

**AMNESTY
INTERNATIONAL**



AMNESTY INTERNATIONAL AUSTRALIA

ABN 64 002 806 233

ANNUAL FINANCIAL REPORT

2011

The Directors present their report together with the financial report of Amnesty International Australia (AIA) ("the company") for the year ended 31 December 2011 and the auditor's report thereon.

Directors

The Directors, at any time during the financial year and until the date of this report are:

<i>Name and Qualifications</i>	<i>Age</i>	<i>Experience and Special Responsibilities</i>
<i>Nicole Bieske LLB (Hons), BA, PhD Director and President</i>	37	Sessional lecturer, Monash University Qualified Solicitor Member of Amnesty International Australia since 1998 Member, Victorian Branch Committee for 4 years (Secretary) Delegate, International Council Meeting 2007, 2009 & 2011 Vice President from 2/7/06 – 5/7/08 President 6/7/08 – 1/9/11 Director 3/9/04 – 1/9/11
<i>Anthony Stuart Mitchell BA (Pure Mathematics) BSc (Psychology) Director, Vice President and President</i>	42	Director, Bendelta P/L (strategic advisory firm) Amnesty International Australia member since 2005 New South Wales Branch President May 2008 – July 2010 and Branch Vice President May 2007 – May 2008 Member, New South Wales Branch Committee May 2006 – July 2010 Delegate, International Council Meeting 2011 Vice President July 2010 – 1/9/11 President from 1/9/11 Director appointed 17/5/08
<i>Dawna Wright B.Comm (Hons) Director and Treasurer</i>	41	Partner, McGrathNicol Chartered Accountant (Canada & Australia), Certified Public Accountant (USA), Certified Fraud Examiner (USA) Member of Amnesty International Australia since 2006 Acting Treasurer 9/3/07 – 6/7/07 Treasurer 6/7/07 – 9/7/11 and Chair Audit & Risk Committee Director 9/3/07 - 9/7/11
<i>Michael Gordon Butler BA (Social Work) Director and Company Secretary</i>	57	Director Industrial Relations, Association of Professional Engineers, Scientists & Managers, Australia Member of Amnesty International Australia since 2000 Member, Victorian Branch Committee since 2002-2008 Secretary, Victorian Branch Committee 2005-2006 Member, Victorian Religious network President, Victorian Branch Committee 2006-2008 Delegate, International Council Meeting 2009 Company Secretary 6/7/08 – 9/7/11 Director 20/5/06 – 9/7/11
<i>Georgina Perry LLB (Hons), BA Director</i>	33	Solicitor, Allens Arthur Robinson Member of Amnesty International Australia since 1992 New South Wales Branch President 2002–2004 National Vice President 2004 - July 2006 National President from July 2006 to 2008 Delegate, International Council Meeting 2007 Director 16/3/02 – 21/7/04 Director since 3/9/04

<i>Name and Qualifications</i>	<i>Age</i>	<i>Experience and Special Responsibilities</i>
<i>Catherine Cooper</i> <i>M Ed, BA, Grad Dip Ed</i> <i>Director and Company Secretary</i>	53	Manager, Learning & Assessment Design, SACE Board of South Australia Member of Amnesty International Australia since 1994 South Australia/Northern Territory Branch Committee member 2005 - 2008 SA/NT Branch President October 2006 – May 2008 Company Secretary since 9/7/11 Director 31/10/06 – 10/5/08 and since 6/7/08
<i>Russell Keith Solomon</i> <i>BA(Hons), B.Juris, LLB, MA, PhD</i> <i>Director</i>	57	Program Director and Senior Lecturer, Legal and Dispute Studies, RMIT University Admitted to practice as Barrister and Solicitor, Victoria and Western Australia Member of Amnesty International Australia since 1985 Member, Victorian Branch Committee since 2005 Vice President, Victorian Branch Committee 2006-2008 President, Victorian Branch Committee July 2008 - 2010 Director appointed 20/7/08
<i>Denise Skiffington</i> <i>BM, BS, MA</i> <i>Director</i>	60	Practising General Medical Practitioner Member of Amnesty International Australia since 1997 Convenor of an Amnesty International Australia local group since 2002 Member of South Australia/Northern Territory Branch Committee 2006 - 2009 Vice President, SA/NT Branch Committee 2008 Branch President, SA/NT since December 2008 Director appointed 15/12/08
<i>Gregory David Stitt</i> <i>Director</i>	53	Self-employed Electrical Designer Australian Coordinator AI East African Regional Network 1995-1996 Rejoined Amnesty International Australia in 2000 Convenor, China Group 2008, Member SVAW group 2009 Member, Mt. Lawley local group Member, West Australian Branch Committee since October 2007 Vice President, WA Branch 2008-2009 President, WA Branch since May 2009 Director appointed 16/5/09
<i>Helen Patricia Corbett</i> <i>Director</i>	58	Director 17/1/08 – 6/7/08 and since 11/7/10

<i>Name and Qualifications</i>	<i>Age</i>	<i>Experience and Special Responsibilities</i>
<p><i>Wayne Alexander Sanderson</i> BA (Hons), BD, D.Min in Service Design & Development</p> <p><i>Director</i></p>	67	<p>Consultant, Management and Public Policy Adjunct Professor, Griffith University. Accredited Mediator, Qld Justice Department Member of Amnesty International Australia since 2009 Treasurer of Queensland Branch to 2010 Director appointed 15/5/10</p>
<p><i>Kathleen Marie Richards</i> BSc (Hons), MA</p> <p><i>Director and Vice President</i></p>	36	<p>Manager, Equality Rights Alliance (YWCA Australia) Member of Amnesty International Australia since 1991 Member ACT/South New South Wales Branch Committee since 2007 incl. Secretary 2008 and Vice President 2009 Delegate, International Council Meeting 2007, 2009 & 2011 Convenor ACT/SNSW Women's Rights Group (2005-2007), Mums & Dads for Amnesty Group (since 2009), School Group (1991) Vice-President since 7/9/11 Director appointed 19/5/10</p>
<p><i>Caroline Susan Jakeman</i> BSc (Hons Psychology, Diploma of Business</p> <p><i>Director</i></p>	57	<p>Workplace Trainer and Assessor (Firth Jakeman & Morrison) Member of Amnesty International Australia since 2008 Member, Tasmanian Branch Committee incl. Treasurer since 2009 Member Women's Rights Team Director appointed 15/5/10</p>
<p><i>Giles Errol Gunesequera</i> Masters App. Fin & Inv. BComm Cert. Workplace Training SF Fin, AFAIM, MAITD</p> <p><i>Director</i></p>	38	<p>Director, Head of Third Party Sales, Principal Global Investors. Member of Amnesty International Australia since 1990 Member, Audit & Risk Committee since 2008 and Chair since 9/7/11 Member of the Speakers Network since 1999 Member of New South Wales Branch Committee 2005 – 2010 NSW Branch Committee Treasurer 2006 – 2010 Treasurer since 9/7/11 Director appointed 20/7/10</p>
<p><i>Sarah Ellen Holloway</i> BA/LLB, Grad Dip Legal Practice</p> <p><i>Director</i></p>	28	<p>Lawyer, Victoria Legal Aid Member of Amnesty International Australia since 2001 Member, Tasmanian Branch Committee 2005 – 2008 incl Secretary 2006, Vice President 2007, Branch President 2008 Member, Victorian Branch Committee 2010 – 2011 Director appointed 13/7/2011</p>
<p><i>Gabrielle Susan Mary</i> <i>Kavanagh</i> B.International Studies</p> <p><i>Director</i></p>	26	<p>Union Organiser, United Voice Member of Amnesty International Australia since 2005 Member, NSW Branch Committee since 2006 incl. Vice President 2008 – 2010 and President 2010 – 2011 Delegate, International Council Meeting 2011 Director appointed 13/7/11</p>

<i>Name and Qualifications</i>	Age	Experience and Special Responsibilities
<i>Katharine Wheldrake</i> <i>LLB/LP (Hons), BA</i>	24	Public Servant Member of Amnesty International Australia since 2006 Member of South Australia/Northern Territory Branch Committee 2008 – 2010 incl. Vice President 2009 – 2010 Member ACT/South New South Wales Branch Committee since 2011 Director appointed 7/9/11

Unless otherwise indicated all Directors held their positions as Directors throughout the entire calendar year and up to the date of this report.

Directors' Attendance at Board Meetings – 2011

Director	Board Meetings		Audit & Risk Committee		Public Fund Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Nicole Bieske	4	4				
Anthony Mitchell	7	7				
Dawna Wright	3	3	2	2		
Michael Butler	3	2				
Georgina Perry	7	7	4	3		
Catherine Cooper	7	7			1	1
Russell Solomon	7	6				
Denise Skiffington	7	6				
Gregory Stitt	7	7				
Helen Corbett	7	6				
Wayne Sanderson	7	7				
Kathleen Richards	7	7	3	2		
Caroline Jakeman	7	7	4	1		
Giles Gunsekera	7	5	4	4	1	1
Sarah Holloway	4	4	1	1	1	1
Gabrielle Kavanagh	3	2				
Katharine Wheldrake	2	2				

The Audit and Risk Committee is responsible, among other things, for monitoring management's strategy for ensuring that the company has implemented appropriate internal controls to address business risks and that these controls are functioning effectively.

The Public Fund Committee oversees the correct administration of gifts and donations.

Short and long term objectives

Our vision

Our Global Vision Statement underpins the work of the entire worldwide movement of Amnesty International, and provides a framework for the operation of all Amnesty International Sections. The goals which Amnesty works towards in Australia are set by our Board and Senior Management Team with vital input from our supporters.

By 2014, Amnesty International Australia will protect and defend the human rights of more people by:

- Inspiring 500,000 people every year to take action for human rights.
- Positively influencing and informing key opinion formers and decision makers.
- Being an inclusive, authoritative, relevant and bold organisation.
- Playing a leading role in Amnesty International, particularly in the Asia Pacific.

Our goals

In 2012 Amnesty International Australia will:

- Campaign for an effective Arms Trade Treaty.
- Respond rapidly to international crises and individuals at risk.
- Stand with Indigenous communities to end human rights abuses.
- Champion the rights of refugees and asylum seekers.
- Strengthen, empower and grow our grassroots support.
- Increase support to our global movement and sustain growth and impact in the Asia Pacific.

Approach to Achieving Short and Long Term Objectives

In Australia we saw the continued violation of the rights of Indigenous Peoples. The government continued to limit funding for housing and municipal services such as water and sanitation to Aboriginal peoples living on traditional homelands in the Northern Territory. A parliamentary committee report on Aboriginal youth and justice published in June showed a jump of 66 per cent in Aboriginal imprisonment rates between 2000 and 2009.

In August 2011 we launched a campaign in partnership with the Alyawarr/Amnatyerr Peoples of Utopia in the Northern Territory to fight for their right to remain on their traditional homelands. This campaign has already led to considerably increased awareness of and discussion about the fate of homelands in Federal Parliament and will continue through 2012, focusing on equity in housing maintenance funding and proper recognition of the value of homelands.

In February, after six years of dedicated campaigning by our supporters, a National Plan to Reduce Violence against Women and their Children was endorsed by federal, state and territory governments.

In July, the Australian and Malaysian governments agreed to swap 800 asylum-seekers who arrived by boat in Australia with 4,000 refugees (predominantly from Myanmar) who were in Malaysia awaiting resettlement. 42 asylum-seekers challenged their removal to Malaysia. In a landmark decision, the High Court ruled in August that the swap was invalid under Australia's Migration Act. Faced with a huge public outcry from Amnesty International and other organisations and individuals, and the High Court ruling that the deal was illegal, the government had no choice but to scrap the Malaysia Deal.

Campaigning in 2012 will focus on the deteriorating mental health of asylum seeker detainees and getting as many asylum seekers and refugees as possible into community detention.

In September 2011, after a concerted lobbying effort by Amnesty International, the government introduced Complementary Protection laws that strengthened protection for people fleeing abuses – such as female genital mutilation, honour killings and the death penalty – which are not covered by the UN Refugee Convention.

Responding to international crises, as the Arab Spring engulfed the Middle East and North Africa, we were on the ground monitoring and reporting human rights abuses.

We contributed to a global call of more than 165,000 people for accountability in Syria when violence against civilians began in March 2011. This work continues, with a recent vigil to mark the anniversary and show outrage towards increase levels of violence.

After years of campaigning on human rights abuses in Burma, we celebrated when hundreds of prisoners of conscience were released in 2011. We also contributed to the release of Iranian doctors Arash and Kamiar Alaei, imprisoned for their work on HIV/AIDs, thanks to hundreds of letters from our supporters.

Thousands of our supporters across the world raised a glass to celebrate our 50th anniversary in May 2011 and took action on behalf of dozens of individuals still at risk around the world.

In ongoing work on the death penalty, we helped collect over 250,000 signatures on a petition to end the death penalty in Belarus.

The company measures its impact with a range of performance indicators. Critical indicators include:

- The achievement of our campaign objectives.
- The number of people who take action for human rights
- The impact and scope of the media and public affairs work conducted by Amnesty International Australia.
- The return on investment of our fundraising activities over the medium term

Principal Activities during the Year

The principal activities of the company during the course of the financial year were human rights campaigning, awareness raising and fundraising. There have been no significant changes in the nature of these activities during the year.

Results

The operating deficit for 2011 amounted to \$3,490,851 (2010: deficit \$93,785). The larger than anticipated deficit is due to increase spending to build up our Supporter Base occurring late in 2011. We expect this to impact favourably on our revenues from 2012 and beyond.

Significant Changes in the State of Affairs

In accordance with the decisions of the International Council Meeting of Amnesty International, Amnesty International Australia will significantly increase our contributions to the global movement over the next five years. It is expected that this will see the funds supplied to the global movement rise from current levels of 25% to 40% in 2017.

Events Subsequent to Balance Date

In the interval between the end of the financial year and the date of this report, there has not been any transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Environmental Regulations

The company is not subject to any significant environmental regulations under either Commonwealth or State regulation.

Liability of Members

The members are members of the public who have paid the annual membership fee. As at 31 December 2011 there were 11,967 members (2010: 12,781 members). A maximum amount of \$100 is guaranteed by each member in the event that the company is wound up.

Directorships of Public Companies

No member of the Board of Directors holds any formal position with any other Public Companies.

Solicitors

Freehills
101 Collins Street
Melbourne VIC 3000

Allens Arthur Robinson
Level 28 Deutsche Bank Place
Corner of Hunter & Phillip Streets
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Level 12, 363 George Street
Sydney NSW 2000

Auditors Independence

A declaration of independence has been received from the company's auditors, Ernst & Young. A copy of this declaration is included in this Annual Financial Report.

Signed in accordance with a resolution of the directors:

Giles Gunesekera
Sydney
Director and National Treasurer

Dated: 3 April 2012

Directors' Declaration

In accordance with a resolution of the directors of Amnesty International Australia, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Amnesty International Australia, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the company as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Giles Gunesequera
Sydney
Director and National Treasurer

Dated: 3 April 2012

Financial Statements for the Year Ended 31 December 2011



Statement of Comprehensive Income for the Year Ended 31 December 2011

	Note	2011 \$	2010 \$
<i>Revenue from operating activities</i>			
Donations/fundraising			
Human rights defender pledges		17,583,290	17,455,690
Mail appeals		950,970	907,730
Other donations		2,354,774	2,386,008
Fundraising events		493,700	307,086
Bequests		539,584	1,600,438
Membership fees		502,916	549,041
Merchandising		274,679	288,878
<i>Other revenue</i>			
Interest and other		265,176	260,862
Total revenue		<u>23,001,380</u>	<u>23,773,852</u>
<i>Expenditure on Operating Activities</i>			
Human rights campaigning in Australia		(7,891,703)	(7,158,694)
International campaigning and research	3	(7,316,595)	(6,922,205)
Building our supporter base	3	(5,938,060)	(5,071,299)
Fundraising		(2,942,808)	(2,665,665)
Merchandise		(279,912)	(329,154)
Governance and democracy		(915,908)	(807,714)
Administration and other		(939,827)	(864,564)
Net unrealised loss on financial asset at fair value		(231,126)	(30,223)
Total expenses		<u>(26,492,231)</u>	<u>(23,867,637)</u>
Operating Deficit	3	<u>(3,490,851)</u>	<u>(93,785)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(3,490,851)</u>	<u>(93,785)</u>

Financial Statements for the Year Ended 31 December 2011



Statement of Financial Position as at 31 December 2011

	Note	2011 \$	2010 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	4	2,776,895	5,759,385
Trade and other receivables	5	699,945	617,384
Inventories	7	87,534	136,856
Other current assets	6	339,985	449,121
Financial assets at fair value through profit or loss	11	1,352,467	1,583,594
Total Current Assets		5,256,826	8,546,340
<i>Non-Current Assets</i>			
Other Assets	8	49,087	-
Property, plant and equipment	9	570,082	792,589
Intangible assets	10	308,238	92,465
Total Non-Current Assets		927,407	885,054
Total Assets		6,184,233	9,431,394
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	12	1,557,418	1,512,317
Provisions	14	808,847	645,061
Total Current Liabilities		2,366,265	2,157,378
<i>Non-Current Liabilities</i>			
Other payables	12	43,848	101,686
Provisions	15	250,520	157,879
Total Non-Current Liabilities		294,368	259,565
Total Liabilities		2,660,633	2,416,943
Net Assets		3,523,600	7,014,451
Accumulated Surplus			
Retained surplus		3,523,600	7,014,451
Accumulated Surplus		3,523,600	7,014,451

Cash Flow Statement for the Year Ended 31 December 2011

		2011 \$	2010 \$
Cash Flows from Operating Activities			
	Note		
Cash receipts in the course of operations		22,699,913	23,156,388
Payments to employees and suppliers		(19,391,263)	(16,824,405)
Interest received		265,175	260,862
Payments to the International Secretariat and other Amnesty International sections		(5,941,884)	(5,496,718)
Net Cash Flows provided by Operating Activities		(2,368,059)	1,096,127
Cash Flows from Investing Activities			
Purchase of financial asset		-	(300,000)
Purchase of property, plant and equipment		(335,871)	(252,912)
Purchase of intangible asset		(278,560)	(1,381)
Net Cash Flows Used in Investing Activities		(614,431)	(554,293)
Net increase/(decrease) in cash held		(2,982,490)	541,834
Cash at the beginning of the financial year		5,759,385	5,217,551
Cash at the end of the financial year	4a	2,776,895	5,759,385

Statement of Changes of Equity for Year Ended 31 December 2011

	Accumulated surplus \$	Total \$
At 1 January 2010	7,108,236	7,108,236
Deficit for the period	(93,785)	(93,785)
Other comprehensive income	-	-
	<hr/>	<hr/>
At 31 December 2010	7,014,451	7,014,451
	<hr/>	<hr/>
At 1 January 2011	7,014,451	7,014,451
Deficit for the period	(3,490,851)	(3,490,851)
Other comprehensive income	-	-
	<hr/>	<hr/>
At 31 December 2011	3,523,600	3,523,600

1. CORPORATE INFORMATION

The financial report of Amnesty International Australia for the year ended 31 December 2011 was issued in accordance with a resolution of the directors on 3 April 2012.

Amnesty International Australia is a not-for-profit organisation limited by guarantee. The registered office is Level 1, 79-83 Myrtle Street, Chippendale, NSW, 2009. The nature of the operations and principal activities are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Reduced Disclosure Requirements, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. It has been prepared on the basis of historical costs, except for financial assets at fair value through the profit and loss that have been measured at fair value. The accounting policies have been consistently applied, unless otherwise stated. The financial report is presented in Australian dollars, unless otherwise stated. The accounts have been rounded to the nearest dollar.

b. Statement of compliance

The financial report complies with Australian Accounting Standards Reduced Disclosure Requirements, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Some AIFRS and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The following Australian Accounting Standards include not-for-profit specific requirements which have been applied in preparing this financial report:

AASB 116: Property, Plant and Equipment
AASB 136: Impairment of Assets
AASB 1004: Contributions

The accounting policies are consistent with those of the previous financial year except for the adoption of the following new or amended accounting standards:

AASB 2010-3: Amendments to Australian Accounting Standard arising from the Annual Improvements Project

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

The entity has adopted the provision for the Reduced Disclosing Requirements which are mandatory for all accounting period beginning on or after 1 July 2013.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the company for the annual reporting period ending 31 December 2011. The Directors have not yet assessed the impact of these new or amended standards and interpretation on the company's financial report.

New Accounting Standards and UIG Interpretations

Certain Australian Accounting Standards and UIG Interpretations have been recently issued or amended but are not yet effective. These other standards have not been adopted for the year ended 31 December 2011. The directors have yet to finalise their assessment of the impact of these new standards and interpretation.

c. Income tax

Amnesty International Australia is exempt from income tax in Australia under Division 50 of the Income Tax Assessment Act 1997. As specified by the Australian Taxation Office (ATO), Amnesty International Australia completes an annual self-assessment to confirm the exemption.

d. Revenue recognition

Fundraising, bequests, donations and membership fees

Contributions from individuals, local groups and networks of Amnesty International Australia are treated as fundraising revenue and are recognised when received.

Sale of merchandise and publications

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Distributions from financial asset at fair value

Distributions from the financial asset at fair value through the profit and loss are recognised when received. Currently, it is Amnesty International Australia's practice to reinvest all distributions.

e. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand, at-call or short term deposits with a maturity date of three months or less, and are with banks or financial institutions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Trade and other receivables

Trade receivables are recognised initially at fair value, and subsequently measured less an allowance for uncollectible amounts. The collectability of debts is assessed at the balance sheet date and specific provision is made for any doubtful accounts.

g. Inventories

Inventories are carried at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Finished goods – cost of direct materials, on a weighted average basis.

Net realisable value is the estimated selling price in the normal course of operations, less estimated costs necessary to make the sale.

h. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Assets are depreciated over their estimated useful lives, using the straight line method, from the date of acquisition.

Depreciation rates used for each class of asset, for the current and previous years, are as follows:

	2011	2010
IT equipment	33.3%	33.3%
Plant and equipment	25%	25%
Leasehold improvements	term of lease	term of lease

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Intangibles

Intangible assets were acquired separately and initially measured at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful life of 5 years and the amortisation expense is recognised in the income.

The development of commercially saleable in house software is capitalised at the lesser of the fair value and the historical cost of development. Such software is amortised over 5 years.

j. Recoverable amounts of assets

At each reporting date, assets are reviewed to determine whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, and where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amounts are determined for individual assets, unless the value in use cannot be estimated independently from other assets. In this case, the recoverable amount is determined for the cash-generating group of assets to which it belongs.

k. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis as expenses over the lease term. Operating lease incentives are recognised as a liability when received and subsequently released over the term of the lease to the income statement.

l. Trade and other payables

Trade and other payables are carried at amortised cost, and are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade payables are normally settled within normal trading terms.

m. Provisions

Provisions are recognised when Amnesty International Australia has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where Amnesty International Australia expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the balance sheet date, calculated at undiscounted amounts based on remuneration rates that the company expects to pay, expected to be settled within 12 months.

Long service leave

Liabilities for employee benefits for long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance sheet date. The provision is calculated using expected future increases in wage and salary rates, including related on-costs and proportion rates based on expected settlement dates and on turnover history. Those entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at the balance sheet date, which most closely match the terms of maturity of the related liabilities.

Superannuation plans

Contributions are made by Amnesty International Australia to defined contribution superannuation funds and are charged as expenses when incurred.

o. Foreign currency translations

Both the functional and presentation currency of Amnesty International Australia is Australian dollars.

Foreign currency transactions are converted to Australian dollars at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance sheet date are converted at the rates of exchange ruling at that date. Gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in the income statement in the year in which the exchange rates change.

p. 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 Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.
- Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cashflows are included in the statement of cashflows on a gross basis. The GST component of cashflows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Pro bono services and in-kind support

Amnesty International Australia receives pro bono services or donations from a range of providers including legal, information technology and human resource specialists.

Amnesty International Australia has assessed the fair or market value of these professional services or goods at \$220,804 (2010: \$339,668). The value of these services goods are recognised in the accounts as income with an equivalent expense.

Amnesty International Australia also receives considerable in-kind support from other individual supporters and no assessment of the value of this support has been attempted.

r. Disposal of surplus

Rule 7.1 of Amnesty International Australia's Memorandum of Association prohibits the distribution of any surplus to Members. All income must be applied towards the promotion of the objects of Amnesty International Australia.

The amount of the reserves are determined through an annual risk based assessment based on Amnesty International guidelines.

s. Volunteer workers

Amnesty International Australia receives considerable services from its many volunteers. No assessment of the monetary value of this support has been attempted.

t. Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant 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 only affects that period, or in the period of revision and future periods if the revision effects both current and future periods.

u. Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value. The company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non current.

v. Fundraising activities

As a Charitable Institution and with Fundraising Authority issued by the NSW Government, Amnesty International Australia is subject to various state legislation and their reporting requirements as detailed below.

Charitable Fundraising Act 1991

This Act and supporting regulations prescribe the manner in which fundraising appeals are to be conducted, controlled and reported in NSW.

The amounts shown in Note 20 are in accordance with S23 (3) of the Act, Sections 5, 7 and 8 of the Regulations and Authority Condition 7.

Donations and bequests

Donations and bequests are recognised as income as and when received in Amnesty International Australia's offices or deposited in Amnesty International Australia's bank account. As specified in the Act, unsolicited donations, members' donations and bequests are not treated as fundraising income when determining information required under the Act.

Costs of fundraising

Costs in Note 20 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs include overheads such as rent, light, power, insurance and the time spent by accounting and office staff administering appeals and receipting but not directly involved in appeals.

Mail appeals donations and cost allocation

Mail appeals are targeted at both Members and Non-Members. When determining what constitutes fundraising activities as required under the Act, revenue received from members is excluded and a comparable share of costs attributed to Members is also excluded.

No costs were attributed to Members for a share of Raffle, Candle Day or Event costs even though some members would have supported both. The impact on results is not material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mail appeals donations and cost allocation (cont)

While a small number of events raise money, events are primarily designed to have a campaigning impact. The allocation of costs was changed to 100% to reflect the increased campaigning and decrease fundraising focus of events.

Donor acquisition

Bank charges incurred in receiving income from face to face approaches to the public through designated fundraising organisations and mass media appeals are recognised as a direct cost of fundraising. All donations with purchases of merchandise and one-off donations from non-Members are assumed to be the result of general campaigns and are reported as such.

3. OPERATING DEFICIT

The operating deficit/ has been arrived at after charging the following items:

	2011	2010
	\$	\$
Amortisation expense	62,787	41,043
Depreciation expense	473,777	574,801
Write-down of inventory to net realisable value	41,427	-
Operating lease / rental expense	757,382	751,161
Cost of goods sold	101,211	126,781
Employee benefit expense	7,305,322	5,808,749

4. CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Cash at bank and on hand	526,895	1,619,311
Bank short term deposits	2,250,000	4,140,074
	<u>2,776,895</u>	<u>5,759,385</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

The short term deposits are held as a Bank Bill with the Commonwealth Bank of Australia. They have a face value of \$2,250,000, and earn a weighted interest at a rate of 5.5% and will mature on 16 February 2012.

4. CASH AND CASH EQUIVALENTS (continued)

a. Reconciliation of cash

For the purposes of the cash flow statement, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the financial year as shown in the cash flow statement and is reconciled to the related item in the statement of financial position as follows:

	2011	2010
	\$	\$
Cash on hand	2,846	2,082
Group bank accounts	21,187	30,314
Cash at bank	304,094	305,944
At call deposit	198,768	1,280,971
Bank short term deposits - maturing within 90 days	2,250,000	4,140,074
Cash assets	<u>2,776,895</u>	<u>5,759,385</u>

5. TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
Trade receivables	152,887	143,543
Other receivables	547,058	473,841
	<u>699,945</u>	<u>617,384</u>

The carrying values of receivables are a reasonable approximation of fair value.

6. OTHER CURRENT ASSETS

	2011	2010
	\$	\$
Prepayments	177,333	235,411
Other Assets	162,652	213,710
	<u>339,985</u>	<u>449,121</u>

7. INVENTORIES

	2011	2010
	\$	\$
Finished goods	58,024	105,028
Campaign materials	29,510	31,828
	<u>87,534</u>	<u>136,856</u>

Finished goods represent inventories available for sale. Campaign materials represent inventories which are distributed free of charge as part of our activism and campaigning activities.

8. NON-CURRENT ASSETS

	2011	2010
	\$	\$
Other Assets	49,087	-
	<u>49,087</u>	<u>-</u>

9. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
Plant and equipment, at cost	1,491,571	1,485,573
Less: accumulated depreciation	<u>(1,370,784)</u>	<u>(1,255,899)</u>
Net Plant and equipment	<u>120,787</u>	<u>229,674</u>
Leasehold improvements, at cost	2,129,466	1,884,195
Less: accumulated depreciation	<u>(1,680,171)</u>	<u>(1,321,280)</u>
Net Leasehold improvements	<u>449,295</u>	<u>562,915</u>
Total cost	3,621,037	3,369,768
Total accumulated depreciation	<u>(3,050,955)</u>	<u>(2,577,179)</u>
Total Property, plant and equipment	<u>570,082</u>	<u>792,589</u>

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2011 \$	2010 \$
Plant and equipment:		
Carrying amount at beginning of the year	229,674	306,792
Additions	5,998	150,915
Depreciation	<u>(114,885)</u>	<u>(228,033)</u>
Carrying amount at the end of the year	<u>120,787</u>	<u>229,674</u>
Leasehold improvements:		
Carrying amount at beginning of the year	562,915	807,208
Additions	329,873	101,997
Disposal	(84,602)	
Depreciation	<u>(389,103)</u>	<u>(346,290)</u>
Carrying amount at the end of the year	<u>449,295</u>	<u>562,915</u>
Total Property, plant and equipment:		
Carrying amount at beginning of the year	792,589	1,114,000
Additions	335,871	252,912
Disposal	(84,602)	-
Depreciation	<u>(473,776)</u>	<u>(574,323)</u>
Total carrying amount at the end of the year	<u>570,082</u>	<u>792,589</u>

10. INTANGIBLES

	2011 \$	2010 \$
Intangible assets, at cost	484,806	206,246
Less: accumulated amortisation	<u>(176,568)</u>	<u>(113,781)</u>
Total Intangible assets	<u>308,238</u>	<u>92,465</u>

Reconciliations of the carrying amounts for each class of intangibles are set out below:

Intangibles:		
Carrying amount at beginning of the year	92,465	132,127
Additions	278,560	1,381
Amortisation	<u>(62,787)</u>	<u>(41,043)</u>
Carrying amount at the end of the year	<u>308,238</u>	<u>92,465</u>

11. FINANCIAL ASSETS

Current

Financial assets at fair value through profit and loss

Investment in managed fund	1,352,468	1,583,594
Total current financial assets	<u>1,352,468</u>	<u>1,583,594</u>

The managed funds reflect a portion of Amnesty International Australia's financial reserves and are invested with Australian Ethical Investment in the Larger Companies Trust.

12. TRADE AND OTHER PAYABLES

Current	\$	\$
Trade payables	1,066,181	1,021,417
Other payables & accruals	<u>491,236</u>	<u>490,900</u>
	<u>1,557,417</u>	<u>1,512,317</u>
Non-current		
Lease incentive accrual	<u>43,848</u>	<u>101,686</u>
	<u>43,848</u>	<u>101,686</u>

The carrying values of payables are a reasonable approximation of fair value, due to the short term nature.

13. EMPLOYEE BENEFITS – SUPERANNUATION

Amnesty International Australia makes contributions to defined contribution superannuation funds.

The amount recognised as an expense in the statement of comprehensive income is \$567,980 (2010: \$460,515).

14. CURRENT LIABILITIES – PROVISIONS

	2011 \$	2010 \$
Long service leave	230,369	240,606
Annual leave	523,513	404,455
Provision for Redundancy	53,447	-
Other	<u>1,518</u>	<u>-</u>
	<u>808,847</u>	<u>645,061</u>

15. NON-CURRENT LIABILITIES – PROVISIONS

	2011 \$	2010 \$
Make good provision	76,720	63,720
Long service leave	173,800	94,159
	<u>250,520</u>	<u>157,879</u>

(a) *Nature and timing of provisions*

(i) Make good provision

Queensland

In accordance with the lease agreement for our Queensland Action Centre, Amnesty International Australia must restore the premises to its original condition at the end of the lease term in 2012.

ACT

In accordance with the lease agreement for our ACT Action Centre, Amnesty International Australia must restore the premises to its original condition at the end of the lease term in 2016.

Movement in the make good provision for the year is set out as follows:

	2011 \$
At 1 January 2011	63,720
Arising during the year	13,000
At 31 December 2011	<u>76,720</u>

(ii) Long service leave

Refer to note 2(n) for the relevant accounting policy.

	2011	2010
Number of employees (Full time equivalent at year end)	78	79

16. OPERATING LEASE COMMITMENTS

Amnesty International Australia has entered into commercial leases on certain buildings and items of office equipment.

The leases on buildings have an average life of between 1 and 7 years with renewal terms included in the contracts. Renewals are at the option of Amnesty International Australia. Most lease contracts provide for escalating lease payments based on general inflationary indices.

The leases for office equipment have an average life of between 2 and 5 years with renewal terms included in the contracts. Renewals are at the option of Amnesty International Australia.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2011 are as follows:

	2011	2010
	\$	\$
Within one year	787,677	774,780
After one year but not more than 5 years	458,723	360,443
More than 5 years	-	-
Total	1,246,400	1,135,223

17. SEGMENT INFORMATION

Amnesty International Australia operates in the human rights industry, specifically human rights campaigning, awareness raising and fundraising in one geographical area - Australia.

18. DIRECTORS' REMUNERATION

All directors at both national and regional level provide their services free of charge. No remuneration was paid to directors except for some reimbursement of expenses incurred in the course of their duties.

19. RELATED PARTIES

a) Directors

There were no loans to Directors at any time in the year ended 31 December 2011. If a Director from time to time purchases goods from the company it is on the same terms and conditions as available to employees.

b) Key management personnel remuneration

The following compensation was made to 6 employees (2010: 6 employees) on the Senior Management Team for their contributions as employees for the company and for conducting and directing services. The increase is attributable to a Senior Manager on maternity and other forms of paid leave during the period and the cessation of remuneration packaging, increasing remuneration but decreasing fringe benefits tax obligations.

	2011	2010
	\$	\$
Total remuneration	869,296	701,107

19. RELATED PARTIES (continued)

c) Transactions with the international movement of Amnesty International and other Amnesty sections.

Based on Amnesty International Australia's financial results from prior periods, the organisation contributes to the international movement via the International Secretariat. The 2011 assessment amount was \$5,191,884 (2010: \$5,496,718) and was paid during the year.

During the year Amnesty International Australia purchased publications and campaign materials from the International Secretariat. The company also incurred costs on behalf of the international movement which were deducted from assessment payments.

As at 31 December 2011, there are no receivables due from the international movement (2010: \$4,195) and there was \$24,861 (2010:\$2,824) owing to the international movement in 2011.

20. CHARITABLE FUNDRAISING ACT (NSW) 1991

a) Details of aggregated gross income and total expenses of fundraising appeals:

Results of fundraising appeals	2011 \$	2010 \$
Gross proceeds from fundraising appeals	19,817,830	19,376,870
Less: Direct costs of fundraising appeals	<u>(4,899,196)</u>	<u>(5,005,940)</u>
Net surplus from fundraising appeals	<u>14,918,634</u>	<u>14,370,930</u>

b) Fundraising appeals conducted during the financial year:

Fundraising appeals were conducted during the financial year by mail, telephone and face to face street fundraising. In addition funds were raised by a raffle, donations from non-Members and numerous fundraising events.

Donations and fundraising in this note follow the definition in the Charitable Fundraising Act. As such, there are some differences in the classification of items compared to the statement of comprehensive income but the overall totals remain the same.

c) Comparisons of certain monetary figures and percentages:

	2011		2010	
	\$	%	\$	%
Total cost of fundraising/ Gross fundraising income	4,899,196 19,817,830	25%	5,005,940 19,376,870	26%
Net surplus from fundraising/ Gross fundraising income	14,918,634 19,817,830	75%	14,370,930 19,376,870	74%

20. CHARITABLE FUNDRAISING ACT (NSW) 1991 (Continued)

d) Details of Results of Fund Raising Appeals

Types of appeal	Fundraising: Revenue/Expense Comparison					
	2011			2010		
	Revenue	Expenses	Ratio of cost to Revenue	Revenue	Expenses	Ratio of cost to Revenue
Mail Appeals	950,970	344,273	36%	721,754	264,549	36%
Non-member regular giving/donations	18,611,479	4,498,121	24%	18,348,030	4,664,730	25%
Events	255,381	56,801	22%	307,086	76,661	25%
Total	19,817,830	4,899,196	25%	19,376,870	5,005,940	26%

For 2011 the ratio of costs to revenue both overall and by fundraising category is within the 40% guideline. Street face to face fundraising is highly cost effective when considered over a longer period as all fees are paid up front.

Declaration by Director in Respect of Fundraising Appeals



I, Giles Gunsekera Director of Amnesty International Australia, declare that in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Amnesty International Australia with respect to fundraising appeal activities for the financial year ended 31 December 2011
- (b) the statement of comprehensive income gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2011.
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with during the period from 1 January 2010 and 31 December 2011.
- (d) the provisions of the Charitable Collections Act 1946 (WA) and Regulations and the conditions attached to the authority have been complied with during the period from 1 January 2010 and 31 December 2011.
- (e) the internal controls exercised by Amnesty International Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals, although it is not always practicable for the company to establish accounting control over all sources of fundraising appeal activities prior to receipt of these funds by employees of the company.

Dated at Sydney this 3rd day of April, 2012

Giles Gunsekera