

# 7

## AUDITOR-GENERAL'S REPORT





## INDEPENDENT AUDITOR'S REPORT

To the Minister for Families, Community Services and Indigenous Affairs

### Scope

I have audited the accompanying financial statements of the Australian Institute of Family Studies for the year ended 30 June 2007, which comprise: a statement by the Directors and Chief Finance Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments; a summary of significant accounting policies; and other explanatory notes.

### *The Responsibility of the Director for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Institute of Family Studies' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Institute of Family Studies' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Australian Institute of Family Studies' Director, as well as evaluating the overall presentation of the financial statements.

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

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

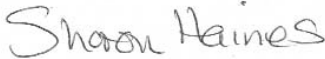
***Independence***

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

In my opinion, the financial statements of the Australian Institute of Family Studies:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Institute of Family Studies financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Sharon Haines  
Senior Director

Delegate of the Auditor-General

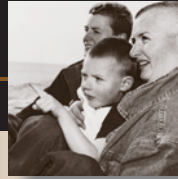
Canberra

3 September 2007



# 8

## FINANCIAL STATEMENTS

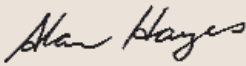


## CONTENTS

Statement by Directors and Chief Finance Officer	119
Income Statement	120
Balance Sheet	121
Statement of Changes in Equity	122
Cash Flow Statement	123
Schedule of Commitments	124
Note 1: Summary of Significant Accounting Policies	126
Note 2: Events after the Balance Sheet Date	136
Note 3: Income	136
Note 4: Expenses	137
Note 5: Financial Assets	138
Note 6: Non-Financial Assets	139
Note 7: Payables	142
Note 8: Provisions	143
Note 9: Cash Flow Reconciliation	143
Note 10: Executive Remuneration	144
Note 11: Remuneration of Auditors	144
Note 12: Average Staffing Levels	144
Note 13: Financial Instruments	145
Note 14: Appropriations	146
Note 15: Special Accounts	148
Note 16: Reporting of Outcomes	149
Note 17: Compensation and Debt Relief	150

**AUSTRALIAN INSTITUTE OF FAMILY STUDIES  
STATEMENT BY DIRECTORS AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2007 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 *Financial Management and Accountability Act 1997*, as amended.



**Alan Hayes**

Director

30 August 2007



**Sue Tait**

Deputy Director  
Corporate and Strategy

30 August 2007



**Susan Leong**

Chief Finance Officer

30 August 2007

## INCOME STATEMENT

for the period ended 30 June 2007

		2007	2006
	Notes	\$	\$
<b>INCOME</b>			
<b>Revenue</b>			
Revenue from government	3A	4,232,000	3,722,004
Sale of goods and rendering of services	3B	6,373,788	6,233,726
Interest	3C	–	118,558
Royalties	3D	114,794	80,656
Other revenue	3E	41,653	39,293
<b>Total revenue</b>		<b>10,762,235</b>	10,194,237
<b>Gains</b>			
Sale of assets	3F	2,173	–
Resources received free of charge		22,000	–
<b>Total gains</b>		<b>24,173</b>	–
<b>TOTAL INCOME</b>		<b>10,786,408</b>	10,194,237
<b>EXPENSES</b>			
Employee benefits	4A	5,097,275	4,682,664
Suppliers	4B	5,132,828	5,571,756
Depreciation and amortisation	4C	181,211	118,609
Write-down and impairment of assets	4D	–	134,171
Losses from asset sales	4E	12,289	–
<b>TOTAL EXPENSES</b>		<b>10,423,603</b>	10,507,200
<b>Surplus (Deficit)</b>		<b>362,805</b>	(312,963)

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

**BALANCE SHEET**

as at 30 June 2007

	Notes	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5A	<b>1,054,425</b>	46,016
Trade and other receivables	5B	<b>3,150,425</b>	2,256,411
<b>Total financial assets</b>		<b>4,204,850</b>	2,302,427
<b>Non-financial assets</b>			
Buildings – leasehold improvements	6A,C	<b>582,816</b>	39,431
Plant and equipment	6B,C	<b>1,487,738</b>	314,645
Intangibles	6D	<b>37,082</b>	38,480
Other non-financial assets	6E	<b>108,644</b>	91,947
<b>Total non-financial assets</b>		<b>2,216,280</b>	484,503
<b>TOTAL ASSETS</b>		<b>6,421,130</b>	2,786,930
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	<b>405,768</b>	183,327
Other payables	7B	<b>2,966,902</b>	874,513
<b>Total payables</b>		<b>3,372,670</b>	1,057,840
<b>Provisions</b>			
Employee provisions	8A	<b>1,297,071</b>	1,089,963
<b>Total provisions</b>		<b>1,297,071</b>	1,089,963
<b>TOTAL LIABILITIES</b>		<b>4,669,741</b>	2,147,803
<b>NET ASSETS</b>		<b>1,751,389</b>	639,127
<b>EQUITY</b>			
Contributed equity		<b>1,409,295</b>	634,295
Reserves		–	25,543
Retained surplus (accumulated deficit)		<b>342,094</b>	(20,711)
<b>TOTAL EQUITY</b>		<b>1,751,389</b>	639,127
<b>Current assets</b>		<b>4,313,494</b>	2,394,374
<b>Non-current assets</b>		<b>2,107,636</b>	392,556
<b>Current liabilities</b>		<b>3,624,145</b>	1,972,812
<b>Non-current liabilities</b>		<b>1,045,596</b>	174,991

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

## STATEMENT OF CHANGES IN EQUITY

as at 30 June 2007

	Retained earnings		Asset revaluation reserves		Contributed equity		Total equity	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance carried forward from previous year <sup>1</sup></b>	<b>(20,711)</b>	292,252	<b>25,543</b>	94,174	<b>634,295</b>	634,295	<b>639,127</b>	1,020,721
<b>Income and expense</b>								
Revaluation adjustment	–	–	<b>(25,543)</b>	(68,631)	–	–	<b>(25,543)</b>	(68,631)
<b>Sub-total income and expenses recognised directly in equity</b>	<b>–</b>	–	<b>(25,543)</b>	(68,631)	<b>–</b>	–	<b>(25,543)</b>	(68,631)
Surplus (Deficit) for the period	<b>362,805</b>	(312,963)	–	–	–	–	<b>362,805</b>	(312,963)
<b>Total income and expenses</b>	<b>362,805</b>	(312,963)	<b>(25,543)</b>	(68,631)	<b>–</b>	–	<b>337,262</b>	(381,594)
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Appropriation (equity injection)	–	–	–	–	<b>775,000</b>	–	<b>775,000</b>	–
<b>Sub-total transactions with owners</b>	<b>–</b>	–	<b>–</b>	–	<b>775,000</b>	–	<b>775,000</b>	–
<b>Transfers between equity components</b>	<b>–</b>	–	<b>–</b>	–	<b>–</b>	–	<b>–</b>	–
<b>Closing balance at 30 June</b>	<b>342,094</b>	(20,711)	<b>–</b>	25,543	<b>1,409,295</b>	634,295	<b>1,751,389</b>	639,127

1. Employee provisions and the opening balances of retained earnings have been restated in the financial statements to take into account calculation errors prior to financial year 2005–2006. Long service leave provisions were incorrectly calculated mainly due to the eligible prior-year service for some employees being inadvertently omitted. The opening balance in retained earnings for 2005–2006 have been restated by \$312,245.

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

## CASH FLOW STATEMENT

for the period ended 30 June 2007

	<b>Notes</b>	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		9,289,577	7,262,478
Appropriations		2,078,541	3,411,837
Interest		–	118,558
Net GST received		72,687	–
Contribution from landlord towards leasehold improvements		921,000	–
Other cash received		181,447	119,949
<b>Total cash received</b>		<b>12,543,252</b>	10,912,822
<b>Cash used</b>			
Employees		4,915,527	5,158,507
Suppliers		5,462,366	6,726,283
Net GST paid		–	437,697
Other cash used		–	–
<b>Total cash used</b>		<b>10,377,893</b>	12,322,487
<b>Net cash from or (used by) operating activities</b>	9	<b>2,165,359</b>	(1,409,665)
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of leasehold improvements, plant and equipment		15,986	–
Investments – s.18 CAC Act		–	1,561,206
Other cash received		–	–
<b>Total cash received</b>		<b>15,986</b>	1,561,206
<b>Cash used</b>			
Purchase of leasehold improvements, plant and equipment		1,947,936	172,032
<b>Total cash used</b>		<b>1,947,936</b>	172,032
<b>Net cash from or (used by) investing activities</b>		<b>(1,931,950)</b>	1,389,174
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity		775,000	–
Other cash received		–	–
<b>Total cash received</b>		<b>775,000</b>	–
<b>Cash used</b>			
Other cash used		–	–
<b>Total cash used</b>		<b>–</b>	–
<b>Net cash from or (used by) financing activities</b>		<b>775,000</b>	–
<b>Net increase or (decrease) in cash held</b>		<b>1,008,409</b>	(20,491)
Cash at the beginning of the reporting period		46,016	66,507
<b>Cash at the end of the reporting period</b>	5A	<b>1,054,425</b>	46,016

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

## SCHEDULE OF COMMITMENTS

as at 30 June 2007

	2007	2006
	\$	\$
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Project commitments receivable <sup>1</sup>	21,964,607	21,852,733
<b>Total commitments receivable</b>	<b>21,964,607</b>	<b>21,852,733</b>
<b>Other commitments</b>		
Operating leases <sup>2</sup>	6,938,784	250,527
Project commitments payable	10,995,920	19,534,476
<b>Total other commitments</b>	<b>17,934,704</b>	<b>19,785,003</b>
<b>Net commitments by type</b>	<b>4,029,903</b>	<b>2,067,730</b>
 <b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Project commitments receivable</b>		
One year or less	9,360,424	6,444,243
From one to five years	12,604,183	15,408,490
Over five years	—	—
<b>Total project commitments receivable</b>	<b>21,964,607</b>	<b>21,852,733</b>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
One year or less	642,948	250,527
From one to five years	2,695,500	—
Over five years	3,600,336	—
<b>Total operating lease commitments</b>	<b>6,938,784</b>	<b>250,527</b>
 <b>Project commitments payable</b>		
One year or less	4,571,516	4,707,558
From one to five years	6,424,404	14,826,918
Over five years	—	—
<b>Total project commitments payable</b>	<b>10,995,920</b>	<b>19,534,476</b>
<b>Net commitments by maturity</b>	<b>4,029,903</b>	<b>2,067,730</b>

NB: Commitments are GST inclusive where relevant.

1. Project commitments receivable are based on known commitments for contracted research funds (i.e. amount specified in contract agreement).

2. Operating leases included effectively are non-cancellable and comprise:

*Lease for office accommodation*

Upon expiry of the lease at 300 Queen Street, Melbourne, during the financial year, the Institute entered into a 10-year tenancy agreement at 485 La Trobe Street, Melbourne, which runs to 28 February 2017. Lease payments are subject to an annual fixed percentage increase of 3.75%. The lease may be renewed for a further term of 5 years at the Institute's option, following a once-off adjustment of rental to market levels.

*Agreement for the provision of motor vehicle to a senior executive officer*

No contingent rentals exist. There are no renewal or purchase options available to the Institute.

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

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2007**

Note 1: Summary of Significant Accounting Policies	126
Note 2: Events after the Balance Sheet Date	136
Note 3: Income	136
Note 4: Expenses	137
Note 5: Financial Assets	138
Note 6: Non-Financial Assets	139
Note 7: Payables	142
Note 8: Provisions	143
Note 9: Cash Flow Reconciliation	143
Note 10: Executive Remuneration	144
Note 11: Remuneration of Auditors	144
Note 12: Average Staffing Levels	144
Note 13: Financial Instruments	145
Note 14: Appropriations	146
Note 15: Special Accounts	148
Note 16: Reporting of Outcomes	149
Note 17: Compensation and Debt Relief	150

## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Australian Institute of Family Studies

The Australian Institute of Family Studies ('the Institute') is an Australian Public Service organisation. Following the Government's response to the Review of Corporate Governance of Statutory Authorities and Office Holders by John Uhrig, the Institute's status as a statutory agency under the *Commonwealth Authorities and Companies Act 1997* was revoked and re-established as a prescribed agency under the *Financial Management and Accountability Act 1997*, and a statutory agency under the *Australian Public Service Act*, on 1 July 2006. The legislative changes were made in Act No. 82, 2006, *Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and other Measures) Act, 2006*.

The Institute is structured to meet one outcome, namely to inform Government, policy makers and other stakeholders on factors influencing how families function. The Institute has one output, namely information and advice on factors influencing how families function.

The Institute's activities contributing towards this outcome is classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Institute in its own right.

The key objectives of the Institute are to:

- Conduct high-quality research on a broad range of policy-relevant issues regarding families in Australia;
- Inform and influence policy development, in areas relevant to family well-being;
- Promote and lead public understanding and debate about factors affecting family functioning and wellbeing;
- Identify and communicate current and emerging issues in family research, policy and practice; and
- Maintain and strengthen our role as the national centre for research on families.

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

### 1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2006; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The Financial Report is presented in Australian dollars, and values are rounded to the nearest dollar unless otherwise stated.

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 and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 1.16).

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

### 1.3 Significant Accounting Judgements and Estimates

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

### 1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Institute is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards, including Australian Equivalents to International Financial Reporting Standards (AEIFRSs), it cannot make this statement.

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

No accounting standard has been adopted earlier than the effective date in the current period.

The Institute is required to disclose Australian Accounting Standards and Interpretations which have been issued but are not yet effective that have not been earlier adopted by the Institute. The following adopted requirements have resulted in a change to the Institute's accounting policies but have not affected the amounts reported in the current or prior periods or are estimated to have a financial effect in future reporting periods.

#### *Restriction of the fair value option under AASB 139*

The AASB through *2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038]* restricted the option to designate a financial asset or liability at fair value through profit and loss.

The change was introduced with effect from the beginning of the comparative reporting period (1 July 2005). This change has no impact on the amounts reported in the current period or prior periods.

#### *Reimbursement rights*

The AASB through *2005–5 Amendments to Australian Accounting Standards [AASB 1 & AASB 139]* excluded from the scope of *AASB 139 Financial Instruments: Recognition and Measurement* rights for reimbursement for expenditure required to settle a present or former provision recognised under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. The right to reimbursement is now required to be accounted for under AASB 137.

The application of this amendment is applied from the beginning of the comparative period (1 July 2005). This amendment has no impact on the amounts reported in the current period or prior periods.

#### *Financial guarantee contracts*

The AASB through *2005–9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]* now require financial guarantee contracts to be recognised and measured at inception under *AASB 139 Financial Instruments: Recognition and Measurement*. Initially these items are measured at fair value and subsequently at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the initial amount recognised less, when appropriate, cumulative amortisation recognised in accordance with *AASB 118 Revenue*.

The amendment has no financial impact as the Institute does not have any financial guarantee contracts in the current period or prior periods.

#### *Other effective requirement changes*

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Institute.

#### **Amendments:**

- 2005–1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124];
- 2005–6 Amendments to Australian Accounting Standards [AASB 3];
- 2006–1 Amendments to Australian Accounting Standards [AASB 121];
- 2006–3 Amendments to Australian Accounting Standards [AASB 1045];
- 2007–4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments [AASBs 1,2,3,4,5,6,7,102,112,114,116,117,118,119,120,121,127,128,129,130,131,132,133,134,136,137,138,139,141,1023 and 1038]; and
- 2007–7 Amendments to Australian Accounting Standards [AASBs 1,2,4,5,107 and 128].

#### **Interpretations:**

- UIG 4 Determining whether an Arrangement contains a Lease;
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies;
- UIG 8 Scope of AASB 2; and
- UIG 9 Reassessment of Embedded Derivatives.

*Future Australian Accounting Standard requirements*

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

*Financial instrument disclosure*

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (in this case, the 2007–2008 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7, a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005–10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

*Other*

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

- AASB 1049 Financial Reporting of General Government Sectors by Governments; and
- UIG 10 Interim Financial Reporting and Impairment.

**1.5 Revenue***Revenue from Government*

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue.

Appropriations receivable are recognised at their nominal amounts.

*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.

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). The Institute did not receive any contribution of assets.

Resources received free of charge are recorded as either revenue or gains depending on their nature i.e. whether they have been generated in the course of the ordinary activities of the Institute.

*Other Types of Revenue*

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;

- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Institute.

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

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits 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.

Copyright royalty revenue for the use of the Institute's publications and bibliographic databases is recognised on an accrual basis.

Cost recovery which relates mainly to reimbursements from employees and sponsorships of travel expenses is recognised on a cash basis.

Interest revenue in the year 2005–2006 was recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Following the transition from the *Commonwealth Authorities and Companies Act 1997* to the *Financial Management and Accountability Act (1997)* on 1 July 2006, the Institute is no longer allowed to earn interest on cash or hold any investments. As a result, the Institute did not earn any interest revenue in the year 2006–2007.

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

## 1.6 Gains

### *Other 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.

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). The Institute did not receive any contribution of assets.

Resources received free of charge are recorded as either revenue or gains depending on their nature i.e. whether they have been generated in the course of the ordinary activities of the Institute.

### *Sale of Assets*

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

## 1.7 Transactions with the Government as Owner

### *Equity injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

### *Restructuring of Administrative Arrangements*

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against Contributed Equity. The Institute was not involved in any restructuring of administrative arrangements.

### *Other distributions to owners*

The FMOs require that distributions to owners be debited to Contributed Equity unless in the nature of a dividend. There was no distribution to owners.

## 1.8 Employee Benefits

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

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

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

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

### *Leave*

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

The leave liabilities are calculated on the basis of employees' remuneration, including the Institute's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by use of the Australian Government Actuary shorthand method as allowed by the FMOs. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### *Separation and Redundancy*

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.

There was no provision for separation and redundancy payments in the year 2006–2007. The Institute has not formally identified positions as excess to requirements.

### *Superannuation*

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

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

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

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

From 1 July 2005, new employees are eligible to join the PSSap scheme.

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

## **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The Institute has no finance leases.

## **1.10 Borrowing Costs**

The Institute does not have any borrowing costs.

## **1.11 Cash and Cash Equivalents**

Cash and cash equivalents mean notes and coins held, deposits held at call with a bank or financial institution and money orders. Cash and cash equivalents are recognised at their nominal amount.

## **1.12 Financial Risk Management**

The Institute's activities expose it to normal commercial financial risk. As a result of the nature of the Institute's business and internal and Australian Government policies, dealing with the management of financial risk, the Institute's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

### 1.13 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

#### *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 Income Statement.

### 1.14 Interest Bearing Loans and Borrowings

The Institute does not have any interest bearing loans and borrowings.

### 1.15 Supplier and Other Payables

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

### 1.16 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 existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

There were no quantifiable Contingent Liabilities or Contingent Assets nor were there any unquantifiable or remote Contingent Liabilities or Contingent Assets for both 2006–2007 and 2005–2006.

### 1.17 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, 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 Agency's accounts immediately prior to the restructuring.

### 1.18 Buildings – Leasehold Improvements, Plant and Equipment

#### *Asset Recognition Threshold*

Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$1,000, 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 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. This is particularly relevant to 'makegood' provisions in property leases taken up by the Institute where there exists an obligation to restore the property to its original condition. Under the terms of the existing property lease, the Institute is not required to 'makegood' at the end of the lease period.

#### *Revaluations*

Fair values for each class of asset are determined as shown below:

<b>Asset Class</b>	<b>Fair value measured at:</b>
Buildings – leasehold improvements	Market selling value
Plant and equipment	Market selling value

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### *Depreciation*

Depreciable leasehold improvements, 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:

	<b>2007</b>	2006
Buildings – leasehold improvements	<b>Term of lease</b>	5 to 10 years
Plant and equipment	<b>3 to 15 years</b>	3 to 15 years

#### *Impairment*

All assets were assessed for impairment as at 30 June 2007. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Institute were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value in both current and previous years.

### 1.19 Intangibles

The Institute's intangibles comprise externally developed software purchased by the Institute for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Institute's software is 3 to 5 years (2005–2006: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

### 1.20 Taxation/Competitive Neutrality

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

Revenues, expenses and assets are recognised net of GST:

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

#### *Competitive Neutrality*

The Institute does not provide services on a for-profit basis. Therefore, competitive neutrality is not applicable.

### 1.21 Correction of the Calculation of Employee Long Service Leave Provisions for Prior Years

During 2006–2007, it was recognised that an error had occurred in the calculation of the employee long service leave provisions for the 2005–2006 and prior years. The main reason for the error was that for some staff the prior year long service leave for employees accumulated whilst with other Australian Government agencies prior to commencement with the Institute had been omitted from the calculation of the long service leave provision. As a result, adjustments have been made to:

#### *Balance Sheet*

The Employee Provisions amount for 2005–2006 has been adjusted from \$777,718 to \$1,089,963, an adjustment of \$312,245.

#### *Statement of Changes in Equity*

The 2005–2006 opening balance has been decreased from \$604,497 to \$292,252, an adjustment of \$312,245.

## Note 2: Events after the Balance Sheet Date

There were no significant events after the Balance Sheet date.

## Note 3: Income

	2007	2006
	\$	\$
<b>Revenue</b>		
<b><u>Note 3A: Revenue from Government</u></b>		
Appropriation:		
Departmental outputs	4,232,000	3,722,004
<b><i>Total revenue from Government</i></b>	<b>4,232,000</b>	<b>3,722,004</b>
<b><u>Note 3B: Sale of goods and rendering of services</u></b>		
Provision of goods – related entities	7,433	12,526
Provision of goods – external entities	22,299	37,577
<b><i>Total sale of goods</i></b>	<b>29,732</b>	<b>50,103</b>
Rendering of services – related entities	5,017,937	5,363,327
Rendering of services – external entities	1,326,119	820,296
<b><i>Total rendering of services</i></b>	<b>6,344,056</b>	<b>6,183,623</b>
<b><i>Total sale of goods and rendering of services</i></b>	<b>6,373,788</b>	<b>6,233,726</b>
<b><u>Note 3C: Interest</u></b>		
Deposits	–	118,558
<b><i>Total interest</i></b>	<b>–</b>	<b>118,558</b>
<b><u>Note 3D: Royalties</u></b>		
Copyright	114,794	80,656
<b><i>Total royalties</i></b>	<b>114,794</b>	<b>80,656</b>
<b><u>Note 3E: Other revenue</u></b>		
Cost recovery	38,733	30,101
Other	2,920	9,192
<b><i>Total other revenue</i></b>	<b>41,653</b>	<b>39,293</b>
<b>Gains</b>		
<b><u>Note 3F: Sale of assets</u></b>		
Plant and equipment		
Proceeds from sale	15,986	–
Carrying value of assets sold	(13,813)	–
Selling expense	–	–
<b><i>Net gain from sale of assets</i></b>	<b>2,173</b>	<b>–</b>

## Note 4: Expenses

	2007	2006
	\$	\$
<b>Note 4A: Employee benefits</b>		
Wages and salaries	3,916,065	3,252,724
Superannuation	555,577	501,105
Leave and other entitlements	400,683	384,981
Separation and redundancies	–	324,958
Other employee benefits	224,950	218,896
<b>Total employee benefits</b>	<b>5,097,275</b>	<b>4,682,664</b>
<b>Note 4B: Suppliers</b>		
Provision of goods – related entities	–	–
Provision of goods – external entities	371,106	421,524
Rendering of services – related entities	1,846,942	3,642,744
Rendering of services – external entities	2,497,811	1,132,338
Operating lease rentals:		
Minimum lease payments	383,563	346,009
Workers compensation premiums	33,406	29,141
<b>Total supplier expenses</b>	<b>5,132,828</b>	<b>5,571,756</b>
<b>Note 4C: Depreciation and amortisation</b>		
Depreciation:		
Buildings – leasehold improvements	19,051	10,100
Plant and equipment	148,019	87,293
<b>Total depreciation</b>	<b>167,070</b>	<b>97,393</b>
<b>Amortisation</b>		
Intangibles:		
Computer Software	14,141	21,216
<b>Total amortisation</b>	<b>14,141</b>	<b>21,216</b>
<b>Total depreciation and amortisation</b>	<b>181,211</b>	<b>118,609</b>
<b>Note 4D: Write-down and impairment of assets</b>		
Inventory written off	–	15,783
Impairment of non-financial assets		
Buildings – leasehold improvements	–	75,924
Plant and equipment	–	27,487
Intangibles - software	–	14,980
<b>Total write-down and impairment of assets</b>	<b>–</b>	<b>134,174</b>
<b>Note 4E: Losses from assets sales</b>		
Buildings – leasehold improvements		
Proceeds from sale	–	–
Carrying value of assets sold	4,210	–
Selling expense	–	–
Plant and equipment		
Proceeds from sale	–	–
Carrying value of assets sold	8,079	–
Selling expense	–	–
<b>Total losses from assets sales</b>	<b>12,289</b>	<b>–</b>

## Note 5: Financial Assets

	2007	2006
	\$	\$
<b>Note 5A: Cash and cash equivalents</b>		
Cash at bank	1,048,982	45,516
Cash on hand	543	500
Money orders	4,900	–
<b>Total cash and cash equivalents</b>	<b>1,054,425</b>	<b>46,016</b>
<b>Note 5B: Trade and other receivables</b>		
Goods and services	568,586	1,538,370
Appropriations receivable:		
for existing outputs	2,463,626	310,167
GST receivable from the Australian Taxation Office	92,853	407,874
Other receivables	25,360	–
<b>Total trade and other receivables (gross)</b>	<b>3,150,425</b>	<b>2,256,411</b>
Less Allowance for doubtful debts:		
Goods and services	–	–
Other	–	–
<b>Total trade and other receivables (net)</b>	<b>3,150,425</b>	<b>2,256,411</b>
Receivables are aged as follows:		
Not overdue	3,006,319	1,681,734
Overdue by:		
Less than 30 days	130,186	92
30 to 60 days	13,251	573,183
61 to 90 days	550	1,389
More than 90 days	119	13
<b>Total receivables (gross and net)</b>	<b>3,150,425</b>	<b>2,256,411</b>
Receivables are represented by:		
Current	3,150,425	2,256,411
Non-current	–	–
<b>Total trade and other receivables (net)</b>	<b>3,150,425</b>	<b>2,256,411</b>

## Note 6: Non-Financial Assets

	2007	2006
	\$	\$
<b>Note 6A: Buildings – leasehold improvements</b>		
Leasehold improvements		
– fair value	<b>607,645</b>	151,425
– accumulated depreciation	<b>(24,829)</b>	(111,994)
<b>Total buildings – leasehold improvements</b>	<b>582,816</b>	39,431

In 2006–2007, the Institute did not undertake a revaluation of its leasehold improvements as these assets were newly acquired upon relocation of the Institute to its new office premises at 485 La Trobe Street, Melbourne. Hence, the carrying amount of these assets should approximate their fair value. The leasehold improvements at the Institute's old premises at 300 Queen Street have been written off.

No indicators of impairment were found for leasehold improvements as at 30 June 2007.

### **Note 6B: Plant and equipment**

Plant and equipment		
– gross carrying value (at fair value)	<b>1,771,974</b>	554,790
– accumulated depreciation	<b>(284,236)</b>	(240,145)
Total plant and equipment	<b>1,487,738</b>	314,645

In 2006–2007, the Institute did not undertake a revaluation of its plant and equipment as all the assets, with the exception of computer equipment, were newly acquired upon the Institute's relocation to its new office premises. Hence, the carrying amount of these assets should approximate their fair value. All furniture and fittings at the Institute's old premises were disposed of.

The computer equipment was also recently acquired in June 2006 and during the financial year 2006–2007, hence their carrying amount should also approximate their fair value.

No indicators of impairment were found for plant and equipment as at 30 June 2007.

**Note 6C: Analysis of leasehold improvements, plant and equipment****Table A – Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment (2006–2007)**

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
<b>As at 1 July 2006</b>			
Gross book value	151,425	554,790	706,215
Accumulated depreciation	(111,994)	(240,145)	(352,139)
<b>Net book value 1 July 2006</b>	<b>39,431</b>	<b>314,645</b>	<b>354,076</b>
Additions:			
by purchase	566,645	1,368,548	1,935,193
Revaluations and impairments through equity	–	(25,543)	(25,543)
Depreciation expense	(19,051)	(148,019)	(167,070)
Disposals	(4,209)	(21,893)	(26,102)
<b>Net book value 30 June 2007</b>	<b>582,816</b>	<b>1,487,738</b>	<b>2,070,554</b>

**Net book value as of 30 June 2007 represented by:**

Gross book value	607,645	1,771,974	2,379,619
Accumulated depreciation	(24,829)	(284,236)	(309,065)
	<u>582,816</u>	<u>1,487,738</u>	<u>2,070,554</u>

**Table A – Reconciliation of the opening and closing balance of leasehold improvements, plant and equipment (2005–2006)**

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
<b>As at 1 July 2005</b>			
Gross book value	151,425	385,086	536,511
Accumulated depreciation	(12,571)	(78,313)	(90,884)
<b>Net book value 1 July 2005</b>	<b>138,854</b>	<b>306,773</b>	<b>445,627</b>
Additions:			
by purchase	–	169,704	169,704
Revaluations and impairments through equity	(13,399)	(47,052)	(60,451)
Depreciation expense	(10,100)	(87,293)	(97,393)
Impairments recognised in the operating result	(75,924)	(27,487)	(103,411)
<b>Net book value 30 June 2006</b>	<b>39,431</b>	<b>314,645</b>	<b>354,076</b>

**Net book value as of 30 June 2006 represented by:**

Gross book value	151,425	554,790	706,215
Accumulated depreciation	(111,994)	(240,145)	(352,139)
	<u>39,431</u>	<u>314,645</u>	<u>354,076</u>

	2007	2006
	\$	\$
<b>Note 6D: Intangibles</b>		
Computer software at cost:		
Purchased	119,509	108,216
Accumulated amortisation	(82,427)	(61,560)
Accumulated impairment write-down	–	(8,176)
<b>Total intangibles (non-current)</b>	<b>37,082</b>	<b>38,480</b>

No indicators of impairment were found for intangible assets as at 30 June 2007.

**Table B – Reconciliation of the opening and closing balances of intangibles (2006–2007)**

	Computer software purchased \$
<b>As at 1 July 2006</b>	
Gross book value	108,216
Accumulated amortisation and impairment	(69,736)
<b>Net book value 1 July 2006</b>	<b>38,480</b>
Additions:	
by purchase or internally developed	12,743
Amortisation	(14,141)
<b>Net book value 30 June 2007</b>	<b>37,082</b>

**Net book value as of 30 June 2007 represented by:**

Gross book value	119,509
Accumulated amortisation and impairment	(82,427)
	<b>37,082</b>

**Table B – Reconciliation of the opening and closing balances of intangibles (2005–2006)**

	Computer software purchased \$
<b>As at 1 July 2005</b>	
Gross book value	105,888
Accumulated amortisation and impairment	(25,364)
<b>Net book value 1 July 2005</b>	<b>80,524</b>
Additions:	
by purchase or internally developed	2,328
Amortisation	(21,216)
Impairments recognised in the operating result	(14,980)
Other movements – impairment write-down to revaluation reserve	(8,176)
<b>Net book value 30 June 2006</b>	<b>38,480</b>

**Net book value as of 30 June 2006 represented by:**

Gross book value	108,216
Accumulated amortisation and impairment	(69,736)
	<b>38,480</b>

	2007	2006
	\$	\$
<b>Note 6E: Other non-financial assets</b>		
Prepayments	108,644	91,947
<i>Total other non-financial assets</i>	<u>108,644</u>	<u>91,947</u>

All other non-financial assets are current assets.

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

## Note 7: Payables

	2007	2006
	\$	\$
<b>Note 7A: Suppliers</b>		
Trade creditors	404,121	183,327
Operating lease rentals	1,647	–
<b>Total supplier payables</b>	<u>405,768</u>	<u>183,327</u>

Supplier payables are represented by:

Current	405,768	183,327
Non-current	–	–
<b>Total supplier payables</b>	<u>405,768</u>	<u>183,327</u>

Settlement is usually made net 30 days.

<b>Note 7B: Other payables</b>		
Unearned income	1,787,819	665,104
GST payable to ATO	130,867	68,084
Lease incentive	890,300	–
Accrued expenses	157,916	141,325
<b>Total other payables</b>	<u>2,966,902</u>	<u>874,513</u>

Other payables are represented by:

Current	2,168,702	874,513
Non-current	798,200	–
<b>Total other payables</b>	<u>2,966,902</u>	<u>874,513</u>

## Note 8: Provisions

	2007	2006
	\$	\$
<b>Note 8A: Employee provisions</b>		
Salaries and wages	192,145	90,849
Leave	1,104,926	999,114
<b>Total employee provisions</b>	<b>1,297,071</b>	<b>1,089,963</b>

Employee provisions are represented by:

Current	1,049,675	914,972
Non-current	247,396	174,991
<b>Total employee provisions</b>	<b>1,297,071</b>	<b>1,089,963</b>

The classification of current includes amounts for which there is not an unconditional right of deferral of one year, hence in the case of employee provisions the above classification does not equal the amount expected to be settled within one year of reporting date.

## Note 9: Cash Flow Reconciliation

	2007	2006
	\$	\$
<b>Reconciliation of operating result to net cash from operating activities:</b>		
Surplus (Deficit)	362,805	(312,963)
Depreciation / amortisation	181,211	118,609
Net write down of non-financial assets	–	134,171
Net loss on disposal of assets	10,116	–
(Increase) / decrease in net receivables	(894,014)	(894,750)
(Increase) / decrease in prepayments	(16,697)	(803)
Increase / (decrease) in employee provisions	207,108	(475,843)
Increase / (decrease) in supplier payables	222,441	(102,491)
Increase / (decrease) in unearned income	1,122,715	501,853
Increase / (decrease) in GST payable	62,783	(43,771)
Increase / (decrease) in lease incentive	890,300	–
Increase / (decrease) in accrued expenses	16,591	(333,677)
<b>Net cash from / (used by) operating activities</b>	<b>2,165,359</b>	<b>(1,409,665)</b>

**Note 10: Executive Remuneration**

	2007	2006
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 – \$144,999	–	–
\$145,000 – \$159,999	–	1
\$160,000 – \$174,999	2	–
\$280,000 – \$294,999	–	1
\$295,000 – \$309,999	1	–
<b>Total</b>	<b>3</b>	<b>2</b>
The aggregate amount of total remuneration of executives shown above.	<b>\$642,669</b>	\$434,248
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	<b>Nil</b>	Nil

**Note 11: Remuneration of Auditors**

	2007	2006
	<b>\$</b>	<b>\$</b>
The cost of financial statement audit services provided to the Institute were:		
Australian National Audit Office	–	25,000
	–	25,000
Financial statement audit services that are provided free of charge to the Institute.		
The fair value of the services provided was:		
Australian National Audit Office	<b>22,000</b>	–
	<b>22,000</b>	–
No other services were provided by the Auditor-General.		

**Note 12: Average Staffing Levels**

	2007	2006
The average staffing levels for the Institute during the year were:	<b>51</b>	48

**Note 13: Financial Instruments**

**Note 13A: Interest Rate Risk**

Financial instrument	Note	Floating interest rate		Fixed interest rate maturing in						Non-interest bearing		Total		Weighted average effective interest rate			
		2007	2006	1 year or less		1 to 5 years		> 5 years		2007	2006	2007	2006	2007	2006	2007	
				2007	2006	2007	2006	2007	2006								2007
<b>Financial assets</b>																	
Cash and cash equivalents	5A	-	-	-	-	-	-	-	-	45,516	-	-	500	1,054,425	46,016	n/a	2.45
Receivables for goods and services	5B	-	-	-	-	-	-	-	-	-	-	1,946,244	686,799	1,946,244	1,946,244	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	45,516	-	-	1,741,224	1,741,224	1,992,260		
<b>Total assets</b>													6,421,130	2,786,930			
<b>Financial liabilities</b>																	
Trade creditors	7A	-	-	-	-	-	-	-	-	-	-	183,327	405,768	183,327	183,327	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	-	-	183,327	405,768	183,327	183,327		
<b>Total liabilities</b>													4,669,741	2,147,803			

**Note 13B: Fair Values of Financial Assets and Liabilities**

	Notes	2007		2006	
		Total carrying amount \$	Aggregate fair value \$	Total carrying amount \$	Aggregate fair value \$
<b>Departmental</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5A	<b>1,054,425</b>	<b>1,054,425</b>	46,016	46,016
Receivables for goods and services	5B	<b>686,799</b>	<b>686,799</b>	1,946,244	1,946,244
<b>Total financial assets</b>		<b>1,741,224</b>	<b>1,741,224</b>	1,992,260	1,992,260
<b>Financial liabilities</b>					
<b>(Recognised)</b>					
Trade creditors	7A	<b>405,768</b>	<b>405,768</b>	183,327	183,327
<b>Total financial liabilities</b> <b>(Recognised)</b>		<b>405,768</b>	<b>405,768</b>	183,327	183,327

**Note 13C: Credit Risk Exposures**

The Institute's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Institute has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

**Note 14: Appropriations****Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations**

Following the Government's response to the Review of Corporate Governance of Statutory Authorities and Office Holders by John Uhrig, the Institute's status as a statutory agency under the *Commonwealth Authorities and Companies Act 1997* was revoked and re-established as a prescribed agency under the *Financial Management and Accountability Act 1997*, and a statutory agency under the *Australian Public Service Act*, on 1 July 2006. The legislative changes were made in *Act No. 82, 2006, Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act, 2006*.

Particulars	Departmental outputs <sup>1</sup>		Total	
	2007 \$	2006 \$	2007 \$	2006 \$
Balance of the Appropriation Act carried from previous period <sup>2</sup>	310,167	–	310,167	–
Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act, 2006:				
Cash transfer on establishment of FMA agency <sup>3</sup>	46,016	–	46,016	–
Balance carried forward from previous period	356,183	–	356,183	–
Appropriation Act:				
Appropriation Act (No.1)	3,750,000	3,722,004	3,750,000	3,722,004
Appropriation Act (No.3)	482,000	–	482,000	–
Departmental adjustments by the Finance Minister (Appropriation Acts)	–	–	–	–
Comcover receipts (Appropriation Act s13)	–	–	–	–
Advance to the Finance Minister	–	–	–	–
Reductions: <sup>5</sup>				
– prior years	–	–	–	–
– current year	–	–	–	–
FMA Act:				
Refunds credited (FMA s30)	–	–	–	–
Appropriations to take account of recoverable GST (FMA s30A) <sup>4</sup>	691,913	–	691,913	–
Annotations to 'net appropriations' (FMA s31) <sup>4</sup>	10,408,010	–	10,408,010	–
Adjustment of appropriations on change of entity function (FMA s32)	–	–	–	–
Total appropriation available for payments	15,688,106	3,722,004	15,688,106	3,722,004
Cash payments made during the year (GST inclusive)	12,208,069	3,411,837	12,208,069	3,411,837
Appropriations credited to Special Accounts (excluding GST)	–	–	–	–
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	3,480,037	310,167	3,480,037	310,167
<b>Represented by:</b>				
Cash at bank and on hand	1,054,425	–	1,054,425	–
Departmental appropriations receivable	2,463,626	310,167	2,463,626	310,167
GST payable to the Australian Taxation Office	(38,014)	–	(38,014)	–
<b>Total</b>	<b>3,480,037</b>	<b>310,167</b>	<b>3,480,037</b>	<b>310,167</b>

1. Departmental Outputs refers to the 2006–2007 year.
2. Refer to *Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act 2006*, Schedule 8, Part 2, Division 2, Item 24(1).
3. Refer to *Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act 2006*, Schedule 8, Part 2, Division 2, Item 24(2).
4. Appropriations relating to FMA s30A and FMA s31 relate only to 2006–2007 when the Institute was established as an FMA agency.
5. Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. There was no reduction in departmental outputs appropriation for the Institute in the year 2006–2007.

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

Particulars	Operating		Total	
	Outcome 1		2007	2006
	2007 \$	2006 \$	2007 \$	2006 \$
Balance carried from previous period	–	–	–	–
Appropriation Act:				
Appropriation Act (No.2)	–	–	–	–
Appropriation Act (No.4)	<b>775,000</b>	–	<b>775,000</b>	–
Departmental Adjustments	–	–	–	–
Advance to the Finance Minister	–	–	–	–
Reductions:				
– prior years	–	–	–	–
– current year	–	–	–	–
FMA Act:				
Refunds credited (FMA s30)	–	–	–	–
Appropriations to take account of recoverable GST (FMA s30A)	<b>77,500</b>	–	<b>77,500</b>	–
Adjustment of appropriations on change of entity function (FMA s32)	–	–	–	–
Total appropriations available for payments	<b>852,500</b>	–	<b>852,500</b>	–
Cash payments made during the year (GST inclusive)	<b>852,500</b>	–	<b>852,500</b>	–
Appropriations credited to Special Accounts (GST exclusive)	–	–	–	–
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations	–	–	–	–
<b>Represented by:</b>				
Cash	–	–	–	–
Appropriation receivable	–	–	–	–
<b>Total</b>	–	–	–	–

**Note 15: Special Accounts**

The Institute has established an Other Trust Monies Special Account on 9 August 2006 under subsection 20(1) of the FMA Act. There were no transactions during the year 2006–2007 and the account has a nil balance as at 30 June 2007.

The purpose of the Special Account is to maintain amounts temporarily held on trust for or held for the benefit of a person other than the Australian Government.

## Note 16: Reporting of Outcomes

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

	Outcome 1		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Expenses</b>				
Administered	–	–	–	–
Departmental	10,424	10,507	10,424	10,507
<b>Total expenses</b>	<b>10,424</b>	<b>10,507</b>	<b>10,424</b>	<b>10,507</b>
Costs recovered from provision of goods and services to the non-government sector				
Administered	–	–	–	–
Departmental	(1,348)	(858)	(1,348)	(858)
<b>Total costs recovered</b>	<b>(1,348)</b>	<b>(858)</b>	<b>(1,348)</b>	<b>(858)</b>
<b>Other external revenues</b>				
Administered	–	–	–	–
Departmental	(5,207)	(5,614)	(5,207)	(5,614)
<b>Total other external revenues</b>	<b>(5,207)</b>	<b>(5,614)</b>	<b>(5,207)</b>	<b>(5,614)</b>
<b>Net cost/(contribution) of outcome</b>	<b>3,869</b>	<b>4,035</b>	<b>3,869</b>	<b>4,035</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

### Note 16B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1		Outcome 1 Total	
	Output 1.1			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Departmental expenses</b>				
Employees	5,098	4,683	5,098	4,683
Suppliers	5,133	5,572	5,133	5,572
Depreciation and amortisation	181	118	181	118
Finance costs	–	–	–	–
Write-down and impairment of assets	–	134	–	134
Net loss from disposal of assets	12	–	12	–
<b>Total departmental expenses</b>	<b>10,424</b>	<b>10,507</b>	<b>10,424</b>	<b>10,507</b>
<b>Funded by:</b>				
Revenues from government	4,232	3,722	4,232	3,722
Sale of goods and rendering of services	6,374	6,234	6,374	6,234
Interest	–	118	–	118
Royalties	115	81	115	81
Other revenue	41	39	41	39
Gain from sale of assets	2	–	2	–
Resources received free of charge	22	–	22	–
<b>Total departmental revenues</b>	<b>10,786</b>	<b>10,194</b>	<b>10,786</b>	<b>10,194</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

## Note 17: Compensation and Debt Relief

### Departmental

No payments were made in relation to the following:

- (a) Act of Grace payments under subsection 33(1) of the FMA Act ;
- (b) waivers of amounts owing to the Australian Government (being amounts that the Institute would, but for the waiver, have been entitled to receive on behalf of the Australian Government) pursuant to subsection 34(1) of the FMA Act ;
- (c) payments made under the *Compensation for Detriment caused by Defective Administration (CDDA) Scheme* ;
- (d) payments made under approved ex gratia programs; and
- (e) payments made in special circumstances relating to APS employment pursuant to s73 of the *Public Service Act 1999*.