Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Financial Statements

For the Year Ended 30 June 2012

Australian Institute of International Affairs Ltd
ABN 34 000 045 170

Contents
For the Year Ended 30 June 2012

Directors' Report
30 June 2012

Your directors present their report on Australian Institute of International Affairs Ltd for the financial year ended 30 June 2012.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
John McCarthy AO FAIIA	National President	18/10/2010 - present
Zara Kimpton OAM	National Vice President	09/12/2010 - present
Melissa Conley Tyler	National Executive Director	16/01/2006 - present
Dayle Redden	National Treasurer	07/06/2007 - present
Ian Dudgeon RFD		18/03/2008 - present
Hon. Michael John Randal Mackellar AM		27/11/2008 - 17/11/2011
Leslie Rowe		20/02/2012 - present
Colin Chapman		16/09/2010 - present
Dr Susan Boyd		13/10/2004 - present
Assoc Prof Felix Patrikeeff		22/10/1999 - present
Geoffrey Ewing		07/10/2008 - present
Dr Matthew Sussex		13/11/2008 - present
Prof Andrew O'Neil	AJIA Editor	23/07/2009 - present
Assoc Prof Shirley Scott	Research Chair	17/12/2009 - present
Paul Grigson	DFAT Representative	16/09/2010 - present

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Australian Institute of International Affairs Ltd during the financial year was the promotion of public understanding of issues in Australia's international relations.

No significant changes in the nature of the entity's activity occurred during the financial year.

Long term objectives

The company was established in 1933 with the long term objective to promote public understanding and interest in international affairs.

Strategy for achieving the objectives

To achieve these objectives, the company has adopted the following strategies:

- Forum for Debate - The AIIA hosts meetings, lectures and discussions important to issues in world affairs. In 2011 - 12 the AIIA organised a number of events, making an important contribution to public debate.

- Disseminating Ideas - The AIIA publishes the scholarly journal *Australian Journal of International Affairs* as well as the *Australia in World Affairs* series, the definitive record of Australian foreign policy. Both now span more than 60 years. The AIIA also publishes occasional papers and conference proceedings.

Directors' Report
30 June 2012

1. General information continued

Strategy for achieving the objectives continued

- Educating - The AIIA works to interest young people in world issues through career fairs, school seminars and young member's programs in various states.

- Collaborating - The AIIA partners with other institutes in Australia and worldwide. It has co-operative relationships with similar institutes of international affairs, including the Royal Institute of International Affairs (Chatham House), and maintains contact with more than 110 other institutes worldwide.

Meetings of directors

During the financial year, 7 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
John McCarthy AO FAIIA	7	6
Zara Kimpton OAM	7	7
Melissa Conley Tyler	7	7
Dayle Redden	7	7
Ian Dudgeon RFD	7	6
Hon. Michael John Randal Mackellar AM	3	3
Leslie Rowe	3	3
Colin Chapman	7	7
Dr Susan Boyd	7	7
Assoc Prof Felix Patrikeeff	7	5
Geoffrey Ewing	7	6
Dr Matthew Sussex	7	2
Prof Andrew O'Neil	7	-
Assoc Prof Shirley Scott	7	6
Paul Grigson	7	-

Directors' Report
30 June 2012

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2012 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Dayle Redden

Director: ....
Melissa Conley Tyler

Dated 23 August 2012

Australian Institute of International Affairs Ltd
ABN 34 000 045 170

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Australian Institute of International Affairs Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes
Chartered Accountants

Amanda Bond CA
Partner

Deakin ACT

Statement of Comprehensive Income
For the Year Ended 30 June 2012

	Note	2012 $	2011 $
Other income	12	**503,569**	511,664
Occupancy expense		**(159,795)**	(130,004)
Administrative expense		**(188,156)**	(152,564)
National President's Forum		**(33,574)**	(31,196)
Nygh scholarships		**(16,000)**	(21,500)
Youth initiatives program		**(7,205)**	(6,468)
Production & editorial costs		**(56,087)**	(64,076)
Other expenses		**(167,822)**	(158,163)
Finance costs		**(17,645)**	(19,756)
Profit before income tax		**(142,715)**	(72,063)
Income tax expense		**-**	-
Total comprehensive income for the year		**(142,715)**	(72,063)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**237,238**	381,211
Trade and other receivables	3	**44,789**	33,621
Other assets	5	**10,673**	14,572
TOTAL CURRENT ASSETS		**292,700**	429,404
NON-CURRENT ASSETS			
Property, plant and equipment	4	**2,837,599**	2,898,567
TOTAL NON-CURRENT ASSETS		**2,837,599**	2,898,567
TOTAL ASSETS		**3,130,299**	3,327,971
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	**45,739**	59,196
Other financial liabilities	8	**-**	19,545
TOTAL CURRENT LIABILITIES		**45,739**	78,741
NON-CURRENT LIABILITIES			
Borrowings	7	**277,891**	299,846
TOTAL NON-CURRENT LIABILITIES		**277,891**	299,846
TOTAL LIABILITIES		**323,630**	378,587
NET ASSETS		**2,806,669**	2,949,384
EQUITY			
Reserves		**2,106,148**	2,106,148
Retained earnings		**700,521**	843,236
		2,806,669	2,949,384
TOTAL EQUITY		**2,806,669**	2,949,384

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2012

2012

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2011	**843,236**	**2,106,148**	**2,949,384**
Loss attributable to members of the entity	**(142,715)**	**-**	**(142,715)**
Balance at 30 June 2012	**700,521**	**2,106,148**	**2,806,669**

2011

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2010	915,300	1,056,148	1,971,448
Loss attributable to members of the entity	(72,063)	-	(72,063)
Revaluation increment (decrement)	-	1,050,000	1,050,000
Balance at 30 June 2011	843,237	2,106,148	2,949,385

Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**129,895**	178,115
Payments to suppliers and employees		**(572,849)**	(491,195)
Interest received		**16,819**	16,588
Interest paid		**(17,645)**	(19,756)
Receipt from grants		**155,177**	104,650
Rent & room hire receipts		**206,720**	252,878
Net cash provided by (used in) operating activities	14	**(81,883)**	41,280
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(40,135)**	-
Net cash used by investing activities		**(40,135)**	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(21,955)**	(19,844)
Net cash used by financing activities		**(21,955)**	(19,844)
Net increase (decrease) in cash and cash equivalents held		**(143,973)**	21,436
Cash and cash equivalents at beginning of year		**381,211**	359,775
Cash and cash equivalents at end of financial year	2	**237,238**	381,211

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2012

The financial statements are for Australian Institute of International Affairs Ltd as a not-for-profit individual entity.

1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

1 Summary of Significant Accounting Policies continued

(b) Property, plant and equipment continued

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Plant and Equipment	10% - 40%
Furniture, Fixtures and Fittings	10% - 40%
Improvements	5% - 30%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

1 Summary of Significant Accounting Policies continued

(c) Financial instruments continued

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

1 Summary of Significant Accounting Policies continued

(c) Financial instruments continued

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

1 Summary of Significant Accounting Policies continued

(d) Impairment of non-financial assets

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(g) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements
For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(i) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Australian Institute of International Affairs Ltd's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental income

Investment property revenue is recognised on a receipts basis.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Notes to the Financial Statements
For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(l) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Australian Institute of International Affairs Ltd.

Standard Name	Impact
AASB 1053 Application of Tiers of Australian Accounting Standards and amending standards	The adoption of these standards resulting in the removal of a number of disclosures in the general purpose financial statements in accordance with the Reduced Disclosure Requirements. There was no impact on the reported financial position and performance
AASB 124 Related Party Disclosures and amending standard AASB 2009-12	No significant changes on adoption of this standard.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	No significant changes on adoption of this standard.
AASB 2010-4 / 2010-5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	No significant changes on adoption of this standard.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	No significant changes on adoption of this standard.
AASB 2010-9 / Amendment to Australian Accounting Standards – Severe hyperinflation and removal of fixed dates for first-time adopters	No impact since the entity is not a first-time adopter of IFRS.
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence	Minimal impact since most of the disclosures required by AASB 1054 are already included within the financial statements.
AASB 2011 – 5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]	The group does not have any not-for-profit entities and therefore there is no impact from the adoption of this standard.

2 Cash and Cash Equivalents

	2012	2011
	$	$
Cash at bank and in hand	**33,988**	181,211
Short-term bank deposits	**203,250**	200,000
	237,238	381,211

Notes to the Financial Statements

For the Year Ended 30 June 2012

3 Trade and Other Receivables

	2012	2011
	$	$
CURRENT		
Trade receivables	**44,789**	33,621
Total current trade and other receivables	**44,789**	33,621

4 Property, Plant and Equipment

	2012	2011
	$	$
Building		
At fair value	**3,000,000**	3,000,000
Accumulated depreciation	**(345,200)**	(270,200)
Total buildings	**2,654,800**	2,729,800
Total land and buildings	**2,654,800**	2,729,800
Furniture, fixture and fittings		
At cost	**179,769**	179,688
Accumulated depreciation	**(160,674)**	(159,219)
Total furniture, fixture and fittings	**19,095**	20,469
Improvements		
At cost	**260,741**	220,581
Accumulated depreciation	**(97,037)**	(72,283)
Total improvements	**163,704**	148,298
Total plant and equipment	**182,799**	168,767
Total property, plant and equipment	**2,837,599**	2,898,567

The company's land and buildings were revalued at 31 March 2010 by independent valuers. The valuation was performed by CBRE at the request of the Directors. Valuations are made on the basis of open market value in an arms length transaction based on similar properties. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

4 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Furniture, Fixtures and Fittings	Improvements	Total
	$	$	$	$
Balance at 30 June 2012				
Balance at the beginning of the year	**2,729,800**	**20,469**	**148,298**	**2,898,567**
Additions	**-**	**81**	**40,160**	**40,241**
Depreciation expense	**(75,000)**	**(1,455)**	**(24,754)**	**(101,209)**
Balance at 30 June 2012	**2,654,800**	**19,095**	**163,704**	**2,837,599**

5 Other Assets

	2012	2011
	$	$
Prepayments	**10,673**	14,572

6 Trade and Other Payables

	2012	2011
	$	$
Trade payables	**5,398**	14,839
Employee benefits	**14,671**	10,796
Sundry payables and accrued expenses	**25,671**	33,561
	45,740	59,196

7 Borrowings

	2012 $	2011 $
Secured liabilities:		
Bank loans	**277,891**	299,846
Total non-current borrowings	**277,891**	299,846

(a) The carrying amounts of non-current assets pledged as security are:

	Note	2012 $	2011 $
First Mortgage:			
- freehold land and buildings	4	**2,654,800**	2,729,800

8 Other Financial Liabilities

	2012 $	2011 $
Deferred income	**-**	19,545

9 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

10 Financial Risk Management

The main risks Australian Institute of International Affairs Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and bank loans and overdrafts.

10 Financial Risk Management continued

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	2	**237,238**	381,211
Trade and other receivables	3	**44,789**	33,621
Total financial assets		**282,027**	414,832
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	6	**45,740**	59,195
- Borrowings	7	**277,891**	299,846
Total financial liabilities		**323,631**	359,041

Net fair values

Fair value estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

11 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $ 2 each towards meeting any outstandings and obligations of the company. At 30 June 2012 the number of members was 7 (2011: 7).

12 Revenue and Other Income

Revenue from continuing operations

	2012 $	2011 $
Other revenue		
- interest received	**2,784**	6,867
- Other income	**500,785**	504,797
Total Revenue	**503,569**	511,664

12 Revenue and Other Income continued

	2012	2011
	$	$
Other Income		
Royalties	**60,029**	44,147
Donations	**11,000**	13,308
Nygh Fund	**14,035**	9,721
Other income	**11,202**	38,670
Editorial fees and promotion	**42,619**	38,483
Capitation	**12,730**	12,590
Rent & room hire	**206,720**	252,878
Grants & sponsorship	**142,450**	95,000
	500,785	504,797

13 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the company is $ 102,154 (2011: $ 86,650).

Notes to the Financial Statements
For the Year Ended 30 June 2012

14 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2012	2011
	$	$
Profit for the year	**(142,715)**	(72,063)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**101,103**	98,491
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(11,169)**	(20,663)
- (increase)/decrease in prepayments	**3,899**	(11,081)
- increase/(decrease) in income in advance	**(19,545)**	19,545
- increase/(decrease) in trade and other payables	**(17,330)**	24,583
- increase/(decrease) in employee benefits	**3,874**	2,468
Cashflow from operations	**(81,883)**	41,280

15 Events after the end of the Reporting Period

The financial report was authorised for issue on by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirement; and

   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director	Director ....
Melissa Conley Tyler	Dayle Redden

Dated 23 August 2012

Australian Institute of International Affairs Ltd

ABN 34 000 045 170

Independent Audit Report to the members of Australian Institute of International Affairs Ltd

Report on the Financial Report

We have audited the accompanying financial report of Australian Institute of International Affairs Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors'' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Australian Institute of International Affairs Ltd
ABN 34 000 045 170

Independent Audit Report to the members of Australian Institute of International Affairs Ltd

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Institute of International Affairs Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Australian Institute of International Affairs Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards- Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Hardwickes
Chartered Accountants

Amanda Bond CA
Partner

Deakin ACT