held*** | | 1,574 | (2,399) |
| Cash and cash equivalents at the beginning of the reporting period | | 647 | 3,046 |
| **Cash and cash equivalents at the end of the reporting period** | 9 | 2,221 | 647 |

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**SCHEDULE OF COMMITMENTS**
*as at 30 June 2008*

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| **BY TYPE** | | |
| **Capital commitments** | | |
| Property, plant and equipment [1] | **85** | - |
| ***Total capital commitments*** | **85** | - |
| **Other commitments** | | |
| Research grants [2] | **37** | 99 |
| Other commitments [3] | **60** | 94 |
| ***Total other commitments*** | **97** | 193 |
| **Commitments receivable** [4] | **(637)** | (18) |
| **Net commitments by type** | **(455)** | 175 |
| **BY MATURITY** | | |
| **Commitments receivable** | | |
| One year or less | **(637)** | (18) |
| ***Total commitments receivable*** | **(637)** | (18) |
| **Commitments payable** | | |
| **Capital commitments** | | |
| One year or less | **85** | - |
| ***Total capital commitments*** | **85** | - |
| **Other commitments** | | |
| One year or less | **97** | 193 |
| ***Total other commitments*** | **97** | 193 |
| **Net Commitments by maturity** | **(455)** | **175** |

NB: Commitments are GST-inclusive where relevant.

[1] Plant and equipment commitments are mainly for technical equipment to support the expanded digitisation program.

[2] Research grant commitments are amounts payable under grant agreements in respect of which the recipient is yet to perform the services required.

[3] Other commitments are mainly maintenance agreements, minor building works and book printing contracts where the services have not yet been provided.

[4] Commitments receivable relate to amounts contracted but not received under consultancy contracts.

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

## Note 1: Summary of Significant Accounting Policies

### 1.1 Basis of Preparation of the Financial Statements

The financial statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a General Purpose Financial Report.

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

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs), for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets which, as noted, are 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 Report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Institute and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments.

Unless alternative treatment is specifically required by an Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefit has occurred and can be reliably measured.

### 1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Institute has made the following judgments that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of buildings has been taken to be the market value of similar properties as determined by an independent valuer. The Institute's building was purpose-built and may in fact realise more or less in the market.
- Property plant and equipment is recognised at fair value, and depreciated over the estimated economic life for each item. The actual life may be longer or shorter than estimated.

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- Long-term employee liabilities are recognised at their estimated present value. The actual cost may vary depending on when entitlements are claimed and on changes in monetary values.

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

### 1.3 Statement of Compliance

***Adoption of new Australian Accounting Standard requirements***

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standard is applicable to the reporting period:

***Financial instrument disclosure***

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the Institute.

- AASB 101 Presentation of Financial Statements (issued October 2006)
- AASB 1048 Interpretation and Application of Standards
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation
- AASB 2007-5 Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for Profit Entities [AASB 102]
- AASB 2007-7 Amendments to Australian Accounting Standards
- ERR Erratum Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]
- UIG Interpretation 10 Interim Financial Reporting and Impairment
- AASB Interpretation 1003 Australian Petroleum Resource Rent Tax
- UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11

***Future Australian Accounting Standard requirements***

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective, other than AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 will have no material financial impact on future reporting periods.

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

- AASB 3 Business Combinations
- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements (Issued September 2007)
- AASB 123 Borrowing Costs
- AASB 127 Consolidated and Separate Financial Statements
- AASB 1004 Contributions
- AASB 1050 Administered Items
- AASB 1051 Land Under Roads
- AASB 1052 Disaggregated Disclosures
- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 and AASB 139]
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31
- AASB 2008-1 Amendment to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations
- AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127
- AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities [AASB 124]
- AASB Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- AASB Interpretation 4 Determining Whether an Arrangement Contains a Lease
- AASB Interpretation 12 Service Concession Arrangements
- AASB Interpretation 13 Customer Loyalty Programmes
- AASB Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- AASB Interpretation 129 Service Concession Arrangement Disclosures
- AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities

***Other***

The following standards and interpretations have been issued but are not applicable to the operations of the Institute.

***AASB 1049 Whole of Government and General Government Sector Financial Reporting***

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs do not refer to this standard as it contains guidance applicable to the consolidated financial statements of the Australian Government, rather than financial reports of individual agencies or authorities.

**1.4 Revenue**

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Institute.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits from the transaction will flow to the Institute.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

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

***Revenues from Government***

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

***Resources Received Free of Charge***

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition.

**1.5 Transactions by the Government as Owner**

***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**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

**1.6 Employee Benefits**

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

***Leave***

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Institute is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Institute'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 as at 30 June 2008 is recognised in accordance with the Australian Government short hand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

***Separation and Redundancy***

Provision is made for separation and redundancy benefit payments. The Institute 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***

Staff of the Institute are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Institute makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Institute's employees. The Institute accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

### 1.7 Cash

Cash and cash equivalents means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

### 1.8 Financial Assets

AASB 139 Financial Instruments: Recognition and Measurement requires financial assets to be classified in the following categories:

- financial assets 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale financial assets'; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Institute currently only holds financial assets that are classified as 'loans and receivables'.

Financial assets are recognised and derecognised upon 'trade date'.

***Effective Interest Method***

The effective interest method is a method of calculating the amortised cost of a financial asset (or financial liability) and of allocating interest income (or expense) over the relevant period. The effective interest rates is the rate that exactly discounts estimated future cash receipts (or cash payments) over the expected life of the financial asset (or financial liability), or where appropriate a shorter period. Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

***Loans and Receivables***

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which would be classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

***Impairment of Financial Assets***

Financial assets are assessed for impairment at each balance date. If there is objective evidence that an impairment loss has been incurred for loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. In these circumstances the carrying amount is reduced by way of an allowance account and the loss is recognised in the income statement.

### 1.9 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'.

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

***Other Financial Liabilities***

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis (refer to Note 1.8).

***Supplier and Other Payables***

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that goods or services have been received, irrespective of having been invoiced.

**1.10 Contingent Liabilities and Contingent Assets**

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

**1.11 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

**1.12 Property (Land, Buildings and Infrastructure), Plant and Equipment**

***Asset recognition threshold***

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The exception to this policy is for desktop and laptop computers, which 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 where this is expected to be significant.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

***Revaluations***

Fair value for each class of assets is determined as shown below.

| **Asset Class** | **Fair Value Measured at:** |
|---|---|
| Land | Market selling price |
| Building | Market selling price |
| Plant & Equipment | Market selling price |
| Heritage and cultural assets | Market selling price |

Following initial recognition at cost Property Plant and Equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends 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 reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

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.

***Depreciation***

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

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| | **2008** | 2007 |
|---|---|---|
| Building | **70 years** | 70 years |
| Major plant and equipment items | **5 to 20 years** | 5 to 20 years |
| Minor plant and equipment items, mainly office equipment. | **2 to 5 years** | 2 to 5 years |
| Library collection | **50 years** | 50 years |

Artwork and artefacts are assessed as having an indefinite useful life and are not depreciated.

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

***Impairment***

All assets were assessed for impairment at 30 June 2008. 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 to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Institute were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

### 1.13 Intangibles

The Institute's intangibles comprise software licences and associated implementation costs, and internally-developed software for internal use. The assets are carried at cost less accumulated amortisation and accumulated impairment losses.

All intangible assets were assessed for indications of impairment as at 30 June 2008.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives, being 3 to 7 years (2006/07: 3 to 7 years).

### 1.14 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at the lower of cost and current replacement cost.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as cost of direct labour and materials plus attributable costs that are capable of being allocated on a reasonable basis.

### 1.15 Taxation

The Institute is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

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### 1.16 Prior Period Accounting Errors

As at 30 June 2007 the Institute reported unearned grant revenue of $304,000 in accordance with the Institute's revenue recognition policies. This has been determined to be an error in that grant receipts should not have been recognised as unearned revenue. Rather, the amount should have been recognised as revenue at the time of receipt in accordance with AASB 1004. The effect of this error has been to understate grant revenue and the operating result by $304,000 and overstate the unearned revenue liability by $304,000.

This error has been corrected by re-stating each of the financial statement line items for the prior year.

### Note 2: Events After the Balance Sheet Date

On 24th July 2007 the Institute signed a four (4) year Union Collective Agreement that delivers staff pay rises of 5%, 4.5%, 4.5% and 4% respectively. In exchange staff have provided an additional 18 minutes increase in time taking their working day from 7.03 minutes to 7.21 minutes. The pay increase has been reflected in balance sheet items for long service leave and annual leave.

The Institute is not aware of any events occurring after the reporting date which materially affects the financial statements.

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| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| **Note 3: Income** | | |
| ***Revenues*** | | |
| Note 3A: Revenue from Government | | |
| Appropriations: | | |
| Departmental outputs | **11,801** | 11,566 |
| ***Total revenues from Government*** | **11,801** | 11,566 |
| Note 3B: Sales of goods and rendering of services | | |
| Provision of goods - external entities | **291** | 277 |
| Rendering of services - related entities | **465** | 266 |
| Rendering of services - external entities | **151** | 522 |
| ***Total sales of goods and rendering of services*** | **907** | 1,065 |
| Note 3C: Interest | | |
| Deposits | **578** | 370 |
| ***Total interest revenue*** | **578** | 370 |
| Note 3D: Grants | | |
| From related entities | **1,541** | 729 |
| From external entities | **78** | 81 |
| ***Total grants revenue*** | **1,619** | 810 |
| Note 3E: Other revenue | | |
| Conference fees | **405** | 385 |
| Contract administration | **92** | 116 |
| Other revenue | **159** | 38 |
| ***Total other revenue*** | **656** | 539 |

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| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| ***Gains*** | | |
| Note 3F: Sale of Assets | | |
| Infrastructure, plant and equipment: | | |
| Proceeds from sale | 80 | 106 |
| Carrying value of assets sold | (80) | (104) |
| ***Net gain from sale of assets*** | - | 2 |
| Intangibles: | | |
| Proceeds from sale | 13 | - |
| Carrying value of assets sold | (13) | - |
| ***Net gain from sale of assets*** | - | - |
| Note 3G: Reversals of previous asset write-downs | | |
| Reversal of impairment losses | 117 | - |
| ***Total reversal of previous asset write-downs*** | 117 | - |
| **Note 4: Expenses** | | |
| Note 4A: Employee benefits | | |
| Wages and salaries | 5,766 | 5,948 |
| Superannuation - defined contribution plans | 867 | 1,061 |
| Leave and other entitlements | 569 | 578 |
| Separation and redundancies | 35 | (12) |
| Other employee benefits | 256 | 222 |
| ***Total employee benefits*** | 7,493 | 7,797 |
| Note 4B: Suppliers | | |
| Provision of goods - external entities | 2,680 | 2,131 |
| Rendering of services - external entities | 907 | 1,347 |
| Workers compensation premiums | 144 | 136 |
| ***Total supplier expenses*** | 3,731 | 3,614 |
| Note 4C: Grants | | |
| Private sector: | | |
| Research grants | 702 | 532 |
| Manuscript development grants | 53 | 320 |
| ***Total grants expenses*** | 755 | 852 |
| Note 4D: Depreciation and amortisation | | |
| Depreciation: | | |
| Infrastructure, plant and equipment | 826 | 1,291 |
| Buildings | 180 | 170 |
| Heritage and cultural assets | 62 | 70 |
| ***Total depreciation*** | 1,068 | 1,531 |
| Amortisation: | | |
| Intangible: | | |
| Computer software | 107 | 113 |
| ***Total amortisation*** | 107 | 113 |
| ***Total depreciaton and amortisation*** | 1,175 | 1,644 |
| Note 4E: Write-Down and Impairment of Assets | | |
| Write down from impairment of inventory | - | 120 |
| ***Total write-down and impairment of assets*** | - | 120 |

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| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| **Note 5: Financial Assets** | | |
| Note 5A: Cash and cash equivalents | | |
| Cash at bank | **2,220** | 646 |
| Cash on hand | **1** | 1 |
| ***Total Cash and Cash Equivalents*** | **2,221** | 647 |
| Note 5B: Trade and other receivables | | |
| Goods and services | **601** | 459 |
| GST receivable from Australian Taxation Office | **142** | 133 |
| *Less*: Provision for doubtful debts | **(35)** | (1) |
| ***Total trade and other receivables (net)*** | **708** | 591 |
| Receivables are represented by: | | |
| Current | **708** | 591 |
| Non-Current | **-** | - |
| ***Total trade and other receivables (net)*** | **708** | 591 |
| Receivables are aged as follows: | | |
| Not overdue | **618** | 583 |
| Overdue by: | | |
| 30 to 60 days | **46** | 6 |
| 61 to 90 days | **7** | 1 |
| More than 90 days | **72** | 2 |
| ***Total receivables (gross)*** | **743** | 592 |
| The provision for doubtful debts is aged as follows: | | |
| Not overdue | | |
| Overdue by: | | |
| More than 90 days | **35** | 1 |
| ***Total provision for doubtful debts*** | **35** | 1 |

**Reconciliation of the provision for doubtful debts:**

Movements in relation to 2008

| | Goods and services $'000 | Total $'000 |
|---|---|---|
| Opening balance | **1** | **1** |
| Increase/decrease recognised in net surplus | **34** | **34** |
| **Closing balance** | **35** | **35** |

Movements in relation to 2007

| | Goods and services $'000 | Total $'000 |
|---|---|---|
| Opening balance | 28 | 28 |
| Increase/decrease recognised in net surplus | (27) | (27) |
| **Closing balance** | 1 | 1 |

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 5C: Investments | | |
| Deposits | **7,999** | 5,795 |
| ***Total investments*** | **7,999** | 5,795 |

All investments are current assets

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| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| **Note 6: Non-Financial Assets** | | |
| Note 6A: Land and buildings | | |
| Building on leasehold land - fair value | **12,595** | 12,595 |
| Accumulated depreciation | **(180)** | - |
| ***Total land and buildings (non-current)*** | **12,415** | 12,595 |

Building is the AIATSIS building at Acton, ACT.

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 6B: Infrastructure, plant and equipment | | |
| Infrastructure, plant and equipment: | | |
| - Gross carrying value (at fair value) | **6,687** | 6,733 |
| - Accumulated depreciation | **(744)** | - |
| ***Total infrastructure, plant and equipment (non-current)*** | **5,943** | 6,733 |
| Heritage and cultural: | | |
| - Artworks and artefacts - fair value | **3,499** | 3,462 |
| - Library collection - fair value | **3,107** | 3,107 |
| - Accumulated depreciation | **(62)** | - |
| ***Total heritage and cultural*** | **6,544** | 6,569 |
| ***Total infrastructure, plant and equipment (non-current)*** | **12,487** | 13,302 |

All revaluations are conducted in accordance with the revaluation policy at Note 1.12. The building, infrastructure, plant and equipment, artworks and artefacts and library valuations were in 2006-07 by the Australian Valuation Office.

In 2006-07 revaluation increments of $1,907k for buildings on crown land, $502k for plant and equipment and $814k for heritage and cultural assets were credited to the asset revaluation reserve by asset class and included the equity section of the balance sheet.

No indication of impairment was found for property, plant and equipment.

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 6D: Intangibles | | |
| Computer software at cost: | | |
| Software licences - purchased | **681** | 693 |
| Internally developed software | **50** | 54 |
| | **731** | 747 |
| Accumulated amortisation | **(526)** | (466) |
| ***Total intangibles (non-current)*** | **205** | 281 |

No indication of impairment was found for intangibles.

**Note 6D: Intangibles (cont.)**

***Table A: Reconciliation of the opening and closing balances of intangibles (2007-08).***

| Item | Computer software purchased $'000 | Computer software internally developed $'000 | Total $'000 |
|---|---|---|---|
| **As at 1 July 2007** | | | |
| Gross book value | 693 | 54 | 747 |
| Accumulated depreciation/amortisation and impairment | (425) | (41) | (466) |
| **Net book value 1 July 2007** | 268 | 13 | 281 |
| Additions: | | | |
| by purchase or internally developed | 25 | 19 | 44 |
| Amortisation | (103) | (4) | (107) |
| Disposals: | | | |
| from disposal of entities or operations (including restructuring) | - | - | - |
| other disposals | - | (13) | (13) |
| **Net book value 30 June 2008** | 190 | 15 | 205 |
| | | | |
| **Net book value as of 30 June 2008 represented by:** | | | |
| Gross book value | 681 | 50 | 731 |
| Accumulated depreciation/amortisation and impairment | (491) | (35) | (526) |
| | 190 | 15 | 205 |

***Table B: Reconciliation of the opening and closing balances of intangibles (2006-07).***

| Item | Computer software purchased $'000 | Computer software internally developed $'000 | Total $'000 |
|---|---|---|---|
| **As at 1 July 2006** | | | |
| Gross book value | 693 | 54 | 747 |
| Accumulated amortisation and impairment | (322) | (31) | (353) |
| **Net book value 1 July 2006** | 371 | 23 | 394 |
| Additions: | | | |
| by purchase or internally developed | - | - | - |
| Amortisation | (103) | (10) | (113) |
| Disposals: | | | |
| other disposals | - | - | - |
| **Net book value 30 June 2007** | 268 | 13 | 281 |
| | | | |
| **Net book value as of 30 June 2007 represented by:** | | | |
| Gross book value | 693 | 54 | 747 |
| Accumulated depreciation/amortisation and impairment | (425) | (41) | (466) |
| | 268 | 13 | 281 |

**Note 6E: Analysis of property, plant and equipment**

***TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)***

| | Buildings $'000 | Other IP & E $'000 | Heritage and Cultural $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 1 July 2007** | | | | |
| Gross book value | 12,595 | 6,733 | 6,569 | 25,897 |
| Accumulated depreciation/amortisation and impairment | - | - | - | - |
| **Net book value 1 July 2007** | 12,595 | 6,733 | 6,569 | 25,897 |
| Additions: | | | | |
| by purchase | - | 103 | 37 | 140 |
| Revaluations and impairments through equity | - | - | - | - |
| Depreciation/amortisation expense | (180) | (826) | (62) | (1,068) |
| Disposals: | | | | |
| Other disposals | - | (67) | - | (67) |
| **Net book value 30 June 2008** | 12,415 | 5,943 | 6,544 | 24,902 |
| | | | | |
| **Net book value as of 30 June 2008 represented by:** | | | | |
| Gross book value | 12,595 | 6,687 | 6,606 | 25,888 |
| Accumulated depreciation/amortisation and impairment | (180) | (744) | (62) | (986) |
| | 12,415 | 5,943 | 6,544 | 24,902 |

***TABLE B – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)***

| Item | Buildings $'000 | Other IP & E $'000 | Heritage and Cultural $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 1 July 2006** | | | | |
| Gross book value | 11,200 | 9,494 | 5,963 | 26,657 |
| Accumulated depreciation/amortisation and impairment | (342) | (2,261) | (138) | (2,741) |
| **Net book value 1 July 2006** | 10,858 | 7,233 | 5,825 | 23,916 |
| Additions: | | | | |
| by purchase | - | 393 | - | 393 |
| Revaluations and impairments through equity | 1,907 | 502 | 814 | 3,223 |
| Depreciation/amortisation expense | (170) | (1,291) | (70) | (1,531) |
| Disposals: | | | | |
| Other disposals | - | (104) | - | (104) |
| **Net book value 30 June 2007** | 12,595 | 6,733 | 6,569 | 25,897 |
| | | | | |
| **Net book value as of 30 June 2007 represented by:** | | | | |
| Gross book value | 12,595 | 6,733 | 6,569 | 25,897 |
| Accumulated depreciation/amortisation and impairment | - | - | - | - |
| | 12,595 | 6,733 | 6,569 | 25,897 |

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| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 6F: Inventories | | |
| Inventories held for sale | | |
| Work in progress | **39** | 7 |
| Finished goods | **320** | 422 |
| Provisions for obsolete inventory | **(191)** | (353) |
| ***Total inventories (current)*** | **168** | 76 |

During 2007-08 $221k of inventory held for sale was recognised as an expense (2006-07: $295k)
No items of inventory are recognised at fair value less cost to sell.

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 6G: Other non-financial assets | | |
| Prepayments | **73** | 53 |
| ***Total other non-financial assets*** | **73** | 53 |

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

**Note 7: Payables**

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 7A: Suppliers | | |
| Trade creditors | **24** | 6 |
| Accured expenses | **456** | 404 |
| ***Total supplier payables*** | **480** | 410 |

All supplier payables are current liabilities

Settlement is usually made net 30 days.

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 7B: Other payables | | |
| Unearned revenue | **304** | 33 |
| GST Payable | **198** | 42 |
| ***Total other payables*** | **502** | 75 |

All other payables are current liabilities

**Note 8: Provisions**

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Note 8A: Employee provisions | | |
| Salaries and wages | **143** | 104 |
| Leave | **1,369** | 1,402 |
| Superannuation | **93** | 202 |
| Separation and redundancy | **18** | - |
| ***Total employee provisions*** | **1,623** | 1,708 |

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| **Note 9: Cash Flow Reconciliation** | **2008 $'000** | 2007 $'000 |
|---|---|---|
| Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement | | |
| Balance of cash as at 30 June shown in the Statement of Cash Flows | **2,221** | 647 |
| Balance Sheet items comprising above cash: | | |
| Cash on hand | **1** | 1 |
| Cash at bank | **2,220** | 646 |
| | **2,221** | 647 |
| Reconciliation of operating result to net cash from operating activities | | |
| Operating result | **2,524** | 325 |
| **Non-cash items** | | |
| Depreciation and amortisation | **1,175** | 1,644 |
| Gain on disposal of assets | **-** | (2) |
| **Change in assets and liabilities** | | |
| (Increase)/decrease in net receivables | **(117)** | (311) |
| (Increase)/decrease in inventories | **(92)** | 170 |
| (Increase)/decrease in other non-financial assets | **(20)** | 3 |
| Increase/(decrease) in supplier payables | **70** | (116) |
| Increase/(decrease) in employee provisions | **(85)** | (12) |
| Increase/(decrease) in other payables | **427** | (77) |
| **Net cash from/(used by) operating activities** | **3,882** | 1,624 |

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### Note 10:- Contingent Liabilities and Assets

The Institute has no knowledge of any material contingencies, whether remote or otherwise.

### Note 11: Remuneration of Councillors

| | **2008** | 2007 |
|---|---|---|
| The number of Councillors of the Institute included in these figures are shown below in the relevant remuneration bands | | |
| $Nil - $14,999 | **8** | 9 |
| $15,000 - $29,999 | **1** | - |
| **Total** | **9** | 9 |
| | **$** | $ |
| Total remuneration received or due and receivable by members of the Council of the Institute | **61,551** | 53,222 |

A description of the methods by which Councillors are appointed is included in the "Corporate Governance" section of the Annual Report.

Remuneration includes payments to Councillors for all activities including Council, Research Advisory Committee and other representative business.

### Note 12: Related Party Disclosures

**Members of Council**
The members of the Council of the Institute during the year were:

M. Dodson AM, Chair
R. Tonkinson, Deputy Chair
M Williams
T Janke
E Bedford
R Marika (Deceased)
M Wenitong
J Maynard
D Ober

The Institute paid a Directors and Officers indemnity premium of $2,735 (2006/07: $5,093) on behalf of Councillors during the year. Royalty payments totalling $1,997 (2006/07: $37) were made to Professor J Maynard, a Council member during the year, in relation to his book published through Aboriginal Studies Press. Other than these payments and remuneration as Councillor, no benefits were provided to Council members.

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### Note 13: Executive Remuneration

| | **2008** | 2007 |
|---|---|---|
| The number of senior executives who received, or were due to receive, total remuneration of $130,000 or more: | | |
| $130,000 - $144,999 | **3** | 1 |
| $160,000 - $174,999 | **-** | 1 |
| $175,000 - $189,999 | **-** | 1 |
| $190,000 - $204,999 | **2** | - |
| $205,000 - $219,999 | **1** | 1 |
| **Total** | **6** | 4 |
| | **$** | $ |
| The aggregate amount of total remuneration of officers shown above. | **1,024,034** | 694,736 |

### Note 14: Remuneration of Auditors

| | **2008** | 2007 |
|---|---|---|
| | **$** | $ |
| Remuneration to the Auditor-General for auditing the financial statements for the reporting period. | **35,100** | 34,900 |
| | **35,100** | 34,900 |

These amounts represent the fair value of services provided.

Ascent has been contracted by the Australian National Audit Office (ANAO) to provide audit services on the ANAO's behalf. Fees for these services are included above. No other services were provided by the Auditor-General or Ascent during the reporting period.

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**Note 15: Appropriations**

**Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations**

| Particulars | Departmental Outputs | | Total | |
|---|---|---|---|---|
| | **2008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 |
| Balance carried from previous period | **-** | - | **-** | - |
| Appropriation Act: | | | | - |
| Appropriation Act (No.1) 2007-08 | **11,856** | 11,393 | **11,856** | 11,393 |
| Appropriation Act (No.3) 2007-08 | **(55)** | 173 | **(55)** | 173 |
| Total appropriation available for payments | **11,801** | 11,566 | **11,801** | 11,566 |
| Cash payments made during the year (GST inclusive) | **11,801** | 11,566 | **11,801** | 11,566 |
| Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations | **-** | - | **-** | - |

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

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| | Notes | 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **Note 16: Financial Instruments** | | | |
| Note 16A: Categories of financial instruments | | | |
| **Financial Assets** | | | |
| Loans and receivables | | | |
| Cash on hand or deposit | 5A | **2,221** | 647 |
| Cash on call deposit | 5C | **1,729** | 1,729 |
| Receivables for goods and services | 5B | **601** | 459 |
| Fixed Term Deposit with Bank | 5C | **6,270** | 4,066 |
| **Carrying amount of financial assets** | | **10,821** | 6,901 |
| **Financial Liabilities** | | | |
| Other Financial Liabilities | | | |
| Supplier payables | 7A | **480** | 410 |
| **Carrying amount of financial liabilities** | | **480** | 410 |
| Note 16B: Net income and expenses from financial instruments | | | |
| **Loans and receivables** | | | |
| Interest revenue | 3C | **578** | 370 |
| **Net gain/(loss) loans and receivables** | | **578** | 370 |
| **Net gain/(loss) from financial assets** | | **578** | 370 |

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**Note 16: Financial Instruments (continued)**

Note 16C: Fair Values of Financial Instruments

The net fair value of each class of the Institute's financial assets and liabilities approximate the carrying amount for both current and preceding reporting periods.

Note 16D: Credit Risk Exposures

The Institute is exposed to minimal credit risk as the majority of loans and receivables are cash. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2008: 601 and 2007: 459). The Institute has assessed the risk of default on payment and has allocated $35k (2006/07: $1k) to a provision for doubtful debts account. The Institute holds no collateral to mitigate against credit risk.

Note 16E: Liquidity risk

The Institute financial liabilities are payables. The exposure to liquidity risk is the risk that the Institute will encounter difficulties in meeting obligations associated with financial liabilities. The Institute has minimal exposure to liquidity risk due to: appropriation funding; available funding mechanisms (e.g. Advance to the Minister of Finance); and internal policies and procedures that have been put into place to ensure that there are appropriate resources to meet its financial obligations.

Note 16F: Market risk

The Institute holds basic financial instruments that do not expose it to certain market risks. The Institute is exposed to minimal 'currency risk' and it not exposed to 'other price risk'.

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## Note 17: Reporting of Outcome

### Note 17A: Outcome of the Institute

The Institute is structured to meet one outcome:

"Promotion of knowledge and understanding of Australian Indigenous cultures, past and present".

Three outputs have been identified for this outcome:

Output 1. Research

Output 2. Dissemination of information

Output 3. Collection development and management

### Note 17B: Net Cost of Outcome Delivery

| | Outcome 1 | |
|---|---|---|
| | **2008** | 2007 |
| | **$'000** | $'000 |
| **Departmental expenses** | **13,154** | 14,027 |
| **Total expenses** | **13,154** | 14,027 |
| Departmental costs recovered from provision of goods and services to the non-government sector | **520** | 880 |
| **Total costs recovered** | **520** | 880 |
| Other Departmental external revenues | | |
| Interest | **578** | 370 |
| Net gains from sale of assets | **-** | 2 |
| Other | **656** | 539 |
| **Total other external revenues** | **1,234** | 911 |
| | | |
| **Net cost/(contribution) of outcome** | **11,400** | 12,236 |

The Institute only has one outcome and therefore fully attributes shared revenue and expenditure items to that outcome. Attribution of shared costs to outputs is based on staff numbers, adjusted where relevant for significant one-off costs.

**Australian Institute of Aboriginal and Torres Strait Islander Studies**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
*for the year ended 30 June 2008*

**Note 17: Reporting of Outcomes *(continued)***

Note 17C: Major Classes of Departmental Revenues and Expenses by Outputs

| | Output 1 | | Output 2 | | Output 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2008 $'000** | 2007 $'000 | **2,008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 | **2008 $'000** | 2007 $'000 |
| **Departmental expenses** | | | | | | | | |
| Employees | **2,056** | 2,261 | **417** | 489 | **5,020** | 5,047 | **7,493** | 7,797 |
| Suppliers | **1,359** | 1,357 | **435** | 417 | **1,937** | 1,840 | **3,731** | 3,614 |
| Grants | **740** | 852 | **1** | - | **14** | - | **755** | 852 |
| Depreciation and amortisation | **323** | 517 | **48** | 92 | **804** | 1,035 | **1,175** | 1,644 |
| Write-down of assets | **-** | - | **-** | 120 | **-** | - | **-** | 120 |
| **Total Departmental expenses** | **4,478** | 4,987 | **901** | 1,118 | **7,775** | 7,922 | **13,154** | 14,027 |
| **Funded by:** | | | | | | | | |
| Revenues from Government | **3,251** | 3,639 | **482** | 650 | **8,068** | 7,277 | **11,801** | 11,566 |
| Sale of goods and services | **1,823** | 1,160 | **290** | 266 | **413** | 449 | **2,526** | 1,875 |
| Interest | **159** | 116 | **24** | 21 | **395** | 233 | **578** | 370 |
| Net Gains from disposal of assets | **(12)** | 2 | **160** | - | **(31)** | - | **117** | 2 |
| Other | **484** | 384 | **10** | 14 | **162** | 142 | **656** | 539 |
| **Total Departmental revenues** | **5,705** | 5,301 | **966** | 951 | **9,007** | 8,101 | **15,678** | 14,352 |