FINANCIAL STATEMENTS

AIATSIS
AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES

AIATSIS
Chief Finance Officer's Report
Financial Year 2009-10

The financial year, 2009-10, for AIATSIS ended on a high note with a $736,000 surplus being posted. This was produced through a combination of: an increase in revenue; from other income; the reversal of previously recorded Unearned Income; and increased expenditure relating to salaries. During the year the Institute received additional funding from DIISR for the continuation of the Indigenous Visiting Research Fellows (IVRF) program of $500,000. This allowed AIATSIS to maintain an important program of training for Indigenous researchers. ANAO's requirement that the Institute recognise previously reported Unearned Income as income for the year increased the reported surplus. This related to conference registration fees and amounted to $324,682. AIATSIS hosted two major conferences relating to Indigenous research and policy in the year. Expenditure items of significance include the 4% salary rise July 2009, which is part of the current Agency Agreement, the payment of a number of voluntary redundancies and a doubling of our Comcare premium. These increases were offset by savings in a number of prolonged recruitment actions and scheduled minor works not commenced until late in the financial year.

Significant events during the year include the revaluation of the Institute's assets. While this resulted in an overall moderate increase in our total asset base, individual classes revealed a different story. In particular, our collection of artwork and artefacts doubled in value. This was primarily due to the improved value of an 11 piece collection of historic original drawings from the artist Mickey of Ulladulla as well as increases in value of more contemporary works such as the major mural commissioned from Gordon Bennett that hangs in the AIATSIS foyer. The AIATSIS art collection is gaining in significance and will provide important opportunities for public display and education activities into the future. This increase art valuation was offset by a marginal decrease in our building and a significant decease in property, plant and equipment.

The overall impact upon the Institute's Balance Sheet was to see a net increase of $3,554,000 in net assets / Equity. This strengthens our liquidity and solvency position.

The Institute at this point is well positioned for the future; however it has a number of financial challenges ahead. Funding for the current Digitisation program terminates at 30 June 2011 and in July of that year the current Agency Agreement will cease. Consequently AIATSIS will be challenged to find funding to maintain its digitisation activity and keep the current expert staff in that program as well as develop and fund a new Agency Agreement with all staff. There is also a need to replace the current IT system and desktop PC's and PABX. The challenge here will be more of logistics as most are funded by our reserves.

Jeffrey Hobson JP FCPA

Chief Finance Officer

17th September 2010

INDEPENDENT AUDITOR'S REPORT

To the Minister for Innovation, Industry, Science and Research

I have audited the accompanying financial statements of Australian Institute of Aboriginal and Torres Strait Islander Studies for the year ended 30 June 2010, which comprise: the Statement by Councillors, Principal and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; 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 have 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.

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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 2010 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
21 September 2010

Financial Statements for the Year Ended 30 June 2010

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 2010 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, as amended.

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 the Councillors.

Prof. M Dodson Chairperson	M Williams Councillor	L Taylor Principal	J Hobson Chief Financial Officer
21 September 2010	21 September 2010	21 September 2010	21 September 2010

Australian Institute of Aboriginal and Torres Strait Islander Studies

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
EXPENSES			
Employee benefits	3A	8,915	8,363
Supplier expenses	3B	4,429	4,259
Grants	3C	769	623
Depreciation and amortisation	3D	1,228	1,233
Write-down and impairment of assets	3E	-	29
Losses from asset sales	3F	6	42
Total expenses		15,347	14,549
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	812	915
Interest	4B	645	680
Grants	4C	1,257	1,318
Other	4D	1,123	684
Total own-source revenue		3,837	3,597
Gains			
Reversals of previous asset write-downs and impairment	4E	37	-
Total gains		37	-
Total own-source income		3,874	3,597
Net cost of services		11,473	10,952
Revenue from Government	4F	12,209	11,928
Surplus on continuing operations		736	976
Surplus attributable to the Australian Government		736	976
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		2,748	-
Total other comprehensive income		2,748	-
Total comprehensive income attributable to the Australian Government		3,484	976

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 2010

	Notes	2010 $'000	2009 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	749	668
Trade and other receivables	5B	369	396
Other investments	5C	13,901	11,559
Total financial assets		15,019	12,623
Non-Financial Assets			
Land and buildings	6A	11,555	12,218
Property, plant and equipment	6B	14,560	11,992
Intangibles	6C	85	181
Inventories	6D	43	120
Other	6E	80	149
Total non-financial assets		26,323	24,660
Total Assets		41,342	37,283
LIABILITIES			
Payables			
Suppliers	7A	669	487
Other	7B	991	819
Total payables		1,660	1,306
Provisions			
Employees provisions	8A	1,481	1,330
Total provisions		1,481	1,330
Total Liabilities		3,141	2,636
Net Assets		38,201	34,647
EQUITY			
Contributed equity		3,249	3,179
Reserves		12,714	9,966
Retained surplus		22,238	21,502
Total Equity		38,201	34,647

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

Australian Institute of Aboriginal and Torres Strait Islander Studie
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Retained earnings		Asset revaluation reserve		Contributed equity / capital		Total equity	
	2010	2009	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance								
Balance carried forward from previous period	21,502	20,526	9,966	9,966	3,179	3,179	34,647	33,671
Adjusted opening balance	21,502	20,526	9,966	9,966	3,179	3,179	34,647	33,671
Comprehensive income								
Other comprehensive income	-	-	2,748	-	-	-	2,748	-
Surplus for the period	736	976	-	-	-	-	736	976
Total comprehensive income	736	976	2,748	-	-	-	3,484	976
of which:								
Attributable to the Australian Government	736	976	2,748	-	-	-	3,484	976
Transactions with owners								
Contributions by owners								
Equity injection	-	-	-	-	70	-	70	-
Subtotal transactions with owners	-	-	-	-	70	-	70	-
Closing balance as at 30 June	22,238	21,502	12,714	9,966	3,249	3,179	38,201	34,647
Closing balance attributable to the Australian Governmen	22,238	21,502	12,714	9,966	3,249	3,179	38,201	34,647

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
SCHEDULE OF ASSET ADDITIONS
for the year ended 30 June 2010

The following non-financial non-current assets were added in 2009-10:

	Land $'000	Buildings $'000	Heritage & cultural $'000	Other property, plant & equipment $'000	Intangibles $'000	Other $'000	Total $'000
By purchase - Government funding			26	270	-		296
Total additions	-	-	26	270	-	-	296

The following non-financial non-current assets were added in 2008-09:

	Land $'000	Buildings $'000	Heritage & cultural $'000	Other property, plant & equipment $'000	Intangibles $'000	Other $'000	Total $'000
By purchase - Government funding			10	464	85		559
Total additions	-	-	10	464	85	-	559

Australian Institute of Aboriginal and Torres Strait Islander Studies
CASH FLOW STATEMENT
for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		3,449	3,912
Receipts from Government		12,209	11,928
Interest		508	626
Net GST Received		39	80
Total cash received		16,205	16,546
Cash used			
Employees		(8,722)	(8,233)
Suppliers		(4,101)	(5,124)
Grants		(769)	(623)
Total cash used		(13,592)	(13,980)
Net cash from (used by) operating activities	9	2,613	2,566
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	-
Total cash received		-	-
Cash used			
Purchase of property, plant and equipment		(296)	(559)
Investments		(2,236)	(3,560)
Total cash used		(2,532)	(4,119)
Net cash from (used by) investing activities		(2,532)	(4,119)
Net increase (decrease) in cash held		81	(1,553)
Cash and cash equivalents at the beginning of the reporting period		668	2,221
Cash and cash equivalents at the end of the reporting period	9	749	668

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 2010

	2010 $'000	2009 $'000
BY TYPE		
Capital commitments		
Property, plant and equipment [1]	**67**	38
Total capital commitments	**67**	38
Other commitments		
Research grants [2]	**-**	8
Other[3]	**24**	41
GST payable on commitments	**13**	-
Total other commitments	**37**	49
Commitments receivable [4]		
Consultancy Contracts	**(226)**	(40)
Total commitments receivable	**(226)**	(40)
Net commitments by type	**(122)**	47
BY MATURITY		
Commitments receivable		
One year or less	**(226)**	(40)
Total commitments receivable	**(226)**	(40)
Commitments payable		
Capital commitments		
One year or less	**67**	38
Total capital commitments	**67**	38
Other commitments		
One year or less	**37**	49
Total other commitments	**37**	49
Net Commitments by maturity	**(122)**	47

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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1: Summary of Significant Accounting Policies

1.1 Objective of AIATSIS

AIATSIS is an Australian Government controlled entity. The objective of AIATSIS is to promote international understanding of the richness and diversity of Aboriginal and Torres Strait Islander cultures through leadership and excellence in undertaking, facilitating and disseminating ethical research, through increasing access to all our resources, and through best-practice management of cultural heritage collections. AIATSIS is structured to meet one outcome:

Outcome 1: Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections.

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

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are general purpose financial statements.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMO) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars 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 or a future sacrifice of economic benefits will be required 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 unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 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 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.

1.4 New Australian 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.

Of the new standards, revised or amended standards or interpretations that were issued prior to the signing of the Statement by the Councillors, Principal and Chief Financial Officer, that are applicable to the current reporting period, none had a material financial report impact on the Institute.

Future Australian Accounting Standard Requirements

Of the new standards, revised or amended standards or interpretations that were issued by the Australian Accounting Standards Board prior to the signing of the Statement by the Councillors, Principal and Chief Financial Officer, none are expected to have a material financial impact on future reporting periods of the Institute, when effective.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Institute retains no managerial involvement or 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 as at end of the reporting period. 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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Revenue 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 or a loan.

1.6 Gains

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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with 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.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.8 Employee Benefits

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of end of reporting period 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.

Other long-term employee benefit liabilities are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting periods of plan assets (if any) out of which obligations are to be settled directly.

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 on termination.

The liability for long service leave has been determined by reference to the Australian Government shorthand 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 fortnight of the year.

1.9 Cash

Cash and cash equivalents includes cash on hand and demand 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.

1.10 Financial Assets

The Institute classifies its financial assets 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.

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'. 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 end of each reporting periods.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, 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. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

1.11 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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.12 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.

1.13 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.

1.14 Property, 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.

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*
Infrastructure, 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 in the surplus and deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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:

	2010	2009
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
Artwork and artefacts	**100 years**	100 years
Library collection	**50 years**	50 years

Impairment

All assets were assessed for impairment at 30 June 2010. 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.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.15 Intangibles

The Institute's intangibles comprise software licences and associated implementation costs, and internally-developed software for internal use. These 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 (2008-09: 3 to 7 years).

All intangible assets were assessed for indications of impairment as at 30 June 2010.

1.16 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 net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- finished good and work-in-progress - cost of direct materials and labour plus attributable costs that can be capable of being allocated on a reasonable basis.

1.17 Taxation

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

Revenues, expenses, liabilities 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.

	2010 $'000	2009 $'000
Note 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	**6,656**	6,140
Superannuation	**1,115**	1,192
Leave and other entitlements	**815**	751
Separation and redundancies	**107**	27
Other employee benefits	**222**	253
Total employee benefits	**8,915**	8,363
Note 3B: Suppliers		
Goods and services		
Consultants	**152**	119
Contractors	**1,523**	1,414
Travel	**733**	760
Telephone	**64**	51
Postage & Freight	**46**	80
IT Contract	**230**	201
Payroll Services	**82**	65
Maintenance	**324**	426
Insurance	**61**	45
Security	**75**	92
Legal Fees	**79**	18
Professional Advice	**393**	418
Electricity	**123**	94
Water	**15**	25
Printing	**46**	67
Marketing	**105**	89
Internet services	**30**	41
Motor vehicle costs	**36**	31
Air Conditioning	**13**	1
Gas	**16**	15
Stationery	**57**	94
Total goods and services	**4,203**	4,146
Goods and services are made up of:		
Provision of goods - external parties	**2,800**	2,837
Rendering of services - external parties	**1,403**	1,309
Total goods and services	**4,203**	4,146
Other supplier expenses		
Workers compensation expenses	**226**	113
Total other supplier expenses	**226**	113
Total supplier expenses	**4,429**	4,259

	2010 $'000	2009 $'000
Note 3C: Grants		
Private sector:		
Research grants	**769**	590
Other	**-**	33
Total grants	**769**	623
Note 3D: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	**837**	865
Buildings	**197**	197
Heritage and cultural assets	**98**	62
Total depreciation	**1,132**	1,124
Amortisation:		
Intangibles:		
Computer software	**96**	109
Total amortisation	**96**	109
Total depreciaton and amortisation	**1,228**	1,233
Note 3E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of inventory	**-**	29
Total write-down and impairment of assets	**-**	29
Note 3F: Losses from Assets Sales		
Property, plant and equipment:		
Carrying value of assets sold	**6**	42
Total losses from asset sales	**6**	42
Note 3G: Operating Expenditure for Heritage and Cultural Assets		
Operating expenditure	**491**	378
Total	**491**	378

This is a separate disclosure required under the FMO's. The amount disclosed is also included in other expense items.

	2010 $'000	2009 $'000
Note 4: Income		
REVENUE		
Note 4A: Sale of Goods and Rendering of Services		
Provision of goods - external parties	379	487
Rendering of services - related entities	333	378
Rendering of services - external parties	100	50
Total sale of goods and rendering of services	812	915
Note 4B: Interest		
Deposits	645	680
Total interest	645	680
Note 4C: Grants		
From related entities	1,219	1,246
From external parties	38	72
Total grants	1,257	1,318
Note 4D: Other Revenue		
Conference fees	833	475
Contract administration	121	127
Other revenue	169	82
Total other revenue	1,123	684
GAINS		
Note 4E: Reversals of Previous Asset Write-Downs and Impairments		
Reversal of impairment losses - inventory	37	-
Total reversals of previous asset write-downs and impairments	37	-
REVENUE FROM GOVERNMENT		
Note 4F: Revenue from Government		
Department of Innovation, Industry, Science & Research		
Government Revenue	12,209	11,928
Total revenue from Government	12,209	11,928

	2010 $'000	2009 $'000
Note 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	749	668
Total cash and cash equivalents	749	668
Note 5B: Trade and Other Receivables		
Good and Services:		
Goods and services - related entities	254	320
Total receivables for goods and services	254	320
Other receivables:		
GST receivable from the Australian Taxation Office	116	89
Total other receivables	116	89
Total trade and other receivables (gross)	370	409
Less impairment allowance account:		
Other	(1)	(13)
Total impairment allowance account	(1)	(13)
Total trade and other receivables (net)	369	396
Receivables are expected to be recovered in:		
Less than 12 months	369	396
Total trade and other receivables (net)	369	396
Receivables are aged as follows:		
Not overdue	345	358
Overdue by:		
0 to 30 days	13	-
31 to 60 days	1	37
61 to 90 days	-	1
More than 90 days	11	13
Total receivables (gross)	370	409
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	1	13
Total impairment allowance account	1	13

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2010

	Goods and services $'000	Total $'000
Opening balance	13	13
Increase/decrease recognised in net surplus	(12)	(12)
Closing balance	1	1

Movements in relation to 2009

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

	2010 $'000	2009 $'000
Note 5C: Other Investments		
Deposits	**13,901**	11,559
Total other investments	**13,901**	11,559
Total other investments are expected to be recovered in:		
No more than 12 months	**13,901**	11,559
Total other investments	**13,901**	11,559

Note 6: Non-Financial Assets

	2010 $'000	2009 $'000
Note 6A: Land and Buildings		
Building on leasehold land:		
Fair Value	**11,555**	12,595
Accumulated depreciation	**-**	(377)
Total land and buildings	**11,555**	12,218

The Institute's land and building may not be disposed of without prior ministerial approval.

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

	2010 $'000	2009 $'000
Note 6B: Property, Plant and Equipment		
Heritage and cultural:		
Artworks and artefacts - fair value	**7,284**	3,509
Library collection - fair value	**2,720**	3,107
Accumulated depreciation	**-**	(124)
Total heritage and cultural	**10,004**	6,492
Other property, plant and equipment:		
Fair Value	**4,556**	7,046
Accumulated depreciation	**-**	(1,546)
Total other property, plant and equipment	**4,556**	5,500
Total property, plant and equipment	**14,560**	11,992

All revaluations were conducted in accordance with the revaluation policy at Note 1.14. On 30/06/2010, an independent valuer Pickles Pty Ltd conducted the revaluations.

Revaluation decrement of $465,282 for land and buildings, decrement of $371,389 for property, plant and equipment and increment of $3,584,245 for heritage and cultural were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

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

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

	2010 $'000	2009 $'000
Note 6C: Intangibles		
Computer software:		
Software licences - purchased	**727**	727
Internally developed - in use	**89**	89
Total computer software (gross)	**816**	816
Accumulated amortisation	**(731)**	(635)
Total computer software (net)	**85**	181

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

	2010 $'000	2009 $'000
Note 6D: Inventories		
Inventories held for sale		
Work in progress	**20**	9
Finished goods	**196**	321
Provisions for obsolete inventory	**(173)**	(210)
Total inventories	**43**	120

During 2009-10, $37,000 was reversed out of the provision for obsolete inventory

No items of inventory are recognised at fair value less cost to sell.

All inventory is expected to be sold or distributed in the next 12 months.

	2010 $'000	2009 $'000
Note 6E: Other Non-Financial assets		
Prepayments	**80**	149
Total other non-financial assets	**80**	149
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	80	149
Total other non-financial assets	**80**	149

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

Note 6F: Reconciliation of the opening and closing balances of property, plant and equipment (2009-10)

	Buildings $'000	Other IP & E $'000	Heritage and Cultural $'000	Total $'000
As at 1 July 2009				
Gross book value	12,595	7,046	6,616	26,257
Accumulated depreciation/amortisation and impairment	(377)	(1,546)	(124)	(2,047)
Net book value 1 July 2009	12,218	5,500	6,492	24,210
Additions:				
by purchase	-	270	26	296
Revaluations and impairments through equity	(465)	(371)	3,584	2,748
Depreciation/amortisation expense	(198)	(837)	(98)	(1,133)
Disposals:				
Other	-	(6)	-	(6)
Net book value 30 June 2010	11,555	4,556	10,004	26,115
Net book value as of 30 June 2010 represented by:				
Gross book value	11,555	4,556	10,004	26,115
Accumulated depreciation/amortisation and impairment	-	-	-	-
	11,555	4,556	10,004	26,115

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

Item	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	-	(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

Note 6G: Reconciliation of the opening and closing balances of intangibles (2009-10).

Item	Computer software purchased $'000	Computer software internally developed $'000	Total $'000
As at 1 July 2009			
Gross book value	727	89	816
Accumulated depreciation/amortisation and impairment	(563)	(72)	(635)
Net book value 1 July 2009	164	17	181
Amortisation	(86)	(10)	(96)
Net book value 30 June 2010	78	7	85
Net book value as of 30 June 2010 represented by:			
Gross book value	727	89	816
Accumulated depreciation/amortisation and impairment	(649)	(82)	(731)
	78	7	85

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 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

	2010 $'000	2009 $'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors and accruals	669	487
Total supplier payables	669	487
Supplier payables expected to be settled within 12 months:		
External parties	669	487
Total	669	487
Total supplier payables	669	487

Settlement is usually made within 30 days.

	2010 $'000	2009 $'000
Note 7B: Other payables		
Salaries and wages	165	145
Superannuation	289	268
Other	537	406
Total other payables	991	819
Total other payables are expected to be settled in:		
No more than 12 months	991	819
Total other payables	991	819

Note 8: Provisions

	2010 $'000	2009 $'000
Note 8A: Employee provisions		
Leave	1,481	1,330
Total employee provisions	1,481	1,330
Employee provisions are expected to be settled in:		
No more than 12 months	970	911
More than 12 months	511	419
Total employee provisions	1,481	1,330

Note 9: Cash Flow Reconciliation	**2010 $'000**	2009 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**749**	668
Balance Sheet	**749**	668
Difference	**0**	0
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(11,473)**	(10,952)
Add revenue from Government	**12,209**	11,928
Adjustments for non-cash items		
Depreciation/amortisation	**1,228**	1,233
Net write down of non-financial assets	**(37)**	29
Gain on disposal of assets	**6**	42
Changes in assets and liabilities		
(Increase)/decrease in net receivables	**27**	312
(Increase)/decrease in inventories	**77**	19
(Increase)/decrease in prepayments	**69**	(76)
Increase/(decrease) in employee provisions	**153**	(39)
Increase/(decrease) in supplier payables	**182**	7
Increase/(decrease) in other payables	**172**	63
Net cash from operating activities	**2,613**	2,566

Note 10: Contingent Liabilities and Assets

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

Note 11: Remuneration of Councillors

	2010	2009
The number of Councillors of the Institute included in these figures are shown below in the relevant remuneration bands:		
less than $15,000	**9**	9
Total	**9**	9
	$	$
Total remuneration received or due and receivable by members of the Council of the Institute	**64,822**	63,769

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 $2,825 (2008/09: $2,556) on behalf of Councillors during the year. Royalty payments totalling $403 (2008/09: $1,233) were made to Professor J Maynard, a Council member during the year, in relation to his book published through Aboriginal Studies Press. During the 2009/10 financial year Councillor Terri Janke, through her company Terri Janke and Company Pty Ltd, received professional fees of $2,662 (including GST), for work done on the Guidelines for Ethical Research of Indigenous Studies, provison of Cultural Awareness Training for Editors and publications. Other than these payments and remuneration as Councillor, no benefits were provided to Council members.

Note 13: Executive Remuneration

Note 13A: Actual Remuneration Paid to Senior Executives

The number of senior executives who received:	**2009-10**	**2008-09**
$205,000 to $219,999	**-**	1
$220,000 to $234,999	**1**	1
$270,000 to $289,999	**1**	-
Total	**2**	2

* Excluding acting arrangements and part-year service.

Total expense recognised in relation to Senior Executive employment

	$	$
Short-term employee benefits:		
Salary (including annual leave taken)	**287,399**	283,114
Changes in annual leave provisions	**15,261**	7,582
Performance bonus	**12,776**	38,551
Other1	**137,621**	47,658
Total Short-term employee benefits	**453,057**	376,905
Superannuation (post-employment benefits)	**59,377**	65,027
Total	**512,434**	441,932

During the year the Institute paid $134,196 in seperation benefits to senior executives (2009: NIL), these amounts are excluded from the above table.

Notes
1. "Other" includes motor vehicle allowances, superannuation, long service leave and other allowances.

Note 13B: Salary Packages of Senior Executives

Average annualised remuneration packages for substantive Senior Executives

	As at 30 June 2010			As at 30 June 2009		
Total remuneration*:	**No. SES**	**Base Salary (including annual leave) $**	**Total Remuneration package 1 $**	No. SES	Base Salary (including annual leave) $	Total Remuneration package 1 $
$190,000 to $204,999	**1**	**150,221**	**190,522**	-	-	-
$205,000 to $219,999	-	-	-	1	130,955	206,885
$250,000 to $269,999	-	-	-	1	200,680	240,700
$270,000 to $289,999	**1**	**206,710**	**271,730**	-	-	-
Total	**2**			2		

* Excluding acting arrangements and part-year service.

Notes
1. Non-Salary elements available to Senior Executives include:
(a) Performance Bonus
(b) Motor vehicle allowance
(c) Superannuation

Note 14: Remuneration of Auditors

	2010 $	2009 $
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	**33,500**	32,900
	33,500	32,900

These amounts represent the fair value of services provided.

Moore Stephens Canberra 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 Moore Stephens during the reporting period.

	Notes	2010 $'000	2009 $'000
Note 15: Financial Instruments			
Note 15A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash on hand or on deposit	5A	**749**	668
Cash on call deposit	5C	**2,040**	1,094
Fixed Term Deposit with Bank	5C	**11,861**	10,465
Receivables for goods and services	5B	**254**	320
Total Carrying amount of financial assets		**14,904**	12,547
Financial Liabilities			
At amortised cost:			
Trade creditors	7A	**669**	487
Carrying amount of financial liabilities		**669**	487

Note 15B: Net Income and Expenses from Financial Assets			
Loans and receivables			
Interest revenue	4B	**645**	680
Net gain/(loss) loans and receivables		**645**	680
Net gain/(loss) from financial assets		**645**	680

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

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 (2010: $254,000 and 2009: $320,000). The Institute has assessed the risk of default on payment and has allocated $1,000 (2008/09: $13,000) 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'.

Sensitivity analysis of the Interest rate risk that the Institute is exposed to for 2010

Risk variable	**Change in risk variable %**	**Effect on Profit and loss $'000**
Interest rate risk	**1.5**	**22**
Interest rate risk	**-1.5**	**(22)**

Sensitivity analysis of the Interest rate risk that the Institute is exposed to for 2009

Risk variable	Change in risk variable %	Effect on Profit and loss $'000
Interest rate risk	0.75	9
Interest rate risk	-0.75	(9)

Note 16: Compensation and Debt Relief

No "act of grace" expenses were incruured during the reporting period (2009: nil)

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".

Note 17B: Net Cost of Outcome Delivery

	Outcome 1	
	2010	2009
	$'000	$'000
Expenses	**15,347**	14,549
Income from non-government sector		
Activities subject to cost recovery	**479**	537
Other	**-**	-
Total	**479**	537
Other own-source income	**1,806**	1,436
Net cost of outcome	**13,062**	12,576

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.