

National Institute for Aboriginal and Torres Strait Islander Health Research Limited

ACN 138 780 695

Annual report for the financial period ended 30 June 2010

Directors' report

The directors of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited submit herewith the annual report of the company for the financial period ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the interim directors and senior management

The current directors as named below are interim directors who consented to act as directors and are set out in the Institute's application for registration as a company. The permanent board of directors will be appointed once a formal selection process has been completed. A selection committee of eminent persons has been appointed by the interim board, who will recommend the nominees it considers most suited to filling the six director and one independent chairperson positions.

The names and particulars of the interim directors of the company during or since the end of the financial year are:

Name	Particulars
Ms Patricia Anderson	<p>Ms Patricia Anderson is the interim Chair of the Lowitja Institute, which incorporates the Cooperative Research Centre for Aboriginal and Torres Strait Islander Health (CRCATSIH). She is an Alyawarre woman known nationally and internationally as a powerful advocate for disadvantaged people, with a particular focus on the health of Indigenous peoples.</p> <p>Ms Anderson has extensive experience in all aspects of Aboriginal health, including community development, advocacy, policy formation and research ethics. She has spoken before the United Nations Working Group on Indigenous People, and was previously the Chair of the Cooperative Research Centre for Aboriginal Health (CRAH) from 2003 to 2009. She has also been the CEO of Danila Dilba Health Service in Darwin, Chair of the National Aboriginal Community Controlled Health Organisation (NACCHO), and Executive Officer of the Aboriginal Medical Services Alliance Northern Territory (AMSANT).</p> <p>Ms Anderson has had many essays, papers and articles published, including <i>Little Children Are Sacred</i>, the report into abuse of Aboriginal children in the Northern Territory. In 2007, she was awarded the Public Health Association of Australia's Sidney Sax Public Health Medal in recognition of her achievements.</p>

Ms Stephanie Bell

Ms Stephanie Bell, a Kulilla/Wakka Wakka woman and Stolen Generation heritage of Warramunga people, is Director of the Central Australian Aboriginal Congress, one of the country's largest and longest established Aboriginal medical services. Ms Bell is also a founding member and current Chairperson of AMSANT, Chairperson of the Northern Territory Aboriginal Health Forum and also a member on many government advisory committees including National NHMRC Antenatal Care Guidelines and NT Child deaths review and Prevention Committee. Her long standing commitment to Aboriginal health is recognised through various research projects and key note presentations both nationally and internationally.

Professor Shane Houston

Professor Shane Houston is a Gangulu man from Central Queensland. He has worked in Aboriginal Affairs for more than 30 years mainly in the health and employment areas and is currently Executive Director Systems Performance and Aboriginal Policy at the Northern Territory Department of Health and Families.

Professor Ian Anderson

Professor Ian Anderson, Foundation Chair in Indigenous Health, is the Director of the Onemda VicHealth Koori Health Unit in the Centre for Health and Society in the Melbourne School of Population Health at The University of Melbourne. Professor Anderson is also the Director of Research and Innovation at the Cooperative Research Centre for Aboriginal and Torres Strait Islander Health (CRCATSIH) and Director of Murrup Barak (Melbourne Institute for Indigenous Development). Professor Anderson chairs the National Indigenous Health Equality Council which was established in 2008.

Professor Anderson has a professional background in medicine and social sciences and has written widely on issues related to Aboriginal health, identity and culture. He has a broad interest in the sociology of health and illness, related policy analysis, and theory development in the social sciences.

Professor Jonathan Carapetis

Professor Jonathan Carapetis is Director of the Menzies School of Health Research. He is a specialist paediatric physician, infectious diseases physician and specialist public health physician. Professor Carapetis' wide range of research interests includes group A streptococcal and pneumococcal diseases and other vaccine preventable diseases.

The above named directors held office during the whole of the reporting period and since the end of the reporting period.

Remuneration of directors and senior management

Information about the remuneration of directors is set out in the remuneration report of this directors' report, on pages 5 to 6.

Company secretary

Ms Tania Kearsley held the position of company secretary of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited ("the Institute") at the end of the reporting period. She has twenty years legal experience and was appointed company secretary at incorporation on 11th August 2009. Ms Kearsley is the proprietor of Corporate Companion, a specialist company secretary service provider. She is a member of the Chartered Institute of Company Secretaries in Australia.

Principal activities

During the year, the principal continuing activities of the Institute consisted of:

- a) Maintaining a focus on nationally identified research priorities for Aboriginal and Torres Strait Islander health as articulated by the policy sector and research bodies.
- b) Extending capacity-building processes that ensure Aboriginal and Torres Strait Islander people are better able to participate in research at all levels.
- c) Ending the need for relatively short-term funding cycles for research and the creation of new partnership structures and programs with each cycle.
- d) Allowing a more flexible, responsive approach to emerging issues within the Aboriginal and Torres Strait Islander health spectrum.
- e) Enabling investment in research initiatives, such as longitudinal studies, that extend beyond the relatively short lifecycle of the Cooperative Research Centre program.
- f) Providing a gateway for all Australians to access Aboriginal and Torres Strait Islander health data, with all research findings generated to be publicly available.

This was the first year of operating activities for the Institute.

Review of operations

In the financial reporting period to 30 June 2010 income of \$2,782,652 was received, with expenditure of \$1,792,479 resulting in a net surplus of \$990,173. As this is the first year of operations there are no prior year comparative figures.

The Institute developed a Business Plan for the Cooperative Research Centre for Aboriginal and Torres Strait Islander Health (CRCATSIH), which outlines the planned activity of the CRCATSIH from 1 April 2010 to 30 June 2014. There are four program areas:

1. Healthy Start, Healthy Life
2. Healthy Communities and Settings
3. Enabling Policy and Systems
4. Knowledge Exchange

The purpose of the Business Plan is to provide guidance for the strategic development of program activity and a framework for monitoring progress to ensure the CRCATSIH delivers on its commitments to the Commonwealth in a timely and cost-effective manner.

Changes in state of affairs

The Institute was formally incorporated on 11th August 2009. The CRCATSIH, which is operated by the Institute, came into existence on the signing of the Commonwealth Agreement on 15th February 2010. Up until 31 March 2010, the financial management of the Institute was undertaken by the Darwin based Menzies School of Health Research.

Subsequent events

There are no matters subsequent to the end of the financial year that may significantly affect the Institute's operations, results or state of affairs in future years.

Future developments

Disclosure of information regarding likely developments in the operations of the Institute in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Institute. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The Institute is not subject to any significant environmental regulations.

Indemnification of officers

The Institute has not-for-profit Association Liability insurance to protect the members of the Board of Directors, and the officers of the Institute against any claim, to the extent permitted by the Corporations Act 2001, arising from Institute related activities. Cover is limited to \$10,000,000 for any one claim and in 2010 the premium was \$4,675.

The Institute has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any officer or auditor of the Institute against a liability incurred by that officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, ten board meetings were held.

Directors	Held	Attended
Ms Patricia Anderson	10	10
Ms Stephanie Bell	10	8
Professor Ian Anderson	10	9
Professor Jonathan Carapetis	10	7
Professor Shane Houston	10	7

Proceedings on behalf of the Institute

There were no legal proceedings undertaken by the Institute in this, its first year of operation, and no legal proceedings taken against the Institute.

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of the annual report.

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Institute's directors and its senior management for the financial year ended 30 June 2010. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration of directors and senior management
- key terms of employment contracts.

Directors and senior management details

The following persons acted as directors of the Institute during or since the end of the financial year:

Ms Patricia Anderson (Chair)

Ms Stephanie Bell

Professor Ian Anderson

Professor Jonathan Carapetis

Professor Shane Houston

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the reporting period and since the end of the financial year:

Mr David Morgan (Chief Operating Officer, appointed 15th January 2010)

Remuneration of directors and senior management

2010	Short term employee benefits			Total
	Salary and fees	Bonus	Non-monetary	
	\$	\$	\$	\$
Non-executive directors				
Ms Patricia Anderson	7,550	-	14,529	22,079
Ms Stephanie Bell	-	-	-	-
Professor Ian Anderson	-	-	-	-
Professor Jonathan Carapetis	-	-	-	-
Professor Shane Houston	-	-	-	-
Executive officers				
Mr David Morgan	57,247	-	3,876	61,123

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

There were no bonus payments granted as compensation for the financial period to 30 June 2010.

Key terms of employment contracts

Mr David Morgan is employed under a services consultancy contract for a period of one year. The period of notice to terminate the contract is one month and there is no termination payment provided for under the contract.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Chair

Interim Board of Directors

Location Melbourne

Date: 11 Oct 2010

11 October 2010

The Board of Directors
The National Institute for Aboriginal and Torres Strait
Islander Health Research Limited
179 Grattan Street
CARLTON VIC 3053

Dear Board Members,

The National Institute for Aboriginal and Torres Strait Islander Health Research Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors The National Institute for Aboriginal and Torres Strait Islander Health Research Limited.

As lead audit partner for the audit of the financial statements of The National Institute for Aboriginal and Torres Strait Islander Health Research Limited for the 11 months ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Julie Crisp
Partner
Chartered Accountants

Independent Auditor's Report to the members of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited

We have audited the accompanying financial report of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 27.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is 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. In Note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the National Institute for Aboriginal and Torres Strait Islander Health Research Limited's financial position as at 30 June 2010 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Julie Crisp
Partner
Chartered Accountants
Darwin, 14 October 2010

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Institute.
- (c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Patricia Anderson
Interim Chair

Melbourne, 11 October 2010

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**Statement of comprehensive Income
for the period ended 30 June 2010**

	Notes	11 months ended 30 June 2010 \$
Continuing operations		
Revenue	5	2,765,990
Interest revenue	6	16,662
Administration expenses	7	(118,357)
Depreciation expense	7	(1,847)
Employment expense	7	(833,780)
Operating expenses	7	(838,495)
Surplus before income tax		990,173
Income tax expense		-
Surplus for the period from continuing operations		990,173
SURPLUS FOR THE PERIOD, NET OF TAX		<u>990,173</u>
COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX		<u>990,173</u>
Attributable to:		
Members of the Institute		990,173

**Statement of financial position
as at 30 June 2010**

	Notes	30 June 2010 \$
Assets		
<i>Current assets</i>		
Cash and bank balances	17	1,368,715
Other assets	9	<u>9,508</u>
Total current assets		<u>1,378,223</u>
<i>Non-current assets</i>		
Property, plant and equipment	8	<u>34,025</u>
Total non-current assets		<u>34,025</u>
Total assets		<u><u>1,412,248</u></u>
Liabilities		
<i>Current liabilities</i>		
Trade and other payables	10	24,658
Goods and services tax payable		126,647
Provisions	11	53,126
Other liabilities	12	<u>199,016</u>
Total current liabilities		<u>403,447</u>
<i>Non-current liabilities</i>		
Provisions	11	<u>18,629</u>
Total non-current liabilities		<u>18,629</u>
Total liabilities		<u><u>422,075</u></u>
Net assets		<u><u>990,173</u></u>
Equity		
Retained earnings	13	<u>990,173</u>
Total equity		<u><u>990,173</u></u>

Statement of changes in equity
for the 11 month period ended 30 June 2010

	Notes	Retained earnings \$
Balance as at beginning of period		-
Total comprehensive income for the period		<u>990,173</u>
Balance at 30 June 2010	13	<u>990,173</u>

**Statement of cash flows
for the 11 month period ended 30 June 2010**

	Notes	Period ended 30 June 2010
Cash flows from operating activities		\$
Receipts from customers		2,736,860
Payments to suppliers and employees		<u>(1,378,065)</u>
Net cash generated by operating activities		<u>1,358,795</u>
Cash flows from investing activities		
Interest received		16,662
Payments to acquire property, plant and equipment		<u>(6,742)</u>
Net cash generated by investing activities		<u>9,920</u>
Net increase in cash and cash equivalents		<u>1,368,715</u>
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period	17	<u>1,368,715</u>

Notes to the Financial Statements for the period ended 30 June 2010

1. General information

The National Institute for Aboriginal and Torres Strait Islander Health Research Limited ("the Institute") is a company limited by guarantee and incorporated in Australia.

The address of the registered office is:

21 McLachlan Street
Fortitude Valley QLD 4006

The principal place of business is:

179 Grattan Street
Carlton VIC 3053

The principal activities of the Institute are described in the Director's Report.

The Institute was incorporated on 11 August 2009 and accordingly only current year figures covering the period from incorporation are shown.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013 Early adoption is permitted	30 June 2014

3. Significant accounting policies

The following significant accounting policies have been adopted in the preparation of the financial statements.

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS')

The financial statements were authorised for issue by the directors 11 October 2010.

3.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.3.1 Commonwealth government grants and participant contributions

Commonwealth Government grants are not recognised until there is reasonable assurance that the Institute will comply with the conditions attaching to them and that the grant will be received. Participant contributions are recognised as revenue when an invoice is raised to cover the contribution.

3.3.2 Interest revenue

Interest revenue from bank deposits is recognised when earned.

3.4 Financial assets and liabilities

3.4.1 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.4.1.1 Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.4.2 Financial liabilities

Financial liabilities are classified as 'other financial liabilities', which are measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

3.4.2.1 Derecognition of financial liabilities

The Institute derecognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or they expire.

3.5 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Institute in respect of services provided by employees up to reporting date.

The Lowitja Institute allows freedom of choice for employees in their choice of superannuation funds. Scheme membership among employees at 30 June 2010 was as follows:

UNISUPER	6
AGEST	2
AMP	1
BT BUSINESS	1
HESTA	1
MEDIA SUPER	1

Where an employee agree to contribute a minimum of 3% of their after tax income to superannuation, the Institute will contribute a total of 14%, otherwise employer superannuation contributions will be as per relevant legislation.

3.6 Taxation

The income of the Institute is exempt from income tax pursuant to the provisions of Subdivision 50-B of the Income Tax Assessment Act 1997. The Institute is also endorsed by the Australian Taxation Office as a public benevolent institution.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Inventories

Stocks of consumable and administrative items purchased in the normal operations are not taken into account at close of balance date as assets, but are written off at the time of purchase.

3.9 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of an expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institute's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. Revenue

The following is an analysis of the Institute's revenue for the year from continuing operations (excluding investment revenue – see note 6).

	Period ended 30 June 2010
	\$
Revenue from Commonwealth Government grants	2,205,000
Essential participant contribution	275,000
Revenue from reimbursements	229,360
Other revenue	56,630
	2,765,990

6. Investment revenue

Interest revenue:	
Bank deposits	16,662
	16,662

7. Surplus for the period from continuing operations

Surplus for the period from continuing operations has been arrived at after charging (crediting):

7.1 Administration expenses

Communication	17,133
Honoraria	23,875
Legal	57,909
Other	19,440
	118,357

7.2 Depreciation expense

Depreciation of property, plant and equipment	1,847
	1,847

7.3 Employee benefits expense

Recruitment	30,089
Salary and wages	781,306
Superannuation	19,929
Workcover	1,510
Other employee benefits	946
	833,780

7. Surplus for the period from continuing operations (cont'd)

7.4 Operational expenses

	Period ended 30 June 2010
	\$
Consultant fees	74,313
Consumables	30,295
Donations	7,500
Equipment – minor	6,858
Functions	38,352
Information technology	14,993
Memberships	10,413
Printing	37,809
Project expenditure	513,369
Promotions	9,456
Rent	19,264
Travel	75,873
	838,495

8. Property, plant and equipment

Cost	35,872
Accumulated depreciation	(1,847)
	34,025
Plant and equipment	6,533
Motor vehicles	27,492
	34,025

	Plant and equipment at cost \$	Motor vehicles at cost \$	Total \$
Cost or valuation			
Balance as at beginning of period	-	-	-
Additions	6,742	29,130	35,872
	6,742	29,130	35,872
Balance at end of period	6,742	29,130	35,872

8. Property, plant and equipment (cont'd)

Accumulated depreciation

	Plant and equipment at cost \$	Motor vehicles at cost \$	Total \$
Accumulated depreciation			
Balance at beginning of period	-	-	-
Depreciation expense	208	1,639	1,847
Balance at end of period	208	1,639	1,847

During the period, the Institute carried out a review of the recoverable amount of its plant, equipment and motor vehicles. All assets were determined to be at fair value, with the exception of motor vehicles. The motor vehicles, with a book value of \$29,130 were gifted to the Institute by Menzies School of Health Research. A valuation review will be carried out on all assets in the 2010/11 financial year.

The following useful lives are used in the calculation of depreciation.

Plant and equipment	3 – 5 years
Motor vehicles	5 years

9. Other assets

	30 June 2010 \$
Bonds paid	1,492
Prepayments	7,239
Credit cards	777
	9,508
Current	9,508

10. Trade and other payables

Trade payables	24,658
	24,658

The average credit period on purchases of certain goods is one month. No interest is charged on trade payables. The Institute has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

11. Provisions

	30 June 2010
	\$
Employee benefits	<u>71,755</u>
	<u>71,755</u>
Current	53,126
Non-current	18,629

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued. On the transfer of employees from Menzies School of Health Research ("MSHR") the Institute recognised an amount of \$47,136 in respect of employee benefits incurred by MSHR. These funds were transferred from MSHR to the Institute.

12. Other liabilities

Accrued expenses	173,702
Payroll liabilities	<u>25,314</u>
	<u>199,016</u>

13. Retained earnings

Retained earnings

Balance at beginning of period	-
Surplus attributed to members of the Institute	<u>990,173</u>
Balance at end of period	<u>990,173</u>

14. Financial instruments

14.1 Capital risk management

The Institute manages its capital to ensure that the entity will be able to continue as a going concern. The capital structure of the Institute consists of cash and bank balances and equity of the Institute (comprising of retained earnings as detailed in note 13).

14. Financial Instruments (cont'd)

14.2 Significant accounting policies

The following is the Institute's accounting policies and terms and conditions for each class of financial asset and liability.

Recognised Financial Instrument	Accounting Policies	Terms and conditions
(i) Financial assets	Receivables are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is doubtful.	Credit "sales" are generally on 30 day terms.
(ii) Financial liabilities	Liabilities are recognised for the amounts to be paid in the future for goods and services received, whether or not billed to the entity	Trade liabilities are normally settled on 30 day terms.

14.3 Categories of financial instruments

	30 June 2010
	\$
Financial assets	
Cash and bank balances	<u>1,368,715</u>
Total financial assets	<u>1,368,715</u>
Financial liabilities	
Amortised costs	24,658
Other liabilities	<u>199,016</u>
Total financial liabilities	<u>223,674</u>

14.3.1 Market risk

(i) Cash flow and fair value interest rate risk

The Institute is exposed to interest rate risk.

The Institute monitors the future predicted interest rates and manages cash reserves to maximise interest rate returns. The board is informed of the management of the Institute's cash reserves.

14. Financial instruments (cont'd)

14.3.2 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the entity. The Institute's credit risk at 30 June 2010 in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

14.3.3 Liquidity risk

The Institute's liquidity risk at 30 June 2010 is in relation to unpaid debtors. The Institute manages liquidity risk by monitoring and reporting to the Board debtors over 60 days.

14.3.4 Fair value of financial instruments

Recognised financial instruments

Cash, cash equivalents and short term investments: The carrying amount approximates fair value because of their short term to maturity.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of trade receivables and payables.

15. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the Institute during the period, were appointed on 11th August 2009 unless otherwise stated:

Ms Patricia Anderson (Chair)

Ms Stephanie Bell (Non-executive director)

Professor Ian Anderson (Non-executive director and Director of Research and Innovation)

Professor Jonathan Carapetis (Non-executive director)

Professor Shane Houston (Non-executive director)

Mr David Morgan (Chief Operating Officer), appointed 15th January 2010, contract end date 14th January 2010.

The aggregate compensation made to key management personnel of the Institute is set out below:

	Period ended 30 June 2010 \$
Short-term employee benefits	83,202

15. Key management personnel compensation (cont'd)

The compensation of each member of the key management personnel of the Institute is set out below:

	Short-term employee benefits		Total
	Salary and fees	Non-monetary	
	\$	\$	\$
P Anderson	7,550	14,529	22,079
S Bell	-	-	-
I Anderson	-	-	-
J Carapetis	-	-	-
S Houston	-	-	-
D Morgan	57,247	3,876	61,123
Total	64,797	18,405	83,202

16. Related party transactions

During the period ending 30 June 2010, the following related party transactions took place.

Professor Jonathan Carapetis is the Director of MSHR as well as a non-executive director of the Institute. Until 31 March 2010, the MSHR was the Centre Agent for the Institute which entailed providing all corporate services activities as well as being the employer of the Institute's staff. As such, the Institute paid \$863,624 to Menzies School of Health Research in reimbursements for goods, services and employee benefit costs it incurred on behalf of the Institute. All reimbursements charged to the Institute were at the actual costs incurred by MSHR with the exception of the salaries for Institute staff, which incurred an additional 41% oncost charge to cover accrued employee benefits and an administration service fee.

From 1 April 2010, the Institute took control of its own corporate service activities and also became the employer of its staff. A total of eight staff transferred from MSHR to the Institute, which resulted in the Institute invoicing the MSHR for \$188,638 to cover accrued employee benefits that had been previously charged to the Institute.

17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks accounts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	30 June 2010
	\$
Cash and bank balances	1,368,715
	1,368,715

17.1 Reconciliation of surplus for the period to net cash flows from operating activities

	Period ended 30 June 2010 \$
Cash flows from operating activities	
Surplus for the period	990,173
Interest earned	(16,662)
Gifted assets	(29,130)
Depreciation of property, plant and equipment	1,847
	<u>946,228</u>
Movements in working capital	
Increase in bonds	(1,492)
Increase in prepaid expenses	(7,239)
Increase in trade and other payables	23,881
Increase in accrued expenses	173,702
Increase in payroll liabilities	25,313
Increase in provisions	71,755
Increase in goods and service tax payable	126,647
	<u>412,567</u>
Cash generated from operations	<u>412,567</u>
Net cash generated by operating activities	<u>1,358,795</u>
18. Remuneration of auditors	
Audit or review of the financial statements	<u>16,600</u>

19. Events after the reporting period

There were no significant events occurring after the end of the reporting period.