



Auditor-General's
report

Financial
statements



Auditor-General's report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

I have audited the accompanying financial statements of the Australian Institute of Aboriginal and Torres Strait Islander Studies for the year ended 30 June 2014, which comprise: a Statement by Councillors, Principal and Chief Financial Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Councils' Responsibility for the Financial Statements

The Council of the Australian Institute of Aboriginal and Torres Strait Islander Studies is 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 is necessary to enable the preparation of financial statements that give a true and fair view and 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.

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 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
25 September 2014

Financial statements

Financial Statements for the Year Ended 30 June 2014

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 2014 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.

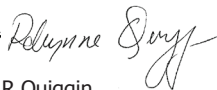
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

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



Prof. M Dodson
Chairperson

22 September 2014



R Quiggin
Councillor

22 September 2014



M Patterson
Acting Principal

22 September 2014



M Burton
Chief Financial Officer

22 September 2014

Australian Institute of Aboriginal and Torres Strait Islander Studies

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	13,640	11,516
Suppliers	3B	5,490	4,836
Grants	3C	38	7
Depreciation and amortisation	3D	1,166	1,043
Write-down and impairment of assets	3E	52	1
Losses from asset sales	3F	16	-
Total expenses		<u><u>20,402</u></u>	<u><u>17,403</u></u>
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	4A	708	653
Interest	4B	631	814
Grants	4C	3,811	2,071
Other revenue	4D	765	1,162
Total own-source revenue		<u><u>5,915</u></u>	<u><u>4,700</u></u>
Gains			
Gains from sale of assets	4E	-	39
Total gains		<u><u>-</u></u>	<u><u>39</u></u>
Total own-source income		<u><u>5,915</u></u>	<u><u>4,739</u></u>
Net cost of services		<u><u>14,487</u></u>	<u><u>12,665</u></u>
Revenue from Government	4F	13,300	12,798
Surplus/(Deficit) on continuing operations		<u><u>(1,187)</u></u>	<u><u>133</u></u>
Surplus/(Deficit) attributable to the Australian Government		<u><u>(1,187)</u></u>	<u><u>133</u></u>
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		-	1,225
Total other comprehensive income		<u><u>-</u></u>	<u><u>1,225</u></u>
Total comprehensive income/(loss) attributable to the Australian Government		<u><u>(1,187)</u></u>	<u><u>1,359</u></u>

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

**Australian Institute of Aboriginal and Torres Strait Islander Studies
STATEMENT OF FINANCIAL POSITION**

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	1,050	911
Trade and other receivables	6B	517	469
Other investments	6C	16,153	16,686
Total financial assets		<u>17,720</u>	<u>18,066</u>
Non-financial assets			
Land and buildings	7A	11,476	11,667
Property, plant and equipment	7B	12,719	13,211
Inventories	7D	30	30
Other non-financial assets	7E	6	9
Total non-financial assets		<u>24,231</u>	<u>24,916</u>
Total assets		<u>41,951</u>	<u>42,983</u>
LIABILITIES			
Payables			
Suppliers	8A	434	348
Other payables	8B	864	807
Total payables		<u>1,298</u>	<u>1,155</u>
Provisions			
Employees provisions	9A	2,105	2,168
Total provisions		<u>2,105</u>	<u>2,168</u>
Total liabilities		<u>3,403</u>	<u>3,323</u>
Net assets		<u>38,548</u>	<u>39,660</u>
EQUITY			
Contributed equity		3,538	3,463
Reserves		13,939	13,939
Retained surplus		21,071	22,258
Total equity		<u>38,548</u>	<u>39,660</u>

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 2014

	Retained earnings		Asset revaluation surplus		Contributed equity / capital		Total equity	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	22,258	22,124	13,939	12,714	3,463	3,390	39,660	38,228
Adjusted opening balance	22,258	22,124	13,939	12,714	3,463	3,390	39,660	38,228
Comprehensive income								
Other comprehensive income	-	-	-	1,225	-	-	-	1,225
Surplus/(Deficit) for the period	(1,187)	133	-	-	-	-	(1,187)	133
Total comprehensive income	(1,187)	133	-	1,225	-	-	(1,187)	1,359
Transactions with owners								
Contributions by owners								
Equity injection	-	-	-	-	75	73	75	73
Total transactions with owners	-	-	-	-	75	73	75	73
Closing balance as at 30 June	21,071	22,258	13,939	13,939	3,538	3,463	38,548	39,660

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 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Grants		3,804	2,071
Sales of goods and rendering of services		1,490	2,289
Receipts from Government		13,300	12,798
Interest		674	918
Net GST Received		328	13
Total cash received		<u>19,596</u>	<u>18,089</u>
Cash used			
Employees		(13,661)	(11,356)
Suppliers		(5,836)	(4,869)
Grants		(38)	(7)
Net GST paid		-	-
Total cash used		<u>(19,535)</u>	<u>(16,232)</u>
Net cash from operating activities	10	<u>61</u>	<u>1,857</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		8	2
Investments		502	-
Total cash received		<u>510</u>	<u>2</u>
Cash used			
Purchase of property, plant and equipment		(507)	(319)
Investments		-	(882)
Total cash used		<u>(507)</u>	<u>(1,201)</u>
Net cash from (used by) investing activities		<u>3</u>	<u>(1,199)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		75	73
Total cash received		<u>75</u>	<u>73</u>
Net cash from financing activities		<u>75</u>	<u>73</u>
Net increase in cash held		139	731
Cash and cash equivalents at the beginning of the reporting period		<u>911</u>	<u>180</u>
Cash and cash equivalents at the end of the reporting period	10	<u>1,050</u>	<u>911</u>

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 2014*

	2014	2013
	\$'000	\$'000
BY TYPE		
Other commitments		
Other ¹	81	67
GST payable on commitments	8	7
Total other commitments	89	74
Total commitments payable	89	74
Net commitments by type	89	74
BY MATURITY		
Other commitments		
One year or less	89	74
Total other commitments	89	74
Total commitments payable	89	74
Net commitments by maturity	89	74

NB: Commitments are GST inclusive where relevant.

¹ Other commitments are mainly IT equipment, provision of services where the services have not yet been provided or invoiced.

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

Schedule of Contingencies

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note:1	Summary of Significant Accounting Policies
Note:2	Events After the Reporting Period
Note:3	Expenses
Note:4	Income
Note:5	Fair Value Measurements
Note:6	Financial Assets
Note:7	Non-Financial Assets
Note:8	Payables
Note:9	Provisions
Note:10	Cash Flow Reconciliation
Note:11	Remuneration of Councillors
Note:12	Related Party Disclosures
Note:13	Senior Executive Remuneration
Note:14	Remuneration of Auditors
Note:15	Financial Instruments
Note:16	Financial Assets Reconciliation
Note:17	Compensation and Debt Relief
Note:18	Reporting of Outcomes

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

1.1 Objective of AIATSIS

AIATSIS is a not-for-profit 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 2011; 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 FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the Institute 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 executory 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.

For the preparation of the 2013-14 financial statements, accounting policies are consistent with the previous year unless otherwise stated.

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

for the period ended 30 June 2014

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 depreciated replacement cost 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. The actual life may be longer or shorter than estimated.
- The liability for long service leave has been estimated using present value techniques in accordance with the shorthand method as per FMO 43.2(a). This takes into account expected salary growth, attrition and future discounting using Commonwealth bond rates.
- The fair value of heritage and cultural assets has been taken to be the market value of similar heritage and cultural assets. Heritage and cultural assets are valued through an independent valuer.

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.

The following new standard issued prior to the signing of the Statement by the Councillors, Principal and Chief Financial Officer, was applicable to the current reporting period.

AASB 13 Fair Value Measurement. Refer to Note 1.9 for further details.

All other new standards, revised or amended standards or interpretations that were issued prior to the sign-off and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entity’s financial statements.

Future Australian Accounting Standard Requirements

The following new, revised and amended standards were issued by the Australian Accounting Standard Board prior to the sign-off date, which are expected to have financial impact on the AIATSIS for future accounting periods.

AASB 9 Financial Instruments

AASB 1055 Budgetary Reporting

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

for the period ended 30 June 2014

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.

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.

Grant Revenue

Project linked grant revenue is recognised to the extent that the project has occurred. Other grant revenue is recognised to the extent that it was provided for the reporting period. Any grants received in advance for a future period are recorded as liabilities.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

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.

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. The Institute was not subject to restructuring in the 2013/14 or 2012/13 years.

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

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

for the period ended 30 June 2014

will be 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. For 2013-14, the Institute does not have a provision for separation and redundancy.

Superannuation

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

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Institute makes employer contributions to the employees' 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.

1.9 Fair Value Measurement

The Institute deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.10 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.

1.11 Financial Assets

The Institute classifies its financial assets in the following categories:

- a) 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 2014

- 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. Other investments comprise deposits with maturities of over 3 months that are subject to an insignificant risk of changes in their fair-value.

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.

1.12 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

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).

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position 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.

1.14 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's accounts immediately prior to the restructuring.

1.15 Property, Plant and Equipment

Asset Recognition Threshold

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

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.

Heritage and Cultural Assets

AIATSIS holds one of the most comprehensive collections of print materials on Australian Indigenous studies in the world. Our Audiovisual Archive has custodial responsibility for the world's largest unique collection of Indigenous cultural heritage collection of audio, motion picture, video and pictorial materials. Heritage and Cultural assets consist of artworks, artefacts and other collections including rare books held within our Library.

All items are recognised in our asset register once they have been accessioned. AIATSIS houses materials to archival standards, with collections held in secure, temperature and humidity controlled vaults. Our curatorial and preservation policies are contained within the AIATSIS Collection Development Policy and the 2025 Preservation Plan. The detailed policies can be found on our website www.aiatsis.gov.au.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Revaluations

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

Asset Class	Fair Value Measured at:
Land	Market selling price
Building	Depreciated replacement cost
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. 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:

	2014	2013
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 2014. Where indications of impairment exist, the asset's

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

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.

1.16 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.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 2: Events After the Reporting Period

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

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

	2014	2013
	\$'000	\$'000
Note 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	10,240	8,804
Superannuation		
Defined contribution plans	850	759
Defined benefit plans	837	686
Leave and other entitlements	969	991
Separation and redundancies	223	-
Other employee benefits	521	276
Total employee benefits	13,640	11,516
Note 3B: Suppliers		
Goods and services supplied or rendered		
Consultants	698	282
Contractors	749	253
Travel	976	737
Payroll Services	32	65
Building Expenses	637	619
Insurance	42	35
Professional Advice	42	702
Printing	24	71
Marketing	255	97
Office Expenses	1,209	1,106
ICT Expenses	489	554
Collection Expenses	149	86
Total goods and services supplied or rendered	5,302	4,607
1. All goods supplied and services rendered are in connection with external parties.		
Other supplier expenses		
Workers compensation expenses	188	229
Total other supplier expenses	188	229
Total supplier expenses	5,490	4,836
Note 3C: Grants		
Public sector:		
Research grants	38	7
Total grants	38	7
Note 3D: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	840	724
Buildings	191	191
Heritage and cultural assets	135	128
Total depreciaton and amortisation	1,166	1,043
Note 3E: Write-Down and Impairment of Assets		
Write down of financial assets		
Bad and doubtful debts expense	51	-
Impairment of non-financial assets	-	-
Impairment of inventory	1	1
Total write-down and impairment of assets	52	1

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

	2014	2013
	\$'000	\$'000
<u>Note 3F: Losses from Assets Sales</u>		
Property, plant and equipment:		
Proceeds from sale	(8)	-
Carrying value of assets sold	24	-
Total losses from asset sales	<u>16</u>	<u>-</u>
<u>Note 3G: Operating Expenditure for Heritage and Cultural Assets¹</u>		
Operating expenditure	<u>1,129</u>	<u>460</u>
Total operating expenditure for heritage and cultural assets	<u>1,129</u>	<u>460</u>

1. 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.

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

	2014	2013
	\$'000	\$'000
Note 4: Own-Source Income		
Own-Source Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Sale of goods in connection with		
External parties	<u>429</u>	332
Total sale of goods	<u><u>429</u></u>	<u><u>332</u></u>
Rendering of services in connection with		
Related entities	-	-
External parties	<u>279</u>	321
Total rendering of services	<u><u>279</u></u>	<u><u>321</u></u>
Total sale of goods and rendering of services	<u><u>708</u></u>	<u><u>653</u></u>
Note 4B: Interest		
Deposits	<u>631</u>	814
Total interest	<u><u>631</u></u>	<u><u>814</u></u>
Note 4C: Grants		
From related entities	<u>3,702</u>	1,978
From external parties	<u>109</u>	93
Total grants	<u><u>3,811</u></u>	<u><u>2,071</u></u>
Note 4D: Other Revenue		
Conference fees	<u>685</u>	701
Contract administration	-	166
Other revenue	<u>80</u>	295
Total other revenue	<u><u>765</u></u>	<u><u>1,162</u></u>
GAINS		
Note 4E: Gains from Sale of Assets		
Property, plant and equipment:		
Proceeds from sale	<u>-</u>	39
Total gains from sale of assets	<u><u>-</u></u>	<u><u>39</u></u>
Note 4F: Revenue from Government		
Department of Education and predecessor portfolio agencies		
CAC Act body payment item	<u>13,300</u>	12,798
Total revenue from Government	<u><u>13,300</u></u>	<u><u>12,798</u></u>

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Building on leasehold land	11,476	-	-	11,476
Heritage and cultural	10,059	-	10,059	-
Other property, plant and equipment	2,660	-	793	1,867
Total non-financial assets	24,195	-	10,852	13,343
Total fair value measurements of assets in the statement of financial position	24,195	-	10,852	13,343

Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)

The highest and best use of all non-financial assets are the same as their current use.

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ¹	Inputs used	Range (weighted average) ²
Non-financial assets					
Building on leasehold land	Level 3	11,476	Cost Approach	Construction cost and condition i.e. remaining life	N/A
Heritage and cultural	Level 2	10,059	Market Approach	Appropriate active markets	N/A
Other property, plant and equipment	Level 2	793	Market Approach	Active market data for Motor vehicles, General and Computer and IT Equipment	N/A
Other property, plant and equipment	Level 3	1,867	Cost Approach	Construction cost and condition i.e. remaining life	N/A

1. No change in valuation technique occurred during the period.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 and Level 3 category.

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The Institute procured valuation services from Pickles Valuation Services (PVS) and relied on valuation models provided by PVS. PVS provided written assurance to the Institute that the valuation task methodology employed is in compliance with AASB 13.

Recurring Level 3 fair value measurements - sensitivity of inputs

There are no significant unobservable inputs used in the fair value measurement of the Institute's non-financial assets. A range and weighted average for unobservable inputs was not available from the valuers when measuring the fair value of level 3 assets. This information will be obtained for the next valuation.

Note 5C: Reconciliation for Recurring Level 3 Fair Value Measurements**Recurring Level 3 fair value measurements - reconciliation for assets**

	Non-financial assets		Non-financial assets	
	Building on leasehold land	Total	Other property, plant and equipment	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Opening balance	11,667	11,667	1,952	1,952
Purchases	-	-	205	205
Depreciation/amortisation	(191)	(191)	(288)	(288)
Disposals	-	-	(2)	(2)
Closing balance	11,476	11,476	1,867	1,867

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

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

	2014 \$'000	2013 \$'000
Note 6: Financial Assets		
Note 6A: Cash and Cash Equivalents		
Cash on hand or on deposit	1,050	911
Total cash and cash equivalents	1,050	911
Note 6B: Trade and Other Receivables		
Goods and services receivables in connection with		
External parties	361	337
Total goods and services receivables	361	337
Other receivables		
GST receivable from the Australian Taxation Office	194	134
Total other receivables	194	134
Total trade and other receivables (gross)	555	471
Less impairment allowance		
Other receivables	(38)	(2)
Total impairment allowance	(38)	(2)
Total trade and other receivables (net)	517	469
Receivables are expected to be recovered in:		
No more than 12 months	517	469
Total trade and other receivables (net)	517	469
Trade and other receivables (gross) aged as follows		
Not overdue	275	179
Overdue by:		
0 to 30 days	111	82
31 to 60 days	66	14
61 to 90 days	3	8
More than 90 days	100	95
Total trade and other receivables (gross)	555	378
Impairment allowance aged as follows		
Overdue by:		
More than 90 days	38	2
Total impairment allowance	38	2
Reconciliation of the Impairment Allowance		
Movements in relation to 2014		
	Goods and services \$'000	Total \$'000
Opening balance	2	2
Increase/decrease recognised in net cost of services	36	36
Closing balance	38	38
Movements in relation to 2013		
	Goods and services \$'000	Total \$'000
Opening balance	9	9
Increase/decrease recognised in net cost of services	(7)	(7)
Closing balance	2	2

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

	2014	2013
	\$'000	\$'000
Note 6C: Other Investments		
Other investments	16,153	16,686
Total other investments	16,153	16,686
Other investments expected to be recovered		
No more than 12 months	16,153	16,686
Total other investments	16,153	16,686

Other investments comprise short-term deposits that have stated interest rates of 2.4 to 3.56 percent and mature in 1 to 3 months.

Note 7: Non-Financial Assets

Note 7A: Land and Buildings

Building on leasehold land		
Fair Value	11,667	11,667
Accumulated depreciation	(191)	-
Total land and buildings	11,476	11,667

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.

Note 7B: Property, Plant and Equipment

Heritage and cultural		
Artworks and artefacts - fair value	7,303	7,303
Library collection - fair value	2,891	2,872
Accumulated depreciation	(135)	-
Total heritage and cultural	10,059	10,175
Other property, plant and equipment		
Fair Value	3,495	3,036
Accumulated depreciation	(835)	-
Total other property, plant and equipment	2,660	3,036
Total property, plant and equipment	12,719	13,211

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

For further information, please refer note 7C.

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

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment (2013-14)

	Buildings \$'000	Other property, plant & equipment \$'000	Heritage and Cultural \$'000	Total \$'000
As at 1 July 2013				
Gross book value	11,667	3,036	10,175	24,878
Accumulated depreciation and impairment	-	-	-	-
Net book value 1 July 2013	11,667	3,036	10,175	24,878
Additions:				
Purchase	-	487	19	506
Depreciation	(191)	(840)	(135)	(1,166)
Other movements:				
Writeback depreciation	-	5	-	5
Disposals	-	(28)	-	(28)
Net book value 30 June 2014	11,476	2,660	10,059	24,195
Net book value as of 30 June 2014 represented by:				
Gross book value	11,667	3,495	10,194	25,356
Accumulated depreciation and impairment	(191)	(835)	(135)	(1,161)
Net book value 30 June 2014	11,476	2,660	10,059	24,195

Reconciliation of the opening and closing balances of property, plant and equipment (2012-13)

	Buildings \$'000	Other property, plant & equipment \$'000	Heritage and Cultural \$'000	Total \$'000
As at 1 July 2012				
Gross book value	11,555	5,164	10,022	26,741
Accumulated depreciation and impairment	(383)	(1,755)	(256)	(2,394)
Net book value 1 July 2012	11,172	3,409	9,766	24,347
Additions:				
Purchase	-	338	23	361
Revaluations and impairments through equity	686	14	525	1,225
Depreciation	(191)	(724)	(128)	(1,043)
Other movements:				
Writeback Depreciation	-	134	-	134
Disposals	-	(135)	(11)	(146)
Net book value 30 June 2013	11,667	3,036	10,175	24,878
Net book value as of 30 June 2013 represented by:				
Gross book value	11,667	3,036	10,175	24,878
Accumulated depreciation and impairment	-	-	-	-
Net book value 30 June 2013	11,667	3,036	10,175	24,878

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

	2014	2013
	\$'000	\$'000
Note 7D: Inventories		
Inventories held for sale		
Finished goods	212	211
Provisions for obsolete inventory	(182)	(181)
Total inventories	30	30
No items of inventory are recognised at fair value less cost to sell.		
Note 7E: Other Non-Financial Assets		
Prepayments	6	9
Total other non-financial assets	6	9
Other non-financial assets expected to be recovered		
No more than 12 months	6	9
Total other non-financial assets	6	9
No indicators of impairment were found for other non-financial assets.		
Note 8: Payables		
Note 8A: Suppliers		
Trade creditors and accruals	434	348
Total suppliers	434	348
Suppliers expected to be settled		
No more than 12 months	434	348
Total suppliers	434	348
Suppliers in connection with		
External parties	434	348
Total suppliers	434	348
Settlement is usually made within 30 days.		
Note 8B: Other payables		
Wages and salaries	330	328
Superannuation	340	301
Unearned Income	194	178
Total other payables	864	807
Other payables expected to be settled		
No more than 12 months	864	807
Total other payables	864	807
Note 9: Provisions		
Note 9A: Employee provisions		
Leave	2,105	2,168
Total employee provisions	2,105	2,168
Employee provisions expected to be settled		
No more than 12 months	654	574
More than 12 months	1,451	1,594
Total employee provisions	2,105	2,168

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

Note 10: Cash Flow Reconciliation	2014	2013
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per:		
Cash flow statement	1,050	911
Statement of financial position	1,050	911
Difference	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of services	(14,487)	(12,665)
Revenue from Government	13,300	12,798
Adjustments for non-cash items		
Depreciation/amortisation	1,166	1,043
Write down of impairment	36	-
Loss/(Gain) on disposal of assets	16	(34)
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	(48)	784
(Increase)/decrease in inventories	(1)	30
(Increase)/decrease in prepayments	2	17
Liabilities		
Increase/(decrease) in employee provisions	(64)	104
Increase/(decrease) in supplier payables	86	(60)
Increase/(decrease) in grant payables	-	(18)
Increase/(decrease) in other payables	56	(143)
Net cash from operating activities	62	1,857

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 11: Remuneration of Councillors

	2014	2013
	No.	No.
The number of Councillors of the Institute included in these figures are shown below in the relevant remuneration bands:		
\$0 to \$29,999	10	9
Total number of councillors	10	9

Total remuneration received or due and receivable by members of the Council of the Institute for 2014 is \$49,855 and for 2013 is \$60,247.

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 are no Executive Councillors.

Note 12: Related Party Disclosures

Members of Council

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

Professor Michael Dodson AM, Chairperson
 Professor John Maynard, Deputy Chairperson
 Emer. Professor Robert Tonkinson
 Ms June Oscar AO
 Mr Kado Muir
 Professor Sandy Toussaint
 Associate Professor Mark Wenitong
 Ms Robynne Quiggin
 Mr Dana Ober
 Ms Neva Collings

The Institute paid a Directors and Officers indemnity insurance premium of \$3,351 (2012/13: \$3,351) on behalf of Councillors during the year. Royalty payments totalling \$223 (2012/13: \$201) were made to Professor J Maynard, a Council member during the year, in relation to his book published through Aboriginal Studies Press. Royalty payments totalling \$209 (2012/13: \$201) were also made to Emer. Professor R Tonkinson, a Council member during the year, in relation to his book published through Aboriginal Studies Press. Other than these payments and remuneration as Councillor, no benefits were provided to Council members.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 13: Executive Remuneration

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

	2014	2013
	\$	\$
Short-term employee benefits		
Salary	494,156	243,189
Performance bonuses	27,241	24,319
Total short-term employee benefits	<u>521,397</u>	<u>267,508</u>
Post-employee benefits		
Superannuation	61,298	26,870
Total post-employee benefits	<u>61,298</u>	<u>26,870</u>
Other long-term benefits		
Annual leave accrued	33,164	10,324
Long-service leave	10,609	3,302
Total other long-term benefits	<u>43,773</u>	<u>13,626</u>
Total senior executive remuneration expenses	<u>626,468</u>	<u>308,004</u>

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 total remuneration expensed for a senior executive was less than \$195,000.
3. This note takes into account the full year effect of two executives whereas last year there was only one executive included in this note.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 13B: Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration ¹	Substantive senior executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)						
\$225,000 to \$224,999	1	193,449	34,363	-	24,181	251,993
\$255,000 to \$284,999	1	229,763	26,335	-	27,380	284,078
Total number of substantive senior executives	2					

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration ¹	Substantive senior executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total reportable remuneration \$
Total remuneration (including part-time arrangements)						
\$195,000 to \$224,999	1	159,981	22,240	-	19,997	202,218
\$255,000 to \$284,999	1	218,857	26,870	-	26,832	272,559
Total number of substantive senior executives	2					

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:

- gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- reportable fringe benefits (at the net amount prior to 'grossing up' to account for for tax purposes);
- reportable employer superannuation contributions; and
- exempt foreign employment income.

3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

There were no other highly paid staff with remuneration of \$195,000 or more for the 2013-14 and 2012-13 financial periods.

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

Note 14: Remuneration of Auditors

	2014	2013
	\$'000	\$'000
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	36	35
	<u>36</u>	<u>35</u>

These amounts represent the fair value of services provided.

KPMG 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 KPMG during the reporting period.

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

	Notes	2014 \$'000	2013 \$'000
Note 15: Financial Instruments			
<u>Note 15A: Categories of Financial Instruments</u>			
Financial Assets			
Loans and receivables			
Cash on hand or on deposit	6A	1,050	911
Cash on call deposit	6C	157	299
Fixed Term Deposit with Bank	6C	15,996	16,387
Receivables for goods and services (net)	6B	361	337
Total financial assets		<u>17,564</u>	<u>17,934</u>
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	8A	434	348
Total financial liabilities		<u>434</u>	<u>348</u>
<u>Note 15B: Net Gains or Losses on Financial Assets</u>			
Loans and receivables			
Interest revenue	4B	631	814
Net gains on loans and receivables		<u>631</u>	<u>814</u>
Net gains on financial assets		<u>631</u>	<u>814</u>

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

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 \$361,000(2013: \$337,000). The Institute has assessed the risk of default on payment and has allocated \$2,808 (2013: \$2,433) to a provision for doubtful debts account. The Institute had policies and procedures that guided employees debt recovery techniques that were to be applied. The Institute holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2014 \$'000	Not past due or impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Cash and cash equivalents	17,203	17,597	-	-
Receivables for good as services	81	138	280	199
Total	17,284	17,735	280	199

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for good and services	111	66	3	100	280
Total	111	66	3	100	280

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for good and services	82	14	8	95	199
Total	82	14	8	95	199

Australian Institute of Aboriginal and Torres Strait Islander Studies
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2014

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: Financial Assets Reconciliation

	2014	2013
	\$'000	\$'000
Total financial assets as per statement of financial position	17,720	18,066
Plus: Impairment allowance	38	2
Less: non-financial instrument components:		
GST receivables	194	134
Total non-financial instrument components	194	134
Total financial assets as per financial instruments note.	17,564	17,934

Note 17: Compensation and Debt Relief

AIATSIS did not make any payments or provide for any provision in relation to compensation and debt relief, including either Act of Grace payments, waivers of debts owed to the Institute, payments made under the Compensation for Detriment caused by Defective Administration, payments made under approved ex-gratia programs or payments made in special circumstances relating to APS employment pursuant to Section 73 of the *Public Service 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 2014

Note 18: Reporting of Outcomes

Note 18A: Net Cost of Outcome Delivery

	Outcome 1	
	2014	2013
	\$'000	\$'000
Departmental		
Expenses	20,402	17,403
Income from non-government sector	2,213	2,761
Own-source income	-	-
Net cost of outcome delivery	18,189	14,642

Note 18B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

AIATSIS has one outcome. Therefore these figures appear on the Statement of Comprehensive Income and Statement of Financial Position.