

Australian Synchrotron Company Limited

ASCo ABN 52 126 531 271

Financial Statements for the year ended 30 June 2011

The Australian Synchrotron vision – to be the catalyst for the best scientific research and innovation in Australasia



The image used on the cover of this report is based on artwork created by Melbourne-based digital artist, Chris Henshke. Chris is currently undertaking a second artistic residency at the Australian Synchrotron.

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Introduction

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The Australian Synchrotron is a world class national scientific research facility located at 800 Blackburn Road in the suburb of Clayton in Victoria. The Australian Synchrotron is managed under a dual entity structure, comprising two companies:

- Australian Synchrotron Company Limited (ASCo) is the management entity and has the exclusive right to operate, manage and develop the Australian Synchrotron assets under a lease with Australian Synchrotron Holding Company Proprietary Limited (ASHCo).
- ASHCo is the ownership entity and owns all the Australian Synchrotron assets.

This document is one of three related documents, including the Financial Statements of ASCo, ASHCo and the Australian Synchrotron Annual Report 2011.

ASCo is a public unlisted and not for profit company incorporated in Australia on 13 July 2007. The Company is limited by guarantee and operates assets leased to it by ASHCo. ASCo is responsible for overseeing all operations of the Australian Synchrotron and has responsibility for securing ongoing funding for the operation of the Australian Synchrotron and for obtaining funding for upgrades to the facility.

The Financial Statements included in this volume have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (AAS).

An overview of the key activities and achievements of the Australian Synchrotron over 2010-2011 is provided in the Australian Synchrotron Annual Report 2011. This report is a public document and will be freely available on the Australian Synchrotron website www.synchrotron.org.au later this financial year.

Glossary

ASCo	Australian Synchrotron Company Limited. The operating company for the Australian Synchrotron
ASHCo	Australian Synchrotron Holding Company Proprietary Limited. The owner of the Australian Synchrotron assets
AAMRI	Association of Australian Medical Research Institutes
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ANDS	Australian National Data Service
ANSTO	Australian Nuclear Science and Technology Organisation
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DBI	Department of Business and Innovation
EIF	Educational Investment Fund
EOU	Essential Operating Upgrades
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
IMBL	Imaging and Medical Beamline
MASSIVE	Multimodal Australian ScienceS Imaging and Visualisation Environment
MAIA	Maia x-ray Microprobe Elemental Imaging System
MPV	Major Projects Victoria
NCRIS	National Collaborative Research Infrastructure Strategy
NHMRC	National Health and Medical Research Council
UPS	Uninterruptable Power Supply
VAGO	Victorian Auditor-General's Office

Corporate Information

ACN 126 531 271
ABN 52 126 531 271

Directors

C.M. Walter AM Chairman
Dr S.H. Gallagher
Dr R.J. Hill
Prof L. Kristjanson
Prof P.M. Colman
Prof M. Lu

Company secretary

M.J. Tonroe

Registered office and principal place of business

800 Blackburn Road
Clayton, Victoria 3168
Australia
Phone: + 61 3 8540 4100

Solicitors

Holding Redlich
350 William Street,
Melbourne, Victoria 3000
Australia

Bankers

Westpac Banking Corporation
Monash University
Wellington Road
Clayton, Victoria 3800
Australia

Auditors

Victorian Auditor-General's Office
Level 24, 35 Collins Street
Melbourne, Victoria 3000
Australia

Directors' Report

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The Directors present their report together with the financial statements of the Australian Synchrotron Company Limited ("the Company") for the year ended 30 June 2011, and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Directors

Mrs C.M. Walter AM

Dr G.A. Carnaby (resigned 3/6/11)

Dr S.H. Gallagher

Dr R.J. Hill

Prof L. Kristjanson

Prof P.M. Colman

Prof K.A. Nugent (resigned 14/3/11)

Prof M. Lu

C.M. Walter AM, LLB (Hons), LLM, MBA, FAICD

Mrs Walter is a Solicitor and Company Director. She has been a Director and Chairman of the Australian Synchrotron since 19 November 2007. Mrs Walter is a Director of Australian Foundation Investment Company Limited, Walter and Eliza Hall Institute of Medical Research, Victorian Funds Management Corporation and Victorian Opera and a member of the Reserve Bank's Payment Systems Board.

Dr G.A. Carnaby MNZM, DSc, FRSNZ (resigned 3/6/11)

Dr Carnaby currently holds the position of President of the Council of the Royal Society of New Zealand. He is Chair of New Zealand Synchrotron Group Ltd, Chair of the Canterbury Development Corporation, and Entrepreneur in Residence at Lincoln University. Dr Carnaby was previously Managing Director of the Wool Research Organisation of New Zealand and is the immediate past Chair of the Marsden Fund. His personal research achievements have been recognised by the award of Doctorates from University of NSW, Leeds, Lincoln and De Montfort Universities and election to the Academy in New Zealand. He has run his own company since 2004, involving a mix of personal research and consultancy work mainly supported by the New Zealand Government.

Professor P.M. Colman B. Sc. (Hons), PhD, D. Sc. (honoris causa)

Professor Colman trained in physics at the University of Adelaide before starting a career in protein crystallography. He worked with Brian Matthews in Eugene (Oregon, USA) on the thermolysin structure, with Robert Huber in Munich on antibodies, and with Hans Freeman and Mitchell Guss in Sydney on plastocyanin before commencing his work on the influenza virus antigen neuraminidase at CSIRO in 1978.

Together with Jose Varghese (CSIRO) and Graeme Laver (Australian National University), he determined the structures of neuraminidase and its complex with two antibodies. In 1985 he co-founded Biota and led the research program that resulted in zanamivir, the first in a new class of medicines for influenza known as neuraminidase inhibitors.

Since 2001 he has worked at The Walter and Eliza Hall Institute of Medical Research where, together with a multidisciplinary team of colleagues, he studies the structural machinery of cell death and opportunities to utilise it in cancer therapy.

Directors' Report (cont.)

Professor Colman has been an international synchrotron user since 1983. He was a member of the Policy and Review Board of the Australian Synchrotron Research Program (1996-2001), participating in the ground work that led to the commitment to build the Australian Synchrotron.

He is a member of the Board of Directors of The Macfarlane Burnet Institute for Medical Research and Public Health.

Dr S.H. Gallagher *BSc (Hons), PhD, GAICD*

Dr Sean Gallagher is Chief Operating Officer of the United States Studies Centre at the University of Sydney where he is a Research Associate in Higher Education. Dr Gallagher is a founding member of the Board of Directors of the Australian Synchrotron and Chairman of its Audit and Risk Committee. He has previously held roles in science, government, public affairs, and state and federal politics.

Dr Gallagher completed his BSc (Hons) and PhD in chemistry at the University of Sydney for which he was awarded the RACI Cornforth medal, has published in the world's leading chemistry journals, and has synchrotron experience at SSRL. He has also been a Visiting Fellow at the University of Southern California (chemistry) and Stanford University (higher education).

Dr R.J. Hill *DSc, PhD, BSc (Hons), FTSE, FAusIMM, FAICD, FMSA, FRACI*

Dr Hill is a professor and the Pro Vice-Chancellor, Industry Engagement and Commercialisation, at Monash University. He oversees Monash University's business development, technology transfer, and intellectual property management and commercialisation activities.

Dr Hill is a Director of the Victorian Centre for Advanced Materials Manufacture Ltd, ARC Centre of Excellence for Design in Light Metals and an Investment Committee member of Trans Tasman Commercialisation Fund.

Dr Hill was previously Group Executive for CSIRO's Manufacturing, Materials and Minerals (MMM) Group of Research Divisions. In 1991 he was awarded a Doctor of Science from the University of Adelaide for his contributions to crystal chemistry, and in 2001 he was awarded a Centenary Medal for services to Australian science and technology. Dr Hill has published more than 100 papers in refereed scientific literature and has undertaken research at synchrotron and neutron facilities in the USA, Europe and Japan.

Professor L. Kristjanson *BN, MN, PhD, GAICD*

Professor Kristjanson was recently appointed the Vice-Chancellor of Swinburne University, Chair of Swinburne Student Amenities Association Limited, Director of Swinburne College Pty Ltd, Swinburne (Holdings) Pty Ltd and Swinburne Limited. She is also the Chair of Auscope Ltd.

Professor Kristjanson was formally the Deputy-Vice Chancellor Research & Development, at Curtin University of Technology in Western Australia. Between 2000 and 2006 she held the position as The Cancer Council WA Chair of Palliative Care. In this role Dr Kristjanson created and led the Western Australian Centre for Cancer & Palliative Care. She has received national competitive research funding from organisations in Canada, the USA and Australia. Professor Kristjanson served as a member of the National Health & Medical Research Council from 2003-2006.

Professor M. Lu *B.Eng, M.Eng, PhD, FTSE, FIChemE*

Professor Lu is currently Deputy Vice-Chancellor and Vice President (Research) at the University of Queensland (UQ). He has held positions from senior lecturer to Professor at UQ since 1994. In 2003, he was awarded his first Australian Research Council (ARC) Federation Fellowship, and awarded his second in 2008. His expertise is nanomaterials for clean energy and environmental technologies. He is the Inaugural Director for the ARC Centre of Excellence for Functional Nanomaterials.

With over 450 journal publications and 20 patents, Professor Lu is a ISI Highly Cited Researcher in materials science with over 11,000 citations (with a h-index of 52).

Directors' Report (cont.)

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He is currently a Director of National Centre of Excellence for Desalination, Research Data Storage Infrastructure, and National eResearch Collaboration Tools and Resources (NecTAR). He is member of the management board for Australian Nanotechnology Network and has a ministerial appointment with National Enabling Technologies Strategy (NETS). Professor Lu is a Fellow and former Director of Australian Academy of Technological Sciences and Engineering (ATSE), and Uniseed.

Professor K.A. Nugent *BSc (Hons), PhD, FAIP, FAA* (resigned 14/03/11)

Professor Nugent is on his second term as an Australian Research Council (ARC) Federation Fellow and is a Professor of Physics at the University of Melbourne. He is Research Director of the Australian Research Council Centre of Excellence for Coherent X-ray Science (CXS), a multi-institutional and interdisciplinary research program involving the University of Melbourne, La Trobe University, Swinburne University, Monash University and Griffith University.

Professor Nugent's awards include the Pawsey Medal from the Australian Academy of Science, the Boas Medal from the Australian Institute of Physics, a Centenary Medal, and the 2004 Victoria Prize, along with the Anne and Eric Smorgon Memorial Award for the support of his research. He has received two RD100 awards for his technical innovations. He was elected a Fellow of the Australian Academy of Science in 2001.

Professor Nugent sits on a number of advisory boards including the Bragg Institute Advisory Committee and the X-ray Microscopy and Imaging Advisory Committee to the Advanced Photon Source. Through a partnership with Santa Maria College in Northcote, in 2009 CXS was jointly awarded the inaugural NAB Schools First State Impact Award (Victoria) of \$100,000 in support of the "Growing Tall Poppies" educational outreach program.

Professor Nugent has extensive experience in experimental and theoretical work relating to synchrotron science. He has made significant contributions in the area of x-ray phase contrast imaging and more recently he has been exploring the development of coherent diffraction methods for both synchrotron and x-ray free electron laser sources. He also had significant involvement with the Australian Synchrotron Research Program and chaired the Decadal Planning process for Australian Synchrotron-based science.

On March 14th 2011 Professor Nugent resigned as a Non-Executive Director of ASCo and accepted the role of Director of ASCo.

Interests in the shares and options of the Company and related bodies corporate

ASCo is a company limited by guarantee. Directors do not hold any shares in the Company.

Company secretary

***M.J. Tonroe Bsc (Hons), ACA* (appointed 21/03/11)**

Mr Tonroe is a Chartered Accountant and an experienced Company Secretary having held this position in several Australian and UK based companies. Mr Tonroe is also the Company's Chief Financial Officer with over 15 years experience in similar roles in Australia, UK, North America and Asia across a wide range of business sectors.

***J.R. Byron BComm, CPA (Fellow), Grad Dip Corp Mgt, CSA, FAICD* (resigned 18/03/11)**

Ms Byron was ASCo Company Secretary from March 2010 to March 2011.

Directors' Report (cont.)

Dividends

The Company is limited by guarantee and under its constitution it is not able to pay any dividend.

Principal activities

The Australian Synchrotron is managed under a dual entity structure, comprising two companies:

- ASCo is the management entity and has the exclusive right to operate, manage and develop the Australian Synchrotron assets under a lease with ASHCo.
- ASHCo is the ownership entity and owns all the Australian Synchrotron assets.

Foundation investors in the Australian Synchrotron receive membership of both companies in consideration of their capital investment, namely shares in ASHCo proportional to their level of capital investment (being a minimum of \$5 million) and membership of ASCo.

The Funding Agreement between ASCo, ASHCo and the State of Victoria sets the background and conditions under which funding is provided by the Victorian Government and the Commonwealth Government towards the operating expenses of the Australian Synchrotron.

Consistent with the Agreement, the main activities include:

- Operation of the Australian Synchrotron at world class standards.
- Providing researchers in the medical, scientific and industrial research fields with access to fully operational world class synchrotron facilities.
- Providing training, technical, scientific and administrative support to users.
- Conducting and facilitating awareness programs to promote the use and benefits of synchrotron science.
- Maintaining the Australian Synchrotron in an excellent state of repair through a comprehensive annual maintenance program.
- Developing relationships with international facilities and providing support for international collaboration in synchrotron science.

Operating and financial review

As the single largest scientific user research facility in Australia, the Australian Synchrotron continued to deliver strong scientific benefits to foundation investors and the wider scientific and commercial community during the 2010-2011 financial period.

- Research undertaken at the Australian Synchrotron focused on critical research and development areas, such as immunology, biomedicine and nanotechnology, with more than 200 refereed papers published using Australian Synchrotron data.
- The median impact factor of all journals in which Australian Synchrotron publications appeared was also greater than 2.5; a result comparable to the performance of Australia's best research groups.
- During the past year no less than five Australian Synchrotron scientists achieved personal career highlights by having their research published in the most highly regarded scientific publications including: *Nature*, *Nature Photonics* and *Nature Chemistry*. *Nature Magazine's* impact factor (a measure reflecting the average number of citations for articles published in science and social journals) for example is 32. In comparison, the mean or average impact factor for other scientific journals is approximately 0.5.

Directors' Report (cont.)

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- The quality and breadth of the Australian Synchrotron's scientific output during the year also meant its performance exceeded that of other synchrotrons at equivalent stages of their development, and as a sign of its world class standing and record, more than 3,000 researchers used the facility in 2010/2011.
- The scientific work generated by the Australian Synchrotron made a positive contribution to Australia's National Research Priorities including: creating an environmentally sustainable Australia; promoting and maintaining good health; developing frontier technologies for building and transforming Australian industries; and safeguarding Australia.
- To improve the scientific outputs of the facility, the Australian Synchrotron also upgraded its imaging, data analysis and visualisation capabilities by installing two new highly advanced technologies, MAIA on the XFM beamline (in collaboration with CSIRO and Brookhaven National Laboratory) and MASSIVE. Both technologies position the facility at the forefront of developmental and experimental science.
- The introduction of MAIA also saw the CSIRO collaboration win the prestigious R&D 100 Award celebrating the 100 most significant R&D achievements in science and other fields.
- The facility benefited as a recipient of notable research infrastructure grants, totalling \$51.48 million. The expansion of the Australian Synchrotron's research capabilities and ongoing construction of new buildings such as the National Centre for Synchrotron Science, User support facility and Technical support laboratories was supported by \$36.78 million from Commonwealth EIF; and \$13.2 million from NHMRC and \$1.5 million from DBI towards phase two of the Imaging and Medical Beamline (IMBL).
- In addition, and as part of its education and industry engagement activity, the Australian Synchrotron managed the Australian Nanotechnology Alliance (ANA) and Plastics and Chemical Industries networking events and was nominated to chair the South-East Melbourne Innovation Precinct initiative (SEMIP) from July 2011; an organisation set up to build stronger connections between business and science.
- The objectives of the facility's education program were realised by way of its Winter School, which focused on developing the synchrotron science user community among early career researchers.
- The Australian Synchrotron's user program also saw it support a range of commercial clients and their exploration of new anti-infective drugs, electronic and bio-analytical measurement instruments, bio-fuel products, pharmaceutical and nutraceutical products and bio pharmaceuticals.
- The Australian Synchrotron's own User survey showed that in excess of 88 companies, representing the health care, mining, information technology, materials, biotechnology and the automotive and consumer goods sectors established direct research links with the facility, with many of these alliances supported by ARC-Linkage grants with university researchers.

Further details of the achievements are provided in the 2010-2011 Annual Report of the Australian Synchrotron.

Directors' Report (cont.)

Operating results for the period

The Company's net comprehensive result for the year was \$962,973 (2010: \$2,027,023). The result was earned on total revenue of \$26,375,347 (2010: \$26,146,741) and after incurring expenses of \$25,412,374 (2010: \$24,119,718).

	2011 \$	2010 \$	Movements \$
Revenue			
Commonwealth and Victorian Government funding	23,944,232	23,429,712	514,520
New Zealand Synchrotron Group funding	799,788	780,281	19,507
Interest revenue	493,431	275,304	218,127
Other revenue ¹	1,137,896	1,661,444	(523,548)
Total revenue	26,375,347	26,146,741	228,606
Expenses			
Salaries and employee expenses ²	14,454,253	12,917,614	(1,536,639)
Utilities	2,162,395	2,367,078	204,683
Building and technical expenses	2,139,108	2,022,124	(116,984)
User support and business development	2,241,200	2,120,513	(120,687)
Administration expenses ³	2,378,212	3,060,442	682,230
Loss on transfer of assets ⁴	2,037,206	1,631,947	(405,259)
Total expenses	25,412,374	24,119,718	(1,292,656)
Net comprehensive result	962,973	2,027,023	(1,064,050)

The major movements from the 2010 to 2011 reporting period are as follows:

¹ Other revenue reduced by \$523,548 due to a one off receipt of Victorian payroll tax refund on receipt of payroll tax exemption status in 2010.

² Salaries and employee expenses increased as a result of:

- (i) Performance and CPI related salary increments
- (ii) 1% increase in company superannuation contribution
- (iii) Increase in average headcounts to optimum levels

³ Administration expenses reduced due to the one off expenditure on Science Case 2 and Investment Case activities incurred in 2010.

⁴ Loss on transfer of assets increased due to higher levels of expenditure to maintain the facility at a world class standard, such as through essential operating upgrades, capital spares and civil works.

The Company is not liable for income tax.

Directors' Report (cont.)

11 Review of financial condition

Liquidity

At the end of the reporting period, the Company had cash reserves of \$8,474,699 (2010: \$8,759,665). The Company also had trade and other receivables and other current assets representing recoverable amounts from ASHCo and other entities of \$1,004,596 (2010: \$1,566,081). The Company had no non-current assets. The total assets of ASCo were therefore \$9,479,295 (2010: \$10,325,746).

The Company had current liabilities of \$4,643,862 (2010: \$4,440,479) of which \$1,997,043 (2010: \$1,416,294) is owed to suppliers under normal terms of trade, \$158,356 (2010: \$525,863) were in respect of contributions of funding received in advance. In addition to the current liabilities there were non-current liabilities of \$168,376 (2010: \$163,265) for employee long service leave. Working capital therefore amounted to \$4,835,433 (2010: \$5,885,267). The total liabilities of the Company were \$4,812,238 (2010: \$4,603,744).

At the end of the reporting period the Company has sufficient cash and current assets to meet its liabilities as they fall due.

Essential Operating Upgrade reserve

At the end of the reporting period the EOU reserve was \$1,643,038 (2010: \$2,500,000).

This reserve has been allocated to the installation of the Uninterruptable Power Supply (UPS) for the facility. The UPS is scheduled to be operational by November 2011.

Ongoing operational funding

Current arrangements

The ongoing operational funding arrangements provided by the Victorian and Commonwealth Governments expire on 30 June 2012. The current arrangements provide annual operating funding of \$20 million plus accrued interest for the period from 1 July 2007 to 30 June 2012 to a total maximum funding of \$100 million plus accrued interest. The New Zealand Synchrotron Group provide additional annual funding of \$750,000 plus indexation during the period to 30 June 2012 with the final instalment expected to be \$840,000 to be received in February 2013.

Future funding

Australian Synchrotron submitted an Investment Case together with Science Case 2 with the Victorian, Commonwealth and New Zealand Governments covering the period from July 2012 until June 2017. Negotiations have commenced with the Victorian and Commonwealth Governments to obtain additional long-term operational and capital funding beyond the expiry of the current arrangement. The Directors believe there are reasonable grounds to expect that additional appropriate funding will be obtained.

Infrastructure development

Throughout the term of the current Funding Agreement there has been significant external ongoing support for expansion of the Australian Synchrotron capabilities including:

- Construction of the National Centre for Synchrotron Science, User accommodation and technical support laboratories buildings funded by a \$36.78 million grant from the Education Infrastructure Fund. This funding was committed in the Federal Budget 2009-10 and construction is scheduled to finish in June 2012.
- The Imaging and Medical Beamline: announced in April 2009, funded through grants from the NHMRC (\$13.2 million) and DBI (\$1.5 million), has become partly available during 2011 with clinical research scheduled to begin in 2013.

Directors' Report (cont.)

Going concern

As in previous years, the Directors and Senior Management Group of Australian Synchrotron worked closely with the Victorian Government on the approved business as usual budget for the period from 1 July 2011 to 30 June 2012. The Company received written confirmation from the Minister for Innovation, Services and Small Business that its proposed interim mini-budget for the 2013 financial year covering the two month period to 31 August 2012 was also approved together with, if required, an additional month of operational funding to 30 September 2012.

In the unlikely event that operational funding is not available after 30 September 2012 the Company will have a financial obligation to pay termination benefits over and above the employee entitlements reported as liabilities in these financial statements. Australian Accounting Standards preclude making provisions for such costs until they are formally approved and become payable.

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Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company.

Significant events after the end of the reporting period

The Directors and Senior Management Group of Australian Synchrotron have commenced a due diligence process with the Victorian and Commonwealth Governments to secure additional long-term operational and/or capital funding beyond the expiry of the current arrangement. A Memorandum of Understanding and Non Disclosure Deed have been executed by the Company to formalise this process.

Likely developments and expected results

The second phase of IMBL construction development is ongoing. The construction of the Satellite building and the Near Beam Surgery and Preparation facility (NBSP) was completed during this reporting period. The NBSP is currently running samples from expert Users and will take on general Users on site in the next reporting period.

With the continuing development of the facility's capabilities, ASCo is in a position to cultivate heightened awareness of synchrotron science across Australia and New Zealand. There will be added emphasis upon engagement with potential academic, cultural, industrial, agricultural and commercial users of the vast capabilities of the synchrotron's existing and prospective beamlines.

Environmental regulation and performance

The Company holds a licence under the *Victorian Radiation Act 2005*. This licence specifies limits and regulates the conduct of the radiation practices listed in the schedules attached to the licence.

There have been no significant known breaches of the Company's licence conditions.

Indemnification and insurance of directors and officers

During the period the Company indemnified all Directors and senior officers against liability for costs and expenses for any act or omission in their capacity as a Director or officer of the Company.

Directors' meetings and committee membership

The number of Directors' meetings held during the year (including meetings of the Committee of Directors), and numbers of meetings attended by each of the Directors were as follows:

Directors' Report (cont.)

	Directors Meetings		Audit & Risk Committee Meetings	
	Attended	Held	Attended	Held
Mrs C.M. Walter AM ^{1 5}	8	8	7	7
Dr G.A. Carnaby ⁶	6	7*		
Dr S.H. Gallagher ^{2 4}	8	8	6	7
Dr R.J. Hill	7	8		
Prof L. Kristjanson ⁴	7	8	7	7
Prof P. Colman	8	8		
Prof K.A. Nugent ⁶	5	5*		
Prof M.Lu	8	8		
Independent member:				
Mr J.N.S. Lee ^{3 4 7}			7	7

* Number of meetings held during the period of appointment of the Director.

Notes:

¹ Designates the Chairman of the Board of Directors.

² Designates the Chairman of the Audit and Risk Committee.

³ Mr J.N.S. Lee is an independent consultant to ASCo and is not a Director. He is a Chartered Accountant working as an independent consultant to a number of organisations in the private, commercial and not-for-profit sectors. He is also a board member of Adult Multicultural Education Services (AMES) and Chairman of AMES Finance, Audit and Risk Management Committee. He had previously held commercial finance positions in a number of multinational companies both in Australia and the United Kingdom.

⁴ Audit and Risk Committee members.

⁵ Attends Audit and Risk Committee in role as a Director.

⁶ Prof K.A. Nugent and Dr G.A. Carnaby resigned from the board during the year.

⁷ Attended 8 board meetings as an independent consultant.

Proceedings on behalf of the Company

No person has applied to the Court under *section 237 of the Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought to or intervened in on behalf of the Company with leave of the Court under *section 237 of the Corporations Act 2001*.

Auditor independence and non-audit services

The Auditor's declaration of independence as required under *section 307C of the Corporations Act 2001* is set out on the next page.

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



C.M. Walter AM
Chairman

26 August 2011

Declaration from VAGO

VAGO

Victorian Auditor-General's Office

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AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors, Australian Synchrotron Company Limited

The Auditor-General's Independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Australian Synchrotron Company Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
26 August 2011



D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8801 7000 Facsimile 61 3 8801 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Comprehensive Operating Statement

For the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Revenue			
Commonwealth and Victorian Government funding		23,944,232	23,429,712
New Zealand Synchrotron Group funding		799,788	780,281
Interest revenue		493,431	275,304
Other revenue	4	1,137,896	1,661,444
Total revenue		26,375,347	26,146,741
Expenses			
Salaries and employee expenses		14,454,253	12,917,614
Utilities		2,162,395	2,367,078
Building and technical expenses		2,139,108	2,022,124
User support and business development		2,241,200	2,120,513
Administration expenses		2,378,212	3,060,442
Loss on transfer of assets	6	2,037,206	1,631,947
Total expenses		25,412,374	24,119,718
Net result		962,973	2,027,023
Other comprehensive income for the year		-	-
Net comprehensive result		962,973	2,027,023

The comprehensive operating statement is to be read in conjunction with the notes to the financial statements set out on pages 19 to 35.

Balance Sheet

As at 30 June 2011

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	Notes	2011 \$	2010 \$
Assets			
Current assets			
Cash and cash equivalents	7	8,474,699	8,759,665
Trade and other receivables	8	246,822	737,016
Receivable from ASHCo	2(n)	280,971	418,512
GST receivable		336,373	204,204
Other current assets		140,430	206,349
Total current assets		9,479,295	10,325,746
Total assets		9,479,295	10,325,746
Liabilities			
Current liabilities			
Trade and other payables	9	2,998,704	2,858,704
Provisions	10	1,486,782	974,836
Payable to ASHCo	2(n)	20	81,076
Other current liabilities	11	158,356	525,863
Total current liabilities		4,643,862	4,440,479
Non current liabilities			
Provisions	10	168,376	163,265
Total non current liabilities		168,376	163,265
Total liabilities		4,812,238	4,603,744
Net assets		4,667,057	5,722,002
Equity			
Members guarantee	2(p)	-	-
Essential operating upgrade reserve	12	1,643,038	2,500,000
Accumulated surplus		3,024,019	3,222,002
Total equity		4,667,057	5,722,002

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 19 to 35.

Statement of Changes in Equity

For the financial year ended 30 June 2011

	Notes	Accumulated surplus \$	EOU reserve \$	Total \$
Balance at 1 July 2009		1,194,979	2,500,000	3,694,979
Net result for the year		2,027,023		2,027,023
Other comprehensive income for year		-	-	-
Balance at 30 June 2010		3,222,002	2,500,000	5,722,002
Net result for year		962,973		962,973
Transfer from accumulated surplus	12	(1,160,957)	1,160,957	-
Essential Operating Upgrade expenditure	12	-	(2,017,918)	(2,017,918)
Balance at 30 June 2011		3,024,018	1,643,039	4,667,057

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 19 to 35.

Cash Flow Statement

For financial year ended 30 June 2011

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	Notes	2011 \$	2010 \$
Cash flow from operating activities			
Receipts from Commonwealth and Victorian Government funding		23,944,232	23,429,712
New Zealand Synchrotron Group funding		799,788	780,281
Interest received		493,333	273,856
Other operating receipts		1,559,532	2,076,036
GST recouped / (repaid)		1,051,852	1,201,311
Payments to suppliers and employees		(28,133,703)	(24,976,614)
Net cash flow from operating activities	13	(284,966)	2,784,582
Net (decrease) / increase in cash and cash equivalents		(284,966)	2,784,582
Cash and cash equivalents at beginning of year		8,759,665	5,975,083
Cash and cash equivalents at end of year		8,474,699	8,759,665

The cash flow statement is to be read in conjunction with the notes to the financial statement set out on pages 19 to 35.

Notes to the Financial Statements

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Note 1. Basis of preparation

The financial statements are audited general purpose financial statements, which have been prepared in accordance with AAS, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. AAS includes the Australian equivalent of International Financial Reporting Standards (IFRS). In complying with the AAS, those paragraphs of the AAS applicable to not-for-profit entities have been applied.

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

The financial statements are presented in Australian Dollars and values are rounded to the nearest dollar.

Early adoption of standards

The Company has not adopted any pronouncements that are not yet effective for the annual reporting period beginning 1 July 2010.

Critical accounting estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgements made by management in the application of AAS that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

Going concern basis for accounting preparation

As described in the Directors' Report on page 12, the ongoing operational funding arrangements for Australian Synchrotron Company Limited provided by the Victorian and Commonwealth Governments expires on 30 June 2012.

As in previous years, the Directors and Senior Management Group of Australian Synchrotron worked closely with the Victorian Government on the approved business as usual budget for the period from 1 July 2011 to 30 June 2012. The Company received written confirmation from the Minister for Innovation, Services and Small Business that its proposed interim mini-budget for the 2013 financial year covering the two month period to 31 August 2012 was also approved together with, if required, an additional month of operational funding to 30 September 2012.

The financial report for the year ended 30 June 2011 has been prepared on a going concern basis as, in the opinion of the Directors, Australian Synchrotron Company Ltd will be in a position to meet its operating costs for at least twelve months from the date of this report having regard to the mitigating factors described above and in the Directors' Report.

The uncertainty regarding the extension of the long-term funding beyond 30 September 2012 represents a material uncertainty which may impact the continuing operation of the Australian Synchrotron and its ability to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business.

Financial statement presentation

The revised AASB 101 *Presentation of Financial Statements* has been applied in the preparation of the financial statements. The Company has elected to present one income statement (Comprehensive Operating Statement).

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

Notes to the Financial Statements (cont.)

Note 2. Significant accounting policies

(a) New accounting standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions.
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues.
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19.
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact as presently the Company has no financial liability instruments.

- (ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company is therefore exempt under AASB 124 from the related party disclosure requirements.

(b) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Australian Dollars.

Transactions and balances

Foreign currency transactions are translated into the Australian currency using the exchange rates prevailing at the date of transaction (invoice). Foreign exchange gains or losses resulting from the settlement (e.g. payment) of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Comprehensive Operating Statement.

Notes to the Financial Statements (cont.)

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(c) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Government grants and New Zealand Synchrotron Group funding

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(ii) Other revenue

- Other grants
Revenue from other small grant funds is treated as unearned income (grant funding received in advance) until such time as the corresponding expenditure is expensed.
- Beamline revenue
Revenue from commercial beamline usage is recognised when the service is provided.

(iii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method.

(d) Expense recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Building and technical expenses are those costs incurred in maintaining the Australian Synchrotron at a world class standard. The costs also include consumables to operate the beamlines and support User experiments.

User support and business development are those costs incurred to support “the User community” in gaining access to and utilising the Australian Synchrotron. Also included are costs for education and outreach, industry engagement, stakeholder engagement and communications activities.

Administration expenses are those costs incurred in administering the operations of the Australian Synchrotron and include Director related expenditure, audit fees, insurance, travel, information technology and occupational health and safety.

Losses on transfer of assets are those costs from Essential Operating Upgrades, spare parts and civil works which maintain and enhance the Australian Synchrotron as a world class scientific research facility.

(e) Income tax

Income tax

ASCo is a not-for-profit company and is exempt from paying income tax. A binding ruling was received in March 2006 and the tax status of the Company was confirmed by the Australian Tax Office in a *Notice of endorsement for charity tax concessions* dated 18 July 2008.

Notes to the Financial Statements (cont.)

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Comprehensive Operating Statement on a straight-line basis over the lease term.

Monash University is the owner of the land situated at 800 Blackburn Road Clayton and leased eight hectares of this land to the State of Victoria for the establishment of the Australian Synchrotron. The State of Victoria sub-leased this land to ASHCo. ASHCo in turn sub-leased this land and all its improvements, plant and equipment to ASCo for the operation and development of the Australian Synchrotron facilities in accordance with the Australian Synchrotron Objects. ASCo is required to pay rent in advance if demanded at the scheduled amount. The current scheduled amount is \$1.

The Company leases five vehicles and the payments and obligations under the lease arrangements are treated as operating leases.

(g) Capital commitment

Capital commitments are capital expenditure contracted for at the reporting date, but not recognised as liabilities.

(h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at call, short-term deposits and cash from other grant funds that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables are recognised at fair value subsequently measured at amortised cost, less a provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is recognised in the Comprehensive Operating Statement within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against administration expenses in Comprehensive Operating Statement.

(j) Assets transferred to ASHCo

ASCo acquires items of capital spares and constructs plant and equipment as part of the essential operating upgrades. These outlays are in compliance with ASCo's obligation under the lease from ASHCo to maintain the operational condition and assets of the Australian Synchrotron at a world class standard. However, all assets of the Australian Synchrotron are owned by ASHCo and accordingly, the spares and essential operating upgrades that had been acquired up to 30 June 2011 have been transferred to ASHCo for nil consideration. ASCo has incurred a loss on the transfer.

Payments made in respect of these assets are disclosed in the Cash Flow Statement as "Payments to suppliers and employees" as part of cash flows from Operating Activities. Comparative amounts have been adjusted accordingly.

Notes to the Financial Statements (cont.)

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(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- receivables and payables, which are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are presented on a gross basis and 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 part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Trade and other payables

These amounts represent liabilities initially recognised at fair value, for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions and employee benefits

Provisions comprise annual leave, long service leave, on-costs, post doctoral agreements and contributions to superannuation plans.

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months after the end of the reporting period in respect of employees' services rendered up to the end of the reporting period are recognised in other payables and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Post doctoral agreements

Liability for salaries and other costs expected to be settled within 12 months after the end of the reporting period in respect of the post doctoral program are recognised as post doctoral provisions and are measured at amounts expected to be paid when the liabilities are settled.

(iii) Long service leave

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels and periods of service. Expected future payments are discounted using RBA bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements (cont.)

(iv) Superannuation fund

The Company contributes a component of each employee's remuneration package to a complying superannuation fund nominated by the employee. The amount of contribution is nominated by the employee subject to the Company's obligations under relevant legislation. Contributions are charged as an expense in the Comprehensive Operating Statement when the obligation arises. The Company has no legal obligation to cover any shortfall in the relevant fund's obligations to provide benefits to employees.

(n) Amounts receivable from and payable to ASHCo

During the period, ASCo and ASHCo have incurred expenditure on the other entity's behalf. The amounts due from and due to the other entity are disclosed as a current asset and current liability respectively.

(o) Other current liabilities

These amounts represent grant funding received in advance of activity. The funds are recognised as revenue in the Comprehensive Operating Statement upon expenditure activity occurring.

(p) Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the Company is wound up, the constitution of the Company states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

The members of the Company and their consortium members (where applicable) are:

- **Association of Australian Medical Research Institutes (AAMRI)**

<i>ANZAC Research Institute</i>	<i>Menzies Research Institute</i>
<i>Baker IDI Heart and Diabetes Institute</i>	<i>Menzies School of Health Research</i>
<i>Bernard O'Brien Institute of Microsurgery</i>	<i>Murdoch Childrens Research Institute</i>
<i>Bionic Ear Institute</i>	<i>National Ageing Research Institute</i>
<i>Burnet Institute</i>	<i>Peter MacCallum Cancer Institute</i>
<i>Centenary Institute of Cancer Medicine and Cell Biology</i>	<i>Prince Henry's Institute of Medical Research</i>
<i>Centre for Eye Research Australia</i>	<i>Prince of Wales Medical Research Institute</i>
<i>Children's Cancer Institute Australia for Medical Research</i>	<i>Queensland Institute of Medical Research</i>
<i>Children's Medical Research Institute</i>	<i>St Vincent's Institute of Medical Research</i>
<i>Florey Neurosciences Institute</i>	<i>Telethon Institute for Child Health Research</i>
<i>Garvan Institute of Medical Research</i>	<i>The George Institute for International Health</i>
<i>Hanson Institute</i>	<i>The Walter and Eliza Hall Institute of Medical Research</i>
<i>Heart Research Institute</i>	<i>The Wesley Research Institute</i>
<i>Institute for Eye Research</i>	<i>Victor Chang Cardiac Research Institute</i>
<i>Kolling Institute of Medical Research</i>	<i>Western Australian Institute for Medical Research</i>
<i>Lions Eye Institute</i>	<i>Westmead Millennium Institute</i>
<i>Ludwig Institute for Cancer Research Ltd</i>	<i>Women's & Children's Health Research Institute Inc</i>
<i>Mater Medical Research Institute</i>	<i>Woolcock Institute of Medical Research</i>
<i>Mental Health Research Institute of Victoria</i>	

- **Australian Nuclear Science and Technology Organisation (ANSTO)**

- **Commonwealth Scientific and Industrial Research Organisation (CSIRO)**

Notes to the Financial Statements (cont.)

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- **Curtin University - Western Australia Consortium**

*Government of Western Australia
Curtin University of Technology*

The University of Western Australia

- **Monash Investment Holdings Pty Ltd**

- **New Zealand Synchrotron Group Limited**

*University of Auckland
University of Waikato
Massey University
Victoria University of Wellington
University of Canterbury
Lincoln University*

*University of Otago
AgResearch
Plant & Food Research
GNS Science
Industrial Research Limited*

- **The Secretary to the Department of Business and Innovation**

- **The University of Adelaide – South Australia and La Trobe University Consortium**

*Government of South Australia
The University of South Australia
Adelaide University*

*Flinders University
La Trobe University*

- **The University of Queensland - Queensland Consortium**

*Queensland Government
The University of Queensland
Queensland University of Technology*

*Griffith University
James Cook University*

- **The University of Sydney – New South Wales (AUSYN14) Consortium**

*NSW Government
The University of NSW
The University of Newcastle
The University of Sydney
University of Wollongong
Macquarie University
University of Western Sydney*

*University of New England
Charles Sturt University
Southern Cross University
The University of Canberra
University of Tasmania
Charles Darwin University
University of Technology Sydney*

- **The University of Melbourne (UOM Commercial Ltd – formerly UMEE Limited)**

(q) Reserve

Essential Operating Upgrade reserve

The Directors determined and approved the creation of an EOU Reserve and approved for the reserve to be allocated towards the establishment of a UPS and purchase of a Klystron.

Notes to the Financial Statements (cont.)

Note 3. Financial instruments and financial risk management objectives and policies

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ASCo's principal financial instruments comprise receivables, payables, cash and cash equivalents.

ASCo manages its exposure to key financial risks, including interest rate, currency risk and liquidity risk with the objective to support the delivery of ASCo's financial targets whilst protecting future financial security.

The Company holds the following financial instruments:

2011	Contractual financial liabilities designated at fair value through profit/loss	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$
Contractual financial assets				
Cash and cash equivalents		8,474,699		8,474,699
Trade and other receivables		246,822		246,822
Receivable from ASHCo		280,971		280,971
Total contractual financial assets		9,002,492		9,002,492
Contractual financial liabilities				
Trade and other payables	111,666		2,887,038	2,998,704
Provisions (current and non-current)			1,655,158	1,655,158
Payable to ASHCo			20	20
Other current liabilities			158,356	158,356
Total contractual financial liabilities	111,666		4,700,572	4,812,238
2010	Contractual financial liabilities designated at fair value through profit/loss	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$
Contractual financial assets				
Cash and cash equivalents		8,759,665		8,759,665
Trade and other receivables		737,016		737,016
Receivable from ASHCo		418,512		418,512
Total contractual financial assets		9,915,193		9,915,193
Contractual financial liabilities				
Trade and other payables	193,660		2,665,044	2,858,704
Provisions (current and non-current)			1,138,101	1,138,101
Payable to ASHCo			81,076	81,076
Other current liabilities			525,863	525,863
Total contractual financial liabilities	193,660		4,410,084	4,603,744

Notes to the Financial Statements (cont.)

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(a) Credit risk

Ageing of financial assets that were past due but not impaired for 2011					
	0 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total
Trade and other receivables	185,132	43,551	-	18,139	246,822
Total	185,132	43,551	-	18,139	246,822

Ageing of financial assets that were past due but not impaired for 2010					
	0 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total
Trade and other receivables	719,080	5,032	6,861	6,043	737,016
Total	719,080	5,032	6,861	6,043	737,016

Exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to the Company.

For trade and other receivables the amounts outstanding are regularly reviewed and any amount considered unlikely to be collected is fully provided for as uncollectable.

Cash and cash equivalents are deposited with a reputable major Australian bank. The Company has assessed that the credit risk is insignificant and not material.

(b) Liquidity risk

Liquidity risk arises when the Company is unable to meet its obligations associated with the financial liabilities as they fall due. The Company's objective in managing liquidity risk is to ensure that all obligations will be met when they fall due.

The Company manages liquidity by regularly monitoring cash flows to ensure sufficient funds are maintained in the transactional bank account to meet liabilities as they fall due. It also monitors longer term liquidity risk by maintaining cash flow forecasts to the end of the operational funding period.

The Company is predominantly funded by a government funding agreement up to 30 June 2012. Having considered the position of current assets compared with current liabilities, the Company has assessed that the liquidity risk is insignificant and not material for this reporting period.

Maturities for financial liabilities 2011				
	0 - 3 months	3 - 6 months	6 - 12 months	Total
Trade and other payables	2,987,840	10,864	-	2,998,704
Payable to ASHCo	20	-	-	20
Contributions received in advance (other current liabilities)	158,356	-	-	158,356
Total	3,146,216	10,864		3,157,080

Notes to the Financial Statements (cont.)

Maturities for financial liabilities 2010				
	0 - 3 months	3 - 6 months	6 - 12 months	Total
Trade and other payables	2,793,082	65,622	-	2,858,704
Payable to ASHCo	-	-	81,076	81,076
Contributions received in advance (other current liabilities)	131,466	131,466	262,931	525,863
Total	2,924,548	197,088	344,007	3,465,643

(c) Market risk

Market risk arises from possible changes in the market value of the Company's assets through changes in currency rates, interest rates and other market related prices.

The Company manages its market risk by monitoring actual and potential changes to interest rates and allocating its investments accordingly.

The Company has a low exposure to foreign currency changes as it holds no foreign currency deposits, and purchases denominated in foreign currencies are not material.

The Company does not hold any other financial assets that are subject to changes in market prices.

The Company has assessed that the market risk is insignificant and not material.

(d) Foreign currency risk

Small value transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

Large value contracts from foreign suppliers are negotiated in Australian Dollars.

(e) Interest rate risk

Interest rate risk is incurred on cash and cash equivalents earning interest in bank accounts. The risk associated with this is the variability of the interest rate in a floating interest rate bank account and non maximisation of interest earned if the rates decrease during a reporting period. The Company has assessed that the interest rate risk is insignificant and not material.

The Company's exposure to interest rate risk and the effective weighted average interest rates on classes of financial assets and liabilities are set out below:

2011	Non-interest bearing	Fixed interest rate	Floating interest rate	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	-	55,353	8,419,346	8,474,699
Trade and other receivables	246,822	-	-	246,822
Receivable from ASHCo	280,971	-	-	280,971
Total financial assets	527,793	55,353	8,419,346	9,002,492
Effective interest rates/weighted average interest rate	-	5.40%	4.75%	-

Notes to the Financial Statements (cont.)

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2011	Non-interest bearing	Fixed interest rate	Floating interest rate	Total
	\$	\$	\$	\$
Trade and other payables	2,998,704	-	-	2,998,704
Payable to ASHCo	20	-	-	20
Other current liabilities	158,356	-	-	158,356
Total financial liabilities	3,157,080	-	-	3,157,080
Effective interest rates/weighted average interest rate	-	-	-	-
Net financial assets/(liabilities)	(2,629,287)	55,353	8,419,346	5,845,412

2010	Non-interest bearing	Fixed interest rate	Floating interest rate	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	-	55,353	8,704,312	8,759,665
Trade and other receivables	737,016	-	-	737,016
Receivable from ASHCo	418,512	-	-	418,512
Total financial assets	1,155,528	55,353	8,704,312	9,915,193
Effective interest rates/weighted average interest rate	-	5.40%	3.52%	
Financial liabilities				
Trade and other payables	2,858,704	-	-	2,858,704
Payable to ASHCo	81,076	-	-	81,076
Other current liabilities	525,863	-	-	525,863
Total financial liabilities	3,465,643	-	-	3,465,643
Effective interest rates/weighted average interest rate	-	-	-	-
Net financial assets/(liabilities)	(2,310,115)	55,353	8,704,312	6,449,550

Notes to the Financial Statements (cont.)

(f) Other price risk

The Company does not hold any other financial assets that are subject to changes in market prices.

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(g) Net fair values of financial assets and liabilities

There are no material differences between balance sheet values and fair values of financial assets and financial liabilities. The Company is not materially exposed to financial risk in relation to net fair values of financial assets and liabilities.

Note 4. Other revenue

	Notes	2011 \$	2010 \$
International synchrotron user access funding ¹		613,870	598,047
ANDS meta data collaborative grant funding ²		274,075	-
Beamline revenue		111,123	202,546
Commonwealth Government grants		20,051	115,687
Victorian Government grants		30,500	37,500
Payroll tax refund		-	580,583
Sundry revenue		88,277	127,081
Other revenue		1,137,896	1,661,444

¹ The Company continued to receive grant funding towards the International Synchrotron Access Program (ISAP) from the Commonwealth Government and also continued to receive funding towards the Australian scientist access to Advance Radiation Synchrotron facility in Japan Photon.

² During the reporting period the Company received the first instalment of grant funding towards the ANDS meta data project which is run in collaboration with Monash University and ANSTO.

Note 5. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Company, Victorian Auditor-General's Office:

	Notes	2011 \$	2010 \$
Audit of the financial statements		41,965	41,965
Other revenue		41,965	41,965

Note 6. Transfer of assets to ASHCo

All assets of the Australian Synchrotron are owned by ASHCo. Accordingly, the capital spares, civil works (beamline hutch construction) and EOU that had been acquired up to 30 June 2011 have been transferred to ASHCo for nil consideration. ASCo has incurred a loss on the transfer.

Notes to the Financial Statements (cont.)

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ASCo acquires items of capital spares and constructs plant and equipment as part of the essential operating upgrades. These outlays are in compliance with ASCo's obligation under the lease from ASHCo to maintain the operational condition and assets of the Australian Synchrotron performing at a world class standard.

	Notes	2011 \$	2010 \$
Cost of assets transferred	2(j)		
Civil works		165,500	-
Capital spares		288,875	422,647
Essential operating upgrades		1,582,831	1,209,300
Total cost		2,037,206	1,631,947
Loss on transfer of assets		2,037,206	1,631,947

Note 7. Cash and cash equivalent

	Notes	2011 \$	2010 \$
Cash at bank – at call		8,054,161	8,180,388
Cash at bank – term deposit	2(h)	55,353	55,353
Cash at bank – other grant funds		365,185	523,924
Total cash and cash equivalents		8,474,699	8,759,665

Note 8. Trade and other receivables

	Notes	2011 \$	2010 \$
Trade receivables		246,822	796,416
Provision of doubtful debt		-	(59,400)
Total trade and other receivables		246,822	737,016

Impaired trade and other receivables

There are no impaired trade receivables for this financial period.

Note 9. Trade and other payables

	Notes	2011 \$	2010 \$
Trade payables		1,997,043	1,416,294
Accruals		1,001,661	1,442,410
Total trade and other payables		2,998,704	2,858,704

Notes to the Financial Statements (cont.)

Note 10. Provisions

	Notes	2011 \$	2010 \$
Current provisions			
Employee annual leave benefits		827,165	738,654
Provision for long service leave		222,844	152,484
On-cost		108,855	83,698
		1,158,864	974,836
Provision for post doctorates		327,918	-
		1,486,782	974,836
Non-current provisions			
Provision for long service leave		152,560	149,247
On-cost		15,816	14,018
		168,376	163,265
Total provisions	2(m)	1,655,158	1,138,101

Note 11. Other current liabilities

	Notes	2011 \$	2010 \$
Contributions received in advance			
Other grant funds		158,356	525,863
Total current liabilities		158,356	525,863

Note 12. Essential operating upgrade reserve

During 2011, the Directors have approved an additional \$700,000 transfer to reserves towards the establishment of a UPS. The UPS project contractual value is \$3,223,079 and is expected to be completed by November 2011. The balance held in the EOU Reserve will be transferred to accumulated surplus as expenditure on the UPS is undertaken.

A \$460,956 transfer was also approved from prior year surpluses towards the purchase of a Klystron. This capital spare was delivered on 30 June 2011.

EOUs are necessary to maintain the facility at a world class standard in accordance with the operating lease granted to ASCo by ASHCo.

	Notes	2011 \$	2010 \$
Movement in reserves			
Balance 1 July		2,500,000	2,500,000
Transferred from accumulated surplus		1,160,956	-
UPS and Klystron expenditure		(2,017,918)	
Balance at 30 June		1,643,038	2,500,000

Notes to the Financial Statements (cont.)

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Note 13. Cash flow statement reconciliation

	Notes	2011 \$	2010 \$
Reconciliation of net result after tax to net cash flows from operations			
Net surplus		962,973	2,027,023
Adjustments for non-cash items			
Loss on assets transferred to ASHCo		2,037,206	1,914,343
Doubtful debts		(980)	59,400
ASHCo Director fees transferred to ASHCo		76,154	-
Changes in assets and liabilities			
Decrease/(increase) in trade and other receivables		491,174	(233,451)
(Increase)/decrease in receivable from ASHCo		-	(282,396)
Increase in trade and other payables		(3,545,157)	(1,594,510)
(Decrease)/increase in payable to ASHCo		(81,056)	38,225
(Decrease)/increase in accruals		(440,749)	119,476
Increase in provisions		517,057	150,117
(Decrease)/increase in grant funding in advance		(367,507)	525,863
Decrease in prepayments & other assets		65,919	60,492
Net cash flows from operating activities		(284,966)	2,784,582

Note 14. Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Related Parties transactions have been reviewed and there are no matters to report.

Directors:

Mrs C.M. Walter AM Chairman

Dr S.H. Gallagher

Dr G.A. Carnaby *(resigned Jun 2011)*

Dr R.J. Hill

Prof L. Kristjanson

Prof P.M. Colman

Prof M. Lu

Prof K. Nugent *(resigned Mar 2011)*

Notes to the Financial Statements (cont.)

Executive Management:

Prof Keith Nugent, Director (*appointed Mar 2011*)

Dr George Borg, Chief Operating Officer (*appointed Mar 2011*)

Mr Michael Tonroe, Chief Financial Officer and Company Secretary (*appointed Mar 2011*)

Ms Juliann Byron, Acting Chief Financial Officer and Company Secretary (*resigned Mar 2011*)

Dr Dean Morris, Head of Operations

Prof Andrew Peele, Head of Science (*appointed Jan 2011*)

Prof Ian Gentle, Head of Science (*resigned Dec 2010*)

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Total compensation paid to key management personnel during the period was:

	Notes	2011 \$	2010 \$
Short-term employment benefits		1,118,837	1,078,563
Post-employment benefits – Superannuation		101,291	105,128
		1,220,128	1,183,691

Note 15. Commitments

(i). Operating lease commitments – ASCo as lessee

ASCo has entered into commercial leases on certain motor vehicles and office equipment.

These leases have an average life of between three and five years with no renewal option included in the contracts.

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

	Notes	2011 \$	2010 \$
Lease payment due			
Within one year		96,208	103,229
After one year but not more than five years		933	46,412
Total commitments (inclusive GST)		97,141	149,641
Less GST recoverable		(8,831)	(13,604)
Total commitments (exclusive GST)		88,310	136,037

Notes to the Financial Statements (cont.)

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(ii). Capital commitments

ASCo has entered into a contract with Piller Australia Pty Ltd to supply and install a UPS.

	Notes	2011 \$	2010 \$
UPS payments due			
Within one year		1,832,729	-
After one year but not more than five years		-	-
Total commitments (inclusive of GST)		1,832,729	-
Less GST recoverable		(166,612)	-
Total commitments (exclusive GST)		1,666,117	-

Note 16. Contingencies

There are no legal claims against the Company or any other claim that creates a contingency for the Company.

Note 17. Segment information

The Directors of ASCo consider all of its operations to be covered by a single business segment operating in a single geographic area. Facilitating scientific research is the sole business activity and this is undertaken within Australia.

Note 18. Economic dependence

The Company is dependent on the Victorian and Commonwealth Government funding to operate the Australian Synchrotron. The funding is for a five year period ending 30 June 2012. At the date of signing these financial statements the Company has received \$12,600,405 from DBI under the terms of the Funding Agreement towards the operational funding for the 2011-2012 financial year. New Zealand Government funding is for a six year period ending 28 February 2013.

Directors' declaration

In accordance with a resolution of the Directors of Australian Synchrotron Company Limited:

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In the opinion of the Directors:

- (a) the financial statements and Notes of the Company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the period ended on that date; and
 - (ii) complying with *Accounting Standards and Corporations Regulations 2001*.
- (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 made pursuant to section 295A of the *Corporations Act 2001*.

On behalf of the Board



C.M. Walter AM
Director



S.H. Gallagher
Director

Melbourne,
26 August 2011

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Synchrotron Company Limited

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Australian Synchrotron Company Limited which comprises the comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration has been audited.

The Directors' Responsibility for the Financial Report

The directors of Australian Synchrotron Company Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on 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, consideration is given to the 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 the accounting policies used, and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all the applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

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Auditing in the Public Interest

Independent Auditor's Report (cont.)

VAGO

Victorian Auditor-General's Office

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Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report of Australian Synchrotron Company Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards, including Australian Accounting Interpretations, and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1 to the financial statements of Australian Synchrotron Company Limited, the financial report has been prepared on a going concern basis and is dependent on the financial support of the Victorian Government. The ongoing operational funding arrangement provided by the Victorian Government expires on 30 June 2012, indicating the existence of a material uncertainty that may affect Australian Synchrotron Company Limited's ability to continue as a going concern. Australian Synchrotron Company Limited has received a letter of support from the Victorian Government approving an interim budget for the period 1 July 2012 to 31 August 2012 and also committing an additional month's funding to meet operating requirements for the period ending on 30 September 2012.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Australian Synchrotron Company Limited for the year ended 30 June 2011 included both in the Australian Synchrotron Company Limited's annual report and on the website. The Directors are responsible for the integrity of Australian Synchrotron Company Limited's website. I have not been engaged to report on the integrity of Australian Synchrotron Company Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.



D D R Pearson
Auditor-General

MELBOURNE
26/08/2011

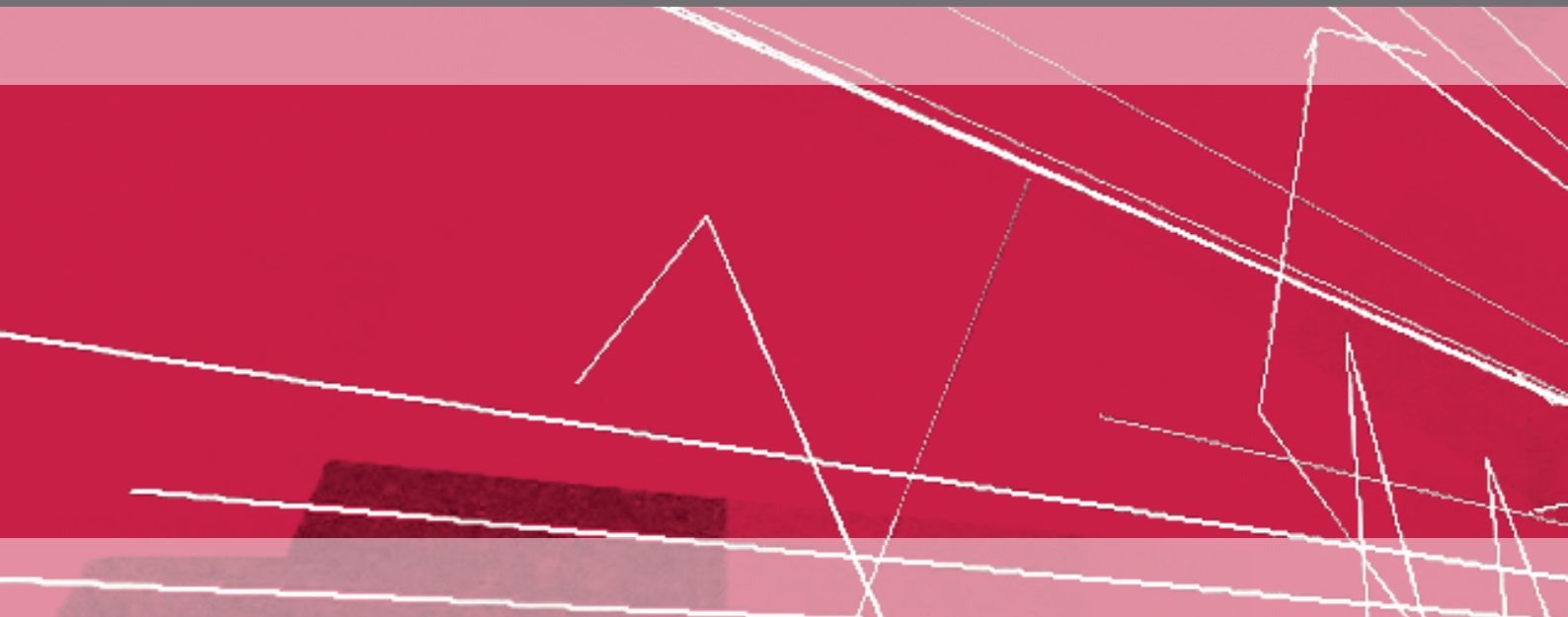
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Auditing in the Public Interest

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Australian Synchrotron Company Limited
ACN 126 531 271

Australian Synchrotron Holding Company Pty Limited
ACN 126 506 205

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