

# **RECONCILIATION AUSTRALIA LIMITED**

**ABN 76 092 919 769**

**Financial report  
for the year ended 30 June 2011**

# RECONCILIATION AUSTRALIA LIMITED

## Contents

Directors' report	1
Auditors' independence declaration	5
Directors' declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Independent audit report	31

# RECONCILIATION AUSTRALIA LIMITED

## Directors' report

The directors of Reconciliation Australia Limited (Reconciliation Australia) present the annual financial report of the company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### DIRECTORS

The names and particulars of the directors of Reconciliation Australia during or since the end of the financial year are:

<b>Name</b>	<b>Particulars</b>
Prof Michael James Dodson, AM	A man of the Yawuru peoples. Aged 61, joined the Board in 2001. Director of the National Centre for Indigenous Studies at the ANU, Chair of the Australian Institute of Aboriginal and Torres Strait Islander Studies and represents Indigenous people of the Pacific region on the United Nations Permanent Forum on Indigenous Issues. Elected Co-Chair in 2007 and re-elected in 2008, 2009 and 2010.
Mr Mark Matthew Leibler, AC	Co-Chair, Senior Partner of legal firm Arnold Bloch Leibler, aged 67 joined the Board in 2000. Former director of Coles Myer Ltd and serves on numerous boards. First appointed Co-Chair on 7 February 2005 and subsequently re-elected Co-Chair in 2006, 2007, 2008, 2009 and 2010. Resigned 21 February 2011.
Dr Thomas Edwin Calma	An Aboriginal elder from the Kungarakana tribal group and a member of the Iwaidja tribal in the NT. Aged 57, currently the National Coordinator, Tackling Indigenous Smoking, Dr Calma previously served as the Aboriginal and Torres Strait Islander Social Justice Commissioner and the Race Discrimination Commissioner. Dr Calma has a special interest in Indigenous education, employment and training programs. Dr Calma was appointed to the Board on 3 May 2010.
The Hon Frederick Michael Chaney, AO	Chair of Desert Knowledge Australia, aged 69 joined the Board in 2000. Previously a member of Federal Parliament (1974-93), Chancellor of Murdoch University for eight years and retired as deputy president of the National Native Title Tribunal in 2007.
Ms Melinda Ann Cilento	Previously held the position of Deputy Chief Executive to the Business Council of Australia. Prior to this was the BCA's Chief Economist. Before joining the Business Council, worked with County Investment Management (now Invesco) as Head of Economics. Has also worked with the Commonwealth Department of Treasury in various roles and spent two years working at the International Monetary Fund as the technical assistant to the Australian Executive Director. Aged 44 is currently a non-executive director with Woodside Petroleum and is a Director of Wesfarmers General Insurance Ltd. Ms Cilento was appointed to the Board on 7 July 2010. Ms Cilento was appointed Co-Chair 6 May 2011.
Mr Graham Charles Evans, AO	Chair of the Victorian Competition and Efficiency Commission, aged 67 appointed to the Board in 2006. Previously held senior positions in both public and private sectors including Departmental Secretary for numerous Commonwealth departments, Deputy Secretary for the Department of Prime Minister and Cabinet and senior executive positions with BHP Billiton.

# RECONCILIATION AUSTRALIA LIMITED

## Directors' report

Mr William (Sam) Jeffries

A proud Murawarri man from north-west NSW and southern QLD. Aged 47 he is Managing Director of Sam Jeffries Consulting and has worked in the cotton, hotel and meat industries, the public service and a range of community organisations. He is inaugural Co-Chair of the National Congress of Australia's First Peoples, Co-Chair of the National Centre for Indigenous Excellence, Deputy Chair of the Indigenous Land Corporation and Chair of the Murdi Paaki Regional Assembly. Mr Jeffries was appointed to the Board on 1 February 2010.

Ms Djapirri Mununggirritj

Aged 53 appointed to the Board on 12 February 2009. Currently the Manager of the Yirrkala Women's Resource Centre, a board member of the Yothu Yindi Foundation and is closely involved in the Women's Healing Centre. She is one of the women who was instrumental in the establishment of the Yirrkala Women's Night Patrol.

Ms Kirstie Maud Parker

Aged 42, appointed to the Board on 3 May 2010. A Yuwallarai woman from NSW and Editor of The Koori Mail. She has 25 years experience in mainstream and Indigenous journalism, communications and management of Indigenous organisations, including Tandanya— National Aboriginal Cultural Institute, and the Australian Indigenous Leadership Centre. Previously she was media adviser to a federal government minister and head of public affairs for the Aboriginal and Torres Strait Islander Commission (ATSIC).

Mr Terry Tabuai Waia

A member of the Alt Koedal Clan and is the Torres Strait Regional Authority (TSRA) member for Saibai Island. Aged 60 he has been a member of the TSRA since its formation and was its Chair from 2000-04. Appointed to the Board in 2005.

Ms Samantha Joy Mostyn

Formerly senior executive with Insurance Australia Group, aged 45. Appointed to the Board in 2007. A member of the NSW Premier's Greenhouse Advisory Panel, and is a Board member of the Sydney Theatre Company, the Centenary Institute, and the Redfern-Waterloo Authority. Trustee of the Australian Museum and in 2005 was appointed as a Commissioner with the Australian Football League. Ms Mostyn resigned from the Board on 7 July 2010.

The above named directors held office during and since the end of the financial year except for:

- \* Mr Mark Matthew Leibler AC who resigned from the Board on the 21 February 2011
- \* Ms Samantha Joy Mostyn who resigned from the Board on 07 July 2010

# RECONCILIATION AUSTRALIA LIMITED

## Directors' report

### COMPANY SECRETARY

Ms Leah Armstrong

Chief Executive, aged 47, joined Reconciliation Australia on 30 August 2010. Appointed Company Secretary on 30 August 2010.

Mr Brendan Egan

Corporate Services Director, aged 36, joined Reconciliation Australia on 7 March 2005. Appointed Company Secretary on 28 February 2009. Resigned 30 June 2011.

### PRINCIPAL ACTIVITIES

Reconciliation Australia is an independent, non-government, not-for-profit organisation that has a vision for an Australia that recognises and respects the special place, culture, rights and contribution of Aboriginal and Torres Strait Islander peoples and where good relationships between the first Australians and other Australians become the foundation for local strength and success and the enhancement of our national wellbeing. Reconciliation Australia works with Aboriginal and Torres Strait Islander people and all other Australians to strengthen the understanding, trust and respect that are the key elements to achieving our vision for reconciliation. There have been no significant changes in the nature of those activities during the year.

### REVIEW OF OPERATIONS

The result of Reconciliation Australia's consolidated operations in the current year was a deficit of \$180,614 (\$224,003 deficit in 2009/2010). The result of the company was the same as the consolidated entity following the disbursement of trust funds from the Reconciliation Australia Fund of \$79,544 (\$61,779 in 2009/2010)

Reconciliation Australia's general operational activities were funded primarily by drawing on the balance of the \$11.9M granted to Reconciliation Australia by the Commonwealth government in 2010/11 in addition to funding received from corporate supporters and private donors.

### CHANGES IN THE STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of Reconciliation Australia.

### SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after balance date which may affect either Reconciliation Australia's operations or results of those operations or Reconciliation Australia's state of affairs.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

Reconciliation Australia is not subject to any particular or significant environmental regulation.

### INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, Reconciliation Australia paid a premium in respect of a contract insuring the directors of Reconciliation Australia (as named above), the company secretary, the Chief Executive Officer and all executive officers of Reconciliation Australia against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Reconciliation Australia has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of Reconciliation Australia against a liability incurred as such an officer or auditor.

## RECONCILIATION AUSTRALIA LIMITED

### Directors' report

#### FUTURE DEVELOPMENTS

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

#### 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 (while they were a director). During the financial year there were 4 board meetings.

Directors	Board Meetings Attended (Held)	Audit Committee Attended (Held)
Prof Michael James Dodson, AM	4 (4)	-
Mr Mark Matthew Leibler, AC	3 (3)	-
Dr Thomas Edwin Calma	3 (4)	1 (3)
The Hon Frederick Michael Chaney, AO	4 (4)	3 (3)
Ms Melinda Ann Cilento	4 (4)	3 (3)
Mr Graham Charles Evans, AO	3 (4)	-
Mr William (Sam) Jeffries	2 (4)	-
Ms Djapirri Mununggirritj	4 (4)	-
Ms Samantha Joy Mostyn	0 (0)	-
Ms Kirstie Maud Parker	3 (4)	-
Mr Terry Tabuai Waia	3 (4)	-

Reconciliation Australia has a remunerations and nominations committee that consults as required to consider succession planning at both Board and senior management level. These meetings were not formally held and as such no meeting records were kept.

#### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included at page 5 of this financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Board



Ms Melinda Ann Cilento  
Director

Dr Thomas Edwin Calma  
Director

28 October 2011

The Board of Directors  
Reconciliation Australia Limited  
PO Box 4773  
Kingston ACT 2606

28 October 2011

Dear Directors

## **Reconciliation Australia Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Reconciliation Australia Limited.

As lead audit partner for the audit of the financial statements of Reconciliation Australia Limited for the financial year ended 30 June 2011, 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



Frances Borg  
Partner  
Chartered Accountants  
Canberra, 28 October 2011

## RECONCILIATION AUSTRALIA LIMITED

### Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that Reconciliation Australia 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 there to 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 company and consolidated entity; and

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

On behalf of the Board



Ms Melinda Ann Cilento

Director

Dr Thomas Edwin Calma

Director

28

October 2011



# RECONCILIATION AUSTRALIA LIMITED

## Statement of comprehensive income

For the financial year ended 30 June 2011

		Consolidated		Company	
	notes	2011	2010	2011	2010
		\$	\$	\$	\$
Revenue	3(a)	4,940,465	4,466,321	4,924,772	4,440,122
Employee benefits expense		(3,155,900)	(2,910,483)	(3,155,900)	(2,893,733)
Consultants and contractors expense		(150,159)	(173,022)	(150,159)	(173,022)
Resources, training and staff development expense		(144,016)	(91,113)	(144,016)	(91,113)
Media and community awareness expense		(411,311)	(376,564)	(411,311)	(372,064)
Sponsorships, gifts and partnership development expense		(106,571)	(91,565)	(106,571)	(91,565)
Meetings, consultations, conventions expense		(84,502)	(94,825)	(84,502)	(94,825)
Travel and accommodation expense		(500,419)	(441,616)	(500,419)	(441,616)
Office supplies and communications expense		(228,928)	(201,676)	(228,928)	(199,176)
Depreciation and amortisation expense		(74,665)	(97,494)	(74,665)	(97,494)
Other expenses		(264,608)	(211,966)	(248,915)	(209,517)
<b>SURPLUS / (DEFICIT) BEFORE INCOME TAX EXPENSE</b>	3(b)	<b>(180,614)</b>	<b>(224,003)</b>	<b>(180,614)</b>	<b>(224,003)</b>
Income tax expense	1	-	-	-	-
<b>SURPLUS / (DEFICIT) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(180,614)</b>	<b>(224,003)</b>	<b>(180,614)</b>	<b>(224,003)</b>
Surplus for the year from discontinued operations		-	-	-	-
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(180,614)</b>	<b>(224,033)</b>	<b>(180,614)</b>	<b>(224,003)</b>
Other comprehensive income for the year		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>(180,614)</b>	<b>(224,033)</b>	<b>(180,614)</b>	<b>(224,003)</b>

# RECONCILIATION AUSTRALIA LIMITED

## Statement of financial position

As at 30 June 2011

		Consolidated		Company	
	notes	2011	2010	2011	2010
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	19(a)	900,373	670,706	640,070	431,267
Trade and other receivables	6	157,054	168,194	917,356	907,633
Other financial assets	7,19(a)	1,500,000	2,500,000	1,000,000	2,000,000
Other assets	8	67,133	57,081	67,133	57,081
<b>TOTAL CURRENT ASSETS</b>		<b>2,624,560</b>	<b>3,395,981</b>	<b>2,624,559</b>	<b>3,395,981</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant & equipment	9	164,769	176,506	164,769	176,506
Intangible assets	10	25,126	35,185	25,126	35,185
<b>TOTAL NON-CURRENT ASSETS</b>		<b>189,895</b>	<b>211,691</b>	<b>189,895</b>	<b>211,691</b>
<b>TOTAL ASSETS</b>		<b>2,814,455</b>	<b>3,607,672</b>	<b>2,814,454</b>	<b>3,607,672</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	472,802	206,226	472,802	206,226
Provisions	12	65,354	183,917	65,354	183,917
Revenue received in advance	13	990,844	664,201	990,844	664,201
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,529,000</b>	<b>1,054,344</b>	<b>1,529,000</b>	<b>1,054,344</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	12	22,805	37,620	22,805	37,620
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22,805</b>	<b>37,620</b>	<b>22,805</b>	<b>37,620</b>
<b>TOTAL LIABILITIES</b>		<b>1,551,805</b>	<b>1,091,964</b>	<b>1,551,805</b>	<b>1,091,964</b>
<b>NET ASSETS</b>		<b>1,262,650</b>	<b>2,515,708</b>	<b>1,262,650</b>	<b>2,515,708</b>
<b>EQUITY</b>					
Reserves	14	1,131,307	2,203,751	1,131,307	2,203,751
Accumulated funds	15	131,343	311,957	131,343	311,957
<b>TOTAL EQUITY</b>		<b>1,262,650</b>	<b>2,515,708</b>	<b>1,262,650</b>	<b>2,515,708</b>

# RECONCILIATION AUSTRALIA LIMITED

## Statement of changes in equity

For the financial year ended 30 June 2011

Consolidated	notes	Preserved Capital Amount reserve \$	Accumulated funds \$	Total \$
Balance at 30 June 2009		<b>2,565,272</b>	574,439	<b>3,139,711</b>
Surplus / (Deficit) for the year		-	(224,003)	(224,003)
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(224,003)</b>	<b>(224,003)</b>
Recognised as revenue		(400,000)		(400,000)
Transfers		38,479	(38,479)	
<b>Balance at 30 June 2010</b>		<b>2,203,751</b>	<b>311,957</b>	<b>2,515,708</b>
Surplus / (Deficit) for the year		-	(180,614)	(180,614)
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(180,614)</b>	<b>(180,614)</b>
Recognised as revenue		(1,072,444)	-	(1,072,444)
Transfers		-	-	-
<b>Balance at 30 June 2011</b>		<b>1,131,307</b>	<b>131,343</b>	<b>1,262,650</b>

# RECONCILIATION AUSTRALIA LIMITED

## Statement of cash flows

For the financial year ended 30 June 2011

	notes	Consolidated		Company	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from sponsors		86,571	30,600	86,571	30,600
Project funding received		233,824	544,879	233,824	544,879
Government grants received		3,600,000		3,600,000	
Proceeds from fundraising appeals		60,833	63,995	-	-
Payments to suppliers and employees		(4,912,018)	(4,549,675)	(4,896,327)	(4,519,626)
Dividends received		-	-	-	-
Distributions received		-	-	-	-
Interest and other costs of finance paid		-	-	-	-
Income tax paid		-	-	-	-
Net GST collected / (paid)		(5,823)	70,685	(5,823)	70,685
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	19(b)	(936,613)	(3,839,516)	(981,755)	(3,873,462)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		224,184	140,493	179,258	129,770
Proceeds from sale of property, plant and equipment		-	-	-	-
Purchase of property, plant and equipment		(47,404)	(74,922)	(47,405)	(74,922)
Purchase of intangibles		(10,500)	(11,500)	(10,500)	(11,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES		166,280	54,071	121,353	43,348
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issues of ordinary shares		-	-	-	-
Payment of share issue costs		-	-	-	-
Payment for share buy-back		-	-	-	-
Proceeds from government grants		-	-	-	-
Proceeds of borrowings – Reconciliation Australia Fund		-	-	-	-
Repayments of borrowings – Reconciliation Australia Fund		-	-	69,205	(27,023)
Proceeds from commercial bills		-	-	-	-
Payment of dividends on ordinary shares		-	-	-	-
Repayment of finance lease principal		-	-	-	-
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		-	-	69,205	(27,023)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(770,333)	(3,785,445)	(791,197)	(3,857,137)
Add opening cash brought forward		3,170,706	6,956,151	2,431,267	6,288,404
<b>CLOSING CASH CARRIED FORWARD</b>	19(a)	2,400,373	3,170,706	1,640,070	2,431,267

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

### 1. Adoption of new and revised Accounting Standards

#### 1.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 1.2.

#### Standards affecting presentation and disclosure

Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'

Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to non-current assets classified as held for sale and discontinued operations

Amendments to AASB 101 'Presentation of Financial Statements'(adopted in advance of effective date of 1 January 2011)

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Amendments to AASB 107 'Statement of Cash Flows'

The amendments (part of the AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit and loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

#### 1.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial Statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.

AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Except for the amendments to AASB 101 described earlier in this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.

Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'

This interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit and loss. To date the Group has not entered into transactions of this nature.

### 1.3 Standards and Interpretations in issue 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.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 124 <i>Related Party Disclosures</i> (revised December 2009), AASB 2009-12 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	30 June 2012
AASB 9 <i>Financial Instruments</i> , AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013	30 June 2014

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

### 2. Summary of accounting policies

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

#### Basis of preparation

The financial report has 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.

In the application of Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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.

Judgements made by management in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events as reported.

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial statements were authorised for issue by the directors on 28 October 2011

#### Basis of preparation

The financial report has 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.

In the application of Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

Judgements made by management in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events as reported.

### Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### - Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

### 2. Summary of accounting policies (cont'd)

#### - Employee benefits

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

Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal amounts using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

#### - Financial assets

Investments are measured on the cost basis which is considered to be at fair value. As fair value assets any resultant gain or loss is recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

The current balance of Reconciliation Australia's investments primarily represents the unspent monies received under the Commonwealth Deed of Grant funding arrangement and re-invested interest earnings on this balance. The current strategy for investment is to invest available funds in a low-risk money market account.

Trade receivables, loans and other receivables are recorded at amortised cost using the effective interest rate method less impairment.

#### - Financial instruments issued by the company

Trade and other payables are initially measured at fair value, net of transaction costs.

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.



# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

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 future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### - Goods and services tax

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

- 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 expense; or
- 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 as operating cash flows.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

### 2. Summary of accounting policies (cont'd)

#### - Impairment of assets

At each reporting date, Reconciliation Australia reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Reconciliation Australia estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and depreciated replacement cost.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Property, plant and equipment).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Property, plant and equipment).

#### - Income tax

Reconciliation Australia, being a charitable institution, has been endorsed by the Australian Taxation Office to access income tax exemptions under Subdivision 50-B of the Income Tax Assessment Act 1997. This endorsement applies from 1 July 2000 and there have been no changes to Reconciliation Australia's status to warrant this endorsement to change.

#### - Intangible assets

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate. The estimated useful life for intangibles is 2.5 to 4 years.

#### - Leased assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

### 2. Summary of accounting policies (cont'd)

#### - Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Reconciliation Australia and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. Control is achieved where Reconciliation Australia has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

#### - Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing balance method so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing balance method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Furniture and fittings	10 - 20 years
- Office equipment	4 - 10 years
- Motor vehicles	8 years
- IT equipment	2.5 - 4 years

#### - Provisions

Provisions are recognised when Reconciliation Australia has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements

### 2. Summary of accounting policies (cont'd)

#### - Revenue recognition

Reconciliation Australia receives funding by way of grants and sponsorships for specific projects. Funding received in one year may be expected to fund the costs of that project over the course of more than one financial year. In order to match revenues and expenses for these projects, revenues are recognised in a financial year to the extent that they match the relevant project's outlay in that period. Funds to be spent in future periods is provided for as deferred revenue.

In addition, Reconciliation Australia receives funding in the form of government grants for the purpose of general Reconciliation activities. The current funding arrangement is for three years commencing with the 2010/2011 financial year. Reconciliation Australia recognises this grant funding over the course of the three years within the terms of the Commonwealth Deed of Grant. In this respect, the Board will be recognising revenue to the extent of eligible expenditure incurred in each financial year. The Government will provide \$3.6 million each year for 3 years starting from the 2010/11 financial year.

All other Reconciliation Australia revenues, including registration fees, general sponsorships and gifts, interest and other forms of revenue are recognised when the right to receive said income has been established.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>3. Profit from operations</b>				
<b>(a) Revenue</b>				
Project funding	1,018,306	516,182	1,018,306	516,182
Sponsorships	-	2,600	-	2,600
Proceeds from fundraising appeals	60,833	63,995	-	-
Government grants	3,600,000	3,668,535	3,600,000	3,668,535
Distribution from Reconciliation Australia Fund	-	-	79,543	61,779
	<b>4,679,139</b>	4,251,312	<b>4,697,849</b>	4,249,096
Interest revenue	174,755	187,009	140,352	163,026
Other revenue	86,571	28,000	86,571	28,000
	<b>4,940,465</b>	4,466,321	<b>4,924,772</b>	4,440,122

### (b) Profit before income tax

Profit before income tax has been arrived at after charging the following losses:

Loss from disposal of property, plant and equipment	1,693	10,066	1,693	10,066
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Profit before income tax has been arrived at after charging the following expenses:

### Depreciation and amortisation expenses

Buildings	-	-	-	-
Furniture and Fittings	4,941	4,580	4,941	4,580
Office equipment	6,245	7,178	6,245	7,178
Motor Vehicles	-	-	-	-
IT equipment	42,921	37,719	42,921	37,719
Amortisation - intangible assets	20,559	48,018	20,559	48,018
Depreciation and amortisation of non-current assets	74,665	97,494	74,665	97,494
Interest expense	-	-	-	-
Operating lease rental expenses	165,705	163,575	165,705	163,575

Reconciliation Australia's operations are divided between project activities and other activities including strategic development, public consultations, marketing and general administrative support. The results of Reconciliation Australia split between projects and other operations are as follows:

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>3. Profit from operations (cont'd)</b>				
<b>Project activities</b>				
<b>Revenues and expenses from project activities</b>				
Project funding	1,018,306	516,182	1,018,306	516,182
Government grants - RA contribution	74,633	36,150	74,633	36,150
<b>Total revenues from project activities</b>	<b>1,092,939</b>	<b>552,332</b>	<b>1,092,939</b>	<b>552,332</b>
Projects expenditure	1,092,939	552,332	1,092,939	552,332
<b>Total expenses from project activities</b>	<b>1,092,939</b>	<b>552,332</b>	<b>1,092,939</b>	<b>552,332</b>
<b>Total surplus from project activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other activities</b>				
<b>Revenues from other activities</b>				
Sponsorships	-	2,600	-	2,600
Proceeds from fundraising appeals	60,833	63,995	-	-
Government grants	3,525,367	3,632,385	3,525,367	3,632,385
Distribution from Reconciliation Australia Fund	-	-	79,544	61,779
	<b>3,586,200</b>	<b>3,698,980</b>	<b>3,604,911</b>	<b>3,696,764</b>
Interest revenue	174,755	187,009	140,352	163,026
Other revenue	86,571	28,000	86,571	28,000
<b>Total revenues from other activities</b>	<b>3,847,526</b>	<b>3,913,989</b>	<b>3,831,834</b>	<b>3,887,790</b>
<b>Expenses from other activities</b>				
Programs and Partnerships	601,904	771,511	601,904	771,511
Communications	531,155	514,640	531,155	514,640
Constitutional Reform				
Fundraising	15,692	26,199	-	-
Reconciliation Action Plans	1,244,313	1,303,095	1,244,313	1,303,095
	<b>2,393,064</b>	<b>2,615,445</b>	<b>2,377,372</b>	<b>2,589,246</b>
Operations	1,635,076	1,522,547	1,635,076	1,522,547
<b>Total expenses from other activities</b>	<b>4,028,140</b>	<b>4,137,992</b>	<b>4,012,448</b>	<b>4,111,793</b>
<b>Total deficit from other activities</b>	<b>(180,614)</b>	<b>(224,003)</b>	<b>(180,614)</b>	<b>(224,003)</b>
Project activities	-	-	-	-
Other activities	(180,614)	(224,003)	(180,614)	(224,003)
<b>Net profit</b>	<b>(180,614)</b>	<b>(224,003)</b>	<b>(180,614)</b>	<b>(224,003)</b>

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$

### 4. Key management personnel remuneration

The key management personnel of Reconciliation Australia during the financial year were:

- Prof Michael James Dodson, AM (Co-Chair, non-executive)
- Ms Melinda Ann Cilento (Co-Chair, non-executive), appointed 7 July 2010
- Mr Mark Matthew Leibler, AC (Co-Chair, non-executive), resigned 21 February 2011
- Dr Thomas Edwin Calma (Non-executive)
- The Hon Frederick Michael Chaney, AO (Non-executive)
- Mr Graham Charles Evans, AO (Non-executive)
- Mr William (Sam) Jeffries (Non-executive)
- Ms Djapirri Mununggirritj (Non-executive)
- Ms Samantha Joy Mostyn (Non-executive), resigned 7 July 2010
- Ms Kirstie Maud Parker (Non-executive)
- Mr Terry Tabuai Waia (Non-executive)
- Ms Leah Armstrong (Chief Executive Officer), appointed 30 August 2010
- Mr Adam Mooney (Director Business Development)
- Ms Ara Creswell (Director Projects and Partnerships)
- Mr Simon Gordon (Director Strategic Direction and Government Affairs), appointed 9 February 2011
- Mr Chris Kirby (General Manager Programs and Projects), appointed 2 May 2011
- Ms Karen Mundine (General Manager Policy, Strategic Development and Communications)
- Mr Brendan Egan (Corporate Services Director), resigned 30 June 2011

The Directors of Reconciliation Australia are volunteers. They are not paid to perform their roles and responsibilities as Directors. Directors are entitled to claim for reimbursement of lost wages due to their time spent on Reconciliation Australia business.

### Key management personnel compensation

The aggregate compensation of the key management personnel of Reconciliation Australia is set out below:

Short-term employee benefits	<b>968,217</b>	894,724	<b>968,217</b>	894,724
Post-employment benefits	<b>76,229</b>	77,230	<b>76,229</b>	77,230
Termination benefits	-	92,679	-	92,679
	<b>1,044,446</b>	1,064,633	<b>1,044,446</b>	1,064,633

### 5. Remuneration of auditors

Amounts received or due and receivable by Deloitte Touche Tohmatsu for:

- audit of the financial report of Reconciliation Australia	<b>12,000</b>	12,600	<b>12,000</b>	12,600
- other audit services in relation to Reconciliation Australia	<b>4,000</b>	-	<b>600</b>	-
	<b>16,000</b>	12,600	<b>12,600</b>	12,600

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>6. Trade and other receivables</b>				
Trade receivables	63,425	24,744	63,425	24,744
Interest receivable	13,822	63,250	9,818	48,723
Other receivables	-	6,216	-	6,216
Goods and services tax	79,807	73,984	79,807	73,984
	<b>157,054</b>	168,194	<b>153,050</b>	153,667
Amounts other than trade debts receivable from related parties:				
Wholly-owned group				
– Reconciliation Australia Fund	-	-	764,306	753,966
	<b>157,054</b>	168,194	<b>917,356</b>	907,633
No interest is charged on trade or other receivables including related parties.				
<b>(a) Ageing of past due but not impaired</b>				
Over 120 days	-	-	753,966	665,164
	-	-	<b>753,966</b>	665,164
<b>7. Other financial assets</b>				
Carried at cost:				
Commonwealth Bank Term Deposits	1,500,000	2,500,000	1,000,000	2,000,000
	<b>1,500,000</b>	2,500,000	<b>1,000,000</b>	2,000,000
<b>8. Other assets</b>				
Prepayments	64,724	56,881	64,724	56,881
Bonds	2,410	200	2,410	200
	<b>67,134</b>	57,081	<b>67,134</b>	57,081



# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>9. Property, plant &amp; equipment</b>				
<i>Plant and equipment</i>				
Furniture and Fittings				
<b>Gross carrying amount</b>				
Balance at start of year	65,608	70,632	65,608	70,632
Additions	11,833	2,775	11,833	2,775
Disposals		(7,799)	-	(7,799)
Reallocations	-	-	-	-
Balance at end of year	77,441	65,608	77,441	65,608
<b>Accumulated depreciation</b>				
Balance at start of year	(24,151)	(22,822)	(24,151)	(22,822)
Disposals	-	3,251	-	3,251
Depreciation expense	(4,941)	(4,580)	(4,941)	(4,580)
Balance at end of year	(29,092)	(24,151)	(29,092)	(24,151)
<b>Net book value as at 30 June</b>	<b>48,349</b>	<b>41,457</b>	<b>48,349</b>	<b>41,457</b>
<i>Artwork</i>				
<b>Gross carrying amount</b>				
Balance at start of year	5,026	3,056	5,026	3,056
Additions	-	1,970	-	1,970
Reallocations	-	-	-	-
Balance at end of year	5,026	5,026	5,026	5,026
<b>Accumulated depreciation</b>				
Balance at start of year	-	-	-	-
Balance at end of year	-	-	-	-
<b>Net book value as at 30 June</b>	<b>5,026</b>	<b>5,026</b>	<b>5,026</b>	<b>5,026</b>
<i>Office equipment</i>				
<b>Gross carrying amount</b>				
Balance at start of year	64,939	62,858	64,939	62,858
Additions	3,366	2,786	3,366	2,786
Disposals	(15,331)	(705)	(15,331)	(705)
Balance at end of year	52,974	64,939	52,974	64,939
<b>Accumulated depreciation</b>				
Balance at start of year	(33,805)	(27,126)	(33,805)	(27,126)
Disposals	11,535	390	11,535	390
Depreciation expense	(6,245)	(7,069)	(6,245)	(7,069)
Balance at end of year	(28,515)	(33,805)	(28,515)	(33,805)
<b>Net book value as at 30 June</b>	<b>24,460</b>	<b>31,134</b>	<b>24,460</b>	<b>31,134</b>

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>9. Property, plant &amp; equipment (cont'd)</b>				
<i>IT equipment</i>				
<b>Gross carrying amount</b>				
Balance at start of year	<b>253,282</b>	256,697	<b>253,282</b>	256,697
Additions	<b>32,204</b>	67,391	<b>32,204</b>	67,391
Disposals	<b>(4,194)</b>	(70,806)	<b>(4,194)</b>	(70,806)
Balance at end of year	<b>281,292</b>	253,282	<b>281,292</b>	253,282
<b>Accumulated depreciation</b>				
Balance at start of year	<b>(154,393)</b>	(176,281)	<b>(154,393)</b>	(176,281)
Disposals	<b>2,956</b>	59,793	<b>2,956</b>	59,793
Depreciation expense	<b>(42,921)</b>	(37,905)	<b>(42,921)</b>	(37,905)
Balance at end of year	<b>(194,358)</b>	(154,393)	<b>(194,358)</b>	(154,393)
<b>Net book value as at 30 June</b>	<b>86,934</b>	98,889	<b>86,934</b>	98,889

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>9. Property, plant &amp; equipment (cont'd)</b>				
<i>Total property, plant and equipment</i>				
<b>Gross carrying amount</b>				
Balance at start of year	<b>388,855</b>	393,243	<b>388,855</b>	393,243
Additions	<b>47,404</b>	74,922	<b>47,405</b>	74,922
Disposals	<b>(19,526)</b>	(79,310)	<b>(19,526)</b>	(79,310)
Balance at end of year	<b>416,733</b>	388,855	<b>416,734</b>	388,855
<b>Accumulated depreciation</b>				
Balance at start of year	<b>(212,349)</b>	(226,229)	<b>(212,349)</b>	(226,229)
Disposals	<b>14,491</b>	63,434	<b>14,491</b>	63,434
Depreciation expense	<b>(54,106)</b>	(49,554)	<b>(54,106)</b>	(49,554)
Balance at end of year	<b>(251,964)</b>	(212,349)	<b>(251,964)</b>	(212,349)
<b>Net book value as at 30 June</b>	<b>164,769</b>	176,506	<b>164,769</b>	176,506

### 10. Intangible assets

All intangible assets held by Reconciliation Australia are websites that have been developed as a business resource for the organisation.

*Total intangible assets*

#### Gross carrying amount

Balance at start of year	<b>150,047</b>	138,547	<b>150,047</b>	138,547
Additions	<b>10,500</b>	11,500	<b>10,500</b>	11,500
Balance at end of year	<b>160,547</b>	150,047	<b>160,547</b>	150,047

#### Accumulated depreciation

Balance at start of year	<b>(114,862)</b>	(66,846)	<b>(114,862)</b>	(66,846)
Amortisation expense	<b>(20,559)</b>	(48,016)	<b>(20,559)</b>	(48,016)
Balance at end of year	<b>(135,421)</b>	(114,862)	<b>(135,421)</b>	(114,862)

#### Net book value as at 30 June

	<b>25,126</b>	35,185	<b>25,126</b>	35,185
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### 11. Trade and other payables

Trade payables	<b>108,289</b>	85,646	<b>108,289</b>	85,646
Other payables	<b>364,513</b>	120,580	<b>364,513</b>	120,580
	<b>472,802</b>	206,226	<b>472,802</b>	206,226

No interest was charged on trade or other creditors.

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

	Notes	Consolidated		Company	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>12. Provisions</b>					
Employee entitlements - current		65,354	183,917	65,354	183,917
Employee entitlements - non-current		22,805	37,620	22,805	37,620
		<b>88,159</b>	<b>221,537</b>	<b>88,159</b>	<b>221,537</b>
<b>13. Revenue received in advance</b>					
Commonwealth Deed of Grant - current		-	-	-	-
Project funding received in advance		990,844	664,201	990,844	664,201
		<b>990,844</b>	<b>664,201</b>	<b>990,844</b>	<b>664,201</b>
<b>14. Reserves</b>					
Preserved Capital amount reserve	(a)	1,131,307	2,203,751	1,131,307	2,203,751
		<b>1,131,307</b>	<b>2,203,751</b>	<b>1,131,307</b>	<b>2,203,751</b>
<b>(a) Preserved Capital amount reserve</b>					
<i>(i) Nature and purpose of reserve</i>					
The preserved capital amount reserve represents funds required under the deed of grant entered into by Reconciliation Australia and the Commonwealth of Australia.					
<i>(ii) Movements in reserve</i>					
Balance at beginning of year		2,203,751	2,565,272	2,203,751	2,565,272
Recognised as revenue		(1,072,444)	(400,000)	(1,072,444)	(400,000)
Transfer from accumulated funds			38,479	-	38,479
Balance at end of year		<b>1,131,307</b>	<b>2,203,751</b>	<b>1,131,307</b>	<b>2,203,751</b>
<b>15. Accumulated funds</b>					
Balance at the beginning of year		311,957	574,439	311,957	574,439
Total comprehensive income for the year		(180,614)	(224,003)	(180,614)	(224,003)
Total available for appropriation		<b>131,343</b>	<b>350,436</b>	<b>131,343</b>	<b>350,436</b>
Transfer to preserved capital amount reserve			(38,479)	-	(38,479)
Balance at end of year		<b>131,343</b>	<b>311,957</b>	<b>131,343</b>	<b>311,957</b>

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>16. Leases</b>				
<b>Operating leases</b>				
Operating leases relate to office premises with lease terms of 2 years with an option to extend for a further 2 terms of 2 years each. All operating lease contracts contain market review clauses in the event that Reconciliation Australia exercises its option to renew. Reconciliation Australia does not have an option to purchased the leased asset at the expiry of the lease period.				
<b>Non-cancellable operating lease payments</b>				
Not longer than 1 year	171,253	122,681	171,253	122,681
Longer than 1 year and not longer than 5 years	128,440	-	128,440	-
	<b>299,693</b>	122,681	<b>299,693</b>	122,681

## 17. Subsidiaries

Reconciliation Australia acts as trustee for the Reconciliation Australia Fund, incorporated in Australia and holds a 100% beneficial interest in the trust. There has been no change to the relationship between the company and the trust. The fund was established to enable the receipt of tax deductible donations from the public.

## 18. Related party disclosures

Reconciliation Australia received a distribution of \$79,544 (\$61,779 in 2008/09) from Reconciliation Australia Fund during the current financial year.

As at 30 June 2011 Reconciliation Australia has an asset of \$764,306 being an unsecured, non-interest bearing loan provided to Reconciliation Australia Fund (\$753,996 in 2009/10).

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>19. Notes to the cash flow statement</b>				
<b>(a) Reconciliation of cash and cash equivalents</b>				
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	900,373	670,706	640,070	431,267
Investments	1,500,000	2,500,000	1,000,000	2,000,000
	<b>2,400,373</b>	<b>3,170,706</b>	<b>1,640,070</b>	<b>2,431,267</b>
<b>(b) Reconciliation of profit to the net cash flows from operating activities</b>				
Net profit / (loss)	(180,614)	(224,003)	(180,614)	(224,003)
Net loss on disposal of property, plant and equipment	5,035	15,951	5,035	15,951
Depreciation/amortisation of non-current assets	74,665	97,494	74,665	97,494
Distribution from Reconciliation Australia Fund	-	-	(79,544)	(61,779)
Interest income received and receivable	(174,756)	(187,010)	(140,352)	(163,027)
<b>Changes in assets and liabilities</b>				
(Increase)/decrease in trade and other receivables	(38,288)	48,750	(38,289)	48,750
(Increase) in other assets	(10,052)	(5,480)	(10,052)	(5,480)
(Decrease)/increase in trade and other creditors	266,576	(7,480)	266,576	(3,630)
Increase/(decrease) in provisions	(133,378)	44,800	(133,378)	44,800
(Decrease) in revenues received in advance	(320,565)	(3,222,538)	(320,565)	(3,222,538)
(Decrease) in reserves recognised as revenue	(425,236)	(400,000)	(425,236)	(400,000)
Net cash flow used in operating activities	<b>(936,613)</b>	<b>(3,839,516)</b>	<b>(981,755)</b>	<b>(3,873,462)</b>

## 20. Financial instruments

### (i) Interest rate risk

Reconciliation Australia's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on those financial assets and liabilities, is as follows:

All of Reconciliation Australia's financial assets have current terms between 0 and 1 years and are at floating interest rates except for cash on hand which is not invested.

### Interest rate sensitivity analysis

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- interest received or receivable would increase by \$21,617 and decrease by \$18,119 (2009/10: increase by \$16,031, decrease by \$34,527) .

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>20. Financial instruments (Cont'd)</b>				
<b>Financial assets</b>				
Cash on hand	200	200	200	200
Cash on hand is not invested and subsequently does not accrue any interest.				
Commonwealth Bank operations account	21,048	239,739	21,048	239,739
The weighted average effective interest rate applicable to the above premium business bank account was 2.05% for the financial year ended 30 June 2010 (.99% in 2009/10) and the applicable interest rate as at the reporting date is .09% (1.25% at 30 June 2010).				
Commonwealth Bank projects account	-	25,942	-	25,942
Account closed 1 February 2011				
Commonwealth Bank fund account	147,305	134,473	-	-
The weighted average effective interest rate applicable to the above premium business bank account was 1.95% for the financial year ended 30 June 2010 (1.46% in 2009/10) and the applicable interest rate as at the reporting date is 1.95% (1.60% at 30 June 2010).				
Commonwealth Bank cash deposit account - fund	112,998	104,966	-	-
The weighted average effective interest rate applicable to this cash deposit account was 4.38% for the financial year ended 30 June 2010 (4.24% in 2009/10) and the applicable interest rate as at the reporting date is 4.96% (5.69% at 30 June 2010).				
Commonwealth Bank cash management account	618,822	165,386	618,822	165,386
The weighted average effective interest rate applicable to this cash deposit account was 4.75% for the financial year ended 30 June 2010 (3.57% in 2009/10) and the applicable interest rate as at the reporting date is 4.75% (4.50% at 30 June 2010).				
Commonwealth Bank Term Deposits	1,500,000	2,500,000	1,000,000	2,000,000
The weighted average effective interest rate applicable to these cash term deposit accounts was 4.59% for the financial year ended 30 June 2010 and the applicable interest rate as at the reporting date is 5.70%.				

# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>20. Financial instruments (Cont'd)</b>				
Trade receivables	63,425	24,744	63,425	24,744
Interest receivable	13,822	63,250	9,818	48,723
Other receivables	-	6,216	-	6,216
Goods and services tax	79,807	73,984	79,807	73,984
Wholly-owned group				
– Reconciliation Australia Fund	-	-	764,306	753,966
Reconciliation Australia's trade and other receivables are each non-interest bearing.				
<b>Total financial assets</b>	<b>2,557,427</b>	<b>3,338,900</b>	<b>2,557,426</b>	<b>3,338,900</b>

### Financial liabilities

Reconciliation Australia's financial liabilities are each non-interest bearing.

Trade payables	108,289	85,646	108,289	85,646
Other payables	364,513	120,580	364,513	120,580
<b>Total financial liabilities</b>	<b>472,802</b>	<b>206,226</b>	<b>472,802</b>	<b>206,226</b>
<b>Net financial assets</b>	<b>2,084,625</b>	<b>3,132,674</b>	<b>2,084,624</b>	<b>3,132,674</b>

#### (ii) credit risk

The carrying amount of financial assets recorded in the financial statements, net of any allowances for deficits, represents Reconciliation Australia's maximum exposure to credit risk.

#### (iii) liquidity risk

The trustees of the fund manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### (iv) net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.



# RECONCILIATION AUSTRALIA LIMITED

30-June-2011

## Notes to the financial statements continued

Notes	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>21. Fundraising</b>				
Gross proceeds from fundraising appeals	<b>60,833</b>	63,995	-	-
Cost of fundraising	<b>15,692</b>	26,199	-	-
Surplus available for distribution	<b>45,141</b>	37,796	-	-
Total revenue	<b>4,940,465</b>	4,466,321	<b>4,924,772</b>	4,440,122
Total Costs	<b>5,121,079</b>	4,690,324	<b>5,105,387</b>	4,664,125
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>

The following percentages are in accordance with the reporting requirements of the Charitable Fundraising Act 1991.

Total cost of fundraising /				
Gross proceeds from fundraising	<b>25.8</b>	40.9	<b>0.0</b>	0.0
Surplus available on distribution /				
Total revenue	<b>0.9</b>	0.8	<b>0.0</b>	0.0
Total cost of fundraising /				
Total costs	<b>0.3</b>	0.6	<b>0.0</b>	0.0
Total costs /				
Total revenue	<b>103.7</b>	105.0	<b>103.7</b>	105.0

## 22. Member's guarantee

Reconciliation Australia is an incorporated company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of RA. At 30 June 2011 the number of members was ten (ten at 30 June 2010).

## 23. Additional company information

Reconciliation Australia Limited is a company limited by guarantee, incorporated and operating in Australia.

The registered office and principal business address of Reconciliation Australia is:

Old Parliament House  
King George Terrace  
PARKES ACT 2600

## **Independent Auditor's Report to the members of Reconciliation Australia Limited**

We have audited the accompanying financial report of Reconciliation Australia Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Reconciliation Australia Limited and Reconciliation Australia Fund and notes as set out on pages 6 to 30.

### *Directors' Responsibility for the Financial Report*

The directors of the Reconciliation Australia Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 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 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 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Reconciliation Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

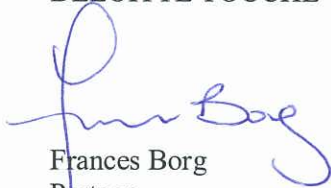
*Opinion*

In our opinion, the financial report of Reconciliation Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Reconciliation Australia Limited and consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Frances Borg  
Partner

Chartered Accountants  
Canberra, 28 October 2011