08

09

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 2009, 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 members of Council 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*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control 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. I conducted my audit 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of Council, as well as evaluating the overall presentation of the financial statements.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

I believe that the audit evidence I 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 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ron Wah
Senior Director

Delegate of the Auditor-General

Canberra
17 September 2009

Financial Statements for the Year Ended 30 June 2009

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 2009 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 Chairperson	M Williams Councillor	R Taylor Principal	J Hobson Chief Financial Officer
17 September 2009	17 September 2009	17 September 2009	17 September 2009

Australian Institute of Aboriginal and Torres Strait Islander Studies
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
INCOME			
Revenue			
Revenue from Government	3A	11,928	11,801
Sale of goods and rendering of services	3B	915	907
Interest	3C	680	578
Grants	3D	1,318	1,619
Other revenue	3E	684	656
Total revenue		15,525	15,561
Gains			
Reversal of previous asset write-downs	3G	-	117
Total gains		-	117
Total Income		15,525	15,678
EXPENSES			
Employee benefits	4A	8,363	7,493
Suppliers	4B	4,259	3,731
Grants	4C	623	755
Depreciation and amortisation	4D	1,233	1,175
Write-down and impairment of assets	4E	29	-
Losses from asset sales	4F	42	-
Total Expenses		14,549	13,154
Surplus		976	2,524

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 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	668	2,221
Trade and other receivables	5B	503	708
Investments	5C	11,559	7,999
Total financial assets		12,730	10,928
Non-financial assets			
Land and buildings	6A, 6E	12,218	12,415
Infrastructure, plant and equipment	6B, 6E	11,992	12,487
Intangibles	6D	181	205
Inventories	6F	120	168
Other non-financial assets	6G	149	73
Total non-financial assets		24,660	25,348
Total Assets		37,390	36,276
LIABILITIES			
Payables			
Suppliers	7A	487	480
Other payables	7B	926	756
Total payables		1,413	1,236
Provisions			
Employees provisions	8A	1,330	1,369
Total Provisions		1,330	1,369
Total Liabilities		2,743	2,606
Net Assets		34,647	33,671
EQUITY			
Contributed equity		3,179	3,179
Reserves		9,966	9,966
Retained surplus		21,502	20,526
Total Equity		34,647	33,671
Current Assets		12,998	11,169
Non-Current Assets		24,392	25,107
Current Liabilities		2,483	2,307
Non-Current Liabilities		260	299

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 2009

Item	Retained Earnings		Asset Revaluation Reserve		Contributed Equity / Capital		Total Equity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Opening balance	**20,526**	18,002	**9,966**	9,966	**3,179**	3,179	**33,671**	31,147
Surplus for the period	**976**	2,524	**-**	-	**-**	-	**976**	2,524
Total income and expenses	**976**	2,524	**-**	-	**-**	-	**976**	2,524
Closing balance at 30 June	**21,502**	20,526	**9,966**	9,966	**3,179**	3,179	**34,647**	33,671

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 2009

	Notes	2009 $'000	2008 $'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		11,928	11,801
Goods and services		3,912	3,024
Interest		626	482
Net GST Received		80	74
Total cash received		16,546	15,381
Cash used			
Employees		(8,233)	(7,528)
Suppliers		(5,124)	(3,216)
Grants		(623)	(755)
Total cash used		(13,980)	(11,499)
Net cash from operating activities	9	2,566	3,882
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	80
Total cash received		-	80
Cash used			
Purchase of property, plant and equipment		(559)	(184)
Investments		(3,560)	(2,204)
Total cash used		(4,119)	(2,388)
Net cash from or (used by) investing activities		(4,119)	(2,308)
Net increase or (decrease) in cash held		(1,553)	1,574
Cash and cash equivalents at the beginning of the reporting period		2,221	647
Cash and cash equivalents at the end of the reporting period	9	668	2,221

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 2009

	2009 $'000	2008 $'000
BY TYPE		
Capital commitments		
Property, plant and equipment [1]	38	85
Total capital commitments	38	85
Other commitments		
Research grants [2]	8	37
Other commitments [3]	41	60
Total other commitments	49	97
Commitments receivable [4]	(40)	(637)
Net commitments by type	47	(455)
BY MATURITY		
Commitments receivable		
One year or less	(40)	(637)
Total commitments receivable	(40)	(637)
Commitments payable		
Capital commitments		
One year or less	38	85
Total capital commitments	38	85
Other commitments		
One year or less	49	97
Total other commitments	49	97
Net Commitments by maturity	47	(455)

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 2009

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

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 (FMO), for reporting periods ending on or after 1 July 2008; 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 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 an alternative treatment is specifically required by an accounting standard or the FMO, 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.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the income statement when and only when the flow, consumption or loss of economic benefits 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.
- Long-term employee liabilities are recognised at their estimated present value. The actual cost may

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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 New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards and amendments to standards are applicable to the current reporting period:

- AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* relocated a number of paragraphs from AASs 27, 29 and 31 substantively unamended into the following existing standards AASB 3, 5, 8, 101, 114, 116, 127, 137.
- AASB1004 *Contributions* received a number of substantively unamended paragraphs from AASs 27, 29 and 31 following their withdrawal.
- AASB1050 *Administered Items* and AASB1052 *Disaggregated Disclosures* were created and received a number of substantively unamended paragraphs from AASs 27 and 29.

It is not expected that the relocation of AASs 27, 29 and 31 will have a material financial impact but will affect the disclosures presented in future financial reports.

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 will have no material financial impact on future reporting periods.

- AASB 3 *Business Combinations*
- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- 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 2008-1 *Amendments 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*

1.4 Revenue

Revenue from the sale of goods is recognised when:

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

- 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 associated with 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 impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

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

Resources Received Free of Charge

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

Revenues from Government

Funding received or receivable from agencies (appropriated to the agency as a CAC Act body payment item for payment to the Institute) is recognised as Revenue from Government unless they are in the nature of an equity injection.

1.5 Transactions by the Government as Owner

Equity Injections

Amounts that are designated as equity injections for a year 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 2009

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 at the estimated salary rates that applied at the time leave is taken, 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.

The liability for long service leave as at 30 June 2009 is recognized 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. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Institute makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current 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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

four days of the year.

1.7 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.8 Financial Assets

The Institute classifies its financial assets in the following categories:

- at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale; 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.

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis except for financial assets 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. These are 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.

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.

Other Financial Liabilities

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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

1.11 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 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 Authority's accounts immediately prior to the restructuring.

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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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 subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially 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 operating result 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:

	2009	2008
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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Impairment

All assets were assessed for impairment at 30 June 2009. Where indications of impairment exist, an impairment adjustment is 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.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives. The useful lives of the Institutes intangible assets are 3 to 7 years (2007-08: 3 to 7 years).

All intangible assets were assessed for indications of impairment as at 30 June 2009.

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 (FBT) 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
- for receivables and payables.

Note 2: Events After the Balance Sheet Date

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 $'000	2008 $'000
Note 3: Income		
Revenue		
Note 3A: Revenue from Government		
Department of Innovation, Industry, Science and Research		
CAC Act body payment item	**11,928**	11,801
Total revenue from Government	**11,928**	11,801
Note 3B: Sale of Goods and Rendering of Services		
Provision of goods - external parties	**487**	291
Rendering of services - related entities	**378**	465
Rendering of services - external parties	**50**	151
Total sale of goods and rendering of services	**915**	907
Note 3C: Interest		
Deposits	**680**	578
Total interest	**680**	578
Note 3D: Grants		
From related entities	**1,246**	1,541
From external parties	**72**	78
Total grants	**1,318**	1,619
Note 3E: Other Revenue		
Conference fees	**475**	405
Contract administration	**127**	92
Other revenue	**82**	159
Total other revenue	**684**	656

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 $'000	2008 $'000
Gains		
Note 3F: Sale of Assets		
Infrastructure, plant and equipment:		
Proceeds from sale	-	80
Carrying value of assets sold	-	(80)
Net gain from sale of assets	-	-
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 and Impairments		
Reversal of impairment losses	-	117
Total reversals of previous asset write-downs and impairments	-	117
Note 4: Expenses		
Note 4A: Employee benefits		
Wages and salaries	6,140	5,766
Superannuation - defined contribution plans	1,192	867
Leave and other entitlements	751	569
Separation and redundancies	27	35
Other employee benefits	253	256
Total employee benefits	8,363	7,493
Note 4B: Suppliers		
Provision of goods - external parties	2,837	2,680
Rendering of services - external parties	1,309	907
Workers compensation premiums	113	144
Total supplier expenses	4,259	3,731
Note 4C: Grants		
Private sector:		
Research grants	590	702
Manuscript development grants	33	53
Total grants expenses	623	755
Note 4D: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	865	826
Buildings	197	180
Heritage and cultural assets	62	62
Total depreciation	1,124	1,068
Amortisation:		
Intangible:		
Computer software	109	107
Total amortisation	109	107
Total depreciaton and amortisation	1,233	1,175

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 $'000	2008 $'000
Note 4F: Losses from sale of Assets		
Infrastructure, plant and equipment:		
Carrying vlalue of assets sold	42	-
Net gain from sale of assets	42	-
Note 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	668	2,221
Total Cash and Cash Equivalents	668	2,221
Note 5B: Trade and Other Receivables		
Goods and services - related entities	320	601
GST receivable from the Australian Taxation Office	196	142
Total trade and other receivables (gross)	516	743
Less impairment allowance account:	(13)	(35)
Total trade and other receivables (net)	503	708
Receivables are represented by:		
Current	503	708
Non-Current	-	-
Total trade and other receivables (net)	503	708
Receivables are aged as follows:		
Not overdue	465	618
Overdue by:		
30 to 60 days	37	46
61 to 90 days	1	7
More than 90 days	13	72
Total receivables (gross)	516	743
The impairment allowance account is aged as follows:		
Not overdue		
Overdue by:		
More than 90 days	13	35
Total impairment allowance account	13	35

Reconciliation of the impairment allowance account:

Movements in relation to 2009

	Goods and services 2009 $'000	Total 2009 $'000
Opening balance	35	35
Increase/decrease recognised in net surplus	(22)	(22)
Closing balance	13	13

Movements in relation to 2008

	Goods and services 2008	Total 2008

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 $'000	2008 $'000
Note 6: Non-Financial Assets		
Note 6A: Land and buildings		
Building on leasehold land - fair value	**12,595**	12,595
Accumulated depreciation	**(377)**	(180)
Total land and buildings (non-current)	**12,218**	12,415

Building is the AIATSIS building at Acton, ACT.

No indicators of impairment were found for land and buildings.

	2009 $'000	2008 $'000
Note 6B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
- Gross carrying value (at fair value)	**7,046**	6,687
- Accumulated depreciation	**(1,546)**	(744)
Total infrastructure, plant and equipment (non-current)	**5,500**	5,943
Heritage and cultural:		
- Artworks and artefacts - fair value	**3,509**	3,499
- Library collection - fair value	**3,107**	3,107
- Accumulated depreciation	**(124)**	(62)
Total heritage and cultural	**6,492**	6,544
Total infrastructure, plant and equipment (non-current)	**11,992**	12,487

All revaluations were 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.

No indicators of impairment were found for infrastucture, plant and equipment.

	2009 $'000	2008 $'000
Note 6D: Intangibles		
Computer software at cost:		
Software licences - purchased	**727**	681
Internally developed - in use	**89**	50
	816	731
Accumulated amortisation	**(635)**	(526)
Total intangibles (non-current)	**181**	205

No indicators of impairment were found for intangible assets.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
as at 30 June 2009

Note 6D: Intangibles (cont.)

Table A: Reconciliation of the opening and closing balances of intangibles (2008-09).

Item

	Computer software purchased $'000	Computer software internally developed $'000	Total $'000
As at 1 July 2008			
Gross book value	681	50	731
Accumulated depreciation/amortisation and impairment	(491)	(35)	(526)
Net book value 1 July 2008	190	15	205
Additions:			
by purchase or internally developed	46	39	85
Amortisation	(72)	(37)	(109)
Net book value 30 June 2009	164	17	181
Net book value as of 30 June 2009 represented by:			
Gross book value	727	89	816
Accumulated depreciation/amortisation and impairment	(563)	(72)	(635)
	164	17	181

Table B: 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 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:			
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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6E: Analysis of Property, Plant and Equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Buildings $'000	Other IP & E $'000	Heritage and Cultural $'000	Total $'000
As at 1 July 2008				
Gross book value	12,595	6,687	6,606	25,888
Accumulated depreciation/amortisation and impairment	(180)	(744)	(62)	(986)
Net book value 1 July 2008	12,415	5,943	6,544	24,902
Additions:				
by purchase	-	464	10	474
Depreciation/amortisation expense	(197)	(865)	(62)	(1,124)
Disposals:				
Other disposals	-	(42)	-	(42)
Net book value 30 June 2009	12,218	5,500	6,492	24,210
Net book value as of 30 June 2009 represented by:				
Gross book value	12,595	7,109	6,616	26,320
Accumulated depreciation/amortisation and impairment	(377)	(1,609)	(124)	(2,110)
	12,218	5,500	6,492	24,210

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

Item	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
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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 $'000	2008 $'000
Note 6F: Inventories		
Inventories held for sale		
Work in progress	9	37
Finished goods	321	320
Provisions for obsolete inventory	(210)	(191)
Total inventories (current)	120	168

During 2008-09 $211,000 of inventory held for sale was recognised as an expense (2007-08: $221,000)
No items of inventory are recognised at fair value less cost to sell.

	2009 $'000	2008 $'000
Note 6G: Other non-financial assets		
Prepayments	149	73
Total other non-financial assets	149	73

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

Note 7: Payables

	2009 $'000	2008 $'000
Note 7A: Suppliers		
Trade creditors	9	24
Accrued expenses	478	456
Total supplier payables	487	480

All supplier payables are current liabilities

Settlement is usually made net 30 days.

	2009 $'000	2008 $'000
Note 7B: Other payables		
Salaries and wages	145	143
Superannuation	268	93
Separation and redundancy	-	18
Unearned revenue	406	304
GST Payable	107	198
Total other payables	926	756

All other payables are current liabilities

Note 8: Provisions

	2009 $'000	2008 $'000
Note 8A: Employee provisions		
Leave	1,330	1,369
Total employee provisions	1,330	1,369
Employee provisions are represented by:		
Current	911	1,070
Non-current	419	299
Total employee provisions	1,330	1,369

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by 12 months, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within 12 months of the reporting date. Employee provisions expected to be settled in twelve months from the reporting date are $767,000 (2008 $569,000), and in excess of one year $563,000 (2008:$800,000).

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Cash Flow Reconciliation	2009 $'000	2008 $'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 Cash Flow Statement	668	2,221
Balance Sheet items comprising of cash:		
Cash on hand	1	1
Cash at bank	667	2,220
	668	2,221
Reconciliation of operating result to net cash from operating activities		
Operating result	976	2,524
Non-cash items		
Depreciation and amortisation	1,233	1,175
Net write-down of non-financial assets	29	-
Loss on disposal of assets	42	-
Change in assets and liabilities		
(Increase)/decrease in net receivables	205	(117)
(Increase)/decrease in inventories	19	(92)
(Increase)/decrease in other non-financial assets	(76)	(20)
Increase/(decrease) in supplier payables	7	70
Increase/(decrease) in employee provisions	(39)	(85)
Increase/(decrease) in other payables	170	427
Net cash from/(used by) operating activities	2,566	3,882

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10:- Contingent Liabilities and Assets

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

Note 11: Remuneration of Councillors

	2009	2008
The number of Councillors of the Institute included in these figures are shown below in the relevant remuneration bands		
$Nil - $14,999	9	8
$15,000 - $29,999	-	1
Total	**9**	9
	$	$
Total remuneration received or due and receivable by members of the Council of the Institute	**63,769**	61,551

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
J Maynard, Deputy Chair
M Williams
T Janke
E Bedford
M Wenitong
R Tonkinson
L Ford
D Ober

The Institute paid a Directors and Officers indemnity premium of $2,556 (2007/08: $2,735) on behalf of Councillors during the year. Royalty payments totalling $1,233 (2007/08: $1,997) 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Executive Remuneration

	2009	2008
The number of senior executives who received or were due to receive total remuneration of $130,000 or more:		
$130,000 - $144,999	-	3
$145 000 - $159 999	2	-
$160,000 - $174,999	1	-
$190,000 - $204,999	-	2
$205,000 - $219,999	2	1
Total	**5**	6

	$	$
The aggregate amount of total remuneration of officers shown above.	**911,802**	1,024,034

Note 14: Remuneration of Auditors

	2009 $	2008 $
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	**32,900**	35,100
	32,900	35,100

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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	2009 $'000	2008 $'000
Note 15: Financial Instruments			
Note 15A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash on hand or deposit	5A	**668**	2,221
Cash on call deposit	5A	**1,094**	1,729
Receivables for goods and services	5B	**320**	601
Fixed Term Deposit with Bank	5C	**10,465**	6,270
Carrying amount of financial assets		**12,547**	10,821
Financial Liabilities			
Other Financial Liabilities			
Supplier payables	7A	**487**	480
Carrying amount of financial liabilities		**487**	480
Note 15B: Net Income and Expenses from Financial Assets			
Loans and receivables			
Interest revenue	3C	**680**	578
Net gain/(loss) loans and receivables		**680**	578
Net gain/(loss) from financial assets		**680**	578

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Financial Instruments (continued)

Note 15C: Fair Value 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 15D: 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 (2009: $320,000 and 2008: $601,000). The Institute has assessed the risk of default on payment and has allocated $13,000 (2007/08: $35,000) to a provision for doubtful debts account. The Institute holds no collateral to mitigate against credit risk.

Note 15E: 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 15F: 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'.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Reporting of Outcome

Note 16A: 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 16B: Net Cost of Outcome Delivery

	Outcome 1	
	2009	2008
	$'000	$'000
Departmental expenses	**14,549**	13,154
Total expenses	**14,549**	13,154
Departmental costs recovered from provision of goods and services to the non-government sector	**537**	442
Total costs recovered	**537**	442
Other Departmental external revenues		
Interest	**680**	578
Other	**684**	656
Total other external revenues	**1,364**	1,234
Net cost of outcome	**12,649**	11,478

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

Note 16: Reporting of Outcomes *(continued)*

Note 16C: Major Classes of Departmental Income and Expenses by Outputs

	Output 1		Output 2		Output 3		Total	
	2009 $'000	2008 $'000	**2,009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Departmental expenses								
Employees	**2,489**	2,056	**430**	417	**5,444**	5,020	**8,363**	7,493
Suppliers	**1,910**	1,359	**530**	435	**1,819**	1,937	**4,259**	3,731
Grants	**623**	740	**-**	1	**-**	14	**623**	755
Depreciation and amortisation	**340**	323	**50**	48	**843**	804	**1,233**	1,175
Write-down of assets	**-**	-	**29**	-	**-**	-	**29**	-
Loss from asset sales	**11**	-	**2**	-	**29**	-	**42**	-
Total departmental expenses	**5,373**	4,478	**1,041**	901	**8,135**	7,775	**14,549**	13,154
Funded by:								
Departmental income								
Income from Government	**3,286**	3,251	**487**	482	**8,155**	8,068	**11,928**	11,801
Sale of goods and services	**1,251**	1,823	**477**	290	**504**	413	**2,233**	2,526
Interest	**187**	159	**28**	24	**465**	395	**680**	578
Net Gains from disposal of assets	**-**	(12)	**-**	160	**-**	(31)	**-**	117
Other	**504**	484	**25**	10	**155**	162	**684**	656
Total departmental income	**5,228**	5,705	**1,017**	966	**9,279**	9,007	**15,525**	15,678