



# **Reconciliation Australia Limited**

**ABN 76 092 919 769**

## **Annual Financial Report**

**For the year ended 30 June 2012**

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## Directors' report

Your directors present this report to the members of Reconciliation Australia Limited for the year ended 30 June 2012.

### Directors

The names of each person who has been a director during the year and to the date of this report are:

<b>Name</b>	<b>Particulars</b>
Dr T. E. Calma AO	Co-chair from 23 August 2011. Dr Calma is an Aboriginal elder from the Kungarakan tribal group and a member of the Iwaidja tribal in the NT. Currently the National Coordinator for Tackling Indigenous Smoking, Dr Calma previously served as the Aboriginal and Torres Strait Islander Social Justice Commissioner and the Race Discrimination Commissioner.
Ms M. A. Cilento	Co-chair. Ms Cilento is a non-executive director with Woodside Petroleum and is a director of Wesfamers General Insurance Ltd. She has previously held senior management and economist roles at the Business Council of Australia and the Commonwealth Department of Treasury.
Prof. M. J. Dodson AM	Co-chair until 23 August 2011. A man of the Yawuru peoples. Director of the National Centre for Indigenous Studies at the ANU, and Professor of Law at the ANU College of Law. He was Australia's first Aboriginal and Torres Strait Islander Social Justice Commissioner and in 2009 was awarded Australian of the Year. Resigned from the Board and as Co-Chair on 23 August 2011.
The Hon F. M. Chaney AO	Chair of Desert Knowledge Australia. Formerly a lawyer, Mr Chaney served as a member of Federal Parliament from 1974 to 1993 during which time he held various Ministerial appointments, including Aboriginal Affairs. He has also been Chancellor of Murdoch University and deputy president of the National Native Title Tribunal.
Mr G. C. Evans AO	Inaugural chair of the Victorian Competition and Efficiency Commission and former director for Fosters Brewing and Australia Post. Previously held senior positions in both public and private sectors including Departmental Secretary for numerous Commonwealth Departments and senior executive positions with BHP Billiton. Resigned from the Board 18 November 2011.
Mr G. C. Glanville	A member of the Wiradjuri peoples from south-western New South Wales. Mr Glanville has worked in a range of community-based Indigenous organisations and as a senior policy adviser in Commonwealth and State government departments. He is currently the CEO of the National Centre of Indigenous Excellence and is also Chair of the Australian Indigenous Governance Institute and on the boards of the Australian Indigenous Leadership Centre and Carriageworks.

<b>Name</b>	<b>Particulars</b>
Dr K. R. Henry AC	Special Adviser to the Prime Minister, leading the development of a White Paper on Australia in the Asian Century. He is also a director of National Australia Bank Ltd, Executive Chair of the Institute of Public Policy at the ANU and Chair of the Advisory Council of the SMART Infrastructure Facility at the University of Wollongong. For a decade commencing in April 2001 Dr Henry was Secretary to the Treasury, a member of the Board of the Reserve Bank of Australia and a member of the Board of Taxation.
Mr W. S. Jeffries	A proud Murawarri man from north-west NSW and southern Queensland. Among his board appointments he is 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 has worked in the cotton, hotel and meat industries; the public service; and a range of community organisations.
Ms D. Mununggirritj	A Yolgnu elder from North East Arnhem, Ms Munumggirritj is currently Manager of the Yirrkala Women's Centre and was instrumental in establishing the Yirrkala Women's Patrol. In 2011 she received the Northern Territory Local Hero Award.
Mr P. S. Nash	Australian Chairman of KPMG and holds positions on KPMG's Global and Asia Pacific boards. Mr Nash has held a number of senior roles including Head of Markets and Head of People, Performance and Culture, and most recently Head of Audit in Australia and the Asia Pacific region.
Ms K. M. Parker	A Yuwallarai woman from NSW and Managing Editor of The Koori Mail. Ms Parker 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.
Ms J. Thomas	National Principal Advisor with Australian Medicare Local Alliance (AML Alliance). Ms Thomas joined Australian General Practice Network (AGPN) in 2007 after serving for many years as an adviser to former Deputy Prime Minister John Anderson, and chief of staff to Ministers in the Howard Government.
Mr T. T. Waia	A member of the Alt Koedal Clan and is the Torres Strait Regional Authority (TSRA) Member for Saibai Island. Previously, Mr Waia was the Commissioner for the Torres Strait Zone of the ATSIC Board and has been a member of the TSRA since its formation in 1994. Resigned from the Board on 7 September 2012.

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

- Professor M. J. Dodson AM who resigned from the Board on 23 August 2011.
- Mr G. C. Evans AO who resigned from the Board on 18 November 2011.
- Mr J. C. Glanville who was appointed to the Board on 18 November 2011.
- Mr P. S. Nash who was appointed to the Board on 9 February 2012.
- Ms J. Thomas who was appointed to the Board on 9 February 2012.
- Dr K. R. Henry who was appointed to the Board on 22 March 2012.
- Mr T. T. Waia who resigned from the Board on 7 September 2012.

### **Company secretary**

Ms Leah Armstrong has held the position of Chief Executive Officer and company secretary of Reconciliation Australia since 30 August 2010. Ms Armstrong has worked with and led Indigenous businesses for more than two decades. She holds several board positions including Australian Indigenous Minority Suppliers Council and Jobs Australia Foundation and chairs the Indigenous Business Policy Advisory Group.

### **Short and long term objectives and strategy**

Reconciliation Australia is an independent, non-government, not-for-profit organisation that promotes reconciliation between Aboriginal and Torres Strait Islander peoples and the broader Australian community.

Our mission is to create an environment within Australia that supports stronger relationships between Aboriginal and Torres Strait Islander people and other Australians, engenders mutual respect and results in improved life opportunities for all.

To achieve this mission, Reconciliation Australia engages the public to:

- **Educate** - change perceptions and attitudes by building awareness and education on Aboriginal and Torres Strait Islander history, culture and contributions.
- **Share success** - demonstrates what works in order to build an evidence base for effective policy and program implementation.
- **Develop genuine partnerships** - encourages working together as equal partners, where Aboriginal and Torres Strait Islander voices are heard and respected.
- **Support economic participation** - facilitates sustainable outcomes in employment and business to enable Aboriginal and Torres Strait Islander people and communities to have more life choices and prosper within the wider community.

### **Principal activities**

During the year, Reconciliation Australia was involved in a range of projects aimed at building respectful relationships between Aboriginal and Torres Strait Islander peoples and other Australians including:

- Reconciliation Action Plan (RAP) Program
- Indigenous Governance Awards
- Constitutional recognition of our nation's first peoples
- National Reconciliation Week
- Australian Reconciliation Barometer
- Indigenous Financial Services Network
- Workplace Ready Program

### **Review of operations**

The result of Reconciliation Australia's consolidated operations in the current year was a surplus of \$360,266 (deficit of \$180,614 in 2011).

Reconciliation Australia's general operational activities were primarily funded by a three year grant from the Commonwealth Government (commencing 2011) in addition to funding received from corporate supporters and private donors.

### Changes in the state of affairs

There was no significant change in the state of affairs of Reconciliation Australia during the financial year.

### Subsequent events after the balance date

On the 6 July 2012, Reconciliation Australia entered into a \$10m, 2 year funding agreement with the Commonwealth Government to continue to build public awareness and community support for constitutional recognition of Aboriginal and Torres Strait Islander peoples.

### 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 amount of the premium.

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

### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 3 board meetings and 3 audit and risk committee meetings were held.

Director	Board of directors		Audit and risk committee	
	Held	Attended	Held	Attended
Dr T. E. Calma AO	3	3	3	2
Ms M. A. Cilento	3	3	3	3
The Hon F. M. Chaney AO	3	2	3	3
Prof. M. J. Dodson AM	1	1	-	-
Mr G. C. Evans AO	2	2	-	-
Mr G. C. Glanville	2	2	-	-
Dr K. R. Henry AC	-	-	-	-
Mr W. S. Jeffries	3	-	-	-
Ms D. Mununggirritj	3	2	-	-
Mr P. S. Nash	1	1	-	-
Ms K. M. Parker	3	2	-	-
Ms J. Thomas	1	-	-	-
Mr T. T. Waia	3	-	-	-

**Members' guarantee**

In accordance with Reconciliation Australia's constitution, each member is liable to contribute \$1 in the event that the company is wound up. The total amount members would contribute is \$11.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 8 of this financial report.

The 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



Ms Melinda Ann Cilento  
Director



Dr Thomas Edwin Calma AO  
Director

24 October 2012

The Board of Directors  
Reconciliation Australia Limited  
Old Parliament House  
King George Terrace  
Parkes ACT 2600

24 October 2012

Dear Directors

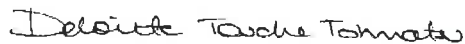
### **Reconciliation Australia Limited**

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 2012, 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



Alexandra Spark  
Partner  
Chartered Accountants



## 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; and
- (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.

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



Ms Melinda Ann Cilento  
Director



Dr Thomas Edwin Calma AO  
Director

24 October 2012

## Consolidated statement of comprehensive income

for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	4(a)	6,022,286	4,940,465
Employee benefits expense		(2,607,900)	(3,178,765)
Consultants and outside services expense		(794,846)	(252,773)
Communications and marketing expense		(1,368,752)	(702,253)
Workshops and events expense		(96,939)	(84,501)
Travel and accommodation expense		(389,591)	(500,419)
Office communications and supplies expense		(136,269)	(128,756)
Office facilities and utilities expense		(193,797)	(193,480)
Depreciation and amortisation expense	4(b)	(60,679)	(74,666)
Other expenses		(13,247)	(5,466)
<b>Net surplus/(deficit) before income tax</b>		<b>360,266</b>	<b>(180,614)</b>
Income tax expense	3.4	-	-
<b>Net surplus/(deficit) from continuing operations</b>		<b>360,266</b>	<b>(180,614)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>360,266</b>	<b>(180,614)</b>

*This statement of comprehensive income is to read in conjunction with the attached notes.*

## Consolidated statement of financial position

as at 30 June 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,196,504	900,373
Investments	5	646,128	1,500,000
Trade and other receivables	6	176,527	157,054
Other assets	7	52,079	67,133
<b>Total current assets</b>		<b>2,071,238</b>	2,624,560
<b>Non current assets</b>			
Property, plant and equipment	8	135,209	164,769
Intangible assets	9	3,097	25,126
<b>Total non current assets</b>		<b>138,306</b>	189,895
<b>Total assets</b>		<b>2,209,544</b>	2,814,455
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	768,401	472,802
Provisions	11	100,154	65,354
Revenue received in advance	12	623,661	990,844
<b>Total current liabilities</b>		<b>1,492,216</b>	1,529,000
<b>Non current liabilities</b>			
Provisions	11	36,724	22,805
<b>Total non current liabilities</b>		<b>36,724</b>	22,805
<b>Total liabilities</b>		<b>1,528,940</b>	1,551,805
<b>Net assets</b>		<b>680,604</b>	1,262,650
<b>Equity</b>			
Reserves	13	188,995	1,131,307
Accumulated funds	14	491,609	131,343
<b>Total equity</b>		<b>680,604</b>	1,262,650

*This statement of financial position is to read in conjunction with the attached notes.*

## Consolidated statement of changes in equity

for the year ended 30 June 2012

	Note	Preserved Capital Amount Reserve \$	Accumulated funds \$	Total \$
<b>Balance at 30 June 2010</b>		<b>2,203,751</b>	<b>311,957</b>	<b>2,515,708</b>
Deficit for the year		-	(180,614)	(180,614)
Other comprehensive income for the year		-	-	-
Total comprehensive loss for the year		-	(180,614)	(180,614)
Recognised as revenue	13(a)	(1,072,444)	-	(1,072,444)
<b>Balance at 30 June 2011</b>		<b>1,131,307</b>	<b>131,343</b>	<b>1,262,650</b>
Surplus for the year		-	360,266	360,266
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	360,266	360,266
Recognised as revenue	13(a)	(942,312)	-	(942,312)
<b>Balance at 30 June 2012</b>		<b>188,995</b>	<b>491,609</b>	<b>680,604</b>

*This statement of changes in equity is to read in conjunction with the attached notes.*

## Consolidated statement of cash flows

for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flow from operating activities</b>			
Receipts from sponsors		88,473	86,571
Project funding received		860,734	233,824
Government grants received		3,600,000	3,600,000
Proceeds from fundraising appeals		53,348	60,833
Payments to suppliers and employees		(4,500,449)	(4,256,891)
Net GST and employee taxes paid		(795,209)	(660,950)
Net cash used in operating activities		(693,103)	(936,613)
<b>Cash flow from investing activities</b>			
Interest received		153,691	224,184
Proceeds from maturity of term deposits		853,872	1,000,000
Purchase of property, plant and equipment		(18,329)	(47,404)
Purchase of intangibles		-	(10,500)
Net cash generated by investing activities		989,234	1,166,280
<b>Net increase in cash and cash equivalents</b>		<b>296,131</b>	<b>229,667</b>
Cash and cash equivalents at the beginning of the year		900,373	670,706
<b>Cash and cash equivalents at the end of the year</b>		<b>1,196,504</b>	<b>900,373</b>

*This statement of cash flows is to read in conjunction with the attached notes.*

## Notes to the financial statements

for the year ended 30 June 2012

### 1. Corporate information

The financial statements of Reconciliation Australia Limited (the Company) for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 15 October 2012.

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

### 2. Application of new and revised accounting standards

#### 2.1 Standards and interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised standards and interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other standards and interpretations adopted in these financial statements that have had no effect on the amounts reported are set out in section 2.2.

##### **Standards affecting presentation and disclosure:**

AASB 1053: Application of Tiers of Australian Accounting Standards; and  
AASB 2010-2: Amendments to Australian Accounting standards arising from Reduced Disclosure Requirements

AASB 1053 establishes a differential financial framework consisting of two tiers of reporting requirements for general purpose financial statements, comprising Tier 1: Australian Accounting Standards and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements (RDR). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosure not required to be made by “Tier 2” entities or inserting “RDR” paragraphs requiring simplified disclosure for “Tier 2” entities. The adoption of these standards has resulted in significant reduced disclosures, largely in respect of financial instruments, cash flows and related parties.

Amendments to AASB 101: Presentation of Financial Statements

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.

##### **Standards and interpretations affecting the reported results or financial position**

There are no new and revised standards and interpretations adopted in these financial statements affecting the reporting results of financial position.

## 2. Application of new and revised accounting standards (continued)

### 2.2 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.

AASB 2009-12: Amendments to Australian Accounting Standards

The standard made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2009-12 has not had any material effect on amounts reported in the Company's consolidated financial statements.

AASB 2010-5: Amendments to Australian Accounting Standards

The standard made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Company's consolidated financial statements.

AASB 1054: Australian Additional Disclosures

AASB 1054 sets out the Australia specific disclosures for entities that have adopted Australian Accounting Standards. This standard contains disclosure requirements that are in addition to IFRS in areas such as compliance with Australian Accounting Standards, the nature of financial statements, audit fees, imputation credits and the reconciliation of net operating cash flow to operating profit.

AASB 2011-1: Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project

AASB 2011-1 makes amendments to a range of Australian Accounting standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand standards. The standard deletes various Australian specific guidance and disclosure from other standards and aligns the working used to that adopted in IFRSs.

## 3. Summary of accounting policies

### 3.1 Statement of compliance

These financial statements are general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the group. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

### 3.2 Basis of preparation

These consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

### 3.2 Basis of preparation (continued)

#### ***Early adoption of accounting standards***

The directors have elected under s.334(5) of the *Corporations Act 2001* to apply the following in advance of their effective dates:

- AASB 1053 Application of Tiers of Australian Accounting Standards
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

These standards are not required to be applied until annual reporting periods beginning on or after 1 July 2013. The impact of the adoption of these standards is disclosed in note 2.1 to the financial statements.

### 3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

### 3.4 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 and cash in bank.

#### ***Investments***

Investments comprise of short-term bank deposits.

#### ***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.

Provision 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 twelve 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.



### 3.4 Significant accounting policies (continued)

#### ***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. Trade receivables and other receivables are measured at amortised cost using the effective interest rate method, less any impairment.

#### ***Financial liabilities***

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

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

The effective interest rate 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***

Revenue, 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 or 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 Statement of Cash Flows on a net 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.

#### ***Impairment of assets***

At each reporting date the Company 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, the Company 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 the impairment loss is treated as a revaluation decrease (refer Property, plant and equipment).

### 3.4 Significant accounting policies (continued)

#### ***Impairment of assets (continued)***

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 and 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***

The company is a charitable institution and 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 the Company's status to warrant a change to this endorsement.

#### ***In-kind contributions***

From time to time Reconciliation Australia receives donated services and facilities including community service advertising, meeting facilities and professional advice. These contributions are not recognised in the financial report as:

- the benefit to Reconciliation Australia cannot be reliably quantified; and
- the related transaction would be recorded as revenue and disbursement in the same financial year and therefore has no effect on the results of the Company.

#### ***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 lease asset are consumed.

#### ***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.

### 3.4 Significant accounting policies (continued)

#### *Property, plant and equipment (continued)*

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

- Furniture and fitting 10 to 20 years
- Office equipment 4 to 10 years
- IT equipment 2 to 4 years

#### *Provisions*

Provisions are recognised when the Company 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.

#### *Revenue recognition*

The Company 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 are provided for as deferred revenue.

In addition, the Company receives funding in the form of government grants for the purpose of general reconciliation activities. The current funding agreement is for three years commencing with the 2010/11 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 Federal Government will provide \$3.6m each year for 3 years starting from the 2010/11 financial year.

All other revenue, including registration fees, general sponsorships, donations and interest are recognised when the right to receive the income has been established.

#### *Comparative figures*

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	Note	2012 \$	2011 \$
<b>4. Surplus from operations</b>			
<b>(a) Revenue</b>			
Project funding		2,170,229	1,018,306
Proceeds from fundraising appeals		53,438	60,833
Government grants		3,600,000	3,600,000
Interest income		147,514	174,755
Other revenue		51,105	86,571
<b>Total revenue</b>		<b>6,022,286</b>	<b>4,940,465</b>
<b>(b) Surplus before income tax</b>			
<i>Surplus before income tax has been arrived at after charging the following losses:</i>			
Loss from disposal of property, plant and equipment		9,238	1,693
<i>Surplus before income tax has been arrived at after charging the following expenses:</i>			
Depreciation and amortisation expense:			
- Furniture and fittings		5,148	4,491
- Office equipment		4,598	6,245
- IT equipment		32,735	42,921
- Intangible assets		18,198	20,559
<b>Total depreciation and amortisation expense</b>		<b>60,679</b>	<b>74,216</b>
Interest expense		-	-
Operating lease rental expense		172,764	165,705
Fundraising expenses		11,667	15,692
<b>5. Investments</b>			
Bank term deposits		646,128	1,500,000
<b>Total investments</b>		<b>646,128</b>	<b>1,500,000</b>
Bank term deposits earn interest at market rates.			

	Note	2012 \$	2011 \$
<b>6. Trade and other receivables</b>			
Trade receivables		<b>26,056</b>	63,425
Interest receivable		<b>7,645</b>	13,822
Goods and services tax		<b>142,826</b>	79,807
Total trade and other receivables		<b>176,527</b>	157,054

The average credit period on trade receivables is 7 days. No interest is charged on trade and other receivables.

#### 7. Other assets

Prepayments	<b>49,869</b>	64,724
Bonds	<b>2,210</b>	2,410
Total other assets	<b>52,079</b>	67,134

#### 8. Property, plant and equipment

	Furniture and fittings \$	Artwork \$	Office equipment \$	IT equipment \$	Total \$
<b>Carrying amounts</b>					
Balance at the beginning of the year	48,349	5,026	24,460	86,934	<b>164,769</b>
Balance at the end of the year	45,342	5,026	22,173	62,668	<b>135,209</b>
<b>Cost or valuation</b>					
Balance at 1 July 2011	77,441	5,026	52,974	281,292	<b>416,733</b>
Additions	2,141	-	3,574	12,614	<b>18,329</b>
Disposals	-	-	(4,188)	(30,179)	<b>(34,367)</b>
Balance at 30 June 2012	79,582	5,026	52,360	263,727	<b>400,695</b>
<b>Accumulated depreciation</b>					
Balance at 1 July 2011	(29,092)	-	(28,515)	(194,358)	<b>(251,965)</b>
Charge for the year	(5,148)	-	(4,598)	(32,735)	<b>(42,481)</b>
Disposals	-	-	2,926	26,034	<b>28,960</b>
Balance at 30 June 2012	(34,240)	-	(30,187)	(201,059)	<b>(265,486)</b>

	Note	2012 \$	2011 \$
<b>9. Intangible assets</b>			
All intangible assets held by the Company are websites that have been developed as a business resource for the organisation.			
<b>Carrying amounts of:</b>			
Website development		3,097	25,126
Total intangible assets		<u>3,097</u>	<u>25,126</u>
<b>Cost</b>			
Balance at 1 July 2011		160,547	
Additions		-	
Disposals		<u>(146,047)</u>	
Balance at 30 June 2012		<u>14,500</u>	
<b>Accumulated amortisation</b>			
Balance at 1 July 2011		(135,421)	
Charge for the year		(18,198)	
Disposals		<u>142,216</u>	
Balance at 30 June 2012		<u>(11,403)</u>	
<b>10. Trade and other payables</b>			
Trade payables		392,811	108,289
Other payables		<u>375,590</u>	<u>364,513</u>
Total trade and other payables		<u>768,401</u>	<u>472,802</u>
No interest was charged on trade or other creditors.			
<b>11. Provisions</b>			
Employee entitlements – current		100,154	65,354
Employee entitlements – non current		<u>36,724</u>	<u>22,805</u>
Total provisions		<u>136,878</u>	<u>88,159</u>

	Note	2012 \$	2011 \$
<b>12. Revenue received in advance</b>			
Project funding received in advance		623,661	990,844
Total revenue received in advance		623,661	990,844
<b>13. Reserves</b>			
Preserved capital amount reserve		188,995	1,131,307
Total reserves		188,995	1,131,307
<b>(a) Preserved capital amount reserve</b>			
<b><i>Nature and purpose of reserve:</i></b>			
The preserved capital amount reserve represents funds required under the deed of grant entered into by Reconciliation Australia and the Commonwealth of Australia.			
<b><i>Movements in reserve:</i></b>			
Balance at beginning of the year		1,131,307	2,203,751
Recognised as revenue		(942,312)	(1,072,444)
Balance at end of year		188,995	1,131,307
<b>14. Accumulated funds</b>			
Balance at beginning of the year		131,343	311,957
Total comprehensive income for the year		360,266	(180,614)
Total available for appropriation		491,609	131,343
Balance at end of the year		491,609	131,343

	Note	2012 \$	2011 \$
<b>15. Key management personnel compensation</b>			
<p>The directors of Reconciliation Australia are volunteers. They are not paid to perform their roles and responsibilities but are entitled to claim for reimbursement of lost wages due to time spent on Reconciliation Australia business.</p>			
<p>Aggregate compensation to directors and other members of key management personnel of the company</p>			
		971,980	1,044,446

## 16. Related parties

### (a) Subsidiaries

The immediate parent of the group is Reconciliation Australia Limited.

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

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

### (b) Transactions with other related parties

During the financial year ended 30 June 2012, the following transactions occurred between the Company and its other related parties:

- A sponsorship payment of \$80,000 (2011: nil) was made to the National Centre of Indigenous Excellence (NCIE). Mr W.S. Jeffries and Mr J. C. Glanville, both directors of the Company are Co-Chair and CEO of the NCIE respectively.
- Payments totalling \$16,460 (2011: \$13,882) to Koori Mail for newspaper advertisements and inserts. Ms K. M. Parker, a director of the Company is Managing Editor of the Koori Mail.
- The Company acted as an auspice for the Australian Indigenous Governance Institute (AIGI) which involved the receipt of \$217,691 of project income (2011: nil) and the payment of \$1,926 expenses (2011: nil). Mr J. C. Glanville, a director of the Company is Chair of the AIGI.



	2012 \$	2011 \$
<b>17. Parent entity information</b>		
The accounting policies of the parent entity are the same as those applied in the consolidated financial statements.		
<b>Financial position</b>		
<b>Assets</b>		
Current assets	2,071,238	2,624,559
Non-current assets	138,306	189,895
Total assets	2,209,544	2,814,454
<b>Liabilities</b>		
Current liabilities	1,492,216	1,529,000
Non current liabilities	36,724	22,805
Total liabilities	1,528,940	1,551,805
<b>Equity</b>		
Reserves	188,995	1,131,307
Accumulated funds	491,609	131,343
Total equity	680,604	1,262,650
<b>Financial performance</b>		
Net surplus/(deficit) for the year	360,266	(180,614)
Other comprehensive income	-	-
Total comprehensive income/(loss)	360,266	(180,614)
<b>Other parent entity information</b>		
Guarantees entered into by the parent entity in relation to the debts of its subsidiary	-	-
Contingent liabilities of the parent entity	-	-
Commitments for the acquisition of property, plant and equipment by the parent entity	-	-

	Note	2012 \$	2011 \$
<b>18. Commitments and contingencies</b>			
<b>(a) Operating leases</b>			
<p>Operating leases relate to office premises with lease terms of two years with an option to extend for a further one or two terms of two years each. All operating lease contracts contain market review clauses in the event that the Company exercises the option to review. The Company does not have the option to purchase the leased asset at the expiry of the lease period.</p>			
<b><i>Non cancellable operating lease payments</i></b>			
Not longer than 1 year		234,901	171,253
Longer than 1 year and not longer than 5 years		107,815	128,440
Longer than 5 years		-	-
Total commitments under operating leases		<u>342,716</u>	<u>299,693</u>

## 19. Additional company information

Reconciliation Australia is a company limited by guarantee, incorporated and operating in Australia. 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. As at 30 June 2012 the number of members was 11.

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 2012, 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 Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 26.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Alexandra Spark  
Partner  
Chartered Accountants  
Canberra, 24 October 2012