FINANCIAL STATEMENTS

AIATSIS
AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES

AIATSIS
Chief Finance Officer's Report
Financial Year 2010-11

The 2010-11 financial year provided the Institute with mixed results. From an operational point of view the Institute achieved a surplus of $2,177,000. This result obscures an amount of $1,016,000 of unearned income, against which future expenditure will be incurred. This amount comprised $300,000 additional funding from DIISR for the continuation of the Indigenous Visiting Research Fellows (IVRF) program. This program allows AIATSIS to maintain an important training for Indigenous researchers. In addition there was $716,000 from numerous consultancies relating to the Institute's Research activities.

The remaining surplus of $1,161,000 is attributed to an increase in revenue and a marginal increase in expenditure. Revenue increased in the areas of sale of goods and services that is consultancies and investments interest. The former relating to research consultancies and the latter as the consequence of increased cash inflow coupled with better then expected interest rates. It is to be noted that reporting of grants from government has changed and is no longer reported as grant income but as revenue from government.

The uncertainty surrounding funding of the digitisation program impacted upon our expenditure. The funding for this program ceased as of 30 June 2011. Our bid to have this funding continued was unsuccessful. Consequently, the latter part of the financial year provided us with a challenge in maintaining digitisation operations and in particular staffing relevant positions. Because of the uncertainty around tenure not only were we losing staff, who sought employment outside AIATSIS, but also our position was exacerbated by not being able to attract applicants to the vacant positions. Upon confirmation of our funding position the Institute imposed a temporary hold on external recruitment. These circumstances resulted in a significant underspend in salary and to a lesser extent utilities and supplies. Other areas of underspend were the result of the postponement of some of the minor works program, for example, refurbishment in the Research area. There were a number of marginal increases in the cost of supplies following increases in interest rates and the general shift in the economy that forced prices up. The most significant increase for the year was as a result of the final instalment on the Agency Agreement. Under this Agreement a final wage increase took effect from 23 July 2010. (The agreement ceased on 23 July 2011 and a new agreement currently being formulated)

Funds were deployed from provisions to replace desktop computers servers and upgrade the IT server room.

Future savings are expected to be delivered through the Whole-of-Australian-Government (WoAG) Travel and the WoAG Electricity contracts being signed. These take effect 1 September and 1 July 2011 respectively. The savings in electricity should be considerable given the likely movement in prices resulting for the introduction of the carbon scheme.

To enable the organisation to continue to meet statutory obligations in preservation of our collection, the Institute sought approval from the Minister of Finance and Deregulation to carry a $3,200,000 loss in 2011-12 financial year. The Institute will undertake a review of its current structure in order to ensure that the statutory requirements are met in the new year although beyond this the organisation will be struggling. On this basis a New Policy Proposal (NPP) will be submitted for the 2012-13 Budget year.

While the Institute is currently liquid and solvent, and able to meet its debts the strategy of disinvestment to meet operational expenditure is neither appropriate nor sustainable into the future.

The overall impact upon the Institute's Balance Sheet was to see a net increase of $2,247,000 in net assets / Equity. This strengthened our liquidity and solvency position.

The Institute has a number of financial challenges ahead. These include funding of a new structure that encompasses our statutory requirements, amongst other things the digital preservation of our collection, an Indigenous researchers program, and a new and revised Employment Agreement. As the building ages there is also a need to replace / upgrade the current Building Management System (BMS), PABX and staffing accommodation. The challenge here will be more of logistics as these costs will be funded by our cash reserves.

Jeffrey Hobson JP FCPA

Chief Finance Officer

14 th September 2011

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Innovation, Industry, Science and Research

I have audited the accompanying financial statements of the Australian Institute of Aboriginal and Torres Strait Islander Studies for the year ended 30 June 2011, which comprise: a Statement by Councillors, Principal and Chief Financial Officer; the 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 of the Australian Institute of Aboriginal and Torres Strait Islander Studies are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards, and for such internal control as the members of Council determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the financial statements that give a true and fair view 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 the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

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 2011 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
19 September 2011

Financial Statements for the Year Ended 30 June 2011

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 2011 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	Emer. Prof. R Tonkinson Councillor	R Taylor Principal	J Hobson Chief Financial Officer
19 September 2011	19 September 2011	19 September 2011	19 September 2011

Australian Institute of Aboriginal and Torres Strait Islander Studies
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2011

	Notes	2011 $'000	2010 $'000
EXPENSES			
Employee benefits	**3A**	**9,789**	8,915
Suppliers	**3B**	**4,394**	4,429
Grants	**3C**	**625**	769
Depreciation and amortisation	**3D**	**1,534**	1,228
Write-down and impairment of assets	**3E**	**4**	-
Losses from asset sales	**3F**	**36**	6
Total expenses		**16,382**	15,347
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	**4A**	**1,094**	812
Interest	**4B**	**922**	645
Grants	**4C**	**119**	38
Other	**4D**	**745**	1,123
Total own-source revenue		**2,880**	2,618
Gains			
Reversals of previous asset write-downs and impairment	**4E**	**-**	37
Total gains		**-**	37
Total own-source income		**2,880**	2,655
Net cost of services		**13,502**	12,692
Revenue from Government	**4F**	**15,679**	13,428
Surplus attributable to the Australian Government		**2,177**	736
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		**-**	2,748
Total other comprehensive income		**-**	2,748
Total comprehensive income attributable to the Australian Government		**2,177**	3,484

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 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	234	749
Trade and other receivables	5B	838	369
Other investments	5C	17,228	13,901
Total financial assets		18,300	15,019
Non-Financial Assets			
Land and buildings	6A	11,364	11,555
Property, plant and equipment	6B	13,919	14,560
Intangibles	6C	110	85
Inventories	6D	96	43
Other	6E	79	80
Total non-financial assets		25,568	26,323
Total assets		43,868	41,342
LIABILITIES			
Payables			
Suppliers	7A	797	583
Grants	7B	46	86
Other	7C	952	991
Total payables		1,795	1,660
Provisions			
Employees provisions	8A	1,625	1,481
Total provisions		1,625	1,481
Total liabilities		3,420	3,141
Net assets		40,448	38,201
EQUITY			
Contributed equity		3,319	3,249
Reserves		12,714	12,714
Retained surplus		24,415	22,238
Total equity		40,448	38,201

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
for the period ended 30 June 2011

	Retained earnings		Asset revaluation reserve		Contributed equity / capital		Total equity	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous period	**22,238**	21,502	**12,714**	9,966	**3,249**	3,179	**38,201**	34,647
Adjusted opening balance	**22,238**	21,502	**12,714**	9,966	**3,249**	3,179	**38,201**	34,647
Comprehensive income								
Other comprehensive income	**-**	-	**-**	2,748	**-**	-	**-**	2,748
Surplus for the period	**2,177**	736	**-**		**-**	-	**2,177**	736
Total comprehensive income	**2,177**	736	**-**	2,748	**-**	-	**2,177**	3,484
Transactions with owners								
Contributions by owners								
Equity injection	**-**	-	**-**	-	**70**	70	**70**	70
Subtotal transactions with owners	**-**	-	**-**	-	**70**	70	**70**	70
Closing balance as at 30 June	**24,415**	22,238	**12,714**	12,714	**3,319**	3,249	**40,448**	38,201

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 period ended 30 June 2011

	Notes	2011 $'000	2010 $'000
OPERATING ACTIVITIES			
Cash received			
Grants		**2,459**	1,383
Sales of goods and rendering of services and other		**1,659**	2,066
Receipts from Government		**13,172**	12,209
Interest		**1,023**	508
Net GST Received		**98**	39
Total cash received		**18,411**	16,205
Cash used			
Employees		**(9,597)**	(8,722)
Suppliers		**(4,673)**	(4,101)
Grants		**(636)**	(769)
Total cash used		**(14,906)**	(13,592)
Net cash from (used by) operating activities	9	**3,505**	2,613
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**38**	-
Total cash received		**38**	-
Cash used			
Purchase of property, plant and equipment		**(801)**	(296)
Investments		**(3,327)**	(2,306)
Total cash used		**(4,128)**	(2,602)
Net cash from (used by) investing activities		**(4,090)**	(2,602)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**70**	70
Total cash received		**70**	70
Net cash from (used by) financing activities		**70**	70
Net increase (decrease) in cash held		**(515)**	81
Cash and cash equivalents at the beginning of the reporting period		**749**	668
Cash and cash equivalents at the end of the reporting period	9	**234**	749

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 2011

	2011 $'000	2010 $'000
BY TYPE		
Commitments receivable [3]		
Consultancy Contracts	-	(226)
Net GST recoverable on commitments	(12)	-
Total commitments receivable	(12)	(226)
Commitments payable		
Capital commitments		
Property, plant and equipment [1]	133	67
Total capital commitments	133	67
Other commitments		
Other[2]	5	24
GST payable on commitments	-	13
Total other commitments	5	37
Net commitments by type	126	(122)
BY MATURITY		
Commitments receivable		
One year or less	(12)	(226)
Total commitments receivable	(12)	(226)
Commitments payable		
Capital commitments		
One year or less	133	67
Total capital commitments	133	67
Other commitments		
One year or less	5	37
Total other commitments	5	37
Net commitments by maturity	126	(122)

NB: Commitments are GST inclusive where relevant.

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

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

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
SCHEDULE OF ASSET ADDITIONS
for the period ended 30 June 2011

The following non-financial non-current assets were added in 2010-11:

	Heritage & cultural $'000	**Other property, plant & equipment $'000**	**Intangibles $'000**	**Total $'000**
By purchase - Government funding	**18**	**720**	**63**	**801**
Total additions	**18**	**720**	**63**	**801**

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

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2010; 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 executor contracts 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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 the 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:

a) the risks and rewards of ownership have been transferred to the buyer;
b) the Institute retains no managerial involvement or effective control over the goods;
c) the revenue and transaction costs incurred can be reliably measured; and
d) 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:

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
b) the probable economic benefits associated with the transaction will flow to the Institute.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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.

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).

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 gains 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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 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 *Employee Benefits*) 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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. 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 pay fortnight of the year.

Parental Leave Payments Scheme

Amount received under the Parental Leave Payments Scheme by the entity not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme is disclosed as a footnote to the Note 4E: Revenue from Government. There were no payments made in 2010/11 (2009/10: nil).

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

a) cash on hand; and
b) 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.

1.10 Financial Assets

The Institute classifies its financial assets in the following categories:

a) financial assets at fair value through profit or loss;
b) held-to-maturity investments;
c) available-for-sale financial assets; and
d) 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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. These 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

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

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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:

	2011	2010
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 2011. 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, plan and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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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 (2009-10: 3 to 7 years).

All intangible assets were assessed for indications of impairment as at 30 June 2011.

1.16 Inventories

Inventories held for sale 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 Reporting Period

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

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	2011 $'000	2010 $'000
Note 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	**7,516**	6,656
Superannuation		
Defined contribution plans	**606**	572
Defined benefit plans	**575**	543
Leave and other entitlements	**841**	815
Separation and redundancies	**-**	107
Other employee benefits	**251**	222
Total employee benefits	**9,789**	8,915
Note 3B: Suppliers		
Goods and services		
Consultants	**196**	376
Contractors	**1,653**	1,605
Travel	**685**	733
Payroll Services	**82**	82
Building Expenses	**530**	491
Insurance	**65**	61
Professional Advice	**659**	472
Printing	**44**	46
Marketing	**55**	105
Office Expenses	**221**	232
Total goods and services	**4,190**	4,203
Goods and services are made up of:		
Provision of goods - external parties	**2,350**	2,800
Rendering of services - external parties	**1,840**	1,403
Total goods and services	**4,190**	4,203
Other supplier		
Workers compensation expenses	**204**	226
Total other supplier	**204**	226
Total supplier	**4,394**	4,429

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	2011 $'000	2010 $'000
Note 3C: Grants		
Private sector:		
Research grants	**625**	769
Total grants	**625**	769
Note 3D: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	**1,178**	837
Buildings	**191**	197
Heritage and cultural assets	**128**	98
Total depreciation	**1,497**	1,132
Amortisation:		
Intangibles:		
Computer software	**37**	96
Total amortisation	**37**	96
Total depreciaton and amortisation	**1,534**	1,228
Note 3E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of inventory	**4**	-
Total write-down and impairment of assets	**4**	-
Note 3F: Losses from Assets Sales		
Property, plant and equipment:		
Carrying value of assets sold	**36**	6
Total losses from asset sales	**36**	6
Note 3G: Operating Expenditure for Heritage and Cultural Assets		
Operating expenditure	**509**	491
Total	**509**	491

Operating expenditure is contained in the Statement of Comprehensive Income; however, it is not disclosed as a separate line item. It is merely a different representation of expenditure already reported in Note 3A to 3F relating to heritage and cultural assets.

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	2011 $'000	2010 $'000
Note 4: Income		
OWN-SOURCE REVENUE		
Note 4A: Sale of Goods and Rendering of Services		
Provision of goods - external parties	**339**	379
Rendering of services - related entities	**586**	333
Rendering of services - external parties	**169**	100
Total sale of goods and rendering of services	**1,094**	812
Note 4B: Interest		
Deposits	**922**	645
Total interest	**922**	645
Note 4C: Grants		
From external parties	**119**	38
Total grants	**119**	38
Note 4D: Other Revenue		
Conference fees	**580**	833
Contract administration	**-**	121
Other revenue	**165**	169
Total other revenue	**745**	1,123
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		
CAC Act body payment item	**13,172**	12,209
Grants:		
Department of Innovation, Industry, Science & Research	**500**	-
Department of Health & Ageing	**889**	394
Department of Families, Housing, Community Services & Indigenous Affairs	**1,075**	820
Attorney General's Department	**43**	-
National Museum of Australia	**-**	5
Total revenue from Government	**15,679**	13,428

	2011 $'000	2010 $'000
Note 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	**234**	749
Total cash and cash equivalents	**234**	749
Note 5B: Trade and Other Receivables		
Good and Services:		
Goods and services - related entities	**677**	254
Total receivables for goods and services	**677**	254
Other receivables:		
GST receivable from the Australian Taxation Office	**167**	116
Total other receivables	**167**	116
Total trade and other receivables (gross)	**844**	370
Less impairment allowance account:		
Other	**(6)**	(1)
Total impairment allowance account	**(6)**	(1)
Total trade and other receivables (net)	**838**	369
Receivables are expected to be recovered in:		
No more than 12 months	**838**	369
More than 12 months	**-**	-
Total trade and other receivables (net)	**838**	369
Receivables are aged as follows:		
Not overdue	**755**	345
Overdue by:		
0 to 30 days	**24**	13
31 to 60 days	**55**	1
61 to 90 days	**-**	-
More than 90 days	**10**	11
Total receivables (gross)	**844**	370
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	**6**	1
Total impairment allowance account	**6**	1

Reconciliation of the Impairment Allowance Account:
Movements in relation to 2011

	Goods and services $'000	Total $'000
Opening balance	**1**	**1**
Increase/decrease recognised in net surplus	**5**	**5**
Closing balance	**6**	**6**

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

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	2011	2010
	$'000	$'000
Note 5C: Other Investments		
Deposits	**17,228**	13,901
Total other investments	**17,228**	13,901
Total other investments are expected to be recovered in:		
No more than 12 months	**17,228**	13,901
Total other investments	**17,228**	13,901

Note 6: Non-Financial Assets

	2011	2010
Note 6A: Land and Buildings		
Building on leasehold land:		
Fair Value	**11,555**	11,555
Accumulated depreciation	**(191)**	-
Total land and buildings	**11,364**	11,555

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.

	2011	2010
Note 6B: Property, Plant and Equipment		
Heritage and cultural:		
Artworks and artefacts - fair value	**7,293**	7,284
Library collection - fair value	**2,729**	2,720
Accumulated depreciation	**(128)**	-
Total heritage and cultural	**9,894**	10,004
Other property, plant and equipment:		
Fair Value	**5,155**	4,556
Accumulated depreciation	**(1,130)**	-
Total other property, plant and equipment	**4,025**	4,556
Total property, plant and equipment	**13,919**	14,560

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

In 2009/10 Pickles Pty Ltd conducted a revaluation of assets. 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 revaluation was conducted in 2010/11.

For further information, please refer note 6F

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	2011 $'000	2010 $'000
Note 6C: Intangibles		
Computer software:		
Software licences - purchased	**790**	727
Internally developed - in use	**14**	89
Accumulated amortisation	**(694)**	(731)
Total computer software	**110**	85
Total intangibles	**110**	85

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

For further information, please refer note 6G

	2011 $'000	2010 $'000
Note 6D: Inventories		
Inventories held for sale		
Work in progress	**-**	20
Finished goods	**273**	196
Provisions for obsolete inventory	**(177)**	(173)
Total inventories	**96**	43

During 2010-11 no inventory was reversed out of the provision for obsolete inventory (2009-10: $37,000).

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.

	2011 $'000	2010 $'000
Note 6E: Other Non-Financial assets		
Prepayments	**79**	80
Total other non-financial assets	**79**	80
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	**79**	80
Total other non-financial assets	**79**	80

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

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Note 6F: Reconciliation of the opening and closing balances of property, plant and equipment (2010-11)

	Buildings $'000	Other IP & E $'000	Heritage and Cultural $'000	Total $'000
As at 1 July 2010				
Gross book value	11,555	4,556	10,004	26,115
Accumulated depreciation/amortisation and impairment	-	-	-	-
Net book value 1 July 2010	11,555	4,556	10,004	26,115
Additions:				
by purchase	-	720	18	738
Revaluations and impairments through equity	-	-	-	-
Depreciation/amortisation expense	(191)	(1,178)	(128)	(1,497)
Disposals:				
Other - net	-	(73)	-	(73)
Net book value 30 June 2011	11,364	4,025	9,894	25,283
Net book value as of 30 June 2011 represented by:				
Gross book value	11,555	5,155	10,022	26,732
Accumulated depreciation/amortisation and impairment	(191)	(1,130)	(128)	(1,449)
	11,364	4,025	9,894	25,283

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 - net	-	(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

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Note 6G: Reconciliation of the opening and closing balances of intangibles (2010-11).

Item	Computer software purchased $'000	Computer software internally developed $'000	Total $'000
As at 1 July 2010			
Gross book value	727	89	816
Accumulated depreciation/amortisation and impairment	(649)	(82)	(731)
Net book value 1 July 2010	78	7	85
Additions:			
by purchase or internally developed	63	-	63
Amortisation	(35)	(2)	(37)
Disposals:			
Other - net	-	(1)	(1)
Net book value 30 June 2011	106	4	110
Net book value as of 30 June 2011 represented by:			
Gross book value	790	14	804
Accumulated depreciation/amortisation and impairment	(684)	(10)	(694)
	106	4	110

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

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	2011 $'000	2010 $'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors and accruals	**797**	583
Total supplier payables	**797**	583
Supplier payables expected to be settled within 12 months:		
External parties	**797**	583
Total supplier payables	**797**	583

Settlement is usually made within 30 days.

	2011 $'000	2010 $'000
Note 7B: Grants		
Private Sector:		
Non profit organisations	**46**	86
Total grants payables	**46**	86
Note 7C: Other payables		
Salaries and wages	**218**	165
Superannuation	**284**	289
Unearned Income	**450**	537
Total other payables	**952**	991
Total other payables are expected to be settled in:		
No more than 12 months	**952**	991
Total other payables	**952**	991
Note 8: Provisions		
Note 8A: Employee provisions		
Leave	**1,625**	1,481
Total employee provisions	**1,625**	1,481
Employee provisions are expected to be settled in:		
No more than 12 months	**1,383**	970
More than 12 months	**242**	511
Total employee provisions	**1,625**	1,481

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Note 9: Cash Flow Reconciliation	**2011** **$'000**	2010 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**234**	749
Balance Sheet	**234**	749
Difference	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(13,502)**	(12,692)
Add revenue from Government	**15,679**	13,428
Adjustments for non-cash items		
Depreciation/amortisation	**1,534**	1,228
Net write down of non-financial assets	**-**	(37)
Loss on sale of assets	**36**	6
Changes in assets and liabilities		
(Increase)/decrease in net receivables	**(469)**	27
(Increase)/decrease in inventories	**(53)**	77
(Increase)/decrease in prepayments	**1**	69
Increase/(decrease) in employee provisions	**144**	153
Increase/(decrease) in supplier payables	**214**	96
Increase/(decrease) in grant payables	**(40)**	86
Increase/(decrease) in other payables	**(39)**	172
Net cash from operating activities	**3,505**	2,613

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Note 10: Contingent Liabilities and Assets

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

Note 11: Remuneration of Councillors

	2011	2010
The number of Councillors of the Institute included in these figures are shown below in the relevant remuneration bands:		
less than $15,000	**10**	9
Total	**10**	9
	$	$
Total remuneration received or due and receivable by members of the Council of the Institute	**62,660**	64,822

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.

There is no Executive Councillors.

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
E Bedford
T Janke
M Wenitong
R Tonkinson
L Ford
D Ober
R Quiggin
J Oscar

The Institute paid a Directors and Officers indemnity premium of $3,135 (2009/10: $2,825) on behalf of Councillors during the year. Royalty payments totalling $376 (2009/10: $403) were made to Professor J Maynard, a Council member during the year, in relation to his book published through Aboriginal Studies Press. During the 2010/11 financial year Councillor Terri Janke, through her company Terri Janke and Company Pty Ltd, received professional fees of $3,627 (including GST), for the review of a draft publishing agreement. Other than these payments and remuneration as Councillor, no benefits were provided to Council members.

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Note 13: Executive Remuneration

Note 13A: Senior Executive Remuneration Expense for the Reporting Period

	2011	2010
Short-term employee benefits		
Salary	**353,035**	287,399
Annual leave accrued	**21,837**	15,261
Performance bonuses	**13,952**	43,306
Motor vehicle and other allowances	**35,094**	124,591
Total short-term employee benefits	**423,918**	470,557
Post-employee benefits		
Superannuation	**59,540**	59,377
Total post-employee benefits	**59,540**	59,377
Other long-term benefits		
Long-service leave	**(4,114)**	13,030
Total other long-term benefits	**(4,114)**	13,030
Termination benefits	**-**	134,196
Total	**479,344**	677,160

Notes:

1. Note 13A was prepared on an accrual basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus Paid' in Note 13B).
2. Note 13A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than $150,000.

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Note 13B: Average Annual Remuneration Packages and Bonus Paid for Substantive Senior Executives as at the end of the Reporting Period

	As at 30 June 2011					As at 30 June 2010				
		Fixed elements					Fixed elements			
	Senior Executives No.	Salary	Allowances	Total	Bonus Paid	Senior Executives No.	Salary	Allowances	Total	Bonus Paid
Total remuneration (including part-time arrangements)		$	$	$	$		$	$	$	$
$180,000 to $209,000	1	188,172	20,652	208,824	-	1	181,863	20,652	202,515	12,776
$240,000 to $269,000	1	231,782	22,590	254,372	-	1	220,533	24,625	245,158	30,530
Total										

Notes:

1. This table report substantive senior executives who were employed by the Institute at the end of the reporting period. Fixed elements were based on the employment agreement of each individual. Each row represents an average annualised figure (based on headcount) for the individuals in that remuneration package band (i.e the 'Total' column).
2. This represents average actual bonuses paid during the reporting period in that remuneration band package. The 'Bonus paid' was excluded from the 'Total' calculation, (for the purpose of determining remuneration bands). The 'Bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the Institute during the financial year.

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Variable Elements:

With the exception of bonuses, variable elements were not included in the 'Fixed Elements and Bonus Paid' table above. The following variable elements were available as part of senior executives' remuneration package:

(a) Bonuses:

- Bonuses were based on the performance rating of each individual. The maximum bonus that an individual can receive is 15 per cent of their base salary.

(b) On average senior executives were entitled to the following leave entitlements:

- Annual Leave (AL): entitled to 20 days (2010: 20 days) each full year worked (pro-rata for part-time SES);
- Personal Leave (PL): entitled to 18 days (2010: 18 days) or part-time equivalent; and
- Long Service Leave (LSL): in accordance with Long Service Leave (Commonwealth Employees) Act 1976.

(c) Senior executives were members of one of the following superannuation funds:

- Public Sector Superannuation Scheme (PSS): this scheme is closed to new members, with current employer contributions were set at 15.7 per cent (2010: 15.7 per cent) (including productivity component). More information on PSS can be found at http://www.pss.gov.au; and
- Public Sector Superannuation Accumulation Plan (PSSap): employer contributions were set at 18.4 percent (2010: 18.4 per cent), and the fund has been in operation since July 2005. More information on PSSap can be found at http://www.pssap.gov.au.

Note 13C: Other Highly Paid Staff

During the reporting period, there were 2 employees (2010: 2) whose salary plus performance bonus were $150,000 or more. These employees did not have a role as senior executive or director and were therefore not disclosed as senior executives in Note 13A and Note 13B.

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Note 14: Remuneration of Auditors

	2011	2010
	$	$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	**34,000**	33,500
	34,000	33,500

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.

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	Notes	2011 $'000	2010 $'000
Note 15: Financial Instruments			
Note 15A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash on hand or on deposit	5A	**234**	749
Cash on call deposit	5C	**917**	2,040
Fixed Term Deposit with Bank	5C	**16,311**	11,861
Receivables for goods and services	5B	**677**	254
Total Carrying amount of financial assets		**18,139**	14,904
Financial Liabilities			
At amortised cost:			
Trade creditors	7A	**797**	583
Carrying amount of financial liabilities		**797**	583
Note 15B: Net Income and Expenses from Financial Assets			
Loans and receivables			
Interest revenue	4B	**922**	645
Net gain/(loss) loans and receivables		**922**	645
Net gain/(loss) from financial assets		**922**	645

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 loans and receivables are cash and trade receivables. 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 (2011: $677,000and 2010: $254,000). The Institute has assessed the risk of default on payment and has allocated $5,873 (2010: $1,000) to a provision for doubtful debts account. The Institute holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determinded as impaire

	Not past due or impaired 2011 $'000	Not past due or impaired 2010 $'000	**Past due or impaired 2011 $'000**	Past due or impaired 2010 $'000
Cash and cash equivalents	**17,462**	14,650	**-**	-
Receivables for good as services	**588**	229	**89**	25
Total	**18,050**	14,879	**89**	25

Ageing of financial assets that were past due but not impaired for 201

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Receivables for good as services	**612**	**55**	**-**	**10**	**677**
Total	**612**	**55**	**-**	**10**	**677**

Ageing of financial assets that were past due but not impaired for 201(

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for good as services	242	1	-	11	254
Total	242	1	-	11	254

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'.

Note 16: Compensation and Debt Relief

The Institute has not made any payments or provided for any provisions in relation to compensation and debt relief, including either Act of Grace payments, waivers of debt owed to the Institute, payments made under the Compensation for Detriments Caused by Defective Administration, payments made under approved ex-gratia programs or payments made in special circumstances relating to APS employments pursuant to section 73 of the *Public Services Act 1999*.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2011

Note 17: Reporting of Outcomes

Note 17A: Outcome of the Institute

The Institute is structured to meet one outcome:

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

Note 17B: Net Cost of Outcome Delivery

	Outcome 1	
	2011	2010
	$'000	$'000
Expenses	**16,382**	15,347
Income from non-government sector		
Other	**2,294**	2,285
Total	**2,294**	2,285
Other own-source income	**586**	370
Net cost of outcome	**13,502**	12,692

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